

Belt and Road Initiative and Human Security: Nepali Perspective

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LETTER OF RECOMMENDATION

I certify that this dissertation entitled "Belt and Road Initiative and Human Security: Nepali Perspective" was prepared by Sabin Budhathoki under my supervision. I hereby recommend this dissertation for final examination by the Research Committee Department of International Relations and Diplomacy, Tribhuvan University, in fulfillment of the requirements for the Degree of MASTER'S IN INTERNATIONAL RELATIONS AND DIPLOMACY.

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Full Name:

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DECLARATION

I hereby declare that this dissertation is my work and that it contains no materials previously published. I have not used its materials for the award of any kind and any other degree. Where other author's sources of information have been used, they have been acknowledged.

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ABSTRACT

BRI is a foreign policy initiative aimed to increase Policy coordination, facilities connectivity, trade and investment, financial integration, and cultural exchange. Maritime Silk Road and Overland proposed for the revitalizing of old sea networks to create a 20th Century – Maritime Silk Road to enhance international connectivity, environment, and scientific research and fishery activities. BRI promises for cooperation, win-win situation, and promote the values of human life. BRI actions have an impact on human security. BRI is followed through the challenges and benefits which need to be dealt with properly to maximize the benefits and reduce the risk associated with it. The study focused on evaluating the BRI through the widely discussed theory of international relations, i.e Realism, and Liberalism. Also, this study tried to uncover the implication of BRI on the human security of Nepal and policies that needs to design to safeguard the national interest and avoid complication in the future. To investigate, the descriptive method was employed to understand BRI. It was found that BRI is still in the infant stage and with limited data and studies, both Realism and Liberalism theory failed to provide enough evidence. It was found that BRI has a huge potential to enhance the human security of Nepal but requires a proper plan and design to deal with.

Keywords: BRI, Human Security, Realism, Liberalism, Foreign Policy

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List of Abbreviation

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BRI	Belt and Road Initiative
CPEC	China-Pakistan Economic Corridor
EPI	Environment Performance Index
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
GoN	Government of Nepal
HDI	Human Development Index
IMF	International Monetary Fund
KKH	Karakoram Highway
MMR	Maternal Mortality Rate
MoFA	Ministry of Foreign Affairs
MoHP	Ministry of Health and Population
MoU	Memorandum of Understanding

MPI	Multidimensional Poverty Index
NCD	Non-Communicable Diseases
NMR	Neonatal Mortality Rate
PRC	People's Republic of China
SDGs	Sustainable Development Goals
SRF	Silk Road Fund
U5MR	Under-5 Mortality Rate
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank
WTO	World Trade Organization

CHAPTER I

INTRODUCTION

1.1 Background

The President of the People’s Republic of China (PRC) Xi Jinping officially proposed the Silk Road Economic Belt (connecting China and Europe overland) in September 2013 during a speech in Kazakhstan, and the 21st Century Maritime Silk Road (linking Asia, Africa and Europe via sea routes) during a speech in Indonesia, also in 2013. The Silk Road Economic Belt and 21st Century Maritime Silk Road are taken together as BRI. The major objective of the initiatives is to develop and improve connectivity throughout Asia, Europe, and Africa. To implement this initiative, PRC is forwarding the policy of building transport infrastructure and financing across Eurasia, the South China Sea, the Indian Ocean and the Mediterranean.

The Silk Road Economic Belt seeks to bring together China, Central Asia, Russia and the Baltic states; linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road will connect China's coast to Europe through the South China Sea and the Indian Ocean, and China’s coast via the South China Sea to the South Pacific” (NDRC,2015). The BRI initiative is not about singular routes.



Figure 1 Map of Belt and Road Initiative, Source: World Bank (2015)

As the primary vision of Belt and Road Initiative (Hereafter BRI) is to policy coordination, facilities connectivity, unimpeded trade, financial integration, and people to people bonds. The BRI aims to embrace the trend towards a multipolar world, economic globalization, cultural diversity and greater IT application, which is designed to uphold the global free trade regime and the open world economy in the spirit of open regional cooperation. BRI aimed at promoting the orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all.

Another major objective of BRI is to promote financial integration, people to people bond, facilitating connectivity, promoting policy coordination and unimpeded trade (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). An article by Ambassador Yang Yanyi, Head of the Chinese Mission to the EU called BRI as 'the most significant and far-reaching project the nation has ever put forward'. It has estimated that the 'Belt' and 'Road' will eventually reach 4.4 billion people in more than 65 countries (Yanyi, 2015).

Nepal is a landlocked country, located centrally on the southern part of Asia which lies between two powerful and big countries India and China. Nepal is surrounded by China in the North whereas the remaining three sides are surrounded by India. Nepal shares 1751 Kilometers with India and 1414 Kilometers with China. Nepal has a long history with India and China which jointly shares the political, economic, and cultural ties. These countries economy has been

growing day by day. China is currently the 2nd highest economic country whereas India is the 5th largest economy country based on GDP at market prices (World Population Review, 2020). Both countries have been gaining more recognition in the international arena. Nepal is the founding member of the Asian Infrastructure Investment Bank and holds the status of dialogue partner at Shanghai Cooperation Organization (SCO) and China is an observer member of the South Asian Association for Regional Cooperation.

In the 1950s Nepal and China formalized its bilateral relationship and they celebrated the 50th anniversary of diplomatic relations. Nepal formally signed BRI on 12 May 2017 which created a huge discussion on the international arena. The initiative opened cooperation in the different sectors such as environment, culture, technology, economy and people to people, etc. But, Nepal Human Development Index (HDI) value in 2018 was 0.579, which ranks 147 out of 189 countries and Gross National Income (GNI) per capita is 2,748 (UNDP, 2019). The Environment Performance Index (EPI) ranked Nepal at 176th position out of 180 countries using 24 indicators. Similarly, China ranked the 120th position (EPI, 2018).

During the Xi Jing Ping visit in 2019, signing of the Treaty on Mutual Legal Assistance in Criminal Matters was done and expected for an early conclusion of the Treaty on Extradition (MOFA, 2019). The expected Treaty on Extradition can be a real threat to the lives of the Tibetan Refugee which is demanding for Free Tibet. In December 2019, 122 Chinese National was arrested and deported despite Nepal Police's failure to establish any criminal charges against them—and to a country that practices capital punishment (Giri, 2020). Giri argued that there was no valid reason why they were arrested in the first place and what will happen to them once they are deported. This is a direct threat to the lives of humans and challenges the notion of human

security. There will be no denying that BRI will come with certain obligations and requirements. Therefore, a question arise is BRI a tool to promote or impede human security.

1.2 Problem Statement

In December 2019, 122 Chinese National was arrested and deported despite Nepal Police's failure to establish any criminal charges against them—and to a country that practices capital punishment (Giri, 2020). Giri argued that there was no valid reason why they were arrested in the first place and what will happen to them once they are deported. This is a direct threat to the lives of humans and challenges the notion of human security. There will be no denying that BRI will come with certain obligations and requirements. Therefore, a question arise is BRI a tool to promote or impede human security.

In 2017, Sri Lanka was unable to service its debt to China, which resulted in China taking over the administration of strategically located Hambantota Port for 99 years. This recent move of China has trigger alarm about Beijing's intentions of trade diversification or making dominance presence at the Indian Ocean region (Panda, 2017). As President Xi Jinping calls BRI as the “project of the century” and win-win model, it showed that it also came with some costs. Nepal being one of the least developed country and with the not fixed policy on financial model, will Nepal be able to utilize this opportunity or Nepal might be the another “debt trap” country. So here the question arises is BRI geared to address economic aspects of participating countries or tool to exert its power?

Similarly, even there is zero tariff over in China for nearly 8000 Nepali goods, the trade difference between Nepal and China is still widening every year. There was trade difference of nearly 127 million alone in 2017/18 (MoFA, 2018). It has been found that Nepal has been continuously suffering from a trade deficit and with the dominant presence of China, we cannot

deny on increasing the trade deficit. Not only the trade deficit, it will also challenge the existence of the infant industry of Nepal. It is very crucial to develop policies and advance technology to the infant industry and to reduce the possibilities of unemployment. How can our infant industry survive with the advanced technology of China and cheap labor of China?

Likewise, the KKH has not been able to produce the desired result in the Gilgit-Baltistan region. The Institute of Defense Studies and Analysis in New Delhi stated that Gilgit-Baltistan per capita per annual income is only one-fourth of Pakistan's national average and 1.3 million inhabitants are still below the poverty line (Senge, 2012). Patrick Mendis in 2012 stated that national-level statistics of Pakistan showed that in though there was trade between China and Pakistan reached \$7 billion in 2009, the KKH share the tiny amount of trade with a 4 percent (Mendis, 2012). Therefore, questions arise is BRI is implemented to serve the interest of the larger population or to assert its power in South Asia?

One of the core objectives of BRI is to enhance connectivity. Nepal being the neighbor of China and India which nearly hold 3 billion population whereas Nepal accounts for approximately 30 million population. Nepal, on one hand, has an open border and on the other hand, expecting to enhance connectivity. The BRI expects to increase people to people relationship and expects to increase exchange and cooperation in nearly all the sectors. Increased exchanges of people from both countries will create a security threat and it will pose challenges in national security, business, employment. With such possibilities of exchanges and cooperation, how will the Government of Nepal provide sufficient human security and safety to its population and emigrants?

1.3 Research Questions

The primary research question guiding this study is, “Which theory of international relations tries to find out the rationale behind the implementation of BRI and What is the extent of influence on human security of Nepal after the implementation of BRI, and what strategies are adopted or could be adopted by Nepal to preserve and enhance the human security of Nepal?” Based on the primary research question following are the secondary research question which will be studied in this study.

-) What is the theoretical perspective of BRI & its implications?
-) How important is human security in the BRI framework and what have been its implications?
-) What strategies can be adopted by Nepal to cope up with the challenges brought about by participating in BRI?

1.4 Objectives of the Study

The board objective of this study is to find out the nature of BRI through the theory of Realism and Liberalism and to find out the extent of BRI’s human security influence on Nepal (taking Nepal as a case study) and what strategies are adopted or could be adopted by Nepal to preserve their autonomy, interests and human security?” Based upon this broad objective the following are the specific objectives which will be explored in this study.

-) To understand the theoretical perspective of BRI and its implication.
-) To synthesize the components of BRI and understandthe impact of BRIon human security.

-) To explore the strategies that can be adopted by Nepal to address the challenges brought about by BRI.

1.5 Significance of the Study

Globalization and its elements have created every state of the world interconnected. This interconnected has created a complex system in international relations. The issue of international trade, political systems, values, etc is now driven by globalization. These common issues require a solution which should be collaborative and cohesive. The increased power of China has become the most discussed topic in international relations and has been an issue of debate for scholars, politicians, academician and western countries. Most of the research has been focused on China's behavior in the international system and has been analyzing if China is trying to create a new international system challenging the current international system. South Asian region is dominated by India and now with the implementation of BRI, has been challenged in its backyard.

The paper tries to analyze China's motivations behind the implementation of BRI through the established theory of International relational such as Realism, Liberalism. The paper also tries to assess the issue of political and economic implications and also understand the main challenges to the BRI. The liberal theory signifies the great potential of the BRI to generate mutual political, economic and environmental harmony. To oppose, the realist theory implies BRI as a tool to further enhance its national interest, broaden market and power in the international arena. Thus, the study will understand BRI using the theories of IR and find out which theories provide more proof of its likelihood.

This multi-layered research intends to contribute to Nepal, both towards the academic discipline and the interests of policymakers of a country like Nepal. Small states studies have become more relevant in international relations (IR) than ever before because the majority of the world's sovereign states are small states. It is often argued that big states use threats or coax small states to achieve their self-interest (Neumann & Gstöhl, 2004, p.2), which is another reason to study small states.

An important goal of this study is to better understand the influence of BRI on human security of Nepal against the notion that big states dictate the foreign policy of smaller states (Vital, 1972, pp. 5-6), and contribute to theoretical perspectives on small states security policies, particularly foreign policy.

The paper also aims to understand the different pros and cons of human security elements by BRI in Nepal. The paper will try to uncover the influence of China in terms of soft power in Nepal. The paper will study the influence of BRI on the human security of Nepal. The paper will also present recommendations and ways to look forward to dealing with future complications.

1.6 Limitation of the Study

The main purpose of this study is to find out the extent of the influence of BRI in Nepal's human security. The study also includes a theoretical exploration of BRI. However, the study will not cover all the aspects of human security and the established theoretical view. The study will focus its objective basically in terms of poverty, social protection, food, health, environment and political dimension. The study also defines human security in the above mentioned indicators. Therefore, it will exclude the remaining indicators of human security as per the Human Development Report, 1994. Although BRI is aimed to connect Asia, Europe and Africa

continents, the study will focus on the South Asia region as it will be more specific to the study and analyze it.

1.7 Organization of the Thesis

Chapter 1: Introduction

The introductory chapter sets forth the background of the research and encompasses the statement of the problem, research objectives, significance of the study, delimitations, methodology and organization of the study.

Chapter 2: Literature Review

This section of the research looks into the extant literature on the subject at hand including analysis into current literature on BRI, human security, Realism and Liberalism. The section attempts to look into what has been said and what gaps exist in the available literature.

Chapter 3: Conceptual Framework and Research Methodology

This section of the research will illustrate the conceptual framework of the study and the research methodology adopted to conduct the study and arrive at its conclusion.

Chapter 4: China's ambitions behind the implementation of BRI: Realism and Liberalism

This section of the research drives deeper into understanding the Realism and Liberalism theory with its impact on the regional and global order.

Chapter 5: Human Security and BRI

This chapter tries to understand the present scenario of human security in Nepal. Moreover, it also focused on understanding the implication of BRI in human security and its pros and cons.

Chapter 6: Nepal and BRI

This chapter tries to study the present foreign policy of Nepal and study the Nepal-China relationship. The chapter also tried to a proposed recommendation in regards to BRI.

Chapter 7: Summary and Conclusion

This section summarizes the findings of the study and proposes the steps that can be adopted moving ahead.

Chapter II

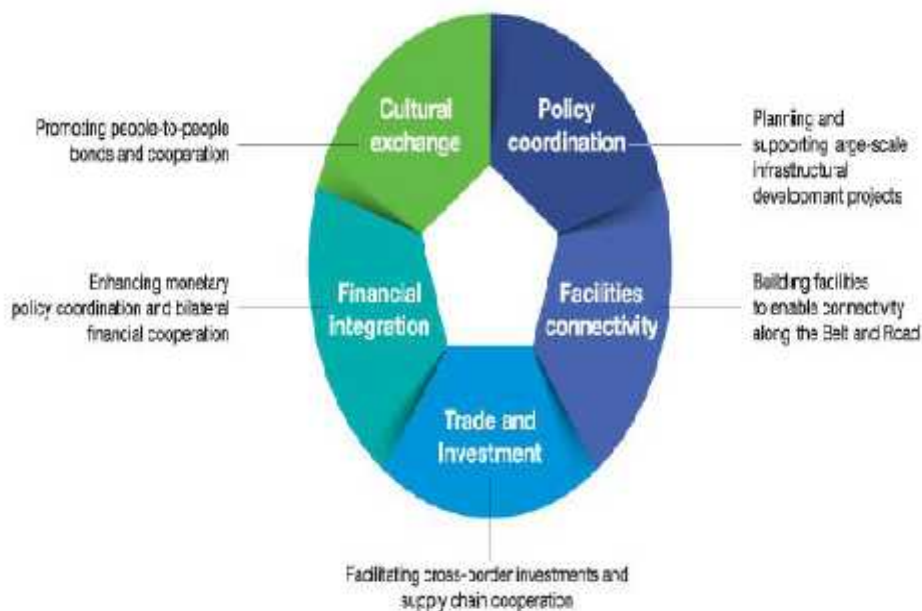
Review of Literature

2.1 Understanding BRI

The ancient Silk Road was a peaceful means to conduct interstate commercial activities and cultural exchanges. The Overland Silk Road, more than 10000 km long from China to Rome, can be traced back to the Han Dynasty (206 BC-220 AD) when imperial envoy Zhang Qian was sent to China's Far West to develop friendly relations. The Maritime Silk Road started when the Chinese ventured into Southeast Asia, traditionally called Nanyang. By the Song Dynasty (960-1279), Imperial China had established tributary relations with many states in Nanyang (Wong, 2014, p.3).

In October 2012, Professor Wang Jisi was the first Chinese scholar to speak about the need for China to revitalize three Silk Roads, to Southeast Asia, to South Asia and Central Asia (Bondaz, 2015:7). One year later, China's "One Belt, One Road" initiative came to prominence. President Xi Jinping, in a September 2013 speech at Kazakhstan's Nazarbayev University, called for the reviving of the ancient "Silk Road" by establishing the Silk Road Economic Belt". On 10 October 2013, Premier Li Keqiang spoke about the new "Maritime Silk Road" at the 16th ASEAN-China Summit in Brunei (Wong, 2014:2). Finally, on 28 March 2015, the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce published the first document, titled "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road".

According to the text, the Belt and Road traverses the continents of Asia, Europe and Africa, connecting the vibrant East Asian economies to developed European economies, and encompassing countries with rising Gross Domestic Product (GDP) over the next 15 years. In his paper, Godement explains that China has created an action plan for its Silk Road concept in the form of the “One Belt, One Road” (BRI) initiative in 2013, when President of the People’s Republic of China, Mr. Xi Jing Ping forwarded the initiative. It is grandiose, potentially



involving an area that covers 55 percent of world GNP, 70 percent of the global population, and 75 percent of known energy reserves (Godement, 2015).

Figure 2 Belt and Road Initiative Mission (Source: Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015)

As the above picture states, the BRI focus in the five major areas, i.e policy coordination, facilities connectivity, unimpeded trade, financial integration, and people to people bonds (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime

Silk Road, 2015). As per the Du, 2016 the policy coordination in the BRI refers to jointly formulation of development strategies and policies, workout plans and measures for regional cooperation which are involved in BRI and it will resolve problems arising from cooperation through consultation, and will jointly provide policy support to practical cooperation and large-scale projects implementation. Policy coordination also refers to call for regular diplomatic conversation among the countries which are involved in the view of promoting mind meetings.

The BRI is aligned with the principle and purpose of the UN Charter (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). The BRI upholds the Five Principles of Peaceful Coexistence: mutual respect's sovereignty and territorial integrity, mutual non- aggression, mutual non- interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). As per the same document, the BRI is open for cooperation and it is open to all the nations, the regional and international organizations for the collaborative efforts to benefit wider areas.

BRI initiative is boasted with several strengths, mainly it uses the existing mechanisms and Chinese model of development. China can also utilize investment of its \$3.33 trillion foreign reserves and secures contracts for Chinese firms; and it promotes its Five Principles of Peaceful Coexistence, unlike other Eurasian projects. However, there are many challenges as well. These will be discussed in the following Sections: domestic constraints, tensions in the neighborhood, and great power rivalries.

One of the major cooperation priorities of BRI is policy coordination. The Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015 strongly believe that enhancing policy coordination is most important for the

implementation of BRI. BRI envisions on the promotional of intergovernmental cooperation, communication mechanism, enlarge the shared interest, develop multi-level intergovernmental macro policy exchange, enlarge mutual trust and reached to the highest level of cooperation. The BRI also envisions to develop and coordinate for the economic development of the countries which fall on the Belt and road, develop strategies and policy, develop plans and initiative for regional cooperation, provide policy support for the implementation of large-scale projects which requires cooperation among states and develop a mitigation strategy for negotiating and solving the cooperation related issue.

Another key priority area of BRI is the Facilities connectivity which includes infrastructure construction plans-railways, highways, air routes, telecommunications, oil and natural gas pipelines and ports; technical standard systems, international trunk passageways, to form an infrastructure network connecting all sub-regions in Asia, and between Asia, Europe, and Africa. To implement this gigantic project and make these possible resources by China, Asia Infrastructure Investment Bank (AIIB) and private investors need to put lots of effort. The BRI states that they will respect each other's sovereignty and security concerns and improves their infrastructure for connectivity. The BRI also envision to push ahead for the development of international comported passageways to connect Asia, Europe, Africa in a step by step manner. The BRI also envision to take an effort to promote green and fewcarbon facilities considering the impact of climate change. Connectivity is also referred to as economic, legal and financial integration. The BRI is also aimed to bind the communities of different cultures and develop a relationship with each other to promote cooperation and harmony.

The Silk Road Economic Belt seeks to bring together China, Central Asia, Russia and the Baltic states; linking China with the Persian Gulf and the Mediterranean Sea through Central

Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road will connect China's coast to Europe through the South China Sea and the Indian Ocean, and China's coast via the South China Sea to the South Pacific”(NDRC,2015). The BRI initiative is not about singular routes. The text mentions a new Eurasian Land Bridge; China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors, as well as a China-Pakistan Economic Corridor and a Bangladesh-China-India-Myanmar Economic Corridor. After the memorandum of understanding signed by Nepal on BRI, the Chinese government has allowed the Nepal government to use its six ports allowing Nepal to have trade with other countries. Earlier Nepal was using India’s and Bangladesh’s ports for the trade. However, trading through China is a very difficult path for Nepal as of geographical factors and lack of infrastructure development.

From the past few years, China has become one of the major contributors to the development and construction of infrastructures in Nepal. According to Nepal’s Ministry of Foreign Affairs, China has supported and assisted Nepal’s development efforts in areas like building human resources, human resource development, health, water resource, education, post-earthquake recovery, sports, etc (MoFA, 2019). The MoFA also acknowledges that even there is zero tariff entry over 8000 goods, there is a huge trade deficit between Nepal and China. In 2017/18, Nepal imports above \$ 1.5 billion whereas export above \$ 23 million only.

Trade and investment cooperation are a major element for envisioning the BRI. The BRI aims to improve the facilitation in trade and investment, and also to remove the barriers for the creation of a sound business environment with all the participating countries and global. The BRI envision that countries and regions along BRI will discuss creating the free trade areas to release the potential for enlarging cooperation. To facilitate unimpeded trade, steps will be taken to

resolve investment and trade facilitation issues, to reduce investment and trade barriers, to lower trade and investment costs, as well as to promote regional economic integration. Likewise, unimpeded trade and financial integration require lots of major changes in the institution-connecting all the countries which are connected, such as free trade agreement or financial infrastructure.

China is a socialist country. It has the world's fast-growing economy with growth rates averaging 10 percent over the past 30 years. It has the world's biggest merchandise traders in 2013 with imports and exports totaling US\$ 4,159 billion. China's share of global trade has increased from 3 percent at the start of the year 2000 to 10 percent in 2013. It has recorded a trade surplus of US\$ 259 billion, 2.8 percent of its GDP (WTO, 2014). China has the world's second-largest economy in terms of FDI inflows with US\$ 124 billion and it is the world's third-largest country in terms of FDI outflows with US\$ 101 billion in 2013 (UNCTAD, 2014).

2.2 Foreign Direct Investment in Nepal

According to Nepal's Department of Industry, Nepal received around 90 percent of the total foreign direct investment commitment from China during the current fiscal year 2019-20. Out of \$95 million, China alone committed the \$88 million which is nearly 93 percent of total foreign direct investment. From the last four consecutive fiscal years, China has been the major partner for the highest foreign direct investment of Nepal (Xinhua, 2019). In November 2019 at Kathmandu, Nepal and China conducted the first meeting on investment cooperation which discuss the issue to facilitate investment in Nepal (Wang, 2019). Foreign direct investment in Nepal has been significantly increased from the past few years. According to trading economics, the foreign direct investment in Nepal from 2010 is in the picture below.



Figure 3 Trading Economics, 2019

Regarding financial integration, actions will be taken to enhance coordination in monetary policy, expand the scope of local currency settlement and currency exchange in trade and investment between countries along the route, deepen multilateral and bilateral financial cooperation, set up regional development financial institutions, strengthen cooperation in monitoring financial risks, and enhance the ability to manage financial risks through regional arrangements.

The Silk Road Fund, announced by President Xi Jinping in November 2014, has started operating in February 2015, with resources of \$40 billion. Its founding shareholders include China's State Administration of Foreign Exchange, the China Investment Corp, the Export-Import Bank of China, and the China Development Bank. It finances investments in infrastructure, resources and industrial and financial cooperation across Asia.

The Asian Infrastructure Investment Bank offers an alternative vision of global governance and development. It will focus on the development of infrastructure and other productive sectors in Asia, including energy and power, transportation

and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development, and logistics. Recently, it took a major step toward becoming operational, when 17 of its founding members ratified the bank's Articles of Agreement.

People to People bond is another component of the BRI as it believes it will gain the confidence and support of the public for the implementation of BRI. It believes that they should conduct friendly spirit between people to extensively promote cultural, academics, personnel, media, youth, women and volunteer exchange to win the public support as they can be the potential base for the implementation of BRI. In this regard, BRI had a provision of 10,000 government scholarships every year for the people to send their people to visit China and understand the essence and values of Chinese history and cultures. In terms of people to people bonds, efforts have been made to promote extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchanges and volunteer services. Likewise, People-to-people connection requires interaction and communication between the people of all the countries which are connected through the BRI. In the year 2018 as compared to 2017, Nepal saw a nearly 48 percent rise of Chinese tourists arrived in Nepal and tourist hub Thamel is now home for more than 200 restaurants (Republic, 2018). This opportunity comes with certain challenges to both of these countries. From the early day Nepal-China Friendship, these countries don't share mass movement of people. There are more than 20,000 Tibetan refugees in Nepal who were forced to leave their homes. They were several instances where the land of Nepal was used for the separatist movement in China. As the foreign policy of China regards, separatism as an act of evil and the Government of Nepal (GoN) acknowledges one-China policy, in this kind of situation how both countries will be able to solve

the problem. There has been a lot of health issues that have been surfacing day by day such as the recent Corona Virus which was originated from China.

2.3 Implications of BRI on Geo-Strategy

BRI has created huge debates not only at the regional level but also in the international arena. Most of the country and scholars of today are debating on the implication of BRI through the different theoretical perspective assuming to challenging to the current status quo. With the initiative of BRI, China is continuing to deepen these economic relations. The realists believe that Beijing is utilizing BRI as a strategy and source to accumulate more power, develop regional dominance, challenge the current regional order, and create opportunities for overseas basing throughout the Indian Ocean Basin. Nevertheless, the liberal theorists claim that Beijing is seeking to create a positive-sum game in which China and all its neighbor states will mutually benefit through increased trade capabilities, comparative advantage, good connectivity, stronger financial institutions, and multilateral economic corridors. BRI can be very beneficial or very challenging to its neighbor's states as these states can have a direct impact. Being one of the neighboring countries of China, Nepal can't exclude herself from this initiative as it carries huge significance to Nepal.

2.4 Human Security

The concept of Human Security was given due consideration after the end of the Cold War and it is a new concept. The adjective 'human' in 'human security' is regarded as fully understood and no more than a gentle requirement of the term 'security'. After the evolve of human security, 'the human' has been regarded for granted and it was not defined (James, 2014). However, in 1994, the Human Development Report tried to define the concept of Human Security. As per the report, human security is defined through 7 different dimensions such as

economics, food, health, environment, personal, community and political security. Human security in its fullest sense, including relative security from extreme natural events, needs to be understood as a variable condition of the human – what the 1994 Human Development Report called the ‘universalism of life claims’ or ‘human life for itself’ (UNDP 1994).

The primary elements of the human security are individuals, families, local communities, in large, it is a people-centric who and faced a wide number of threats, which includes natural disasters, poverty, civil war, environmental collapse (Lizee, 2002). In 2012 at the UN General Assembly Resolution 66/290 on Human Security (2012), states that the notion of human security includes:

a. The right of people to live in freedom and dignity, free from poverty and despair. All individuals, in particularly vulnerable people, are entitled to freedom from fear and freedom from want, with an equal opportunity to enjoy all their rights and fully develop their human potential.

b. Human security calls for people-centered, comprehensive, context-specific and prevention-oriented responses that strengthen the protection and empowerment of all people and all communities.

c. Human security recognizes the interlinkages between peace, development and human rights, and equally considers civil, political, economic, social and cultural rights.

Human Security gained importance after the end of the Cold War. Previously, it was not a topic of debate or was not discussed immensely. It was in 1994 Human security has been a focused agenda with the UN, most importantly at the United Nations Development Programme (UNDP). Human security has only limited to the issue and topic of the developed nation such as

Canada, Norway, Japan, etc and they serve as an important component of their foreign policy (Dellios, Ferguson, 2017). Japan, from 2015 human security is one of the major key ideas for leading the development cooperation which outlined the priority aid route in Africa, and the master plan was developed with the same regards. This supported the implementation of the Yokohama Action Plan (2013-2017) which promoted economic growth, empowering farmers, resilient growth, peace, governance, democracy, infrastructure development to achieve human security (MOFA, 2015). In 2015 alone, Japan provided funds and aid of \$6.3 billion in ODA which ranked them, the top four donors, globally on the agendas of human security and promoting Japan's soft power (JICA, 2016).

Human security is directly linked with development and peace in many ways. This is so because a limited level of development has a connection with a higher prevalence of insecurity (Dellios, Ferguson, 2017). The Human Development Index (HDI) which measures the life expectancy, education, income, equates, when low, with a lack of human security. Nepal HDI score was 0.579 in 2018 which ranked Nepal at 147 positions out of 189 countries (UNDP, 2019). A report published by Institute for Economics and Peace estimated that there was a \$13.6 trillion economic impact (spent) in 2015 which is related to the military, peacekeeping and policing which is nearly 13.3% of world Gross Domestic Product. This not only hampered the economic values, but it also distorted the government capacities, aid outcomes and developmental policies (IEP, 2016). This directly undermines peace and potential instability. The global peace index ranked Nepal at 76th position out of 163 countries with medium peace with a score of 2.003 and jumped high 12 places from last year (Institute for Economics & Peace, 2019).

As per an article published in foreign affairs, the Communist Party of Nepal is very much interested in the implementation of the BRI as they see as geopolitical blessings against India.

Author also stated that the BRI has agitated the controversy in the worldwide. Author states that takeover of Hambantota Port in Sri Lanka, a financial breakdown in the Maldives, taking control over land in Djibouti, Zambia, Kenya, etc, a thundering voice at Balochistan at Pakistan under China-Pakistan Economic Corridor and very vocal angry response, etc are some of the issues which have drawn the attention in the international relations. But author argues that BRI can be the potential lifeline to Nepal. Author believed that BRI can be an effective tool for the economic boom and also a superpower tool to counterweight against India's dominance. In April 2019, PRC officially embraces the Nepal-China Trans-Himalayan Multidimensional Connectivity Network in its joint communiqué of the second Belt and Road Forum in Beijing. This was formally agreed during the Xi Jinping visit to Nepal. Author believed that Nepal may drive the BRI forward for far better options as previously edged by India (Budhathoki, 2019).

Another scholar sees BRI as a great game-changer for Nepal and states that India and China have a large amount of trade from which Nepal can benefit. Author believes that Nepal can be a transit route to facilitate trade between India and China (Pokhreal, 2018). However, it is very challenging to the present situation as the infrastructures and facilities that need to facilitate as a trade route being difficult at the moment. Pokhreal also sees this is an opportunity for the growth of industrial enterprises to boom the economy of Nepal. However, the questions remain will small and infant industries of Nepal could survive against the competent technology of China. Author also argued that Nepal will also experience an elevation in the cultural and religious side through the BRI. Author believes that it will grow the religious tourist as pilgrimage which will boost the social and cultural ties between Nepal and China through the BRI. In the same article, Pokhrel also stated that we need to produce and train the quality of

human resources to commence and upgrade our infrastructure and change the trade loss situation to profitable situations (Pokharel, 2018).

The comparison of BRI with the post-war plan of the U.S Government was beginning and got popular in 2014 (Chen, 2014 a, b), it was in 2016 when it receives serious consideration in mainstream media. In the year 2015, BRI was joined with wordings “like the Marshall plan, the new silk road initiative looks to designed to use economic threats as a way to address other vulnerabilities”(Clover & Hornby, 2015).The author argues that Beijing is trying to assert regional leadership in Asia economically, diplomatically and militarily. They also argued that Beijing is also trying to establish a new sphere of influence, as Britain and Russia battled in the 19th Century Great Game to control in central Asia (Clover & Hornby, 2015). In the year 2016, BRI was referred to as China’s Marshall Plan on Bloomberg (Curran, 2016). Mark Tinker in 2017 stated that “China has an interest in its neighbors getting richer and importing more stuff from China; this is a Marshall Plan without a war” (Sabine, 2017).

BRI and Marshall plan shares some common ground such as they both carried the political and economic agendas (Shen and Chan, 2018). The authors believe that they are using economic means to solve political problems, while some others say that they are using political means to end the economic problems (Frieden, 2006). The author, Shen and Chan argue that the financial support by America through the Marshall plan quickly boosted the economy of the western world which led the USA to make the U.S dollar as a global currency. Similarly, the developed countries of the world have not directly clashed by military force with each other (at the very least, there has yet to be a war with a casualty as high as the WW2—from 50 to 80 million) (Necrometrics, 2013).

2.5 New concepts in Security

The globalization process today eases in the flows of people, goods, and services. Today, 7 billion people are living in a global village. With the rise of globalization, challenges follow to human beings and state. The security of one person, one community, one state rest on the decisions of many others-sometimes fortuitously, sometimes precariously. The security of the state is facing new challenges. Till the end of the 20th century, security threats were considered predominantly from security sources. The state security was focused mainly on protecting the state through protecting its boundaries, people, institutions and values from external attacks. Today, the security of the state is no longer an attack from external sources but also rising different consequences within the state like poverty, hunger, diseases, pollution, transnational terrorism, separatism, massive population movements, etc. In these two decades of the 21st century, the concept and understanding of state security and the many types of threats have broadened. Significantly, there is a growing recognition and acknowledgment of the people in ensuring their security.

Earlier the security was defined as a threat from external aggression or safeguarding the national interest in the dynamic world to the threat of nuclear holocaust. After the end of the Cold War, most of the conflicts are intra-state, not interstate. The people now are more concerned with issues such as food security, job security, crime in society, freedom for discrimination based on religion, language, ethnicity, etc. According to the Human Development Report, these threats are real and exist in all the levels of the nation. The degradation of human security can be at a slow pace or it can be instantaneous. These can be human-made due to wrong policy choices. The same report also identifies 7 dimensions as human security which are economic, food, health, personal, community, political and environmental (UNDP, 1994).

Though the security of the state has been a widely discussed subject, however another very prominent dimension of security, i.e human security has not been discussed and recognized as much it should be. Even though in this modern and complex society, security is still viewed from the perspective of aggression. Policies and lawmakers have not given true importance to human security. A country cannot prosper without effective security. Similarly, BRI has been discussed from various perspectives such as economic, geographical, power, etc. But the researcher and academicians have not analyzed it through the human security perspective. More importantly, being the neighbors of China, Nepal needs to understand the implication of BRI on human security and sought out ways to minimize the challenges and maximize the gains. Therefore, the paper aims to study the implication of BRI on Nepal's human security and to propose a plan to mitigate those challenges. Similarly, there is a limited paper that has tried to uncover the motivation for the implementation of BRI and the applicable theory behind the implementation of BRI. Therefore, the paper also intends to understand the theoretical standpoint of BRI analyzing through the Realism and Liberalism perspective and to identify which theoretical perspective will be implied in the context of Nepal.

Chapter III

Conceptual Framework and Research Method

3.1 Conceptual Framework

BRI is an ambitious initiative to connect Asia with Africa and Europe through land and sea networks along six corridors to enhance regional integration, increasing trade and stimulating economic growth. BRI is expected to enhance peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit. The research aims to study the China's interest for the implementation of BRI through a realist and liberal perspective, evaluating the significant aspect such as security and economic implications as well as human security.

The components of BRI has linked with human security. The policy coordination is expected to increase intergovernmental cooperation, expand shared interests, enhance mutual political trust, and reach new cooperation consensus. The BRI is geared to coordinate for economic development policies and strategies as economic security is one of the key elements of human security. BRI is also expected to provide policy support for the practical implementation of large-scale projects which can imply human security. Another important priority area of BRI is facility connectivity. The vision of building and linking up the unconnected road, enhancing road safety, abolish transport challenges and improving road network which are key elements to enhance the personal safety which is also the element of human security. But with better road connections, it also opens up opportunities for organized crime, trafficking and environmental safety which challenges the concern of human security.

Investment and trade cooperation are a major task in building the BRI. Nepal needs investment for the development of large-scale projects and to enhance the human security of

Nepali people. Trade between two countries can also be fruitful for the people and provide an opportunity to enhance the economic conditions. However, with cheap labor and advanced technology of China, the possibility of unemployment and crippled medium and small-scale industry. This also challenges the elements of human security, i.e. economic and personal security. Another important component of BRI is people-to-people bonds which aim to promote cultural and academic exchanges, youth and women exchanges, personnel exchanges and cooperation and volunteer services. This is also expected to advance youth employment, entrepreneurship training, vocational skill development, social security, etc. This is correlated with the element of human security, i.e. personal and community security.

3.1.1 IR Schools of Thought

Realism is based on the perspective that the states attempt for power in an anarchical state of affairs. Stephen M. Waltz openly considered, Realism depicts international affairs as a struggle for power among self-interested states and is generally pessimistic about the prospects for eliminating conflict and war (Waltz, 1998). Realism can be divided into two parts: defensive Realism and offensive Realism. Defensive realists like Kenneth Waltz argued that the world order is anarchical, but the states tend to maintain their position in the international system in place of increasing their power. It is believed that states aimed to protect themselves rather than seeking supremacy. On the other hand, John Mearsheimer, offensive realist argued that the state seeks to increase their power and security as they believe that all the international relations are a zero-sum game (Mearsheimer, 2001). As a consequence, states continuously participate with each other for creating regional supremacy, excluding the possibility of having “peer competitor” (Mearsheimer, 2005).

Realism and Liberalism based it assumes that economic exchanges, societal norms and international organization will increase beneficial interrelationship, increasing positive-sum communication between states. As Joseph Nye and Robert O. Keohane argue that “interdependence affects world politics and the behavior of states by creating or accepting procedures, rules or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations” (Nye & Keohane, 2012, p. ?). Therefore, it is believed that states communicate with each other under the belief that increase interconnection results in mutual growth and international cooperation.

The realist argued that China is attempting to peruse its national interest by obtaining natural resources, increasing military capabilities, and willingness to test and challenge the international order. While on the other hand, liberalist argued and provides evidence that China’s significant growth with its nearby states, engagement at the regional and multilateral frameworks and commitment for the international community.

BRI undoubtedly will have a huge impact on the economy and the geostrategic situation of the regions, neighboring states and the participating states. This overall will impact on China’s relationship and promote its interest. To understand the motivation for the implementation of BRI, this chapter will analyze BRI through the realist and liberal lenses and it will try to identify the implications to Nepal.

3.1.1.1 Realist perspective

The Realism theory in international relations is one of the oldest approaches to interpret relationships among the states and it dated back to Thucydides and his “Peloponnesian War” (Korab-Karpowicz, 2017). A realist believes international relations are forms on the state power balance. A realist believes that states are an only significant actor in international relation and the

actors in the international relations are the great power who pay careful attention to the account on how much rival states hold military and economic (Mearsheimer, 2007, p. 72).

The theory of Realism is a comprehensive and based on the 4 principles as analysis assumptions: realist believes that the principal motive of every state is to survive and secondly within survival state act rationally to continue to exist. Similarly, thirdly realist argues that no one states know the motivation of the other and thus the world becomes dangerous and uncertain. Lastly, in the international order, the military and economic power of all states are not the same and the states with more economic and military power are the decisive states in the international order. Under these assumptions, realist believes that each state will undertake the actions that will increase its military and economic power to ensure their survival (Mearsheimer, 2007).

In this regard, the state will no matter how they are showed, the states will take actions to increase their power in comparison to other states and to counter the actions of the rival states. The realist assumes that there is no central governing body to regulate or control states which had created a state of anarchy and threats of war and conflict remained constants from other states and the only way of survive is to increase the power.

The power of the state can variously be measure. It is not only limited to military and economics, but it also goes beyond other elements such as population, technology and cultural influences. The priority on State power which is also dependent on economic parameters puts the economy in a subordinate position to political (Agnew, 1994).

3.1.1.2 Liberalist Perspective

Liberalist held a different opinion and argues that economic cooperation, regional and international organizations and social norms increase the positive-sum interactions,

interdependencies among the states. As Joseph Nye and Robert O. Keohane argue that “interdependence affects world politics and the behavior of states by creating or accepting procedures, rules or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations” (Nye & Keohane, 2012). Thus, states interact with each other to promote mutual growth and cooperation between them.

One of the key beliefs of Liberalism is that world peace can be achieved as states not only act for the power incentives (Slaughter, 2011). As mentioned earlier, states are not only the actors in the international relation but states are derived through the individual beliefs, commercial interest and social structures (Moravcsik, 1997). States are very much interested in survival however their activities are based on the reflection of their constituents.

Liberalism is a concept and argument mixed on how economic connections and institutions' behaviors contain and resolve the violent power of states. Liberalist also argues that individual competition in society and market capitalism best promote the welfare of states by efficiently utilizing the scarce resources. Liberalism focused on the progress, freedom individual rights and human reasoning which liberals believe are the important component of security and peace. Liberalist believes in enhancing the human conditions and strives for building cooperative organizations to facilitate the better well beings of humans (Keohane, 2012). The liberal view of world politics is a peaceful order (Walker and Rousseau, 2012).

From the above two above realist and liberalist arguments, the thesis shows two different opinions in understanding China's motivation for the implementation of the BRI. The realist understands that BRI is a tool to create and placed under China's sphere of influence. Likewise, the BRI is a tool for the mutual growth prosperity across South Asia and all the participating countries. The realist views that developing infrastructures is to create and develop bases

along China's economic corridor whereas liberalist argues that it is for strengthening the regional corporation.

3.2 Research Methodology

A) Research Design

The research is both descriptive and analytical in nature. It makes use of qualitative data. The research specifically looks into the theoretical perspective of BRI. Likewise, the research also tries to explore the impact of BRI on the human security of Nepal and explore the initiatives that could be implement to reduce the challenges of BRI.

B) Nature and Scope of Data

The research is based on secondary qualitative data. The secondary qualitative data which are presented in the different treaties, memoirs, articles, speeches journal, reports of Ministry of Foreign Affairs is analyzed. Concerning the implementation of BRI, trade of Nepal, human security, the implication of BRI in South Asia and Global order will be assessed through the available literature, government agencies such as the Ministry of Foreign Affairs, Ministry of Finance and Ministry of Industry, Commerce and Supplies is analyzed. Likewise, research papers available in online platforms such as AidData, Council on Foreign Affairs were also used.

Chapter IV

Understanding Belt and Road Initiative through Realism and Liberalism

4.1. China's Motivation for the implementation of BRI

4.1.1 Realist Lens

BRI will have a huge impact on the economy, infrastructure, trade and investment. Realist scholars perceived that BRI is China's attempt to establish its sphere of influence in South Asian states and promoting its Sino-centric agenda. A realist believes that there is ample evidence that portrays the view of PRC setting up a grand strategy. As per the realist, the BRI initiative and its infrastructure progress will advance only the national interest of China (Raffaele, 2016). Raffaele also argues that BRI will bring South Asia under the influence of China and establishing regional hegemony. Likewise, the inception of new institutions such as AIIB and SRF will challenge the institutions which were formed under Bretton Woods international system status quo.

Commencing from the 1st assumption, realist argues that BRI implementation is a search for China to fulfill its need for natural resources. The data show the import of fuel, coal and gas by China will increase by 60 percent from 2010 to 2035 (Smith, 2014). In this regard, China is eager to project and make an easily accessible connection to fulfill its need by connecting China to Africa and the Middle East. The port of Hambantota is indispensable for China's energy security because of the country imports two-thirds of its oil through shipping lanes south of the port. Likewise, China through further economic route is trying to overcome the Strait of Malacca as whoever controls the Strait can have a stronghold in the energy supply line of China. Realist argues that multiplying the supply line to China is an extensive move of China to fulfill its national interest rather than promoting growth and development of its neighboring countries.

After joining the World Trade Organization (WTO) has increased international trade in China and had increased economic growth. There has been a sharp trade deficit between China and the USA. According to the US Census Bureau, 2018, the trade deficit with China has been increasing by 348 percent in 15 years. In the year 2002, the trade surplus was \$83.8 Billion whereas after 15 years it rose to \$375.5 Billion (US Census Bureau, 2018). The trade deficit with the EU has also grown by 221 percent in these 15 years. In 2002, there was €5.3 Billion and in 2017 it was increased to €77.7 Billion (Eurostat, 2018). As compared to 2018, there was Rs. 203.4 Billion trade deficits between Nepal and China in 2019 (Kafle, 2019). Likewise, a recent report published in The Kathmandu Post stated that imports from China were increased by 11.6 percent whereas imports from India and other countries decreased by 12.2 and 19.1 percent respectively (Prasai, 2019). These increased surpluses had been utilized to finance the BRI. The robust trade relation is likely to increase the trade deficit between China and its trading partner.

The increased foreign reserves and trade surplus increases the power of Chinese in the bilateral dialogue with its trading partners. According to Karlis, & Polemis, (2019), the value of the US dollar is now depending on the reserve policy of China. The USA has already imposed the tariffs on Chinese goods through the materialized economy policy (Karlis, T. & Polemis, D., 2019). However, the European Union has not adopted a kind of similar approach and has been implementation open trade based on reciprocity, fair trade relations and equal market access with the WTO (European Commission, 2018).

The BRI assumes that it will use the FDI through loans to participating countries for transport infrastructure. It is argued that infrastructure-led growth presents challenges (Ansar et al., 2016) and it is also believed it would lead to the possibility of a debt trap (Onjala, 2018). It is argued that when the FDI receiving state unable to facilitate those investment loans, it will put

sovereignty in the risk (Malhi, 2018). It is also seen that most of the FDI made by Chinese are in fact that they are state-owned enterprises that hold strong political influence on the investment decision (Karlis and Polemis, 2018). These conditions have been seen after the Hambantota port in Sri Lanka for a 99-year lease to China Merchants Port Holdings when it failed to debt repayment and the same port was used for the Chinese submarine (Singh, 2015). This led to the concern and strong opposition from India, Japan and the US, the Sri Lanka Government acted to ease these fears by relocating its naval base in the area (Reuters, 2018).

4.1.2 Liberalist Perspective

After the Chinese economic reform in 1978, China has focused its attention on the economic growth and modernization of its infrastructure. Nearly after 30 years of 1978 declaration, the PRC has launched a mega project which seeks to create a multilateral infrastructure, economic and mutual cooperation and win-win environment. Liberal theorist views BRI as a tool for the multilateral economic cooperation, connectivity and China's commitment to development. Liberalist argues that BRI will increase the infrastructure and connectivity development which will promote a win-win situation in South Asia. It will also lay the strong foundation for the interconnection between member countries and China and the newly built multilateral institutions such as AIIB and SRF will complement the international order.

In this regard, China has allocated significant funds to materialize the BRI. The Silk Road Fund (SRF) which was established in 2014 collected USD 40 billion of which nearly 65 percent was sourced from the Chinese state and the remaining amount was collected from the three major State-controlled banks (Silk Road Forum, 2018). SRF is in a flexible nature in its policy as SRF is allowed to provide debt financing or equity. The SRF was established almost

immediately after the official proclamation by President Xi which supports that BRI is a “Go West” Policy (Ferdinand, 2016) which was introduced in 2000 aiming to increase the economic development of 12 Chinese western regions (State Council of PRC, 2016).

The author like Jackson, Shepotylo, Konings believes that BRI can strong and positive impact on trade development and economic growth (Jackson and Shepotylo, 2018; Konings, 2018). The liberalist believes that the connection between investment in FDI, economic growth and trade infrastructure is well established and they argue that BRI is correlated with increased trade relations, economic growth and increased demand for connectivity. BRI is expected to create a new connectivity route for regional trade within the countries of South Asia and West Africa. Even so, there are ample of researchers that came forward with the topic with skepticism. Skepticism is mainly obtained from a geopolitical or geo-economics perspective focusing on the potential increase of Chinese influence (soft power) on the countries of the region (Sagi and Engelberth, 2018; Cau, 2018; Chih-Chung, 2016).

Liberalist argues that BRI is a tool which interconnects the countries for cooperation and development. Rather they view BRI as a tool for cooperation and development. Different research focused on the economic aspects of BRI indicates a positive impact. Author Soyres (2018) estimated that BRI will increase by 2.6 percent to 3.9 percent GDP growth of the participant East Asia Pacific countries (Soyres, 2018). Likewise, Chen and Lin estimate that due to the attraction of FDI by participants states there will be 9 percent GDP growth and also due to spillover effect 13 percent GDP growth is estimated at Sub-Saharan African countries (Chen and Lin, 2018). According to Jackson and Shepotylo, they estimate that there will be a 30 percent reduction in transportation costs between China and the EU and there will be consumer welfare gains of 1.51 percent to China and 0.97 percent for EU (Jackson and Shepotylo, 2018).

Koningsin 2018 estimates that depending on the number of countries impacted by the BRI, the international trade will be increase by 4 percent and 12 percent (Konings, 2018).

The liberalist argues that China needs more to rebalance its economy by generating stronger economic ties with its wealthy east and lesser developed west as well as its neighboring countries. The liberalist argues that the BRI initiative would correct this economic inconsistency by connecting the western side with the neighboring countries. China's past and recent evidence have highlighted BRI more towards economic growth. Since 1978, China has steadily started to economical rise and has maintained a peaceful rise so far. China has always adopted a non-interference policy, refrained itself from the domestic matter of other countries. Moreover, China has been trying to develop friendly ties and cooperative relationships. The Chinese foreign policy seeks to develop good-neighborly and friendly relations for regional peace, economic cooperation and stability. China in recent days has put a lot of shots for infrastructure development and increasing economic integration in its neighboring countries. China has been doing lots of investment mostly in Sri Lanka, Pakistan, Bangladesh and also in Nepal providing most of the resources in the constructions and infrastructure designed to strengthen regional integration and promote mutual growth. Only between China and its neighboring countries, the trade relations have been significantly rising and accounting for nearly \$45 billion in trade (Nargiza and Weser, 2015). The liberal perspective foresees that the growing interdependence, the BRI has the potentials for creating greater economic growth in South Asia and Southeast Asia.

In the study of Chinese media, it is seen that China seeks a peaceful rise in economic growth and regional influence. Caixin Wang states that BRI is an attempt to promote regional economic cooperation and shoulder its responsibilities to the international economic system. It

believes that development in South Asia does not challenge US action the Pacific and BRI are more focused to promote a plan to reform the current international system and not to challenge it (Wang, 2015). Similar articles stated that economic integration plans bring on the peaceful coexistence and win-win cooperation between people and people, nation to nation (Zhoumo, 2014). Liberalist believes that it will promote peace and cooperation for the national security among the involved states. It has shown less desire for realist motivation and more towards the liberalist motivation as it expresses for the desire for interdependence.

The Beijing government on the plethora of instances found that it has refrained from interference in the domestic matters of other states and doesn't tend to influence nor pursue a hegemonic status (Sági, and Engelberth, 2018). These policies have been fully committed and reaffirmed with the BRI (Xi, 2018). The clarification of the BRI policy at the 19th National Congress Report recorded that China has been pursuing a defensive policy and it will not expand irrespective of its development (Xi, 2017). The BRI pursues the principles of globalization through international cooperation and interdependence. In the words of Xi (2018): "To respond to the call of the times, China is ready to jointly promote the Belt and Road Initiative with international partners. We hope to create new drivers to power common development through this new platform of international cooperation; and we hope to turn it into a road of peace, prosperity, openness, green development and innovation and a road that brings together different civilizations." In this regard, several analysts hold the position that the BRI is the move of Beijing to domestic socio-economic conditions (Callahan, 2016; Ferdinand, 2016). In the similar view, Johnston (2018) identifies five main expectations to China from the BRI: (1) sustains economic growth and focuses on the underdeveloped western provinces; (2) exports surplus industrial capacity through infrastructure projects abroad; (3) internationalizes the RMB; (4)

achieves higher returns for the accumulated foreign reserves; (5) globalizes the Chinese financial system. The continuous eloquence shown by Beijing highlights BRI as an application for the globalization priorities. It aims to promote state cooperation and transport policy integration among the involved partners of the project. Thus, BRI is more intended towards the values and beliefs of Liberalism. There are obvious benefits to China as its economic power will grow. But it also supports the view that the conception of BRI was initiated from domestic needs rather than state action.

4.2. Regional Hegemony

4.2.1 Realist: A shift of power

The BRI itself is a challenging initiative as it covers a vast territorial area that goes through the disputed territories and volatile environments. This situation is not only limited at the South China Sea but China and South Asian countries are also constantly arguing over the territorial claims. Lots of efforts have been put forward to end such disputes peacefully through the multilateral organization such as the Association of Southeast Asian countries (ASEAN) and the Shanghai Cooperation Organization (SCO) however there it has been failed to end such disputes. However, the realist argues that BRI is a tool for China to expand its sphere of influence in the South China Sea and mostly in South Asia. The realist believes that BRI is filled with a strategy to develop military bases along the routes.

The realist argues that BRI is a tool for China to break the status quo of power in South Asia. The Karakoram Highway (KKH) and maritime construction in Pakistan and Sri Lanka suggest some of the evidence that BRI can also produce the intended and unintended effects on both the national and regional levels. For example, the KKH has not been able to produce the desired result in the Gilgit-Baltistan region. The KKH was thought to produce economic growth

in the local economy of Pakistan. The Institute of Defense Studies and Analysis in New Delhi stated that Gilgit-Baltistan per capita per annual income is only one-fourth of Pakistan's national average and 1.3 million inhabitants are still below the poverty line (Senge, 2012). Patrick Mendis in 2012 stated that national-level statistics of Pakistan showed that in though there was trade between China and Pakistan reached \$7 billion in 2009, the KKH share the tiny amount of trade with a 4 percent (Mendis, 2012). Similarly, there is the almost same case in Sri Lanka too. The Chinese infrastructure built in Sri Lanka has not produced any marginal economic benefits to Sri Lanka. Rather Sri Lanka owes the debt and has increased the high debt (approx. \$7 billion). It also resulted in the handover of the port for the 99 years. Soon after the election of Sri Lanka's President Mr. M. Sirisena voluntarily gave up the idea of participating in the BRI project which has driven more towards the India and United States (Balazs, 2015). KKH and Chinese-led infrastructure are unable to provide evidence that supports economic growth. Rather realist argues BRI as a tool to push on the Chinese national interest. It has been seen as a tool to fulfill the interest of China in terms of trade, soft power and provide a loan in the lower interest rate.

The realist also considers the BRI as a tool to promote Chinese national interest through its infrastructures progress to enlarge its sphere of influence in South Asia and it aims to guide the economic and political policies. The realist views the BRI and its trade routes as a strategy to make South Asian countries politically and economically dependent (Garver, 2006). Similarly, India is very concerned that BRI initiatives aimed to imbalance the sphere of influence. Moreover, China has successfully overcome the trade relation of India with neighboring states. Such as trade relation with Pakistan, Burma and Bangladesh of China has overcome the trade relation with India. Similarly, the trade relations of Nepal with China were increased by 11.6 percent whereas imports from India decreased by 12.2 and 19.1 percent respectively (Prasai,

2019). Moreover, Nepal received around 90 percent of the total foreign direct investment commitment from China during the current fiscal year 2019-20. Out of \$95 million, China alone committed \$88 million which is nearly 93 percent of total foreign direct investment. From the last four consecutive fiscal years, China has been the major partner for the highest foreign direct investment of Nepal (Xinhua, 2019). The realist views China's has been influencing the South Asian countries by making huge progress on infrastructures which allows Beijing to put pressure to conform to BRI principles. Similarly, the report published in the Center for American Progress outlined that the BRI invested in those countries which have a strong relationship with China and hold popular support for Chinese" (Viehe, Gunasekaran & Downing, 2015).

The realists also argue that China is financially and economically supporting those countries which can distort India's sphere of influence in South Asia. As mentioned in the above paragraph, China is more into Pakistan, Bangladesh, Burma and Nepal. These countries used to have good trade and economic relationships. The realist also argues that China's growing economic and trade relationship with Pakistan will allow Pakistan to challenge India's power and helps to contained India's sphere of influence in South Asia (Raghavan, 2013). The realists identify this as an initiative to prioritizing the areas of interest and reducing India's influence with the support of Pakistan. There are few proofs which view BRI as a master plan to increase Beijing's political and economical power in South Asia. The realists view it BRI as a tool to create the economic and political dependencies and impeding India's interest in the region.

The BRI pledges to have significant consequences on the economy, but it also holds the geostrategic importance to the South Asian region. In an article by Daniels Rorry in 2013 identified that China's relationship with the neighboring countries will be dynamics among each other and global powers and Infrastructure development in South Asia is driven by competition

for geographic control—to secure resources and markets—and by fears of strategic encirclement (Rorry, 2013). Kennedy and Parker in an interview stated that China will advance its national interest throughout the region through the infrastructure development and investment in connectivity, it will provide new free-markets for Chinese business and create a Sino centric patterns of trade, infrastructure and investment in South Asia(Kennedy and Parker, 2015). Another scholar John Garver argues that Chinese influence will go along with new trade corridors and transportation lines, regardless of the primary idea of building (Garver, 2006).

Realists view BRI will create a security dilemma between India and China in the Indian ocean. India believes that the Indian Ocean as their backyard and finds it both natural and wish that India function as it is named after India (Berlin, 2006). Influential strategists like K. Subrahmanyam argued that Indian leadership at the Indian ocean is a manifest destiny (Holmes, Winner and Yoshihara, 2009, p.38). Indian Ambassador to the US in 2005 told President George Bush that ‘There are good reasons why it is called the Indian Ocean ... it has always been in the Indian sphere of influence’ (Rajghatta, 2005). Also, BRI can challenge India’s Look East Strategy which seeks to increase the influence of India in East Asia. China in recent days has invested a huge financial resource on the naval capacity from building aircraft carriers to warships. Recently, the naval capabilities of China have surpassed the Indian’s by a significant margin in terms of qualitative and quantitative and this is expected to grow in the coming years (Market Wrap, 2015). China has been developing the seaports and developing the naval infrastructure in Myanmar, Bangladesh and Pakistan. This is seen as a move to limit the influence of India in the Indian ocean and it is claimed as “String of Pearls” which strategically laying the foundation for a Chinese naval presence in the region which could threaten the interest of India (Johnson, 2015). Among them, a port at Gwadar in Western Pakistan seems highly

strategic which could challenge India's influence. Not only the oil and gas that China imports can come through the port, but it also held a special position as during 1971 War between India and Pakistan, but India blockade the Karachi port, which beliefs were also a key factor and in 1999 India threaten to blockade once again which some beliefs were an important move to persuade Pakistan to withdraw its force from Kashmir (Kanwal, 1999, p.220).

4.2.2 Liberalist Opinion: Community of shared destiny

The liberalist view BRI as much needed needs rather than the expansion or challenging the sphere of influence. Different research focused on the economic aspects of BRI indicates a positive impact. Author Soyres (2018) estimated that BRI will increase by 2.6 percent to 3.9 percent GDP growth of the participant East Asia Pacific countries (Soyres, 2018). Likewise, Chen and Lin estimate that due to the attraction of FDI by participants states there will be 9 percent GDP growth and also due to spillover effect 13 percent GDP growth is estimated at Sub-Saharan African countries (Chen and Lin, 2018). According to Jackson and Shepotylo, they estimate that there will be a 30 percent reduction in transportation costs between China and the EU and there will be consumer welfare gains of 1.51 percent to China and 0.97 percent for EU (Jackson and Shepotylo, 2018). Konings in 2018 estimates that depending on the number of countries impacted by the BRI, the international trade will be increase by 4 percent and 12 percent (Konings, 2018).

Though there is some evidence that suggests China is advancing its national interest through infrastructure development, there is also evidence that shows that South Asian states are benefiting through these economic initiatives. It has also demonstrated that China is not trying to create a political dependency that endorses pressure on the small states, but it mainly focusses on economic integration through infrastructure developments.

The PRC has rhetorically stated that it is a domestic drive that increases interdependence in the world arena and intended for the economic development of the poor regions, especially in the western area (Moravcsik, 1997). Liberalist believes that BRI is a mechanism set up to enhance a “community of shared destiny” which show interdependences where all states come together for mutual growth and win-win cooperation with its partner states (Swaine, 2015). Despite this, some critics believe that it is an agenda of Beijing led infrastructure developments mainly focused on South Asia, Central and Southeast Asia. The President of PRC Xi Jinping in Boao Forum, 2015 stated that

“China will follow the principle of wide consultation, joint contribution, and shared benefits. The programs of development will be open and inclusive, not exclusive. They will be a real chorus comprising all countries along the routes, not a solo for China itself. To develop the Belt and Road is not to replace existing mechanisms or initiatives for regional cooperation. Much to the contrary, we will build on the existing basis to help countries align their development strategies and form complementarity” (Xi, 2015).

Foreign Minister Wang Yi stated that China aims to equal-footed consultation and not interfere in the decision making of another state. He further stated that BRI is based on transparency and openness which match with the existing regional cooperation framework (MoFA, 2018). Zhong Sheng believes in this idea that BRI doesn't try to create a framework that is closed, rigid, or anti-foreign and doesn't motivate to influence regional matters by establishing a sphere of influence. Most importantly, he argued that BRI is not only a Chinese matter, but it is a joint initiative of all the countries (Zhong, 2014).

The liberalist sees that since the participating member of BRI is in the same boat, it will reduce the conflict. It is so because the opportunity cost is very high for the participating

members to engage in fighting with each other. Moreover, BRI has rules, regulations and beliefs for all the participating members to follow, it is constrained them from engaging in conflict. The BRI provides infrastructure development to the participating members which are win-win economic growth and regional integration. Therefore, BRI doesn't predict any conflict or aggressiveness.

Likewise, liberalist believes BRI as a tool to increase financial and economic integration through the expansion of infrastructures and economic corridors. They believe that BRI has the potential to establish and develop a new economic trade route and prosper the South Asian countries. It has been believed it is also an initiative to include China in the South Asian Association for Regional Cooperation (SAARC). As liberal believes China's involvement in the multilateral institutions could conquer geopolitical tensions between China and India by opening a way to new economic trade routes under the BRI initiative. Though these positive trends, India is still reluctant to join the BRI initiative and accused China of the construction of a highway in the disputed areas of Kashmir. In this regard, China needs to find a suitable ground with India and assure that BRI doesn't conflict with India's Act East Policy (Ashlyn and Alyssa, 2015).

4.3 International Order

4.3.1 Realism

After the declaration of BRI, financial institutions such as the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF) were established to fund the BRI Initiative. The realist views it as a provoke to the status quo of the international system. It is believed that the formation of these institutions was possible due to the failure of the U.S Congress to attempt reforms in the voting system of the International Monetary Fund (IMF). It is

also believed that Japan and U.S led the Asian Development Bank (ADB) failed to provide sufficient funds which further pushed China to form a multilateral solution (Ong Junio, 2014). On the other hand, the liberal view that BRI with its newly established financial organizations seeks to benefit the international system by motivating to reforms.

For the realist, the degree of a cooperative international organization is the geopolitical power shift. The realist believes that international institutions are acceptable if it leads to maximize the state's power or reduce the power of the rival state. In other words, realist views the measure of international cooperation lies in the command of the structure formulating the policies. With this view of a realist, any establishment of new international institutions is to collide with the existing international institutions or to reduce the power of the rival within the institutions.

The realist views new institutions as China's aspiration to attack the US-led economic order, challenge the regional and global order and promote a Sinocentric value and to advance the strategic influence of BRI-led infrastructure through issuing of funds (Yun, 2015). It can be seen at AIIB's voting shares. As of January 2020, China's voting power in the IMF is 6.41 percent whereas in ADB is 6.4 percent. However, China holds 26.64 percent. The realist sees in the increased voting rights of China is to allocate funds, only on its national interest. Believing on this assumption, U.S. has not been the part of AIIB yet, highlighting its lack of transparency and high standard of the bank. At the press conference held by then-President, Barack Obama stated officially that "we don't want to be participating insomething and providing cover for an institution that does not end up doing the right thing tothe people. Because when these countries borrow money even from a developmentbank...they are most of the time on the hook for paying that money back" (Obama, 2015). On the other hand, those who are in the support of promoting

the multilateral bank criticize that the U.S had blamed China for not fulfilling its international responsibilities.

Lastly, infrastructure and financial institutions collide with the current institutions and the regional order, mostly in South Asia. The AIIB and SRF were initiated by China to be the backbone of the BRI (Zhu, 2015). China is searching for opportunities to redesign the process these institutions created (Overholt, 2015). As a result, issues arise over the intention and ability of these institutions to challenge the Bretton Wood institutions.

4.3.2 Liberalism

The liberalist advocates for the institutional cooperation of the states. The more compact and extensive international cooperation, the greater the connection of states and the higher prospect for peaceful outcomes and cooperation. Therefore, liberalist advocates for the international institutions and structures which can increase state relations, cooperation and interdependence.

Despite the attack from the realist, the Liberalist support the financial engines of BRI. The liberalist believes that it does not attack the international system but it will modernize it, by establishing new well-structured and systematic institutions into the international order. The existing institutions like IMF and ADB have failed to acknowledge the increasing role of developing countries, establishing clear differences in the voting powers between rich and poor states. Moreover, the loans and funds supported by these organizations have come up with severe conditions that most of the poor states fail to meet. Therefore, the AIIB represents itself as an answer to acknowledge the recognition of the poor countries, allowing poor and emerging countries to actively participate in these institutions and providing fair opportunity to receive loans. The establishment of the AIIB has been praised by the Japanese editorial, stating that it

will represent China's goal of being a member of the current economic order rather than challenging the status quo (Bestini, 2014). China has also restricted itself to a vote based on an equal percentage among the founding members which nearly represent all the South Asian countries, by creating a multilateral system. In oppose to realist view, these conditions make very difficult for China to impose policies and choose project under the BRI. Most importantly, the AIIB is open to all the countries who are interested to participate in the project which fails the opinion of the US which identifies it as the Thucydides trap.

The liberal argues that AIIB and SRF is a China effort to gradually but firmly increase efficiency into an obsolete international order system and give more focus to developing countries. It is believed that newly formed institutions are a response to the Bretton Wood international order which failed to initiate reforms by pointing out the necessity of adopting the international system to the increasing role of developing countries. It was established as U.S. congress failed to amend the IMF reforms that grant higher voting shares to developing countries. Most importantly, the reform was consisted of transferring 6 percent of the shares voting power from rich countries to poor countries, which fairly enlarge the voting power shares of the poor countries (IMF Report, 2012). In this response, China promises to create an institution that aims to promote economic integration, mutual growth and win-win cooperation through BRI.

Also, the BRI along with newly established institutions is aimed to rationalize the system by promoting the sharing power of the poor countries in the international order and to support loans based on suitable conditions. In light of the BRI great potential, future evidence needs to evaluate the increasing trade between South Asian countries and China and to assess to what extent South Asian Countries can benefit from each other. Additionally, the AIIB as the main

backbone for the BRI must show to present all the interests of the participating countries to promote win-win cooperation and mutual economic benefits through the infrastructure developments. If BRI evidence to demonstrate these positive benefits, China and BRI will get full support.

4.4. Conclusion

There are no differing opinions of Realism and Liberalism in terms of economic and international trade. The difference is only based on the assessment of the results of international trade. Liberalist accepts that free market, international trade, infrastructure development will allow benefits for the participants. The benefits may not be equal and the portion may be varied. These gained benefits will not be limited to China but it will also benefit all the involved states. This belief of liberalist is a key objection by realist as realist believes that state should not engage in the trade if it increases the power of the involved states or it is not the party receiving the largest benefits. However, we cannot overrule that the implementation of BRI presents the potential for the shift of economic power. China will accumulate economic power through the BRI and it also increases trades and upheld the principles of the free market. Thus, BRI is a gear with both realist and liberalist values but later held a more dominant place in the international system. However, the assumption of realists cannot be fully supported until and unless there is proof to present Chinese-led infrastructure to take advantage of participating countries' economies (Smith, 2014).

As discussed in the above section, liberalist views the BRI as a much-needed initiative for regional and global cooperation for the benefits of all the participating members whereas the realist views this as a zero-sum game and only win for China rather than its partners. The realist

sees BRI is an initiative to use the geopolitical to expand its sphere of influence on the regional level to fulfill its desire to become a hegemon.

This chapter tried to find out whether Beijing is pursuing its Chinese dream like they are trying to highlight or is leaned more to the realist behavior through the liberalist and realist lens and it is found that it is still rather inadequate to come in the conclusion. This is so because of BRI composed of both Liberalism and Realism factors and consists of some elements of truth. The BRI itself has both elements of Liberalism and Realism in the purpose which will create a platform for regional and international cooperation from which members' can gain an advantage, and also provide Beijing an opportunity to attain its "harmonious world" with a motivation to expand its sphere of influence.

Although the realist view considers the BRI and its newly established institution as a challenge to the Bretton Woods System and to redefine international norms, there is not sufficient evidence that supports their arguments. The liberalist views BRI as an initiative to redefine and reform the preexisting institutions to increase efficiency.

It has been seen that China's strategy is not aggressive. The newly established system does not challenge the preexisting system rather it will complement them. The AIIB and SRF include the sphere of finance, infrastructure, currency, diplomatic dialogue, security, trade and investment. The new institutions would slowly strengthen strategic independence and reduce China's dependence on Western-centric institutions, by increasing the role of Beijing's finance through AIIB. But, China's continuous support to the existing institutions at the same time, enable them to avoid the charges that China is against the international norms. Till now, there seems no need for China to engage in challenging the existing structures or provide alternatives in a hostile manner but it does not reflect that China has no interest in increasing its power at all.

Through its continuous economic growth, China will sooner or later increase its influence, either through the newly established institutions or grant more autonomy, voting shares and decision-making power in the preexisting institutions. It remains still inadequate at this moment but time will show if newly established institutions will yield mutual growth in terms of political stability, cooperation and economic growth.

Chapter V

Human Security and Belt and Road Initiative

5.1 Belt and Road Initiative and Human Security

Human security directly linked with development and peace in many ways which BRI envision. This is true because a lower level of development directly linked with higher insecurity. The HDI which uses different indicators such as life expectancy, education factors, incomes equate low, with the absence of human security. One estimate suggested that political and societal violence, with military-connected, peacekeeping and policing nearly impacted of over \$13.6 trillion in 2015 which is roughly 13.3 percent of world GDP, as a result of that it holds the capacities of government, development policies and aid outcomes (IEP, 2016). This is equated with the possibility of undermining peace and stability.

National Planning of China on the BRI does not formally call up the idea of human security but it addresses several security concerns. It connects the environment with social policy to “meet the challenges of sustainable development in Asia”. There are many aims within its environment and social framework (AIIB, 2016, p.2) which aspire to achieve:

- Ensure the environmental and social soundness and sustainability of Projects.
- Provide a mechanism for addressing environmental and social risks and impacts in project identification, preparation and implementation.
- Provide a framework for public consultation and disclosure of environmental and social information concerning Projects.
- Improve development effectiveness and impact to increase results on the ground, both short- and long-term.

- Facilitate cooperation on environmental and social matters with development partners.

The Chinese government since 2010 has granted more loans than the World Bank (Hilpert & Wacker, 2015). China's 2014 foreign aid white paper illustrates that Beijing has provided nearly \$14.41 billion of aid as grants, concessional loan and interest-free loans to 121 countries in 3 years, i.e 2010-2012 (State Council Information Office, 2014) and had promised to invest more than trillion dollars by 2025 all over the world (Shambaugh, 2015, p. 101). With this kind of amount and investment, Beijing has been trying to develop its neighbor countries and promote the well-being of humans leading to good human security.

Though BRI aimed to increase infrastructure, economic and industrial development, it requires well plan management. The opportunities also come with threats and challenges. BRI can harness the poor connectivity and infrastructure of the poor country towards the regional and global process. It may also lead to trade benefits, modernization and investment. But the poor country has more chances of getting more vulnerability as it might have lower security control. This may lead to pollution, organized crime and cross-border crime, trafficking of illicit goods, cultural and economic dislocation, health sectors, etc. for example The Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) will connect countries for cooperation and mutual benefits and connect Kunming and Kolkata, but this may also lead to the development of new routes for drug trafficking, immigration, widening gap between rich and poor countries and rich countries might withheld natural resources and kill the small and medium industries of a poor country and intensify environmental destruction (only partly controlled by environmental impact assessments), spread diseases such as AIDS, SARS, COVID-19 along new transport routes, and increase urbanization pressures (Sajjanhar, 2016; Geall, 2016). This can also challenge the

traditional concept of security of the states and, it may also lead towards a more harmful path for human beings.

5.2 Status of Human Security of Nepal

There is no denying that Nepal ranks at the bottom of human development. The HDI report placed Nepal in the bottom of medium HDI countries, which also show the condition of human security. Since human development and human security are closely related, the former reflects the upward-orientation and later reflects the downside risks of well-being for the same.

The primary issue of human security in Nepal is food, health, poverty, climate change migration, environment and politics. Nepal is in continuous distress by poverty and low education and health indicators (Upreti, Bhattarai, & Wagle, 2013). The enhancement of human security depends on financial capacity, many people in Nepal have been facing human insecurity, with tiny hope of bettering their situation. However, Nepal has been improving in reducing the poverty and other factors associated with it, there are more rooms to make changes which can be possible only through the sustained and effective development efforts of Nepal. Likewise, the Government of Nepal (GoN) has been making reform in the health systems to solve the issue of healthcare.

The component of human security has a direct connection with climate variability in different ways; for example, unusual weather patterns can harmfully affect food and energy production as Nepal depends upon hydropower. The neighbors of Nepal, India and China are competing for the economic powerhouse, this can also impact on the climate security of Nepal. Environmental security is very important to Nepal as there are several factors associated with it such as natural disasters, agricultural products and land to ensure food safety, the

interrelationship between energy production & consumption pattern; political & economic instability(Upreti et al., 2013).

As per the Sustainable Development Goals, Status and Roadmap: 2016-2030 report, the extreme poverty in using an international benchmark is US\$ 1.25 per day, Nepal has made substantial progress in reducing poverty; nationally defined poverty stood at 21.6 percent in 2015 compared to 31 percent in 2004. Also, poverty at US\$ 1.9 per day is estimated to be 36 percent. The Multidimensional Poverty Index shows that 28.6 percent of Nepali are multidimensionally poor. It reveals that Nepal halved its official MPI between 2006 and 2014, from 0.313 to 0.127(National Planning Commission, 2018).

The GoN has made significant progress in terms of health outcomes and impact since the 1980s and the progress has been growing despite decade long armed conflict. Article 35 of the Constitution of Nepal recognized the Right to Health as a fundamental right. As per the Sustainable Development Goals, Status and Roadmap: 2016-2030 report, the Neonatal Mortality Rate (NMR) and Under-5 Mortality Rate (U5MR) have come down to 23, and 38 per 1,000 livebirths in 2015, respectively. Similarly, Maternal Mortality Rate (MMR) has also declined to 258 (per 100,000 livebirths), and several recent observations indicate that this must have further decreased as the Contraceptive Prevalence Rate (CPR) has increased to 47.1 percent in 2015, while the Total Fertility Rate (TFR) has decreased to 2.3 in 2015. Furthermore, the adolescent fertility rate remains high at 71 livebirths per 1000 women aged 10-14. Currently, the number of new HIV infections among adults aged 15-49 years (per 1000 uninfected population) is 0.03 percent. The prevalence of Tuberculosis, Lymphatic Filariasis, and Dengue cases have declined markedly to 158 (per 100,000 live births), 30,000 and 728, respectively as reported in 2015. Similarly, the number of cases of Malaria, Kala-azar, Rabies, Trachoma, and

Cysticercoids has also decreased. Nepal's challenge henceforth is to confront hepatitis, water-borne diseases, and communicable diseases. Premature mortality from Non-communicable Diseases (NCDs) is increasing, indicated by the rate of NCD deaths being 43.7 percent of all deaths. The incidence of suicide cases is also increasing (16.5 per 100,000 people). Mortality related to Road Traffic Accidents (RTA) is nearly 20 per 100,000 people (National Planning Commission, 2018).

However, only 61.8% of the Nepali households have access to health facilities within 30 min, with significant urban (85.9%) and rural (59%) discrepancy. The Government of Nepal in February 2015 formed a Social Health Security Development Committee as a legal framework to start implementing a social health security scheme (SHS) after the National Health Insurance Policy came out in 2013. The program has aimed to increase the access of health services to the poor and the marginalized, and people in hard to reach areas of the country, though challenges remain with financing. (Mishra, S. R., Khanal, P., Karki, D. K., Kallestrup, P., & Enemark, U. (2015).

The other aspect of Human Security is health security, which is the most pressing threat to human security. Today in the age of globalization, there is no separation or distinction between national and international boundaries. Today's global flow of services, finance, goods, people to people and many other factors have linked the security of all the people. The well-being or security of one person, one community or one nation rests on the decision and policy of many others, sometimes by chance rather than intention, sometimes precariously. The recent COVID-19 pandemic illustrated how devastating and challenging to maintain good human security. Also, in the past different outbreaks such as SARS, AIDs, etc has caused challenges to human beings and impacted the economy of the states to further deteriorated human security. An

article named “Fifty Facts: Global Health Situation and Trends 1995-2005” by World Health Organization (WHO) presented a very concerning framework if the states do not take serious action in time (WHO, 1995).

Another major component of human security is food security. Article 36 of the Constitution of Nepal has listed the Right to Food as the fundamental rights. Similarly, Nepal being a member of the United Nations, global and regional forums, has promised to provide food to all the Nepali people. But due to highly multiplied in terms of social heterogeneity and geographic location, the GoN has been lacking to ensure food to all Nepali people. For nearly 5 decades, Nepal has not been able to produce sufficient food as its population growth rate is higher than the food production growth rate (Adhikari, 2010). During the 1960s, Nepal had the highest level of agricultural productivity in South Asia, but by 1990s Nepal was the lowest in the agricultural productivity in the subcontinent (Tiwari, 2007). An article published by Adhikari in 2010 stated that out of 75 districts, 43 districts were unable to produce sufficient food to meet the minimum requirements of the people (Adhikari, 2010) and nearly 60.2 percent of households’ have faced food insufficiencies (Upreti, 2010).

According to the Sustainable Development Goals, Status and Roadmap: 2016-2030 report, In Nepal, 30.1 percent of children aged between 6-59 months are underweight, while low height for age (stunt stunting) and low height for age (wasting) for children of under five years of age are 36 percent and 11.3 percent. Likewise, land productivity remains low at US\$ 3278 AGP per hectare. At present, only 25.2 percent of the total arable land is irrigated round the year and most of the financial institutions constrict their lending in agriculture. This is reflected in a low Global Food Security Score of 42.8 out of 100. The proposed targets for SDG 2 include a reduction in the prevalence of undernourishment (a measure of the sufficiency of access to food

at country level) to three percent and prevalence of underweight children under five years of age to nine percent in 2030. The target for per capita food grain production is an increase by at least 66 percent by 2030. Livestock and crops are the major components of an integrated agriculture system in the country, and they contribute significantly to end hunger, achieve food security and improve nutrition ((National Planning Commission, 2018).

Another important component of human security that matters to every Nepali is climate change. It is critical to understand that climate change is a natural process and this change has made human beings and other life forms habitable to live on Earth. The outcomes of climate change will go beyond the boundary of national and people are required to understand nature's level of tolerance to it (Dahal, 2011).

According to a paper authored by Rameshwor Dangal, then Under-Secretary-Ministry of Home Affairs, Nepal ranks within the top 20th list in terms of most multi-hazard prone countries in the world and ranked 4th, 11th and 30th in terms of climate change, earthquake and flood risk respectively (Dangal). It proves that Nepal is vulnerable to natural disasters (example 2015 earthquake, floods, landslide every year) which requires vigorous intervention on social protection mechanisms. While social protection should be a priority of any government, the dual problems of widespread poverty and susceptibility to natural disasters render social protection especially imperative in Nepal (Upreti et al., 2013).

A sad irony is that Nepal is climate-vulnerable not because Nepal emits high volumes of greenhouse gases but because climate change does not consider national boundaries. At the beginning of the 2000s, Nepal only emitted 0.025 percent of global greenhouse gases (MoPE, 2004). An observation made in 49 weather stations in Nepal during 1974-1994 showed that there was an increase of temperature by an average 0.06 degree Celsius (Shrestha et al., 1994).

Close monitoring of 45 weather stations of Nepal from 1975-2006, showed that there was an increase in temperature by an average of 0.04 degrees Celsius (PA 2009). These two studies provide sufficient data to understand the observed warming trend in the country. Nepal is a mountainous country; the livelihood of many people is depending on the mountaineering. Apart from it, there are several challenges to agriculture, biodiversity, etc. Nepal already being a food-deficit country, climate change will impact negatively the life of people. The GoN has initiated different plans, policies and actions to grab the attention of the international community on the effect of climate change in Nepal. Yet there is a lot of things to be done in this sector.

Chapter VI

Implications of BRI on Nepali Human Security

6.1 Implication of BRI in the Human Security of Nepal

Nepal on May 12, 2017, officially became the part of BRI which coincides with just two days ahead of a summit on the Belt and Road Forum for International Cooperation in Beijing (Pandit, 2019). On one hand, many authors and scholars criticize BRI as a debt tool whereas on the other hand authors and scholars envision BRI as a tool for development and prosperity. In the past four years, about 100 countries and international organizations have supported this initiative. In 2014-2016, China alone with Belt and Road countries had traded over the US \$3 trillion, and nearly China invested the US \$50 Billion (Rana, 2017). Similarly, Chinese companies in 20 participating countries created 60 economic cooperation and generated over the US \$1 Billion of tax revenue and added nearly 180,000 new jobs (Rana:2). As per the Economist (2017), BRI is consists of 900 infrastructure projects which is valued at the US \$1.3 Trillion. This shows BRI has a significant potential for the development but these developments come with challenges.

Although it has been more than 3 years, there is no substantial progress in negotiation with the Chinese counterpart and there is still little information on the projects which will be executed through BRI. The recent update on the projects to be executed under BRI in Nepal has been narrowed to less than 25 percent of the projects proposed by GoN (Pandit, 2019:2). Beijing suggested Nepal reduce projects from 35 to 9 which reflects the lack of seriousness and preparedness by GoN. As per Giri (2019), the following projects are considered to be executed under BRI.

) Upgradation of Rasuwagadhi-Kathmandu road

-) Kimathanka-Hile road construction
-) Dipayal to south border with China
-) Tokha-Bidur road
-) Galchhi-Rasuwadhi – Kerung400kv transmission line
-) Keyrung-Kathmandu rail (feasibility study)
-) Tamor hydroelectricity project (762MW)
-) PhukotKarnali Hydro Electric Project (426MW)

Nepal rectifies the SDGs and proposes to reduce extreme poverty to less than 5 percent and increase the per capita income to \$2,500 in 2030 from \$766 in 2015. The MPI is targeted to decline to less than 7 percent in 2030. To address poverty faster at the given income growth on average, the consumption share of the bottom 20 percent household is targeted to increase to 12 percent in 2030 from 7.6 percent in 2015. Similarly, social protection expenditure is targeted to reach 15 percent of the federal budget in 2030. Likewise, Nepal also targets the reduction of MMR to less than 70 per 100,000 live births by 2030 which is in line with the global target. The child health targets include the reduction of preventable death of newborns and children to less than one percent. However, for overall newborn and U5 mortality rates, the target is to reduce them from 23 and 38 per thousand live births to 12 and 20, respectively, by 2030. The other targets include the elimination of the prevalence of HIV, TB, Malaria and other tropical diseases, and water-borne diseases. Global targets for 2030 are also set to reduce NCDs to one-third of the existing level and to increase health care expenditure to at least 7 percent from 5 percent of GDP in 2015. The other targets are to increase CPR (modern methods) to 60 percent, raise the proportion of births attended by skilled health personnel to 90 percent, increase institutional

delivery to 90 percent and the proportion of women of reproductive age (aged 15-49years) who have their need for family planning satisfied with modern methods to 80 percent ((National Planning Commission, 2018).

To meet the above mention targets, the GoN needs to invest exponentially in the different elements of human security. Due to the limitation, it is nearly impossible for GoN to invest. Any infrastructure built such as roads, railways, tunnels, airports in Nepal needs more than billions of investments which Nepal might face difficult to implement or even takes decades to complete such projects. Nepal is a landlocked country, it is also very important to Nepal to connect with its northern neighbors in time and again discontinued the much-needed supply and nearly crippled the human security and life of Nepali. It is also important for Nepal to decrease India's sphere of influence. Therefore, BRI can be a much-needed investment to uplift the situation of the human security of Nepal. The connectivity with China is also expected to develop trade for development.

All the mentioned projects under to be executed under BRI are not easy but if implemented and developed, this could be a potential game-changer to Nepal. The infrastructure development in hydropower will lead to self-sufficient energy capacity which will prevent Nepal from importing energy from India. Not only electricity, if planned and developed properly and encourage for electric use, but Nepal can also save billions in fuel import and reduce the trade deficit with India. Similarly, the produced energy can be sold to Bangladesh, India and China. However, it needs a proper and detailed plan. Likewise, road construction can also increase connectivity and increase trade.

The world Bank also stated that BRI will be very fruit-bearing for the global economy and BRI is expected to reduce poverty, offer more job and economic growth to the developing

nations. The study stated that if BRI is implemented fully, it would lift nearly 32 million people out of moderate poverty who live on less than \$3.20 a day. The BRI also boosts the global trade by up to 6.2 percent and up to 9.7 percent for corridor economies. Similarly, global income is also expected to increase by as 2.9 percent and FDI could rise to as much as 7.6 percent. It is also expected that BRI could outweigh potential gains (WB, 2019). BRI will contribute to uplift human security and the overall development of Nepal. It will contribute to the reduction of the unemployment rate of Nepal and provides new jobs and opportunities which will help in the reduction of poverty and hunger. Nepal plans to reduce extreme poverty can be reduced through BRI. Through the implementation of BRI, South Asia and Pakistan are expected to uplift nearly 1.3 million people above extreme poverty. Similarly, Bangladesh, India and Nepal can also uplift 430,000, 650,000 and 52,000 respectively people from extreme poverty (People's Daily Online, 2019).

BRI vision to connect people to people and with the better connectivity infrastructures, Nepal can boost economic rise. Nepal being a mountainous country, it can be a tourist destination and attracts the attention of Chinese in Nepal. In 2002, only 8,715 Chinese tourists visited Nepal but in 2014, the number was reached 123,850. The number can be increased exponentially if there is better and cheap connectivity. In the context of Nepal, benefits accrue in productive areas like agriculture, investment, tourism including education, health and culture. Finding ways of cooperation and mutual collaboration in these areas will be instrumental in our development endeavors. Nevertheless, BRI should not only be viewed in the economic sense, but also as a new avenue for socio-cultural transformation. Not only the state inclusion but societal inclusion will be equally important for the holistic development of Nepal under the BRI framework of cooperation (Pokharel, 2019).

Nepal can gain from the BRI by working at three levels. First, Nepal can improve its connectivity with China by building highways and railways between them. Second, Nepal can also seek a role in the BCIM (Bangladesh, China, India and Myanmar) Economic Corridor by connecting Kathmandu to Kunming and Kolkata as the Qinghai-Tibet Railway is already extended to Xigatse and the Greater Mekong Sub-region has also improved. Third, is through the prospects of Nepal-India-China trilateral. All three countries can invest in Nepal's hydropower and tourism sectors. Nepal is rich in water resources with a huge potential for hydropower. Both India and China have capital and technology to generate it and an energy-deficient India can be a market for it. Similarly, Nepal has the opportunity to develop as a sought-after tourist destination; the rising middle class of the two most populous countries of the world, India and China, would be the potential market. Nepal has developed north-south road corridors, which provide the possibility of increasing connectivity between India and China through Nepal. The construction of the proposed Kathmandu-Nijgadh Fast-Track road is expected to reduce the distance between Raxaul and Kerung by nearly 150kms. An extension of the Qinghai-Tibet Railway to Kathmandu and further to Lumbini will create huge opportunities for Nepal. Several Special Economic Zones are proposed along the route. Nepal also has the potential to emerge as the new trade route for products from China (Tibet) and India (Uttar Pradesh and Bihar) (Jaiswal, 2017).

However, the implementation of BRI is a very challenging concern and cost. For example, the construction of a road in similar geography in Chhentu-Lasha sector, cost more than 200 million per km source (Belt and Road News, 2020). Kathmandu-Kerung is also a similar one and it is only 72 km, but the geography is more difficult than Chhentu-Lasha which may increase an additional cost 54 percent of the budget (Belt and Road News, 2020). Similarly,

BRI is also seen loaded with an agenda for Beijing's strategic expansion and fear of debt trap. Countries are fearful that China could ultimately exert its influence to gain ownership of the strategically important ports. Sri Lankan Government leased the Hambantota Port to China for 99 years, as it could not pay back its debt to China (Sirilal & Aneez, 2017). This CPEC is the flagship project of the BRI. The \$46 billion project launched in 2015, which was subsequently increased to \$62 billion over 15 years. It is considered a game-changer in Pakistan. It includes energy projects, rail and road connectivity, expressways, infrastructure development and industrial zones. Given the scale and nature of the CPEC, it is called the BRI's 'most politically contentious and strategic project' as it passes through Kashmir - a disputed territory between India and Pakistan.

Attendant risks for China include "social confrontations between local and Chinese workers, environmental degradation issues as well as disputes over an apparent lack of corporate social responsibilities on the part of Chinese firms" (Arduino, 2016). Moreover, the PRC's engagement in overseas projects has already led to debates on the role of Chinese Private Security Companies (PSCs) abroad and to the selective use of the Chinese armed forces in protecting China's wider interests; for example, the transfer of Chinese citizens from crises in Libya and Yemen (Liu, 2015).

As part of precaution, the models of financial integration under the BRI project also need to be thoroughly studied to get rid of a probable debt trap. A recent World Bank report mentions that Nepal needs to invest around 2.5-3.5 percent of its GDP on infrastructure if it is to become a proper developing country by 2030. Financing is tough, which may nonetheless be managed, but other soft things like construction experience, technology and human resource are also missing (Paudyal & Bogati, 2017).

Similarly, Nepal should also be very cautious while taking loans from China under the BRI flagship. Unless it is rentable and sustainable there should not be a hurry to start any project under Trans-Himalayan Multidimensional Network Project, Other projects, Kerung-Rasuwa Gadhi tunnel needs a careful study about the viability. Preparation to meet the cost and the interest is the most important factor to judge the payback capacity of the project. In no case, the loans covering the project become a burden of debt turning its vulnerability into a debt trap. But, again, if it could be realized, managing all liabilities and gains, perhaps, it may be a game-changer for the economic development of Nepal.

Chapter VII

Discussion and Conclusion

7.1 Foreign Policy of Nepal

The Constitution of Nepal (article 5.1) explain national interest as the safeguarding of the freedom, sovereignty, territorial integrity, nationality, independence and dignity of Nepal, the rights of the Nepali people, border security, economic wellbeing and prosperity shall be the basic elements of the national interest of Nepal. Similarly, article 51 (m) of the Constitution of Nepal has a policy in regards to international relations of Nepal. The foreign policy of Nepal is guided by the following principles.

-) Mutual respect's territorial integrity and sovereignty;
-) Non-interference in each other's internal affairs;
-) Respect for mutual equality;
-) Non-aggression and the peaceful settlement of disputes;
-) Cooperation for mutual benefit;
-) Abiding faith in the Charter of the United Nations;
-) Value of world peace.

Likewise, the directive principles mentioned on the article (50.4) states that the State shall direct its international relations towards enhancing the dignity of the nation in the world community by maintaining international relations based on sovereign equality while safeguarding the freedom, sovereignty, territorial integrity and independence and national interest of Nepal.

The article 51(m) of Constitution of Nepal relating to international relations stated that to conduct an independent foreign policy based on the Charter of the United Nations, non-alignment, principles of Panchasheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal, and to review treaties concluded in the past and make treaties, agreements based on equality and mutual interest.

7.2 Approaches to deal BRI

Nepali Planners and Policymakers termed this agreement as a step to open up a new door with multiple opportunities for infrastructure development and economic growth. BRI will include cross-broader highways, railways, transmission lines and internet connectivity that will contribute to bringing drastic changes in Nepal's socio-economic landscape. A transit facility from China will leverage Nepal from the transit bottleneck in its international trade. The proposed trains will carry goods to Nepal and Nepali people might get goods at less price. But, Nepal needs to identify the goods and services which will be export through those trains. Even though China has provided zero tariffs to over 8,000 Nepali products since 2009, Nepal hasn't been able to tackle down the trade deficit (MoFA, 2020). Moreover, the trade deficit has been increasing as the year passes go on. In the year 2017/28 alone, the total exports to China were the US \$23 million whereas Nepal import nearly US \$ 1.5 billion worth goods. With better connectivity and infrastructures, the number will go high which will challenges the small-scale industries and medium scale industries of Nepal resulting in more job loss, poverty and lack of social protection. Therefore, a careful step needs to be employed to deal with the negative impact of BRI and increase the maximum gain to Nepal.

The financing of BRI is remained a riddle to be solved. The funds to construct a huge infrastructure, hydropower requires huge investment. Nepal needs to be careful enough to choose the financing model such as loans or grants or interest-free loan/concessional loans. The construction of Kerung-Kathmandu is not easy. Likewise, the tendency of not completing projects has remained one of the major challenges to Nepal which will increase the cost. Therefore, the Government should be wise enough to decide on the funding modality. Likewise, it is clear that massive loans require to construct would be out of capacity for Nepal to payback in the present economic scenario of Nepal. Also, Nepal should consider the cost-benefit analysis of such projects. The best solution is to take an interest-free loan and develop economic capacities of the project areas with investment on those goods which has comparative advantages, such as fruits, animal husbandry, tourism, mines and hydro powers so that import and loans could be paid by own newly generated incomes and the government should strictly stick with the proposed timeline of such construction (Belt and Road News, 2020). Therefore, it's important to study and evaluate which infrastructures are essential to the country's development and will stimulate the economy via, for example, trade, employment, and further investments.

Nepal needs to start working on developing the capacity to paying capacity before the completion of the project. The estimated duration would be no less than 15 years. Thus, it would be much wiser to start working on reducing the trade deficit. If serious action not taken from the early stage, Nepal might fall into a debt trap as many other countries have already fallen. Therefore, Nepal must be affirmed regarding the Treaty of Extradition with China to save the lives of those refugees.

As Nepal holds a one-China policy, many non-state actors have been trying to use Nepal's territory against China. Therefore, with better connectivity and infrastructure, there are

threats to China as well as Nepal to strictly attentive against the use of Nepali territory against China. With the limited technologies and resources, it will be a very difficult task. Moreover, the chances of terrorism, drug and human trafficking and crimes might increase. Therefore, Nepal needs to start doing her homework against such issues to maintain cordinal and friendly relations with China.

Another challenge to Nepal is the lack of transparency. Nepal must be ready to start working on the transparency on the management of funds provided through the BRI. Lack of financial transparency will result in greater danger to Nepal. As Nepal already in a higher position of corruption index, it is very vital for us to ensure the transparency of such funds. According to a New York Times investigation, large sums of money “flowed directly to campaign aides and activities for Mr. Mahinda Rajapaksa [(the previous president)], who had agreed to Chinese terms at every turn and was seen as an important ally in China’s efforts to tilt influence away from India in South Asia.” Okonjo-Iweala et al. argue that the inability of a weak legal and institutional framework, especially at the local levels, to handle public resources can lead to themismanagement of economies and the problems related to debt overhang (p. 11). Therefore, Legal reforms should focus on encouraging “effective and efficient utilization of present and future public resources [and] would ensure probity in public resource use, due diligence, transparency, and accountability ...”(Okonjo-Iweala et al, 2002, p. 14).

7.3 Conclusion

BRI is a foreign policy initiative aimed to increase policy coordination, facilities connectivity, trade and investment, financial integration and cultural exchange. Maritime Silk Road and Overland proposed for the revitalizing of old sea networks to create a 20th Century – Maritime Silk Road to enhance international connectivity, environment and scientific research and fishery activities. Robustness abroad begins with robustness at home. With economic robustness at home, China strategically heading forward in Asia and the rest of the world. BRI is creating remarkable challenges and transformations.

BRI reflects the supremacy of China economically, politically and strategically. China is willing to play a leading role in redesigning the new world which is well known. Therefore, it is very important to understand BRI through a wider lens. Though BRI has been discussed and written widely, it is still in the infant and inductor phase. Yet, it has garnered confusion, twist and debate, there is no denying that it had gained indisputable attraction. Beijing expects that realization of the China Dream would benefit the people of the world through cooperation, peace, development, win-win relations. Given the extensive nature of the initiative, it should be thinking in a broader perspective of its objectives, impact and strategies, environment standard and impact of the various projects and costs and benefits associated with it. The delay in the project duration, transparency and lack of comprehensive details in designing the project has led to the unmanageable debt to the implementing countries which are also a concern to Beijing. Moreover, the debt also related to sovereignty and territorial integrity among others. From the lens of critics, they argued that it failed to address the overall risks and opportunities. Beijing emphasized that BRI is for the mutual development of South Asia and the world.

This study tried to explain the BRI's objectives and vision through the liberal concept and realist concept. While doing the study, widely discussed the theory of international relations through both schools of thought. Going through the available literature which analyzed through the realist and liberalist perspectives, the study comes to find out that there is still not sufficient data and literature to confirm the favor of any particular theory. BRI is a complex behavior and initiative of China which needs to cover different dimension which requires more evaluation as times passes and its visible progress. From the lens of institutions, BRI tends more toward the hybrid structure. Through institutions, especially the BRI in this case, China's action is rather hybrid. It contains offensive strategic end where power accumulation through the access to the global markets along the BRI is expected to be achieved, defensive way of maximizing its security by embracing the liberal international order or not directly opposing it, and liberal means of asking for international cooperation on projects that promise to give mutual benefits and Sino-centric multinational institutions such as the BRI and AIIB. Thus, looking at China's behavior through solely Liberalism and Realism are not enough to explain the hybrid course of action.

As evidence suggests, although China's strategic end for the BRI expects power accumulation, its action in this matter is not aggressive. China may write and develop new rules and norms as an alternative to the existing one but will also be constrained by these new norms and rules. Such an effect of multilateral institutions will ensure that a new type of power transition based on institutional balancing rather than traditional military means might be more peaceful than widely predicted.

Moreover, the expansion of the sphere of influence does not necessarily come with aggressiveness. As already discussed in Chapter Four, China does not appear to be interested in

destabilizing the current world order nor does it want to forcefully introduce an alternative. This is due to the fact that its continuous economic growth will eventually facilitate its influence expansion through the Sino-centric institutions of which the BRI is the major tool.

It will be interesting to follow closely how the hybrid strategy combining the elements from both Liberalism and Realism through the China-centric institutions will enable China to achieve its Chinese dream of a prosperous, harmonious society shortly. This thesis also suggests a further implication for new research to study the extent the Sino-centric institutions would be a challenge to the world order.

Projects designed under BRI should be fully aligned with national priorities and selected by the host country. Nepal's untapped immense potentials including in tourism, hydropower and development of high-altitude medicinal herbs require a huge investment. The win-win collaboration can create value chains to their mutual advantage by utilizing these potentials. Nepal should enhance productive capacity and produce goods and services for export to China. This is all the more important when the trade deficit with China is assuming alarming proportions. One-way traffic is no win-win cooperation. Only by promoting rule of law, enhancing productive capacity and developing national institutions, building infrastructures, and connectivity, could we enhance trade and investment possibilities. Nepal is important for both of our neighbors: India and China. Both of our neighbors do not want to cede traditional influence on each other. Nepal's importance is increasing every day in the foreign policy discussions of emerging and established powers. Through world-class connectivity and skillful management of sensitive and fragile geopolitics, Nepal can be a gateway to South Asia for China and gateway to China for India. The entire Himalayan region will benefit, and great civilizational links further enhanced and enriched. Nepal occupies a special place in the Indo-Pacific region and must

remain stable and prosperous, Washington has said, asserting that America has a "profound stake" in the success of the Himalayan nation. Given its geostrategic location, Nepal's importance in the evolving global strategic scenario has sharply increased. Geography does not argue, it is what it is. Kathmandu needs to conduct its foreign policy sensitively and seriously guided by geopolitical realities, accompanied by good research and studies and should be able to say no to bossy and judgmental decisions of outsiders for preserving the long-term interests of its people and the country.

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