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OPINION IN LEAD

Belt and Road Summit: A promise of green and clean BRI

The Second Belt and Road Initiative Forum concluded with the Chinese President Xi Jinping reassuring the world of an open, green and clean Belt and Road Initiative (BRI). This reassurance came amidst the international outcry of possible corruption, debt traps and environmental damages surrounding BRI projects.

The BRI summit held in Beijing from 25 to 27 April 2019 welcomed 37 world leaders and heads of international organizations. Notable among the attendees were United Nations General Secretary, Mr. António Guterres and Head of International Monetary Fund, Ms. Christine Lagarde, both of whom emphasized the need for financial and environmental sustainability of the BRI projects. One of the biggest wins for China was signing of the Memorandum of Understanding for cooperation with Italy—the first G7 nation to do so. It was a much needed endorsement of President Xi’s highly ambitious project for

connectivity, from a developed nation. Agreements of third-party cooperation with Austria, Singapore, and Switzerland further strengthened the BRI. The third-party cooperation model lets Chinese enterprises partner with enterprises from other developed countries to design and implement a project in a third country, thereby combining the expertise of both parties to meet the development needs of the third party.

However, also notable was the absence of leaders from India and the United States who have been very vocal about their concern of debt trap diplomacy. India's snub of the summit also creates uncertainty about the fate of the previously endorsed Bangladesh–China–India–Myanmar Economic Corridor (BCIM), which, incidentally, was not included in the China's list of BRI projects.

Mired by scandals of corruption and accusation of inflated costs, and the Chinese Government's opaque approach to financial dealings, the image of BRI has taken a toll. Most notable is the case of Malaysia, where the costs of infrastructure development project were highly inflated. This led newly elected government of Malaysia to renegotiate the terms of previously agreed upon railway project with China. The result was a saving of US\$5 billion for Malaysia. The fate of Hambantota port in Sri Lanka is also cited as an example of China's increasing geo-political influence and erosion of national sovereignty of partner nations through debt-trap diplomacy. The port, built with a debt from Chinese state-controlled entities, came into operation in 2010. However, the port incurred losses making it difficult for the Sri Lankan government to repay its debt. It had to resort to giving up 70 per cent stake and had to hand the port over to China on a 99-year lease.

Another much-repeated accusation against the BRI projects were the projects' indifference towards environmental protection and sustainability. The exclusion of standards for environmental protection from the BRI project cycle, and the case of funding coal plants instead of sustainable energy around the world makes the backlash from the international community stronger. The majority of China's energy investment under the BRI has been made in coal based energy projects. According to the Institute for Energy Economics and Financial Analysis, China's banks have earmarked \$36 billion for 102 gigawatts of coal-fired capacity in 23 countries, such as Bangladesh, Serbia and Bosnia. Considering that coal is a major contributor to climate change it is critical that use of coal be replaced with sustainable energy sources wherever possible.

Given the concerns of the international community, the BRI summit provided the Chinese government a much-needed opportunity to shed its vilified image by recalibrating its approach of BRI as partnership for high quality development. President Xi emphasized that BRI would focus on transparency, clean governance, zero-tolerance for corruption and environmental sustainability. The joint communique released after the roundtable discussion of the attending world leaders underlined the importance of promoting green development and addressing the challenges of environmental protection and climate change, including by enhancing their cooperation to implement the Paris Agreement. They also emphasized that promoting global partnership on connectivity, based on transparency, openness and inclusiveness, would provide opportunities for all.

Only time will tell if these assurances are merely a ploy to garner support from the international community or a promise that the Chinese President intends to keep. Regardless, it is imperative that the nations partnering with the Chinese government negotiate the integration of financial and environmental sustainability in the projects under BRI.

This piece is contributed by Ms. Pragati Koirala, Research Officer, SAWTEE.

REPORT

Regional cooperation to tackling climate vulnerabilities

Latest report on the impact of global warming in Hindu Kush Himalaya (HKH) region warns that even limiting global warming to 1.5 °C temperature—the goal of Paris Agreement—may not prevent the region from undergoing spikes in temperatures, which could endanger livelihoods and well-being of millions.

The report—*The Hindu Kush Himalaya Assessment—Mountains, Climate Change, Sustainability and People*— published by the International Centre for Integrated Mountain Development (ICIMOD) points out that even if global warming is kept to 1.5 °C, warming in the HKH region will likely be at least 0.3 °C higher, and in the northwest Himalaya and Karakoram at least 0.7 °C higher. Such fluctuations in temperature could trigger a multitude of biophysical and socio-economic impacts, such as biodiversity loss, increased glacial melting, and less predictable water availability—all of which will impact livelihoods and well-being in the HKH.

The HKH is one of the greatest mountain systems in the world, covering 4.2 million sq km across eight countries: Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan. The region is home to the world's highest peaks, unique cultures, diverse flora and fauna, and a vast reserve of natural resources. It is the source of 10 major river basins, and provides ecosystem services (including water, food, and energy) that directly sustain the livelihoods of 240 million people in the mountain and hills of the HKH.

Developed over five years by team consisting of Ms. Philippus Wester, Mr. Arabinda Mishra, Ms. Aditi Mukherji, and Mr. Arun Bhakta Shrestha, the report cautions that these environmental, sociocultural, and economic changes are impacting livelihoods, environmental conditions, and sustainability. Divided into 16 chapters, the report addresses the environmental, economic, and social pillars of sustainable mountain development and is expected to serve as a basis for evidence-based decision making to safeguard the environment and advance people's wellbeing.

Citing the historical climate data, the report points to the erratic climate pattern in the region and projection of dramatic changes in the future, calling out the urgent actions to mitigate the effects and consequences of climate change. Since HKH region is geologically fragile, with young and rising mountains that are vulnerable to erosion and landslides, even without human interference, extreme climate events tend to have devastating impact. Moreover, the region is undergoing rapid change, driven by forces such as climate change, disasters, economic growth, globalization, infrastructure development, land use change, migration, and urbanization. Increased climate variability is already affecting water availability, ecosystem services, and agricultural production, and extreme weather is causing flash floods, landslides, and debris flow. Thus, the report cautions that changes in the HKH region have had, and will continue to have, major consequences not only for people living in the region but globally.

Such impacts would hit the region's poor the hardest in the form of increased vulnerability. About one-third of the 250 million mountain people in the region live on less than US\$1.90 a day; more than 30 per cent of the region's population doesn't have enough to eat, and around 50 per cent face some form of malnutrition, with women and children suffering the most. The realities of mountain life, such as inaccessibility, fragility and remoteness, make it difficult for people to earn a living in the region; nonetheless, the report points out that mountain people have the potential to earn incomes by better utilizing the region's resources, such as hydropower potential.

Since the region encompasses multiple countries and requires interdisciplinary efforts, high-level transnational cooperation and local participation are needed to cope with conflicts arising due to rapid demographic change, increasing land use, over-exploitation of natural resources and weak governance systems. However, the report cautions that regional cooperation on resource sharing alone will not improve regional prosperity unless global commitments to climate mitigation are also upheld. HKH countries and institutions must work together to build mechanisms and fora to debate and negotiate key challenges, such as data sharing, and to incentivize regional cooperation and cross-learning at a regional scale.

*This piece is excerpted from ICIMOD's [latest report](#) *The Hindu Kush Himalaya Assessment—Mountains, Climate Change, Sustainability and People*.*

NEWS

Nepal signs deal to access seven Chinese sea and land ports

Nepal and China, on 29 April, signed the 'Protocol on Implementing Agreement on Transit and Transport' and six other agreements, in Beijing after delegation level talks between President Bidya Devi Bhandari and her Chinese counterpart Xi Jinping.

The protocol had been pending since Nepal and China signed the Transit and Transportation Agreement in March 2016 during Prime Minister Mr. KP Sharma Oli's visit to the northern neighbour.

The signing of the protocol makes it possible for Nepal to use four Chinese sea ports—in Tianjin, Shenzhen, Lianyungang and Zhanjiang—and three land ports—in Lanzhou, Lhasa and Shigatse—for third-country import. It will also allow Nepal to carry out exports through six dedicated transit points between Nepal and China.

"First, to execute the protocol, we have to upgrade the infrastructure on our side. Second, the protocol allows us all three kinds of services—inland, road and rail. This will help boost investors' confidence as well," said former joint-secretary at Ministry of Industry, Commerce and Supplies, Mr. Rabi Shankar Sainju, who held a series of negotiations with the Chinese side.

Currently, only two Nepali entry points—Rasuwagadhi and Tatopani—are being used for trade and business with China.

President Bhandari was participating in the Second Belt and Road Forum which concluded on 27 April. The visit also saw Kathmandu's proposal of the Nepal-China Trans-Himalayan Multi-Dimensional Connectivity Network, including cross-border railway, included in the joint communiqué.

After the meeting, the two sides signed six more agreements regarding economic and technical cooperation for Nepal worth NPR 16.8 billion, according to the Nepali Embassy in Beijing.

Source: <http://kathmandupost.ekantipur.com/news/2019-04-30/nepal-signs-deal-with-china-to-access-seven-chinese-sea-and-land-ports.html>, 30.04.2019.

PepsiCo offers to settle with Indian potato farmers after backlash

PepsiCo has faced a backlash after suing four Indian farmers who allegedly grew a patented strain of potatoes used in its Lay's crisps without the company's permission.

The company, which originally sought about US\$150,000 in damages from each of the farmers, arguing they broke the law by sourcing and dealing in the patented potatoes, offered to settle "amicably" when the case went to court in the western Indian city of Ahmedabad on 26 April.

The case sparked outrage from farmers and others concerned that PepsiCo was using its clout to interfere with the country's food supply. The role of foreign companies in producing and selling food in India is a hotly contested issue, particularly when concerning genetically modified (GM) crops.

A number of farmers' groups in India have banded together to protest against the multinational's court case. Mr. Ambubhai Patel, the vice-president of a farmers' association, Bharatiya Kisan Sangh, said they were lobbying the government to support the accused farmers.

PepsiCo said the farmers who grew its strain of potatoes without permission were hurting the interests of the many people working with the company to produce them for its Lay's crisps. It supplies those farmers with seeds and subsequently buys back the potatoes.

Companies such as PepsiCo have previously faced criticism for their use of natural resources, facing a boycott in one drought-hit Indian state in 2017 for allegedly using excessive amounts of water to manufacture soft drinks.

Source: <https://www.theguardian.com/business/2019/apr/26/pepsico-accused-of-harassment-after-suing-indian-potato-farmers-lays-crisps>, 26.04.2019.

Khyber Pass Economic Corridor impasse

Amid Kabul's demand for allowing its trucks to pass through the Wagah-Attari border as a pre-condition to an ambitious Pakistan-Afghanistan-Tajikistan Trade and Transit Agreement (PATTTA), Islamabad has dropped a World Bank-funded project of about US\$500 million for development of the Khyber Pass Economic Corridor (KPEC).

A senior government official told Pakistan's *Dawn* newspaper that the World Bank had facilitated a meeting of the finance ministers of Pakistan, Afghanistan and Tajikistan on the sidelines of recent spring meetings of the World Bank and the International Monetary Fund in Washington to push for earliest finalization of the transit agreement.

It was reported that the Afghan finance minister said the regional connectivity did not mean anything to his country unless its trucks carrying goods to and from India were allowed to pass through the Wagah-Attari border. Therefore, there was no progress either on the PATTTA or the KPEC project at the Washington meeting.

Because of the Afghan insistence on seamless access to India through the Pak-India border, Pakistan decided to not to go ahead with the project for financing agreement in the near future.

The KPEC project envisaged a four-lane 50km expressway from Peshawar to Torkham to improve trade between Pakistan and Afghanistan and onwards to Central Asian Republics, particularly Tajikistan and Kyrgyzstan.

Source: <https://www.dawn.com/news/1478051>, 24.04.2019.

Bangladesh pledges to cut down greenhouse gas emissions to five per cent

Bangladesh has decided to reduce carbon dioxide emissions from transport, power, and industrial sectors down to five per cent.

Bangladesh's Environment Minister Mr. Md Shahabuddin announced it during the Third National Communication of Bangladesh to the United Nations Framework Convention on Climate Change (UNFCCC) report launching ceremony on 17 April held in Dhaka.

"And with the help of other countries, we can cut it down to 15 per cent by 2030," he added

The Third National Communication (TNC) report highlights the importance of the process of creating the inventory of greenhouse gas sources and estimating the emission rates through systematic data collection and proper analysis.

Dr. Qazi Kholiquzzaman Ahmad, Climate Change specialist and chairman, Palli Karma-Sahayak Foundation (PKSF), in his keynote said: "Although mitigation issue is not obligatory for us due to low pollution in comparison to developed countries, we can still reduce emissions by increasing energy efficiency in energy, transport and industries sector."

Bangladesh's per capita carbon dioxide equivalent emission rose to 0.98 metric ton in 2012 which was 0.85 metric ton in 2005 as the country recorded higher economic growth, experts opined during the ceremony.

Experts said it is high time for Bangladesh to pay attention to climate change mitigation along with adaptation as the country is heading towards becoming a middle income country.

Earlier Bangladesh submitted its Initial National Communication (INC) to the UNFCCC in 2002 and Second National Communication (SNC) in 2012. The Third National Communication was already submitted to the UNFCCC in 2018.

Source: <https://www.dhakatribune.com/bangladesh/event/2019/04/17/bangladesh-pledges-to-cut-down-greenhouse-gas-emissions-to-5>, 17.04.2019.

Bhutan and Bangladesh sign five bilateral instruments

Bangladesh and Bhutan signed five bilateral instruments to augment cooperation on inland waterways, health, agriculture, tourism and public administration training during Bhutan's prime minister's four day state visit to Bangladesh.

The signing took place after official talks between Bangladesh Prime Minister Ms. Sheikh Hasina and Dr. Lotay Tshering in Dhaka on 13 April.

During the Bangladeshi Prime Minister's visit to Bhutan in 2017, a memorandum of understanding on the "Use of Inland Waterways for Transportation of Bilateral Trade and Transit Cargoes" was signed between the two countries. However, with the signing of the standard operating procedure (SOP) on 13 April 2019, Bhutanese PM said that the first goods consignment would soon leave for Dhaka via the waterways.

Four different routes from the seaports of Chittagong, Mongla, Payra and Narayanganj to Daikhawa in Bangladesh have been identified with the scope of new routes or discontinuation of existing routes depending on convenience in the future.

The SOP also stated that the multimodal transport consisting of water, rail and road depending on the convenience of transportation may be used.

Besides this, the two countries also signed a MoU for collaboration in the health sector, agriculture and forest, to collaborate in human resource development and to explore possible areas of cooperation in tourism.

Source: <http://www.kuenselonline.com/bhutan-and-bangladesh-sign-five-bilateral-instruments/>, 16.04.2019.

Climate change threatens futures of over 19 million children in Bangladesh

Devastating floods, cyclones and other environmental disasters linked to climate change are threatening the lives and futures of more than 19 million children in Bangladesh, according to a new report by UNICEF.

"Climate change is deepening the environmental threat faced by families in Bangladesh's poorest communities, leaving them unable to keep their children properly housed, fed, healthy and educated," said UNICEF Executive Director Ms. Henrietta Fore, who visited Bangladesh in early March 2019.

The report, *A Gathering Storm: Climate change clouds the future of children in Bangladesh*, points out that Bangladesh's flat topography, dense population and weak infrastructure make it uniquely vulnerable

to the powerful and unpredictable forces that climate change is compounding. The threat is felt from the flood and drought-prone lowlands in the country's north to its storm-ravaged coastline along the Bay of Bengal.

Drawing on interviews with families, community leaders and officials, UNICEF says that a combination of extreme weather events – such as flooding, storm surges, cyclones and droughts – and longer-term phenomena directly related to climate change – such as sea level rise and salt water intrusion – are forcing families deeper into poverty and displacement. In the process, children's access to education and health services is severely disrupted.

The report says that climate change is a key factor pushing poorer Bangladeshis to abandon their homes and communities and to try and rebuild lives elsewhere. Many head to Dhaka and other major cities, where children risk being pushed into dangerous forms of labour and into early marriages. It cites research showing that Bangladesh has six million climate migrants already, a number that could more than double by 2050.

The report calls on the international community and other partners to support the government in implementing a range of initiatives to shield children from the effects of climate change. One example is a technology being promoted by UNICEF and other partners which helps coastal communities protect their vital supplies of drinking water against the intrusion of salt water from the sea. The system, known as Managed Aquifer Recharge, is working in around 75 communities and is ready to be taken to scale.

Source: <https://www.unicef.org/rosa/press-releases/climate-change-threatens-lives-and-futures-over-19-million-children-bangladesh>, 05.04.2019.

EVENTS

Roundtable Discussion on “Belt and Road Initiative: Nepal’s Perspective”

South Asia Watch on Trade, Economics and Environment-Centre for Sustainable Development (SAWTEE-CSD) organized a roundtable discussion titled “Belt and Road Initiative: Nepal’s perspective” on 17 April 2019. This is the second in the series of Roundtable Discussion, which has been initiated as an attempt to bring forth current national and international issues affecting Nepal’s socioeconomic development.

The event was organized to add to the discourse on how to align Nepal’s development plans with the China’s multi-regional connectivity initiative—the Belt and Road Initiative (BRI). Preoccupation with avoiding debt-trap has dominated the discourse on China’s BRI preventing Nepal from developing concrete plans, experts pointed out during a roundtable discussion.

The participants present in the discussion program had a consensus view that Nepal should have a clear agenda for its national interest so as not to be swayed by peripheral issues. The round table brought together a cross-section of stakeholders, including policy makers, diplomats, scholars, and private-sector representatives.

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