

PMO, NSA tracking impact of Chinese FDI in South Asia

Exercise from national security perspective will look at nature of such investments but lack of detailed, country-wise data may cause hiccups

ARUN S.
NEW DELHI

In the backdrop of the tense border stand-off in Sikkim with China, the Centre has begun its first ever in-depth assessment of Chinese investments in India's neighbouring countries.

The exercise – being conducted mainly from India's national security perspective – has been initiated by the Prime Minister's Office and the National Security Adviser, official sources told *The Hindu*.

Informal discussions have already been held with the concerned Ministries, including the Commerce and

Industry Ministry – the nodal body for foreign trade and foreign investment.

Dynamic mandate

Given the increasing influence of China in the Indian sub-continent and South Asia, the study will be dynamic and is, among other things, expected to look into various trends, tracking a surge, if any, in Chinese FDI

SUNDAY SPECIAL

in the region. For instance, Pakistan government data shows that FDI from China jumped from \$256.8 million in 2014-15 to \$878.8 million

A close watch

The PMO-backed study will look into various trends in Chinese FDI in India's neighbouring countries

- The in-depth assessment will analyse the impact of Chinese investments on India's national security
- Apart from South Asia, the project will track Chinese investments in Afghanistan and Maldives



The exercise, initiated by the National Security Adviser, comes in the backdrop of the country's tense border stand-off with China in Sikkim

in 2016-17 (July-May). Pakistan's financial year follows a July to June calendar.

The study will also analyse the impact of these

Chinese investments – including those being made as part of the Belt and Road Initiative (BRI, also known as One Belt One Road or OBOR)

China issues safety advisory

China has issued a safety advisory for its citizens travelling to India amid the stand-off between Indian and Chinese troops at Doklam. "It is not a travel alert. It is an advisory asking Chinese travellers to be careful," the Foreign Ministry said. ▶ PAGE 10

– on India's national security, sources said requesting anonymity. India's reservations regarding the BRI/OBOR include strategic con-

cerns on the BRI's flagship project, the \$50 billion China-Pakistan Economic Corridor (CPEC), as it is expected to cover regions including Pakistan-occupied Kashmir (PoK).

In addition to assessing the nature and impact of Chinese FDI in Bangladesh, Bhutan, Myanmar, Nepal, Pakistan and Sri Lanka, the study will track Chinese investments in Afghanistan and Maldives too.

However, the major challenge in the study will be the lack of detailed, country-wise data on overall FDI (year-wise) and Chinese FDI, in particular.

According to Biswajit Dhar, Professor at Jawaharlal Nehru University, Chinese investments in countries like Pakistan could, in turn, set the stage for Pakistan to make inroads into markets in Bangladesh, Sri Lanka and Nepal and challenge the presence of Indian firms in these markets, where India is currently the major player.

The CPEC/OBOR projects can also better link Pakistan with the Central Asian Republics (CAR) and help the country establish a footprint in those markets, Prof. Dhar said.

CONTINUED ON ▶ PAGE 10

Study to track impact of Chinese FDI

According to a January 2017 'Special Report' by the Institute of South Asian Studies (ISAS) of the National University of Singapore on an international workshop on 'China and South Asia', the Ambassador of China to Sri Lanka, Yi Xianliang had said he considered China in many respects part of South Asia, especially in terms of geography. Current Chinese cooperation with south Asian countries is undertaken within the framework of OBOR, the report said, adding, however, that Mr. Yi had explained that OBOR has no strategic, security or political intent.

The report said India does not believe in the Chinese clarifications that OBOR projects only have economic objectives, and quoted ISAS Editor (Current Affairs) P.S. Suryanarayana as saying that "economic initiatives have strategic and security dimension".

According to a study by the New Delhi-based national security and defence

services think tank, United Service Institution of India (USI), "As far as India is concerned, CPEC has added a layer of complexity with more projects in PoK being drawn into its ambit without taking Indian concerns on board. That makes projects in contested areas politically vulnerable."

Roll back investments

The USI study said if CPEC and OBOR are actually about regional economic growth, as the lending nation, China should rethink and roll back investments in PoK. Significantly, the USI study further said: "The ability of Pakistan to absorb the (CPEC) investments in given period and thereafter pay back is also suspect considering historic trends. Hence, these debts could eventually become strategic equities for China, especially the Gwadar Port (the main CPEC investment in the port sector), which can worsen security in South Asia."