NORWAY MODEL UNITED NATIONS

Forum: *General Assembly 2 (GA2) - Economic and Financial Committee*

Issue*: The Role of China's Belt and Road Initiative in Contributing To Debt Accumulation In South Asian Countries.*

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[Text Wrapping Break]Introduction:

China's Belt and Road Initiative (BRI) was founded in 2013 to increase global trade and promote economic development. It has provided South Asian countries with significant opportunities to build infrastructure and integrate into international trading markets. However, the initiative has been accused of its deceptive form of pursuing diplomacy as member states have accumulated an external debt of $ 573 Billion. The rise of debt has caused long-term effects on national economic sovereignty, and regional stability.

Definition of Key Terms

Belt and Road Initiative (BRI): founded by China in 2013. Its aim was to improve trade between Asia and Africa by building infrastructure for transportation of goods and increase in economic growth.

Debt Accumulation: a country's increase in total debt over time due to borrowing from foreign countries or bank

Debt Trap Diplomacy: a term used to describe financial diplomacy where a creditor country or institution extends debt to a borrowing nation partially, or solely, to increase the lender's political leverage. (definition derived from Wikipedia)

Sovereignty: A state's full right and power to govern itself without interference.

External Debt: refers to the money borrowed by a country from international foreign banks and governments. This debt must be repaid with interest. Countries who are often unable to meet these demands, may face financial instability or loss over its assets and economic power. (definition derived from google)

Economic Sovereignty: refers to a nation's ability to control its own economic laws, resources and decisions, without external interference from other organizations and states

Regional Stability: refers to the overall economic, political, and social state of a region. Accumulation of high levels of debt, creation of political instability, and economic dependence can weaken regional stability and overall sovereignty of states

General overview

BRI founded by China in 2013, is a global initiative meant to connect Asia and Africa through economic integration, trade improvement and construction of infrastructure across the continents. The main goal is to establish a broad global network of trade routes, reviving the old Silk Road for modern-day business, and strengthen China's economic and political power. The project includes over 140 countries and affects a sizable section of the world population and economy. The initiative has two main components: the Silk Road Economic Belt (land routes) land routes) and the 21st Century Maritime Silk Road (sea routes).

In addition to promotion of economic development, it has created various programs such as people to people exchanges and academic cooperation to further increase and develop diplomatic relationships

Timeline	Event
2013	Chinese President Xi Jinping had formally launched the Belt and Road Initiative during a speech in Kazakhstan. Later on the 21st Century Maritime Silk Road (sea routes) is later presented in Indonesia.
2015	China publishes the Vision and plans on Building Silk Road Economic Belt and 21st-Century Maritime Silk Road. The document described the goals, and regions in of collaboration under the BRI framework.
2017	The first Belt and Road Summit for International Cooperation is held in Beijing which is attended by delegates from over 100 countries.
2018	By 2018, over 140 countries are involved, and China initiates its first investments in infrastructure across the globe.
2021	The BRI is criticized for its environmental damage. Additionally, the rise of debt accumulation is noticed in major participating countries especially South Asian states.

2023	In response, China introduces small yet smarter , greener ways for infrastructure projects.

Stakeholders:

1. ***China*** - China, the initiator of the Belt and Road Initiative (BRI), has invested more than $1 trillion in infrastructure projects across 140 countries, hoping to increase its economic dominance in the region. Energy infrastructure, such as the Gwadar Port, have been constructed as part of the $62 billion China-Pakistan Economic Corridor (CPEC). These projects add up to 17% of its global trade network.

2. ***Pakistan -*** Pakistan is biggest\ main BRI partner, hosts the $62 billion CPEC, which includes more than 3,000 kilometres of roads, trains, and energy infrastructure. The aim of these projects is to lower Pakistan's energy usage which in return adds 2.5% yearly into their GDP. Every year Gwadar Port, is expected to carry 13 million tons of cargo annually by 2050, which boosts Pakistan's economy significantly

3. ***Sri Lanka*** - Sri Lanka has borrowed over $8 billion in BRI loans for the construction of the infrastructure projects like the $1.3 billion Hambantota Port. Initially, this initiative had been predicted to add up to $13 billion to Sri Lanka's GDP by 2041 but due to expensive debt maintenance, Sri Lanka agreed to lease the port to China for 99 years, weakening their sovereignty.

4. ***India -*** India opposes the BRI, due to territorial conflicts between Pakistan and India in the Kashmiri region. India has also questioned the debt accumulation in South Asian countries, with statistics indicating that Chinese loans account for 42% of Sri Lanka's external debt. To counteract the BRI's influence, India has invested in regional infrastructure projects such as Iran's $1.1 billion Chabahar port.

5. ***United states of America***- The United States views the BRI as a challenge to its global economic sovereignty. Considering that China's projects spreads over 65% of the world's population and 40% over global GDP. The U.S has launched the Build Back Better World (B3W) initiative, pledging $40 billion to counter BRI's influence. Through B3W, the U.S. provide sustainable alternatives to Chinese-backed projects, which claims to be more transparency and debt relief.

Other stakeholders that are involved

6. ***Japan and Australia -*** The Quad (Quadrilateral Security Dialogue): The U.S. has worked with Japan, Australia, and India through the Quad to promote alternatives to Chinese projects.

Relevant UN Treaties, Resolutions, and Reports

1. *The United Nations Convention on the Law of the Sea (UNCLOS)*: This treaty legal paperwork for maritime activities, including infrastructure projects such as ports that are funded by China under BRI.
2. *2030 Agenda for Sustainable Development*: Resolution A/RES/70/1 importance of sustainable infrastructure development, which include both benefits and criticism that the BRI provides.
3. *UNCTAD Reports on Development and Infrastructure*: The United Nations Conference on Trade and Development regularly publishes reports and statistics on global impact of major infrastructure projects, including China's BRI.

Previous Attempts to Solve the Issue

1. *G7's Build Back a Better World (B3W) Initiative*
   The G7 nations which led by the United States launched the B3W in 2021 to counterbalance China's Belt and Road Initiative by investing in infrastructure in developing countries. It provides a sustainability, and fair economic processes, and has invested up to $40 billion for global projects (G7, 2021).

2. *Asia–Africa Growth Corridor (AAGC)*
   The AAGC, proposed by India and Japan in 2017, the main goal is to improve regional trade between Asia and Africa which is meant to be an alternative to the BRI. (Ministry of External Affairs, India, 2017).

Possible Solutions

1. *Promoting Debt Transparency Agreements.*
   International organizations such as the IMF and the World Bank might require countries participating in Belt and Road Initiative (BRI) projects to sign clear and transparent loan agreements. This will ensure that recipient countries fully understand the financial arrangements, lowering the possibility of hidden debt traps and increasing accountability between lenders and borrowers. (International Monetary Fund, 2021).

2. *Strengthening Multilateral Cooperation*
   Nations such as the United States, India, Japan, and Australia could extend partnerships like the Quad and Blue Dot Network to provide long-term infrastructure finance as an alternative to the BRI. By focusing on high-quality, transparent, and environmentally responsible projects, these coalitions might meet developing countries' infrastructure needs without burdening them with unsustainable debt. These

actions would also contribute to the balance of geopolitical influence in strategically key regions (US Department of State, 2021).

3. *Creating programs for borrowing nations*

The United Nations Development Programme (UNDP) might create plans to increase the bargaining power of countries seeking infrastructure funding through the BRI. This method could help developing countries avoid exploitative financing or debt diplomacy traps and manage infrastructure projects more successfully (United Nations Development Programme, 2020).

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