China's Exploitative Trade Relations

What is the issue?

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Chinese trade investments and assistance in some Asian countries are taking shape as exploitative adventures, calling for a coordinated resistance.

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How are China's actions becoming exploitative?

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- **SRI LANKA - Investments** - China seems to have taken trade advantage in Sri Lanka by exploiting its economic vulnerabilities.
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- Evidently, China has heavily financed some projects including the Hambantota port, power plant, airport, industrial park, sports complex, etc.
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- **Debt** - The investments made have proved largely uneconomical.
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- Most of the projects remain unutilised or under-utilised and hardly make any substantial returns.
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- Given this, the investments and assistance could soon become part of Sri Lanka’s mounting official and unsustainable debt burden.
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- Notably, Sri Lanka has been spending 90% of government revenues to service debts.
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- **Threat** - Unable to repay its debts, Sri Lanka has been forced to convert Chinese investments into equity in Hambantota.
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- This has given partial ownership of the port to the Chinese, posing threat for Sri Lanka's sovereignty.
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- The projects are also leading to a plunder of natural resources by the Chinese companies.
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- Notably, the World Bank has blacklisted some of these companies across the world because of their corrupt practices, including bribery.
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- **MYANMAR** - China’s belt and road initiative in Myanmar is primarily concentrated on developing the Bay of Bengal port of Kyaukpyu.
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- And connecting the port to neighbouring Yunnan province by oil and gas pipelines, and road and rail networks.
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- But Myanmar is wary of over-dependence on China.
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- This is because of China's environmentally damaging energy projects and its yearning for access to precious metals and stones.
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- **PAKISTAN** - China’s ‘all- weather friend’ Pakistan is facing problems in implementing the China-Pakistan Economic Corridor (CPEC).
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- Pakistan has some reservations with agreeing to the financial terms set by the Chinese.
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- Notably, there is very little transfer of technology and know-how, and minimal local participation in Chinese construction projects.
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- Evidently, China is only aiming at making use of its own surplus labour force and construction machinery and materials abroad.
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- This is given the fact that its unprecedented domestic construction projects at home are completed.
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- Pakistan is also concerned of the whereabouts of the resources to repay the debt that will accrue from the CPEC projects.
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- Moreover, Pakistan will soon be unable to credibly claim sovereignty.
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- This is because places like the Gwadar port are becoming more a Chinese-run military base, close to the strategic Straits of Hormuz.
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How do other countries respond?

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- **India** - By expressing its concerns over the Chinese presence, India has

made Sri Lanka retain the operational control of Hambantota port.
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- This is to ensure that Chinese submarines and warships do not freely berth in the port.
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- Some pre-emptive action has also been taken to prevent the Chinese from developing Trincomalee as the next port of interest for its strategic ambitions.
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- The Indian Oil Corporation has established a business presence in Sri Lanka.
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- This is particularly for a progressive involvement in the use of Trincomalee for import and processing of petroleum products.
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- **Myanmar** - Myanmar seeks the support of India, Japan, South Korea, the US, the EU and neighbouring ASEAN countries to resist the Chinese pressure.
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- **Indonesia** - Indonesia has ensured that it responds cautiously to Chinese inducements and avoids getting closely drawn into a Chinese tactical web.
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- In all, other countries should have a coordinated effort to strengthen the economic relations among themselves, to potentially tackle China's exploitative trade relations.
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Source: Business Line

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