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The BRI as an Iterative Project: Influencing the Politics of Conflict-Affected States and Being Shaped by the Risks of Fragile Settings

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ABSTRACT

This article examines the impact of the BRI on the peace processes of conflict-affected states (CAS) bordering China, namely Nepal and Myanmar. It underscores the need to assess the impact of the BRI as an iterative process: where the BRI impacts the political economy of host CAS; but also how contextual specificities of the CAS, undertaking a peace process, are reshaping the delivery of the BRI. Here, the article first outlines that the BRI is not only physically transforming host CAS through infrastructure and connectivity but also influencing the core agenda of the peace processes, notably federalism, through the uneven distribution of benefits of infrastructural development. Second, the challenges of working in the complex settings of CAS, with fragmented state authority, and political uncertainty have also brought significant changes in the delivery of the BRI and Chinese diplomacy broadly.

Introduction

China's flagship project, the Belt and Road Initiative (BRI), the massive infrastructural development initiative to establish a vast network of road, rail and sea links connecting China with the neighbouring Central Asian states, Pakistan, the Gulf and Middle Eastern region, East Africa and Europe has seen an immense scholarly interest. The scholarship has not only expanded but evolved in phases. In the first phase, it was largely geared toward understanding China's motivations and the impact of the initiative. Bodies of work on the BRI, as a manifestation of China's grand strategy, the domestic factors buoying the quest for the BRI,¹ and its impact on host states, including on the environment, emerged.² The second phase of the scholarship questioned the China-centric bias and focused on the agency of host states to write the script of BRI, negotiate its terms, and determine its outcomes.³ Recent studies have sought to bridge the conversation, as to how BRI on the ground has been shaped and revised, based on the developments in the host countries, particularly by exploring

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¹Michael Clarke, 'The Belt and Road Initiative: China's New Grand Strategy?', *Asia policy* (24), (2017), p. 71.

²Yanying Huang, 'Environmental Risks and Opportunities for Countries along the Belt and Road: Location Choice of China's Investment', *Journal of Cleaner Production* 211, (2019), p. 14; David H Shinn, 'The Environmental Impact of China's Investment in Africa', *Cornell international law journal* 49, (2016), p. 25.

³Lee Jones and Shahar Hameiri, 'Debunking the Myth of "Debt-Trap Diplomacy": How Recipient Countries Shape China's Belt and Road Initiative' (Chatham House: The Royal Institute of International Affairs 2020), accessed 23 March 2022, <https://search.proquest.com/docview/2439313529?pq-origsite=primo>.

themes such as how investment risks,⁴ patterns of land investments for agro-business⁵ and the impact of energy-sector investments.⁶ In similar guise, rich and insightful ethnographic work has examined how Chinese investments interact with the political economy of conflict and war.⁷ Despite many of these writings highlighting the importance of contextual specificities of the host states, neither of the two bodies of work, sufficiently explores what the BRI, and by extension, the infrastructure and connectivity projects it funds, means for conflict-affected states (CAS) and their attempts to bring peace. This article builds on the extant scholarship to look at how such BRI related investment impacts peace-making efforts in CAS.

In doing so, the article brings the scholarship on the BRI into dialogue with literature on peace studies, filling critical gaps in both domains. Here, by looking at the role of Chinese investments, it fills that gap in peace studies, which is seen to have overlooked the role of 'transnational economic processes and actors' in shaping the peace processes of CAS.⁸ The article also answers the call in peace studies to account for the role of geopolitics and geo-economy in shaping political transitions in CAS, given the increased engagement of non-Western states like China in CAS.⁹

Further the article also addresses two key gaps in the scholarship on BRI. Firstly, a considerable number of CAS host different BRI projects, despite the contextual challenges and risks of CAS, such as security concerns, contested statehood, fragmented governance authority, poor regulatory frameworks, and weak enforcement of regulations.¹⁰ During peace processes, as these former battlefields open up for largesse investments, the BRI intersects with the political economy of the conflict and prospects of peace. Such investments could exacerbate conflicts through an uneven distribution of costs and benefits, especially as BRI projects have tended to be predominantly made at the bilateral governmental level, and with little input from local governments and civil society.¹¹ This is truer in contexts of CAS, when issues of the exclusion of varied marginalized groups, and the accumulation of the state's power within a narrow coterie of the elite, are primary grievances undergirding the conflict. Secondly, China is a new actor in CAS, with limited policy frameworks on how to engage, often learning as it goes.¹² China does have rigorous policies for oversight of investments in fragile states, but the failure to extend them to the BRI has caused notable friction with host countries, as demonstrated by scandals stemming from secret deals, environmental degradation and corruption of local officials.¹³ Considering the pushback and failures of the BRI in host countries, China is already 'assessing risks, tracking successes and failures, surveying local and international reactions, getting feedback, and recommending solutions to the BRI'.¹⁴ Given China's quest for adapting and reforming, taking into

⁴Alvin Camba, 'How Chinese Firms Approach Investment Risk: Strong Leaders, Cancellation, and Pushback', *Review of International Political Economy* 29, (2022): RIPE 2010.

⁵Juliet Lu and Oliver Schönweger, 'Great Expectations: Chinese Investment in Laos and the Myth of Empty Land', *Territory, politics, governance* 7, (2019), p. 61.

⁶Angela Tritto, 'China's Belt and Road Initiative: From Perceptions to Realities in Indonesia's Coal Power Sector', *Energy Strategy Reviews* 34, (2021), p.100,624.

⁷Enze Han, 'Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar', *Asian Security* 13, (2017), p. 59; Kevin Woods, 'Ceasefire Capitalism: Military—Private Partnerships, Resource Concessions and Military—State Building in the Burma—China Borderlands', *Journal of Peasant Studies* 38, (2011), p. 747.

⁸Carol Cohn and Claire Duncanson, 'Whose Recovery? IFI Prescriptions for Postwar States' (2020) 27 *Review of International Political Economy* : RIPE 1214.

⁹Mandy Turner and Florian P Kühn, "'The West" and "the Rest" in International Interventions: Eurocentrism and the Competition for Order', *Conflict, Security & Development* 19, (2019), p. 237.

¹⁰Brian Ganson and Herbert M'cleod, 'Private Sector Development and the Persistence of Fragility in Sierra Leone', *Business and Politics* 21, (2019), p. 602.

¹¹Pascal Abb, Robert Swaine and Iyla Jones, 'Road to Peace or Bone of Contention? The Impact of the Belt and Road Initiative on Conflict States' (Peace Research Institute Frankfurt 2021) https://www.hsfk.de/fileadmin/HSFK/hsfk_downloads/PRIF_Report_03_21.pdf.

¹²ibid.

¹³Jason Tower, 'Conflict Dynamics and the Belt and Road Initiative Ignoring Conflict on the "Road to Peace"' (*Brot für die Welt* 2020) 97 https://www.brot-fuer-die-welt.de/fileadmin/mediapool/blogs/Kruckow_Caroline/Analyse97-en-v08-Web.pdf.

¹⁴ibid.

account the risks in host states, the unique contextual challenges in CAS are likely to stimulate and reshape the very parameters of the BRI. This is important in understanding how the BRI works, and not seeing it as a hegemonic strategy, scripted in Beijing and applied equally elsewhere.

Methodologically, the article relies on examining the peace agreements of Nepal and Myanmar, as well as process tracing key developments of the peace processes of these two countries. It also reviews local press coverage of the BRI in Nepal and Myanmar, along with examining secondary academic sources. While attributed to secondary sources here, many insights presented in the article are born out of my long-term fieldwork in Nepal and Myanmar conducted between 2017 and 2018. The systematic review of local press coverage as a source of data is a conscious research strategy as much of the policy debate and knowledge exchange in the region takes place in the pages of the newspapers- and other related popular mediums, and is not confined to academic outlets. Further reliance on local knowledge and perspectives also strengthens the scholarly call in the discipline of International Relations for methodological pluralism, as well as recognition of 'voices, experiences, and values of all people in all parts of the world' particularly the non-Western world.¹⁵

In situating the BRI in CAS, this article argues that the contextual specificities of CAS, notably during their peace processes, call for viewing the making and implementing of BRI as an iterative, and mutually reinforcing process. In this iterative process, not only is China impacting the wider political economy of host states but the peculiar contexts of CAS have also necessitated a shift in broader Chinese diplomacy on implementing the BRI. The article particularly focuses on Nepal and Myanmar, two CAS with peace processes underway, despite continued violence in many parts of the latter, especially after the military coup in 2021. A further exploration of these iterative processes engenders two lines of argument. Firstly, the BRI is not only physically transforming host CAS through infrastructure and connectivity but is also influencing key agendas of the peace processes in Nepal and Myanmar: notably the modalities of centre-state power-sharing, federalism, and inclusion, by creating unequal costs and benefits between social groups, and varied regions. Through the uneven distribution of developmental goods of connectivity and infrastructure, patterns of land and resource acquisition, and the provision of security to safeguard investments in these states, the BRI has intersected with conflict fault lines in these countries. Secondly, the challenges and risks of working in the complex settings of CAS, with fragmented state authority and an absence of consensus on foreign policy, political instability, and even active conflicts in some parts of Nepal and Myanmar, have also brought significant change in not only on how the BRI is delivered but also a broader shift in Chinese diplomacy in these states. Notably, as various opposing elite groups in CAS use the BRI to pursue their interests, the lack of consensus leaves the BRI hostage to multiple rounds of renegotiations. In response, the Chinese government has adopted an overtly political role in mediation and facilitation between political factions, and shunned its state-centric engagement to favour a multi-tiered engagement, reaching out to all key constituencies.

The first section will look at the state of the scholarly discussion on the BRI and explain why a fragile context necessitates an iterative understanding of it. The second part will introduce the context of the BRI in Nepal and Myanmar. The third section will analyse how BRI intersects with political transitions in Nepal and Myanmar by influencing the debate on inclusion, and territorial power-sharing through federalism. The fourth part will highlight how the challenges of working in Nepal and Myanmar have prompted shifts in Chinese diplomacy more broadly before proceeding to the conclusion.

¹⁵Amitav Acharya, 'Advancing Global IR: Challenges, Contentions, and Contributions', *International Studies Review* 18, (2016), p. 4.

Accounting for the Impact of China's BRI and the Agency of Host State in Context of Fragile States

The BRI is presented as a trade and infrastructural developmental initiative, aiming to promote regional economic growth, integration and stability, thus consolidating China's existing economic investments and security-building measures.¹⁶ Much of the scholarship, in mainstream International Relations has been China-centric focused on the 'real' motivations of the BRI, and its impact on regional connectivity and economic growth.¹⁷ While some see the BRI as a pathway for the pursuit of geopolitical influence, or exerting a form of geoeconomic influence (Beeson, 2018), others contest that the BRI's development has been too fragmented and poorly coordinated to pursue detailed strategic objectives.¹⁸ On the impact the BRI has on host states, the debate has been equally contested. Some scholars see it in terms of its being China's provision of global public goods, providing unique opportunities for international economic cooperation,¹⁹ and increasing the negotiating power for developing countries.²⁰ In contrast, narratives like 'debt trap diplomacy' and 'predatory lending'²¹ - have been widely discussed. Similarly, the BRI's impact on the rule of law and good governance standards, environmental non-transparency, corruption, low economic efficiency, minimal localization, and lack of participation from private and international investors, have also been routinely appraised.²²

Critiquing this China-centric approach, the second phase of scholarship has evolved to look at how host states demonstrate an agency vis-à-vis China, to manoeuvre BRI projects to work for them. DeBoom's work highlights how politicians in Africa, including those in Angola and Namibia, leveraged their agency in negotiating loans and infrastructure projects to suit their strategic interests with China.²³ Similarly, Mansour highlights Kuwait's ability to benefit from the BRI, without increasing national dependence, and replacing the reliance on the Bretton Woods system.²⁴ Likewise, local elites co-opted Chinese counterparts to advance their own goals in Malaysia,²⁵ Myanmar and Cambodia.²⁶ Here, some scholars have gone further to look at how contextual specificities of host states, as well as reactions from other states to the BRI, have led China to espouse certain changes. Such works note that the impact of BRI on issues such as the rule of law, good governance standards, environmental non-transparency, corruption, low economic efficiency, minimal localization, and lack of participation from private and international investors, cannot be underestimated. For instance, Yin highlights that to address the European Union's complaint over limited access to the Chinese market and unequal regulatory treatment of European companies, China will need to embark on reforms to

¹⁶Bhavna Dave and Yuka Kobayashi, 'China's Silk Road Economic Belt Initiative in Central Asia: Economic and Security Implications', *Asia-Europe Journal* 16, (2018), p. 267.

¹⁷Mark Beeson, 'Geoeconomics with Chinese Characteristics: The BRI and China's Evolving Grand Strategy', *Economic and Political Studies* 6, (2018), p. 240; Lee Jones and Jinghan Zeng, 'Understanding China's "Belt and Road Initiative": Beyond "grand Strategy" to a State Transformation Analysis', *Third World Quarterly* 40, (2019), p. 1415; Yong Wang, 'Offensive for Defensive: The Belt and Road Initiative and China's New Grand Strategy', *Pacific Review* 29, (2016), p. 455.

¹⁸Jones and Zeng (n 17).

¹⁹Wang (n 17).

²⁰Ajit Singh, 'The Myth of "debt-Trap Diplomacy" and Realities of Chinese Development Finance', *Third World Quarterly* 42, (2020), p. 239.

²¹This narrative was largely promoted by Sri Lanka's deal to lease Hambantota port to a Chinese-majority joint venture in 2017 after it could not repay its earlier loans.

²²Maria Adele Carrai, 'Adaptive Governance along Chinese-Financed BRI Railroad Megaprojects in East Africa', *World development* 141, (2021), p. 105,388.

²³Meredith J DeBoom, 'Who Is Afraid of "Debt-Trap Diplomacy"? Geopolitical Narratives, Agency and the Multiscalar Distribution of Risk', *Area development and policy* 5, (2020), p. 15.

²⁴Imad Mansour, 'The BRI Is What Small States Make of It: Evaluating Kuwait's Engagement with China's Belt and Road Initiative', *The Middle East journal* 74, (2020), p. 538.

²⁵Hong Liu and Guanle Lim, 'The Political Economy of a Rising China in Southeast Asia: Malaysia's Response to the Belt and Road Initiative', *The Journal of contemporary China* 28, (2019), p. 216.

²⁶Linda Calabrese and Yue Cao, 'Managing the Belt and Road: Agency and Development in Cambodia and Myanmar', *World development* 141, (2021), p. 105,297.

ensure that its domestic rules are in alignment with international standards.²⁷ Chaisse and Kirkwood further outline how concerns over investment protection have led China to be involved in investment-related negotiations reassessing its bilateral investment treaties, and seeking to transition into some form of multilateral regulatory framework to govern the BRI.²⁸

This article builds on this scholarship, but applies it to the context of CAS, as they seek to transition to peace by undertaking a peace process: an area overlooked in the extant scholarship.²⁹ The very context of CAS, with its complex operating environment and challenges, can be an intervening variable in how the BRI is designed, delivered and revisited. While continuously invoked in policy discourses, CAS have no standard definition.³⁰ However, there are overarching criteria that are used to enlist states as CAS, including: contestation of state authority, absence of the state's legitimacy, inability to deliver basic service, absence of coherence and continuity in policy making and implementation, and limited legitimacy enjoyed by the state among the people.³¹ The BRI, and the associated resources it brings to CAS can emerge as a major point of contention, creating winners and losers, often reflecting, and exacerbating the conflict fault lines.³² These variables become even more pertinent during a peace process, where CAS work to renegotiate the political distribution of power between previously warring groups, and even aim to broaden the state-society contract as a whole.³³ The BRI can strengthen the already powerful constituencies, as BRI projects are often implemented in line with national-level development plans, and reflect the priorities of central governments; while peripheral regions and disadvantaged groups have fared much worse in making their voices heard.³⁴ This is more critical as the BRI lacks a peace and security pillar, or any framework for thinking about how it intersects with attempts to forge peace at subnational, national, regional or international levels.³⁵ Conversely, learning lessons from the challenges faced by BRI projects leads China to learn, adapt, and reorient how it will convene such projects in CAS. China is already adapting to concerns raised by host states. For instance around corruption and transparency, and has released several key new documents under the theme of "Clean, Green and Open".³⁶ Further, frequent policy shifts, absence of consensus, instability, and frequent renegotiations on BRI-related projects in different countries has led China to become much more engaged, and even intrusive, in its diplomacy to manage such risks.

The Foray of the BRI in CAS- the Cases of Myanmar and Nepal

The advent of the BRI coincided with domestic and international changes stimulated by the peace processes in these states. Peace processes are known to trigger wholesale domestic reform, as they seek to bring rebels further into the political mainstream, as well as address concerns about exclusion, rights and justice.³⁷ However, these reforms also have international dimensions, as many external third parties seek to support peace processes, and domestic actors in CAS also

²⁷Wei Yin, 'Challenges, Issues in China-EU Investment Agreement and the Implication on China's Domestic Reform', *Asia Pacific law review* 26, (2018), p. 170.

²⁸Julien Chaisse and Jamieson Kirkwood, 'Chinese Puzzle: Anatomy of the (Invisible) Belt and Road Investment Treaty', *Journal of international economic law* 23, (2020), p. 245.

²⁹Carrai (n 22).

³⁰Lars Engberg-Pedersen and others, 'Fragile Situations' (Danish Institute for International Studies, 2008) https://pure.diiis.dk/ws/files/61269/R2008_11_Fragile_Situations_Background_papers.pdf.

³¹Robert B Zoellick, 'Fragile States: Securing Development', *Survival* (London) 50, (2008), p. 67.

³²Bates Gill, Evelyn Goh and Chin-Hao Huang, 'The Dynamics of US-China- Southeast Asia Relations' (United States Studies Centre at the University of Sydney 2016) <https://united-states-studies-centre.s3.amazonaws.com/attache/90/79/14/55/a1/c0/4e/e8/98/b8/57/a7/b5/d0/e9/19/MacArthur%20Final%20Report%20ALL.pdf>.

³³Alina Rocha Menocal, 'Political Settlements and the Politics of Transformation: Where Do "Inclusive Institutions" Come From?', *Journal of International Development* 29, (2017), p. 559.

³⁴Abb, Swaine and Jones (n 12); Pyidaungsu Institute, 'Proposed Natural Resource Management Mechanism' (Pyidaungsu Institute 2017) Working Document.

³⁵Tower (n 14).

³⁶ibid.

³⁷Rocha Menocal (n 33).

actively invoke international engagement to suit their political interests.³⁸ In the context of Nepal and Myanmar, while some of these domestic and international shifts have facilitated the BRI's foray in the region, others have inhibited, and even questioned how the BRI intersects with these changes.

The BRI in Myanmar- the Context

In 2018, Myanmar signed a memorandum of understanding (MoU) with China, agreeing to establish the China-Myanmar Economic Corridor (CMEC), a critical artery of the BRI. CMEC seeks to link coastal Kyaukphyu in Rakhine state in Myanmar through the central and southeast part of the country to Southwest China through a host of infrastructure projects, including road, rail, pipelines, special economic zones, seaports and border trade zones.³⁹ Clearly, the BRI needs to be contextualized within the context of the peace process and the accompanying shifts in its domestic and international policy options.

Domestically, since 2011, Myanmar had been undertaking reforms to transition from military rule to a nominal form of democracy, and a further transition from civil wars in ethnic regions through a peace process. Anchored on the Nationwide Ceasefire Agreement (NCA), the peace process sought to end the insurgencies waged by various Ethnic Armed Organisations (EAOs), who have for decades have governed like an independent 'state' in the borderlands, contesting the sovereignty of the state. These insurgencies have been grounded on a quest for inclusion by the EAOs representing such marginalized ethnic groups as the Kachin, Shan and Chin; all of whom have been excluded at the hands of the Bamar majority, who have dominated all sectors of the state, including the military organizations.⁴⁰ More specifically during the peace process, questions over federalism gained importance, as evidenced by its mention in the Nationwide Ceasefire Accord (NCA),⁴¹ for federalism would establish an institutional framework for the land rights of ethnic communities, the management and rights to natural resources in ethnic areas, and finally resource sharing between the central government and various ethnic communities. The peace process also opened up civic space, leading NGOs in Myanmar to raise their voices against Chinese investments, including those under the BRI.⁴² With many Chinese investments passing through, or being housed in ethnic areas, the BRI intersected with these evolving agendas of the peace process, and had to take account of the scale of domestic reform ongoing in the country. Particularly, BRI-related investments were seen to influence the power dynamics between competing political groups, given that they were seen to enable 'personal, political or commercial profits, and empower certain groups to gain access and control to the disadvantage of the (others) ...'.⁴³

The peace process also engendered a critical international shift in Myanmar's foreign policy options. Attempts to make peace, and undertake some degree of democratization, led to many Western states reversing decades of sanctions, that had been in place since the 1990s, thus bringing in Western capital and technical expertise. This opening to the West impacted its asymmetry with China, which until then, was Myanmar's principal diplomatic ally and economic patron. The peace process, and the accompanying opening up of Myanmar to Western states, eroded the Chinese monopoly, which had grown during the years of Western sanctions, thereby increasing strategic

³⁸Alex De Waal, 'Dollarised. (Political Marketplace)', London Review of Books 32, (2010), p. 38.

³⁹Jenn-Jaw Soong and Kyaw Htet Aung, 'Myanmar's Perception and Strategy toward China's BRI Expansion on Three Major Projects Development: Hedging Strategic Framework with State-Market-Society Analysis', *The Chinese Economy* 54, (2021), p. 20.

⁴⁰Ashley South, "'Hybrid Governance' and the Politics of Legitimacy in the Myanmar Peace Process', *Journal of Contemporary Asia* 48, (2018), p. 50.

⁴¹Christine Bell and others, 'PA-X Codebook, Version 1' www.peaceagreements.org.

⁴²Siusue Mark and Youyi Zhang, 'From Impediment to Adaptation: Chinese Investments in Myanmar's New Regulatory Environment', *Journal of Current Southeast Asian Affairs* 36, (2017), p. 71.

⁴³Karin Dean, Jasna Sarma and Alessandro Ripa, 'Infrastructures and b/Ordering: How Chinese Projects Are Ordering China-Myanmar Border Spaces' (2022) ahead-of-print *Territory, Politics, Governance* 1., Pg 16.

competition for influence from actors, including the US and Japan amongst others.⁴⁴ Conversely, Myanmar's strategic importance for China was increasing, owing to such factors as the route providing access to the Indian Ocean; and offering alternative routes to transport oil and gas: all of which are significant for impoverished landlocked provinces, such as Yunnan, especially as concerns over the disparity between China's coastal states, and its inland states, is a major policy occupation in China.⁴⁵ Notably, CMEC was launched when this process of warming up to the West was reducing, following the Western condemnation of the Rohingya crisis,⁴⁶ thus highlighting how the BRI in Myanmar has kept abreast of the international dimensions of the peace process.

The BRI in Nepal- the Context

In 2017, Nepal signed a framework agreement on the BRI, outlining nine projects that enhance connectivity between the Tibet Autonomous Region (TAR) in China and Nepal, through identified roads and railways.⁴⁷ As in Myanmar, the BRI and wider Chinese diplomacy in Nepal intersected the domestic and international aspects of the peace processes: the former centred on the debate on federalism and inclusion, and latter was based on the anxiety over India's domineering role in pushing forth a particular type of constitutional settlement in Nepal.

Firstly, the peace process led to radical domestic reforms, including on questions of federalism, security sector reform, and inclusion of all marginalised groups, with these agendas encoded in the Comprehensive Peace Agreement, and the new Constitution adopted in 2015.⁴⁸ Such reforms were part of a wider process where Nepal sought to end its decade-long civil war by forging a peace agreement with the rebel groups, the Maoists. Given that the conflict was premised on issues of exclusion, the peace process adopted an ambitious plan to 'restructure an inclusive state' that has historically dominated by Nepali-speaking high caste groups, from the hilly region, categorized by some analysts as Khas Arya or Caste Hill Hindu Elite (CHHE).

The scale of domestic reforms implicated Chinese engagement even before the BRI. For instance, until 2006, China's engagement in Nepal was centred on monarchy, but with the King ousted from politics, this needed to change. Further, China's engagement had largely been premised on security vis-à-vis the Tibetan Autonomous Region, which borders Nepal. This was deemed necessary in Nepal because of the large number of Tibetan exiles (living in Nepal or crossing through to India), a porous border, and the internationalisation of the Tibetan exile movement making Nepal important for China's national security. China sought to obtain Nepal's active cooperation in support of its 'One-China' policy by not letting Tibetan rebels and external powers use Nepali territory for anti-China and pro-Tibet activities.⁴⁹ With debates on human rights and inclusion central to the peace process, the BRI and related Chinese investments were seen as 'inducements' by China to abide by the 'One China', but at the expense of Nepal's constitutional commitment to fundamental rights and liberal values.⁵⁰

Equally, Nepal's signing up to the BRI was in response to the anxiety over India's domineering role in the peace process. In 2015, as a part of the peace process, a new Constitution was promulgated, which, while promised federalism, affirmative action, an electoral system, and secularism, its scope was limited, and did not go as far as the commitments of the Comprehensive Peace Agreement.⁵¹ To

⁴⁴Yun Sun, 'China and the Changing Myanmar. (Report)' (2012) 31 51.

⁴⁵Sumie Yoshikawa, 'China's Policy towards Myanmar: Yunnan's Commitment to Sino-Myanmar Oil and Gas Pipelines and Border Economic Cooperation Zone' (2022) 11 *Journal of Contemporary East Asia Studies* 143.

⁴⁶Debra Eisenman, 'Reconciling Expectations with Reality in a Transitioning Myanmar' (Asia Society 2018).

⁴⁷Gaurav Bhattarai, *Nepal between China and India: Difficulty of Being Neutral/Gaurav Bhattarai*. (Palgrave Macmillan 2022).

⁴⁸Bell and others (n 41).

⁴⁹Narayan Khadka, 'Chinese Foreign Policy toward Nepal in the Cold War Period: An Assessment', *China Report* 35, (1999), p. 61.

⁵⁰Monalisa Adhikari, 'All Roads Lead North: China, Nepal and the Contest for the Himalayas', *International affairs* (London) 98, (2022), p. 2187.

⁵¹Dipendra Jha, 'From Big Bang to Incrementalism: Choices and Challenges in Constitution Building' (Melbourne Forum on Constitution Building in Asia and the Pacific, Manila, the Philippines, 3 October 2017).

contest the constitutional provision on federalism, there were protests by Madheshi communities in the Southern plains adjoining India, which saw the ‘blockade’ of the Nepal-India border, thus choking Nepal’s landlocked economy, which relies on India for trade and transit. The blockade was seen to be tacitly supported by India and compelled political leaders to embark on a major rebalancing of Nepali geopolitics towards China.⁵² In the minds of Nepali elites, China has always been critical in counter-balancing the dependence on India, but the Indian-supported blockade heightened this sense of over-reliance on India.⁵³ With the Indian economic blockade of trade and transit routes in 2015, Nepal’s turned to China in its quest to find alternative fuel supply routes to dilute the dependency on India.⁵⁴ Thus, while the BRI is critiqued in multiple accounts internationally, in Nepal it is considered a ‘lifeline’ that helps circumvent historic dependency on India, and enhances connection with China, and the rest of the world.⁵⁵ To a large degree, while Nepal might be marginal to the wider BRI, it is seen to be critical to the TAR.⁵⁶

Impact of the BRI on the Peace Processes of Myanmar and Nepal

Infrastructure Development and Impact on the Peace Processes in Myanmar

China’s BRI has impacted negotiations on critical agendas of the peace process, notably, inclusion and federalism, both of which are geared to change the relationship between elites and marginalized groups, centre-periphery relations, and grant ethnic communities’ greater control over their land and resources. Firstly, Chinese investments, especially under the BRI, undercut the ‘federalism’ agenda, as national projects under CMEC are agreed upon bilaterally with the central government—despite being predominantly located in ethnic regions, like the Kachin and Shan states which have ongoing conflicts—often with the profiteering companies linked to the military.⁵⁷ Bypassing the EAOs’ established decision-making system for larger national projects has consolidated the military’s control over ethnic borderlands, at the expense of angering ethnic communities.⁵⁸ As such investments intersect with the political economy of conflict, the national government’s interests can be seen as synonymous with the interests of the majority Bamar population, and may disproportionately disadvantage ethnic nationality peoples.⁵⁹ Such patterns of investments had also led to local frustration about the peace process, and the absence of peace dividends on the ground. Historically investments like these have been conducted in partnership with companies that have military links, militias in the borderlands, and ethnic armed groups. While they have benefited from all sorts of elite groups, they have left the local population poor, often dispossessed of their land, and having to combat the effects of environmentally unsustainable investments.⁶⁰

Secondly, BRI had increased militarization in ethnic areas, leading to a decrease in trust in the peace process, which has impacted political dialogue on important issues like federalism. In a bid to

⁵²Dinesh Paudel, ‘Himalayan BRI: An Infrastructural Conjunction and Shifting Development in Nepal’, *Area development and policy* 7, (2022), p. 1.

⁵³Leo E Rose, *Nepal Strategy for Survival* (Oxford University Press 1973).

⁵⁴Paudel (n 52).

⁵⁵Dinesh Paudel and Philippe Le Billon, ‘Geo-Logics of Power: Disaster Capitalism, Himalayan Materialities, and the Geopolitical Economy of Reconstruction in Post-Earthquake Nepal’, *Geopolitics* 25, (2020), p. 838.

⁵⁶Rupak Sapkota, ‘Nepal in the Belt and Road: New Vista on Building a China-India-Nepal Economic Corridor’, *China International Studies* 67, (2017), p. 105.

⁵⁷Jasnea Sarma, Hilary Oliva Faxon and KB Roberts, ‘Remaking and Living with Resource Frontiers: Insights from Myanmar and Beyond’, *Geopolitics* 28, (2023), p. 1.

⁵⁸Tom Kramer, ‘“Neither War nor Peace”: Failed Ceasefires and Dispossession in Myanmar’s Ethnic Borderlands’, *The Journal of Peasant Studies* 48, (2021), p. 476.

⁵⁹Robert Swaine, Bernardo Mariani and Ilya Jones, ‘Public Perceptions of the Belt and Road Initiative— Guiding “Win-Wins” for People, Business and Policy Makers’ (Saferworld 2021) <https://media.business-humanrights.org/media/documents/public-perceptions-of-the-belt-and-road-initiative—pages.pdf>.

⁶⁰Patrick Meehan and Seng Lawn Dan, ‘Brokered Rule: Militias, Drugs, and Borderland Governance in the Myanmar-China Borderlands’, ahead-of-print *Journal of Contemporary Asia*, (2022), p. 1.

protect the areas where there are investments, armed troops and private security companies, which often include former militias, were tasked with their security.⁶¹ For instance, Colonel Nhpang Naw Bu, of the Kachin Independence Organization, stated that in 2018 the heaviest fighting between the KIO and the military were about the path of China's One Belt One Road (OBOR) initiative, and that the military wanted more territorial control of ethnic areas to assure China that its investments can be protected. Further, since 2018, clashes between two different EAOs, in the northern Shan state, namely the Restoration Council of Shan State and the Shan State Progress Party, were also attributed to their wanting to 'gain financially from control over areas slated for development as a part of the CMEC'.⁶² Such actions have inhibited trust, with many EAOs and ethnic nationalities concluding that the military was using the peace process to consolidate its hold on areas with abundant natural resources, and expand its control.⁶³

Lastly, the absence of environmental safeguards in BRI-related projects contravenes issues encoded in the peace process. The NCA commits to 'avoid forcible confiscation and transfer of land from local populations', 'environmental conservation, and 'consultation with local people on the planning of projects by the Extractive Industries Transparency Initiative'.⁶⁴ The modalities of Chinese investments do not meet these commitments, and often lack the necessary environmental safeguards, and assessments of the possible impact on local livelihoods, also contravenes the ethos of the NCA. For instance, in 2018, there were protests in Kachin state against Chinese companies investing in planting tissue culture bananas, which extensively use chemical fertilizers and pesticides, leading to environmental and health impacts on local communities causing land and environmental problems.⁶⁵ There have been similar protests against forcible land grabbing by the state to expedite Chinese investment and infrastructure projects. Without doubt, while such patterns of land confiscation preceded the BRI, it has escalated since. This has led to greater calls by Myanmar's civil society groups about the need to ensure transparency. So far, most CMEC-related negotiations have taken place behind closed doors, with no genuine public consultation and, even when formal consultations have been conducted, they have been more of an exercise in selling the project to locals, rather than sourcing feedback.⁶⁶

The Bri's Impact on the Debate on Federalism and Inclusion in Nepal

In Nepal too, where the conflict and post-conflict processes have focused on federalism, China and its push for its BRI have impacted the design of federalism. Several events preceding the BRI have led China to engage indirectly in the debate. The international coverage of the Free Tibet protests in Nepal in 2008 on the heels of the Beijing Olympic Games, compelled China to be concerned about the Nepali government's ability to address its security concerns.⁶⁷ China denounced federalism, and identity-based federalism in particular, viewing a unitary Nepal as one that would serve its interests-making it easier to deal with cross-border security issues.⁶⁸ Concerns about 'ethnic' autonomous states in the north bordering TAR becoming a base for Tibetan unrest, and encouraging the spread of such ideas in an already troubled Tibet, coloured China's views. China cautioned the chairman of

⁶¹Interview with Nhpang Naw Bu, 'Interview with KIO Information Department Head Col. Nhpang Naw Bu' (24 April 2018) <https://www.kachinlandnews.com/?p=28719>.

⁶²Myanmar Institute for Peace and Security, 'Annual Peace & Security Review 2020–2021' (2022) <https://mips-mm.org/download/annual-peace-security-review-2020-2021/?wpdmdl=12344&refresh=6451f48b214641683092619>.

⁶³Woods (n 7).

⁶⁴Bell and others (n 41) 201.

⁶⁵Daniel Hayward, and others, 'Chinese Investment into Tissue-Culture Banana Plantations in Kachin State, Myanmar' (Mekong Region Land Governance 2020).

⁶⁶Transnational Institute, 'Selling the Silk Road Spirit: China's Belt and Road Initiative in Myanmar' (Transnational Institute 2019) Myanmar Policy Briefing https://www.tni.org/files/publication-downloads/bri_myanmar_web_18-11-19.pdf.

⁶⁷Buddhi Prasad Sharma, 'China-Nepal Relations: A Cooperative Partnership in Slow Motion' (2018) 4 China quarterly of international strategic studies 439.

⁶⁸SD Muni, 'Nepal's New Constitution: Towards Progress or Chaos?' (2015) 50 Economic and Political Weekly 15.

the Maoist party, Prachanda, to rethink patterns of centre-periphery relations in a federal system, and take into account the possible disintegration and chaos federalism could herald.⁶⁹ Beijing is said to have lobbied for having fewer provinces along its border in northern Nepal, concerned that newly-formed provinces would not be able to curb instability in border areas.⁷⁰

While the quest to ensure the security of Tibet and, by extension, acquire assurances from the Nepali ruling elites, predates the BRI, it however, has become pertinent in two aspects. First, Nepal's importance for China has increased post-BRI, as China is keen to utilize the strategic location of Kathmandu to serve BRI objectives, which range from developing infrastructure to creating deeper cultural and political connections.⁷¹ The infrastructural advancement of the BRI has not only brought in regional connectivity but also 'political connectivity'.⁷² China has explicitly drawn a direct link between Chinese investment, infrastructure development, and the management of Tibetan populations in Nepal, as demonstrated by the Joint Statement between the People's Republic of China and Nepal 2016.⁷³ Ideas of connectivity, the promise of aid and 'development' from the BRI, have been connected to, and are in tandem with Nepal's service to China's push to control the Tibetan population in Nepal, through patrols, surveillance, monitoring border crossing, and possible extradition, and training for Nepal's Armed Police Force to monitor and patrol the Nepal-Tibet borderlands.⁷⁴

Secondly, the BRI has increased the physical presence of Han Chinese government officials, business elites, and construction labourers in the borderlands, which are historically Tibetan spaces in Nepal, which has increased concerns over the identity of Tibetan Nepalis and exiles in the area.⁷⁵ Ironically, while the peace process in Nepal is hailed as a comprehensive contract to remedy the historically sanctioned exclusion, by promising inclusion of all marginalized groups,⁷⁶ the Tibetan community in Nepal has been cut off from such 'fruits of inclusion'. Thanks to increased investment from the BRI, and the concomitant towing of China's line by the government of Nepal, their exclusion has in fact worsened during the peace process. As China's BRI has gained momentum, increasing infrastructures between Nepal and China, there has been a push by China to restrict the movement of cross-border people on security grounds, ironically limiting the very people–people relations that the BRI so proudly pledges.⁷⁷

The Impact of CAS on the BRI and Chinese Diplomacy

While the BRI does have a specific impact on the peace processes of CAS, the impact of CAS on the BRI and Chinese diplomacy, in general, cannot also be understated. Notably, a core feature of these states is the fragmentation of actors and authority in countries that host the BRI, which means that not only is China's BRI likely to be seen as benefitting one side over another but also it opens an operational problem of having to secure buy-in from multiple competing social and political constituencies. Further, CAS, in line with their underdevelopment, also receive many peacebuilding and other related Western donor incentives, a fact with which the BRI and Chinese diplomacy needs to wrestle with.

⁶⁹Shishir Ghimire, 'China and the Federalism Question in Nepal' (Institute of Chinese Studies 2013) ICS Analysis 11.

⁷⁰Kamal Dev Bhattarai, 'The Geopolitics of Nepal's Federal Structure' *The Diplomat* (27 October 2014) 201 <https://thediplomat.com/2014/10/the-geopolitics-of-nepals-federal-structure/>.

⁷¹Amish Raj Mulmi, *All Roads Lead North: China, Nepal and the Contest for the Himalayas* (C Hurst & Co Publishers Ltd 2021).

⁷²Galen Murton, Austin Lord and Robert Beazley, "'A Handshake across the Himalayas': Chinese Investment, Hydropower Development, and State Formation in Nepal', *Eurasian Geography and Economics* 57, (2016), p. 403.

⁷³*Ibid.*

⁷⁴Safal Ghimire, *The Politics of Peacebuilding: Emerging Actors and Security Sector Reform in Conflict-Affected States* (First edition, Routledge 2018).

⁷⁵Murton, Lord and Beazley (n 72).

⁷⁶Bell and others (n 41).

⁷⁷Uddhab Prasad Pyakurel, 'The BRI, Nepal's Expectations, and Limitations on Nepal-China Border Relations' (2019) 55 *Issues and studies—Institute of International Relations* 1,940,006.

The Burmese Agency and Shifts in Chinese Policy

The Chinese government, as well as the commercial actors driving the BRI had to learn quickly from the shifting sands of Myanmar's peace process, whose many developments led to re-negotiation, shelving, or reduction of the scale of some BRI projects. Multiple developments in the peace process compromised China's position. Witness Myanmar's increased choice in negotiating foreign investment with the dilution of the Western sanctions, and the accompanying Western investment; the political uncertainty and multiple cores of political power (EAOs, NLD, military); the absence of agreement between varied domestic parties on the BRI; and finally the opening up of civil society space, with many groups demanding greater transparency.⁷⁸ BRI projects were remodelled, with the increased agency of Myanmar elites seeking to renegotiate for better deals, usually due to the absence of domestic consensus, or because of the resumption of conflicts in some parts. For instance, despite China's push, the Myanmar government cancelled the \$3.6 billion Myitsone Dam project in Kachin state, in order to address local protests against the environmental impact of the dam.⁷⁹ In other instances, terms were changed after the signing of agreements, to either scrutinize Chinese projects, like the Muse-Mandalay electric railway and the New Yangon City project, by bringing in third-party evaluators, or by recruiting international firms to challenge China's bids.⁸⁰ Similarly, a key aspect of the BRI-CMEC, the Kyaukpyu deep-sea port project, was downsized to \$1.3bn (from \$7.3bn before) and its project costs cut by 80%, fearing the accumulation of excessive debt.⁸¹ Ongoing conflicts have also derailed BRI projects.⁸² For instance, in 2019, the Muse-Mandalay High-Speed Railway project was suspended, after attacks by EAOs on infrastructures along the route of the proposed railway.⁸³

Since 2011, China has sought to strengthen its engagement, through increased high-level visits and diplomacy. For it has been fully aware of the changing nature of Myanmar's peace process, and consequently less sure of its ability to rein in meaningfully. China has continued to urge the Myanmar government, via presidential calls and high-ranking official visits, to push the CMEC forward,⁸⁴ nominating a senior diplomat as its Asian Affairs representative. China's need for stability to pursue its investments also made it more active in the peace process, despite these conflicts persisting since decades. In 2017, China became a broker between the military and members of a consortium of EAOs: the Federal Political Negotiation Consultative Committee (FPNCC).⁸⁵ China's increased engagement in the peace process since 2013 coincided with discussions of the BRI.⁸⁶ Further, as the civilian administration of Aung San Suu Kyi took charge in 2016, China invited policymakers, from the NLD and other parties, for visits to China.⁸⁷

Secondly, to temper the rising anti-Chinese sentiments, and their impact on its investments, Beijing has been seen to tighten the control of its foreign policy, rather than delegate it to Yunnan, as

⁷⁸Khin Khin Kyaw Kyee, *China's Multi-Layered Engagement Strategy and Myanmar's Realities: The Best Fit for Beijing Policy Preferences* (ISP Myanmar 2018).

⁷⁹Thant Myint-U, *The Hidden History of Burma: Race, Capitalism, and the Crisis of Democracy in the twenty-first Century* (Main edition, Atlantic Books 2020).

⁸⁰Kaho Yu, 'The Belt and Road Initiative in Southeast Asia after COVID-19: China's Energy and Infrastructure Investments in Myanmar' (Yusof Ishak Institute 2021) 39 https://www.iseas.edu.sg/wp-content/uploads/2021/03/ISEAS_Perspective_2021_39.pdf.

⁸¹Kanupriya Kapoor and Aye Min Thant, 'Exclusive: Myanmar Scales Back Chinese-Backed Port Project Due to Debt Fears—Official' *Reuters* (2 August 2018) <https://www.reuters.com/article/us-myanmar-china-port-exclusive/exclusive-myanmar-scales-back-chinese-backed-port-project-due-to-debt-fears-official-idUSKBN1KN106>.

⁸²Lucas Myers, 'The China-Myanmar Economic Corridor and China's Determination to See It Through' (*Asia Dispatches*, May 2020) <https://www.wilsoncenter.org/blog-post/china-myanmar-economic-corridor-and-chinas-determination-see-it-through>.

⁸³Transnational Institute (n 66).

⁸⁴Yu (n 80).

⁸⁵SiuSue Mark, Indra Overland and Roman Vakulchuk, 'Sharing the Spoils: Winners and Losers in the Belt and Road Initiative in Myanmar', *Journal of Current Southeast Asian affairs* 39, (2020), p. 381.

⁸⁶Chiraag Roy, 'China's Grand Strategy and Myanmar's Peace Process', *International Relations of the Asia-Pacific* 22, (2020), p. 69.

⁸⁷Yoshikawa (n 45).

it has previously done.⁸⁸ For a long time, it has been recognised that formal and informal channels in Yunnan province provided arms, mercenary services, and trade, which supported EAOs in the Northern borderlands, often without the purview of Beijing, and often therefore becoming a sticking point in Myanmar-China bilateral relations.⁸⁹ Further, Yunnan-based companies acquired a reputation for land grabbing, violations of labour rights and environmental degradation.⁹⁰ Such instances have also highlighted how the context in Myanmar has led China to reappraise the increased pluralisation in its foreign policy: where often participants, such as provinces and investment firms, might oppose a more responsible foreign policy, or try to avoid the attendant costly restrictions.⁹¹

Thirdly, 'securing' the BRI has coerced a change in China's modality of only consulting the central state's power brokers, and has led it to adopt a 'multi-layered' and multifaceted approach. China has started reaching out to multiple EAOs, who command territories in the borderlands, and to the opposition, with their new-found strategy involving a raft of cultural, social, and educational, exchange programmes.⁹² This comes at a point where groups in Myanmar, like the Ta'ang National Liberation Army, and EAOs in Shan state, have been categorical that China needs to negotiate with them on issues regarding CMEC.⁹³ Further ethnic nationalities, at greatest risk from the unintended consequences of the BRI, have also raised issues about the underrepresentation of ethnic nationalities in the BRI decision-making committees.⁹⁴ The context of CAS like Myanmar, with its diffused governance authority and structure, as well as the opening of space to civil society groups, has compelled China to move beyond its state-centric engagement, and focus on much-more multitiered engagement.⁹⁵ China has also sought to forge relationships with Myanmar's growing civil society organisations, and provided support to Chinese businessmen living in Myanmar, and increased the number of foreign students from Myanmar in Beijing.⁹⁶ Previously known to only engage with EAOs in the northern Myanmar-China borderlands, the BRI has forced China to also engage with EAOs in the southeast, along the Thai border, to ensure the security of Chinese investments in the Southeast.⁹⁷

Fourthly, alongside its engagement with multiple, and often opposing, political constituencies, China has also promoted local engagement, in view of the fact that Chinese investment has been perceived to only benefit the elites. To ensure direct communication with local populations, the Chinese Embassy in Myanmar has opened a Facebook account.⁹⁸ Further, Chinese enterprises in Myanmar now require approval by the relevant provincial or city commercial department.⁹⁹ In contrast to their past modus operandi Chinese companies in Kachin state, no longer only deal with town administrators, but are engaging increasingly with communities, and civil society organisations, to secure their buy-in.¹⁰⁰ Similarly, there have been honest appraisals, by Chinese officials,

⁸⁸United States Institute of Peace, 'China's Role in Myanmar's Internal Conflicts' (United States Institute of Peace 2018) <https://www.usip.org/sites/default/files/2018-09/ssg-report-chinas-role-in-myanmars-internal-conflicts.pdf>.

⁸⁹Myint-U (n 79).

⁹⁰Transnational Institute (n 66).

⁹¹Stephanie Kleine-Ahlbrandt and Andrew Small, 'China's New Dictatorship Diplomacy: Is Beijing Parting with Pariahs?', *Foreign Affairs* 87, (2008), p. 38.

⁹²Kyee (n 78).

⁹³Lawi Weng, 'Ta'ang Armed Group Wants Talks with China on Rail Project' *The Irrawaddy* (Myanmar, 16 January 2019) 20 <https://www.irrawaddy.com/news/taang-armed-group-wants-talks-china-rail-project.html>.

⁹⁴Lahpai Seng Raw, 'China's Belt & Road Initiative: A Cautionary Tale for the Kachins' (10 January 2019) <https://www.tni.org/en/article/chinas-belt-road-initiative-a-cautionary-tale-for-the-kachins>.

⁹⁵Li Chenyang and James Char, 'China—Myanmar Relations since Naypyidaw's Political Transition: How Beijing Can Balance Short-Term Interests and Long-Term Values' in Li Chenyang, Chaw Chaw Sein and Zhu Xianghui (eds), *Myanmar-Reintegrating into the International Community* (World Scientific 2016).

⁹⁶Yoshikawa (n 45).

⁹⁷Mark, Overland and Vakulchuk (n 85).

⁹⁸Guangsheng Lu and Zhen Jin, 'Myanmar's Economic and Political Transition and Chinese Investment in Myanmar' in Li Chenyang, Chaw Chaw Sein and Zhu Xianghui (eds), *Myanmar Reintegrating into the International Community* (World Scientific 2016).

⁹⁹Chenyang and Char (n 95).

¹⁰⁰Mark, Overland and Vakulchuk (n 85).

of past local backlashes against Chinese investments, and the need to communicate with local people, and undertake feasibility studies on the environment and labour rights.¹⁰¹ This has also led to China drafting 'environmental' standards guidelines for outward investing companies in Myanmar.

Nepal's Political Instability and Changing Modes of Chinese Diplomacy

Nepal's post-conflict transition and contextual peculiarities have triggered a sea change in the Chinese approach vis-à-vis the BRI. Since signing up to the BRI, and given the concerns raised by different opposition parties, Nepal has raised questions on at least three elements, regarding grants over loans; repayment times; and tendering procedures; and has sought re-negotiation of them.¹⁰² Given such concerns, Chinese President Xi Jinping visited Kathmandu in October 2019 to expedite the BRI, but no agreement was signed on the venture.¹⁰³ Given the frequent changes in governments, with four governments between 2017 and 2022, new cabinets overturned investment decisions.¹⁰⁴ For instance, in June 2016, Prime Minister Pushpa Kamal Dahal's government awarded China's Gezhouba Group Corporation (CGGC) over two billion US dollars to construct the Budhi Gandaki hydropower project. In November of the same year, Sher Bahadur Deuba's government, considered to be closer to India and the US, revoked the contract, claiming that the award process had violated the country's Public Procurement Act. Such episodes have also ingrained in the Beijing establishment 'that the Nepalis don't implement agreements, and go back on their word'.¹⁰⁵

In addition, political instability, and government changes since the peace process, have meant that some political parties have tended to rein in alternative international infrastructure financing mechanisms that compete with BRI and get the best deal, including the recent Millennium Challenge Corporation (MCC): a \$500 million American grant project. Nepal and the United States signing an agreement in 2017, that would see Nepal use the funds for the construction of hydroelectricity transmission lines, and the upgrading of highways, is a case in point.¹⁰⁶ The grant became contentious with confusion over if the MCC funding was a part of the US's Indo-Pacific strategy or not. However, in 2022, despite China's reluctance, the Sher Bahadur Deuba government ratified the deal. The deal saw the Chinese Foreign Ministry Spokesperson Wang Wenbin explicitly outline its opposition to the 'coercive diplomacy', of the US, in making Nepal sign the MCC.¹⁰⁷ Chinese diplomats have not only lobbied for halting the ratification process but had also cultivated Nepal's communist parties, including brokering the merger of different communist factions, which would strengthen their power.¹⁰⁸ Nepali leaders, in turn, while on the surface gave assurances that Nepal would not allow any activities that could damage Sino-Nepal relations, four of the five biggest parties in the ruling coalition nevertheless voted in favour of MCC.¹⁰⁹ Notably, until the linking of the MCC to Nepal's inclusion in the Indo-Pacific strategy, the MCC had generated no controversy with Nepal, and therefore had not met with China's opposition.¹¹⁰ However since its link to the Indo-Pacific strategy, the Chinese have begun to see it as another element of American obstructionism to Beijing's rise,

¹⁰¹ Sarma, Faxon and Roberts (n 57).

¹⁰² Anil Giri, 'Wang Visit: Nepal, China Sign Nine Agreements, None on BRI' *The Kathmandu Post* (27 March 2022) <https://kathmandupost.com/national/2022/03/27/wang-visit-nepal-china-sign-nine-agreements-none-on-bri>.

¹⁰³ *ibid.*

¹⁰⁴ Gaurab Shumsher Thapa and Shweta Karki, 'Nepal-China Relations: An Analysis of the Evolving Dimensions', *Strategic Studies Series 1*, (2021), p. 95.

¹⁰⁵ Mulmi (n 71).

¹⁰⁶ Mallika Shakya, 'The Politics of Border and Nation in Nepal in the Time of Pandemic', *Dialectical Anthropology* 44, (2020), p. 223.

¹⁰⁷ Global Times, 'China Opposes "Coercive Diplomacy" of US in Pushing MCC Compact in Nepal' *Global Times* (18 February 2022) <https://www.globaltimes.cn/page/202202/1252597.shtml>.

¹⁰⁸ Chandra Bhatta and Lalbabu Yadav, 'Developmental Diplomacy in the Central Himalayas: Reflections on Nepal-China Relations' (2021) 1 *Strategic Studies Series 57*.

¹⁰⁹ Hari Roka, 'Why Oppose the Millennium Corporation in Nepal?', *World Review of Political Economy* 13, (2022), p. 401.

¹¹⁰ Bhattarai, *Nepal between China and India* (n 47).

and have thus openly protested.¹¹¹ Such agentic opportunities, and the contextual peculiarities of Nepal, have led China to revamp its modus operandi in Nepal.

Firstly, as in Myanmar, the commencement of the Nepal peace process required China to move away from a state-centric engagement and to look at more multi-tiered engagement: a process which has escalated post-BRI. Until 2005, its engagement with Nepal was largely state-to-state, with Beijing backing the monarchy.¹¹² Since 2006, when Nepal overthrew the monarchy, China has sought to diversify its engagement at all levels, including with different state agencies and political parties, in a bid to cultivate loyalties that could guarantee its security concerns.¹¹³ China has enhanced its exchange programme with Nepal's bureaucrats, journalists, politicians, and students, exposing them to Chinese models of development. Writing in 2018, Pyakurel confirms, 'In the third week of September 2018 alone, more than eight different Nepali delegations were found to have visited China'.¹¹⁴ Similarly, China has advanced its relationship with Nepal's three security institutions: the Nepal Army, the Nepal Police Force, and the Nepal Armed Police Force. China, since the peace process, has drastically increased quotas for excursions and courses for representatives from Nepal's security institutions. China also collaborates with Nepal's intelligence agency (the National Investigation Department), its National Defence University partners with the Nepal Police, and Nepal's Armed Police Force Academy was built with Chinese aid.¹¹⁵ This testifies to the substantial exchange, across all political levels, in which China has invested.

Secondly, Chinese engagement in Nepal has been said to be non-intrusive, and truly 'non-interventionist', especially when compared to that of India. The need for stability, to ensure the BRI is successful, has led China to be overtly more intrusive and assertive in its diplomacy.¹¹⁶ When the Nepal Communist Party (NCP), which shares ideological and friendly relations with the Chinese Communist Party, split in 2021, the Chinese ambassador met the leaders of the rival factions of the NCP, and conveyed Beijing's message that the party should stay united.¹¹⁷ Such events testified to the dramatic shift in China's decades-long practice of non-interference in Nepali affairs. Similarly, as Nepal was debating the parliamentary approval of the US-funded MCC, which, like the BRI, aimed to support infrastructural growth and connectivity in Nepal, Chinese sources visibly intervened. While the Chinese Foreign Ministry termed the MCC compact Nepal's 'Pandora's Box', another China Daily editorial warned of serious consequences should 'any part of the compact be used against neighbouring China', and advised Nepal to stay out of "the US' geopolitical games".¹¹⁸

Conclusion

The article appraises how the contextual specificities of CAS undergoing a political transition, must be examined when looking at the BRI. In doing so, the article makes a modest attempt to initiate a dialogue between peace studies, which is focused on peace processes and CAS, and scholarship on the BRI. It outlines and highlights the impact of these specificities on both the supply side, and on demand/host-centric issues, through, examining the fragmented governance and authority, and their peace processes, alongside an ever-evolving discussion of power distribution between different groups in CAS. The BRI, in these contexts, not only brings mammoth changes in the physical

¹¹¹Mulmi (n 71).

¹¹²Rajeev Ranjan Chaturvedy and David Malone, 'A Yam between Two Boulders: Nepal's Foreign Policy Caught between India and China' in Sebastian von Einsiedel, David Malone and Suman Pradhan (eds), *Nepal in Transition From People's War to Fragile Peace* (Cambridge University Press 2012).

¹¹³Aditya Adhikari, 'International Support for Peace and Transition in Nepal' in Deepak Thapa and Alexander Ramsbotham (eds), *Two steps forward, one step back The Nepal peace process* (Conciliation Resources 2017).

¹¹⁴Pyakurel (n 77).

¹¹⁵Ghimire (n 74).

¹¹⁶Bhatta and Yadav (n 108).

¹¹⁷Gopal Khanal, 'Chinese Assertiveness in Nepal' *Nepal Foreign Affairs* (Nepal, 1 January 2021) <https://nepalforeignaffairs.com/chinese-assertiveness-in-nepal/>.

¹¹⁸Kamal Dev Bhattarai, 'Making Sense of China's Forceful Diplomacy in Nepal' *The Annapurna Express* (Nepal, March 2022) <https://theannapurnaexpress.com/news/making-sense-of-chinas-forceful-diplomacy-in-nepal-4788>.

infrastructure, through connecting the core to marginal peripheries, but also has a discursive element. It changes the discussions on core-periphery relations by impacting on the institutions of federalism and inclusion: core issues of peace processes globally, but also important, and contentious, issues in Nepal and Myanmar. Notably, this article also highlights how central debates of the peace process, including federalism, and de-militarization, intersect with the implementation of the BRI and can affect prospects of peace in CAS.

The article also outlines how the impact of the BRI needs to be studied as a mutually-reinforcing and iterative process, where the largest infrastructures and investments are not only engendering certain infrastructural, and other, outcomes in host states, but also where host states are able to impact the pace and outcomes of the BRI. It adds to the extant literature discussing the agency of host states to renegotiate the terms of the BRI, for this article has pushed the 'agency' element further arguing that the contextual specificities of CAS have pushed for a change in how China not only operationalizes the BRI but also in how Chinese diplomacy is conducted. Political elites in CAS, where multiple power centres exist, with little consensus on foreign policy principles, can use and instrumentalize the BRI, and elements of Chinese diplomacy, to suit their narrow political interests rather than the national interest. Further, as Nepal and Myanmar demonstrate, political leaders of varying hues in CAS can purposely set out to sign up to other competing international infrastructure financing mechanisms, or invoke third parties to compete with or oversee the BRI. To adapt to these agentic endeavours by CAS, Chinese diplomatic engagement has seen a major shift since the BRI was signed. It has progressed with a multilayered engagement to suit the fragmented governance mechanisms in CAS, whilst encouraging robust people-to-people relations and has been more politically active in conflict and crises dynamics. In arguing for an iterative process to understanding BRI-related dynamics, where the BRI and how it is operationalized is changing, this article supports the notion that the BRI cannot be said to be a grand strategy, given its continued evolution and adaptation.¹¹⁹ This article, here, taps into the growing discussion among sinologists about the pluralisation in foreign policy making, and its implementation in China, where multiple and often opposing constituencies, including provinces and companies, are all at play, making it difficult to determine the direction of their foreign policy.¹²⁰

The inferences from this article add to three distinct bodies of work in International Relations. Firstly, the article calls upon, and cautions, policymakers working on peace processes in CAS, to look at how issues of investments and connectivity can intersect, and impact, key agendas of the peace efforts. An 'infrastructural' turn to understanding peace processes is pertinent, in light of massive infrastructural projects being hosted in CAS. The 'infrastructural' turn becomes even more important as competing infrastructural investment plans have been announced in countries like Japan, India, US and European Union, many in fragile and conflict-affected states. Secondly, it calls upon scholarship on the BRI and Chinese foreign policy, to recognise the peculiarities of CAS, notably during their peace processes, when they prompt significant domestic and international reforms, which intersect with the BRI. Particularly, the article complements the growing body of work on the BRI that has highlighted different investment risks in developing countries, but pushes further to outline the need to identify 'conflict-related' risks, and the need to map fluidity brought about by peace processes. Lastly, it also highlights the limitations of the 'developmental peace' approach examined by scholars looking at China's peacebuilding model, which sees developmental gains, in the form of investment, trade, and infrastructure to be solutions to complex conflicts. The cases presented outline how such developmental goods, as physical infrastructures, interface with peacemaking efforts in complex ways, and can have a detrimental impact on prospects of peace in CAS.

¹¹⁹Jones and Hameiri (n 3).

¹²⁰Zha Daojiong and Shaun Breslin, 'Oiling the Wheels of Foreign Policy? Energy Security and China's International Relations' in Shaun Breslin (ed), *A Handbook of China's International Relations* (Taylor and Francis 2012); Kleine-Ahlbrandt and Small (n 91).

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