

## A PETITE DEPICTION OF NEPALESE ECONOMIC & BELT AND ROAD INITIATIVE

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### Abstract

The impact of globalization is integration of international economies but in an unequal way. Belt and Road Initiative of China now has become collective. The expectation of collective participation in BRI is to forego unequal integration and initiate inclusive and equitable development for all. Nepal also participates in this initiative with similar aspirations. China has linked her west development strategy with BRI and Nepal's connectivity is currently through Western autonomous region Tibet in the form of bilateral cooperation. This participation of Nepal shall characterize two distinct features: regionality and specificity. Regionality refers to priority concentration on directly connected Tibet and role of adjoining provinces like Sichuan, Yunnan and Xinjiang and Specificity refers to study of specific sectors like agriculture, industry, finance, tourism of these regions. The study of comparative requirement of these regions (regionality) in specific sectors (specificity) is primacy to obtain benefits from BRI.

**Keywords:** Comparative necessity, regionality, specificity, belt and road, collective, inclusive

**Introduction.** The joint communiqué of Belt and Road forum for international cooperation in Beijing on May 16, 2017 recognized the challenges of world economy, with growth of global trade and investment remaining tempered and rule-based multilateral trading regime yet to be strengthened, and notes *“The Silk Road Economic Belt and 21<sup>st</sup> century Maritime Silk Road (The Belt and Road Initiative) can create opportunities amidst challenges and changes; we welcome and support the Belt and Road Initiative to enhance connectivity between Asia and Europe, which is also open to other regions such as Africa and South America.”*<sup>4</sup> The Belt and Road Initiative now doesn't remain as dream of a single determined leader. The framework of Belt and Road Initiative commits to build an open economy, ensure free and inclusive trade and opposes all forms of protectionism. The leaders of the participant country agreed on special attention to remove bottlenecks of development and achieve efficient connectivity in case of least developed countries, landlocked developing countries, small-island developing states and middle-income countries. The Chinese leadership has become successful on convincing and accommodating most of the leaders to participate and endeavor on promoting a non-discriminatory and equitable multilateral trading system. Weidong Liu & Michael Dunford has emphasize restructuring and upgrading of Chinese economy from an export-oriented and factor-intensive to a more balanced, innovative and sustainable path<sup>5</sup>. Jin puts BRI (Belt and Road Initiative) as China's 'new thinking' about its globalization strategy where AIIB (Asian Infrastructure Investment Bank) and NDB (BRICs New Development Bank) are multilateral financial instruments<sup>6</sup>. Furthermore Liu and Dunford also see BRI as a driver of global economic growth and regional economic integration. China's success has created interest in its development model in countries which wish to get richer<sup>7</sup>. Chinese development model has attracted numerous countries which have helped to involve

development aspiring countries in the project of BRI but the challenge lies on creating equal development. At first profits become high due to low wage but cost of production gradually increase and companies search opportunities in other countries. Money is lent to these countries if they couldn't afford infrastructure and product. Market is expanded to such area creating channel for own products and use of raw materials. An unequal industrial and financial but an integrated economy is created. More countries wish to overcome this unequal development model and access equitable multilateral development through BRI. Liu and Dunford describes the scope of Chinese economy as "Three decades ago China was small semi-closed economy accounting just 5% of world GDP and 1.5% of world exports with 23% of world population, which reached 13.4% of world GDP and 12.2% of world exports". In manufacturing, China is ahead with ranking first in the output of 200 manufactured goods. Quah shows the geographical centre of world economy is shifting eastward. This shift generates ample opportunities to least developed and developing countries of this region<sup>8</sup>. China has also developed into one of the major outward investor. Alon argues a new phase of globalization of Chinese economy in particular is due to increase in outward Foreign Direct Investment (FDI)<sup>9</sup>. Chinese economy can be categorized into two distinct phases with respect to trade. Earlier Chinese economy witnessed very fast inward FDI's. From 1900 to 2000's the annual growth rate of inward FDI (27.8%) was much higher than that of China's trade (15.2%)<sup>10</sup>. This dependent stage of globalization made Chinese learn new managerial skills and technology, created new and upgraded industries with enhanced efficiency. After joining World Trade Organization in 2001, Chinese trade started to grow astonishingly. During trade globalization, rate of growth of inward FDI became less. As the trade volume grew, trade surplus grew, Chinese outward FDI started to increase much faster than trade and inward FDI. In 2006-2014 outward FDI grew at 23.7% per year compared to 11.8% trade and 8.3% inward FDI<sup>11</sup>. This globalization of capital requires closer international relations and cooperation, closure understating of fiscal and monetary policies of other countries, and global economic governance. In 2014, coal accounted for 66% of china's energy requirements and oil for 18%, hydroelectric power for 8% and natural gas for 6%<sup>12</sup>. IEA estimates Chinese imports of crude oil increase to 8 million bbl/day in 2020, 11.4 in 2030 and 14.3 in 2040<sup>13</sup>. In gas pipeline development Ericson argues suppliers seek long term contracts, stable prices and take-or-pay clause to guarantee revenue streams and consumers want long term contracts with a pricing formula that permits market driven renegotiation, seek equity share in resource extraction and transport to secure control over supply and cost. IEA study shows Chinese national oil companies invested 83.2 billion USD as merger and acquisitions of foreign oil and gas companies which is estimated 72.52 billion USD in just three years from 2011 to 2013 AD<sup>14</sup>. China's BRI is also designed to help address issues related to energy establishing pipeline connections from Russia and Kazakhstan and 0.4 million bbl / day pipeline from Myanmar in 2015 as an alternative transport route to Middle East avoiding Malabar strait<sup>15</sup>. Ahead in manufacturing and export of manufacturing products, increasing outward FDI and increase in energy consumption has enabled China to enhance connectivity whereas increasing labor wages eroding competitiveness in labor-intensive industries, stagnation of export and environmental/ecological impact of resource-intensive growth has assisted China to upgrade industry via innovation, structural, spatial shift and explore new domestic and international markets. According to National Bureau of Statistics of China average annual employee wage has increased by 16.2% in 2000 – 2014 AD motivating relocation of manufacturing capital. Similarly China's export to European Union and Japan has slightly decreased in 2013 and 2014 resulting necessity of exploration of new markets. Pollution and pursuit for sustainable development will pressurize restructuring of Chinese industries.

### **BELT AND ROAD INITIATIVE: COLLECTIVE, OUTWARD AND INCLUSIVE?**

China plays new and more active role in global arena through Belt and Road Initiative which proposes a new initiative for deeper international cooperation and open development. The principle of

this initiative states *“This initiative is harmonious and inclusive. It advocates tolerance among citizens, respects the paths and modes of development chosen by different countries, and supports dialogue among different civilizations on the principle of seeking common ground while shelving differences and drawing on each other’s strengths, so that each country can coexist in peace for common prosperity.”* Economic globalization in one hand has brought benefits in form of commodities, capital and services to least developed countries. But small states also perceive the impact of this global economic interchange as an integrated but unequal economy. Belt and Road Initiative has principled harmonious, inclusive and non-interference approach which has attracted most of the countries to participate and gain appropriate benefit accordingly. Belt and Road Initiative has attained a collective interest but also needs to assure as a provision for inclusive development addressing issues of unequal but integrated economies.

### **‘WEST DEVELOPMENT’ and NEPAL**

The western development strategy of China was launched by Peoples Republic of China (PRC) state council in 1999. Chinese State Council states the western regions development strategy should continue and strengthen coordination with other major strategies like Belt and Road Initiative and Yangtze River economic belt<sup>16</sup>. One of the most important flagship projects of BRI is the China-Pakistan Economic Corridor (CPEC) which links Kashgar in Xinjiang, an autonomous region of west China, with Gwadar port of Pakistan. Bhutia writes 10<sup>th</sup> Tibet people Congress announced the launch of ‘Himalayan Economic Rim Project’ in 2015 which refers to ports (land) in Tibet Autonomous Region (TAR) including Zham, Kyirong and Purang economically supported by Shigatshe and Lhasa<sup>17</sup>. National development and reform commission of China visions promoting border trade, tourism and culture cooperation between TAR and Nepal. Similarly the commission emphasizes on *“The geographic advantage of Yunnan province, advancing the construction of internal transportation corridor connecting China with neighboring states, developing a new highlight of economic cooperation in the Greater Mekong sub region, and make the region a pivot of China’s opening up to the South and South-East Asia.”*<sup>18</sup> It can be seen that Chinese government has adopted a Western development strategy where development of western regions are prioritized and that development strategy is linked with Belt and Road Initiative. In regards to connection with Nepal there are three different models discussed in various phases of time:

- *A regional connectivity through Bangladesh-China-India-Myanmar (BCIM) economic corridor which connects Yunnan province of China with Myanmar, Bangladesh and East India. Gaurav Bhattaraio pinions Chinese scholar’s belief that Nepal shall participate in BCIM<sup>19</sup>. Now this BCIM is being renamed as BCIM+N, where N is for Nepal. Madhukar SJB Rana argues Nepal shall take advantage of mid-hill east west highway and link it to Uttarakhand and Sikkim to create a greater Himalaya economic corridor by extending the economic corridor to Bhutan and Nepal<sup>20</sup>.*
- *Trilateral cooperation among China, India and Nepal where Nepal acts as a bridge between China and India. Madhukar SJB Rana says Nepal has clearly wished to act as a land bridge between Central and South and South East Asia<sup>21</sup>.*
- *Bilateral cooperation between China and Nepal through connection of China and Nepal through railways. Prof Dai Yonghang says expansion of railway from TAR’s Shigatse through Kirong-Rasuwagadhi port upto Kathmandu, Pokhara and Lumbini will mutually benefit China and Nepal<sup>22</sup>. Liu Yongfeng emphasizes the construction of Kirong port, reconstruction of Khasa port in scientific way, and improve and consolidate the function of Lhasa airport and further states.*

*“TAR should enhance China-Nepal economic and trade cooperation in a comprehensive manner and develop China-Nepal border trade and logistics so as to form the frontier area open to South Asia; actively promote the border trade, and build a number of border trade markets and spot with perfect facilities for foreign and domestic trade, pay equal attention to the going-out and bringing-in strategy,*

enhance the ability to export self-produced goods, and expand the scope of the imported goods so as to upgrade the version of foreign trade and economic cooperation.”<sup>23</sup>

### **COMPARATIVE NECESSITY: REGIONALITY AND SPECIFICITY**

The Western development strategy links Western provinces and autonomous regions of China with Belt and Road Initiative. Tibet Autonomous Region is of uttermost importance to Nepal as it envelops Nepal from north and directly connects to Nepal through Kirong - Rasuwagadhi port. Although other provinces are important, Nepal's major trade activities and economic planning will prioritize Tibet rather than other provinces and autonomous regions as Tibet will be directly connected via Belt and Road Initiative. TAR is enveloped by other provinces and autonomous regions like Yunnan and Sichuan from east and Xinjiang and Qinghai from north. As TAR is important for Nepal because of its direct connectivity, provinces and autonomous regions which envelop Tibet also becomes equally important. The agricultural, industrial and service competency of these adjoining states will help us understand their economic strengths and necessities. In addition study of these adjoining geography will help understand what TAR is importing and exporting. In addition Xinjiang connects to Gwadar port of Pakistan from Kashgar via China-Pakistan economic corridor. The connectivity through Central Asia to Europe also passes through Urumqi city of the same autonomous region Xinjiang. Similarly Yunnan province connects to East Asia (Myanmar) and South Asia (Bangladesh, India) through BCIMEconomic corridor. Kunming city of Yunnan province connects with Mandalay (Myanmar), Dhaka (Bangladesh) and Calcutta (India). Similarly Sichuan province connects both Yunnan and Tibet which is the hometown of great Chinese leader Deng Xiaoping and ranked first in economic strength in whole west China<sup>24</sup>. After connecting in Belt and Road Initiative, Nepal shall prioritize its focus in this special Western region with provinces and autonomous regions discussed above (TAR, Xinjiang, Yunnan and Sichuan) to obtain maximum benefits. The population of TAR in 2015 AD was 3.24 million. Among this 0.9 million is urban residence whereas 2.34 million is rural residence. 27.78% of population is urban dweller whereas 72.22% of population is rural dweller in TAR. TAR's Gross Domestic Production (GDP) was 102,639 million Yuan in 2015 which is an increase of 10.21% from 2014 AD. In this composition of GDP, highest contribution towards TAR's GDP is from the 'construction' sector which is 30,631 million Yuan constituting to 29.8%. TAR is a rural region with very high rural dwelling but gradually converting into urbanized region. Walker shows various construction projects in TAR in the sector of hydropower, river diversion and infrastructure development like railway lines<sup>25</sup>. There is a gradual shift from TAR's rural dwelling towards fast, urbanized and industrialized centre. The extension of Qinhai-Tibet railway from Lhasa to Shigatse, further to Kirong (Nepal's border) from Shigatse by 2020 AD will modernize and accelerate the pace of lifestyle in TAR. This shift and development in TAR is gradually making this region an important asset for Nepal's development opportunities in different economic sectors like agriculture, industry and service in conjunction with adjoining provinces and autonomous regions.

### **AGRICULTURE**

In agricultural production, Tibet produced 5,000 tons of rice, 234,000 tons of wheat and 8,000 tons of corn in 2015 AD. The population of Tibet was 3.24 million in 2015. Amount of rice per person is 0.001 tons (5000/3.24 million), wheat per person is 0.072 tons (234,000/3.24 million) and corn per person is 0.002 tons. This is very less production compared to higher dwelling in rural area. Other agricultural products like beans, tubers, rapeseeds are also produced in less quantity in TAR. Similarly fruits like apple (6000 tons), citrus (1000 tons), and pears (1000 tons) are also produced in lesser quantity. Nepal has ample opportunities to export these agricultural products in Tibet. While planning export of these products Nepal shall analyze production capacity and pricing of these products in adjoining provinces too to benchmark product cost and quality.

SN	Province	Production (10,000 tons)					Population (millions)
		Rice	Wheat	Corn	Sugarcane	Rapeseeds	
1	Yunnan	659.7	90.6	747.3	1930	56.1	47.42
2	Sichuan	1552.6	426.3	765.7	54	238.5	82.04
3	Xinjiang	65.1	698.3	705.1		10.8	23.6

Table 1: Food production and population in 2015

Source: stats.gov.cn

In Yunnan, amount of rice per person is 0.14 tons, wheat is 0.02 tons, corn is 0.15 tons, sugarcane is 0.4 tons and rapeseed is 0.01 tons. Similarly in Sichuan, amount of rice per person is 0.19 tons, wheat is 0.05 tons, and corn is 0.09 tons. In Xinjiang, amount of rice per person is 0.02 tons, wheat is 0.3 tons and corn is 0.3 tons. Tibet has less food production. Nepal has high opportunity of exporting agricultural items like rice, wheat and corn to TAR. Freerice.com writes in countries where rice is a staple part of the diet, the World Food Program provides, on average about 400 grams of rice per person, per day which yields to consumption of 0.146 tons of rice per person per year<sup>26</sup>. Sichuan has optimum production whereas Yunnan, Xinjiang can also be appropriate places for rice export. Wheat also has equal opportunity for export even in Yunnan and Sichuan. Corn can also be exported to Sichuan. Statistical pocket book of Nepal shows production of paddy, wheat and maize in different geographic areas of Nepal<sup>27</sup>. The geography is divided into three different categories namely mountains, hills and Terai. Total production of these different geographies with population is shown herewith.

SN	Region	Agricultural Products (Tons)			Population (2011)
		Paddy	Wheat	Maize	
1	Mountains	157,348	98565.5	194115.9	17,81,792
2	Hills	13,53,876.7	677,460	17,51,199	1,13,94,007
3	Terai	37,56,248	13,97,142.2	414505.3	1,33,18,705

Table 2: Agriculture products of Nepal in 2014/2015

Source: Statistical year book 2015

The amount of paddy per person in Nepal is 0.19 tons. The amount of wheat per person in Nepal is 0.08 and maize per person is 0.09. A report from crop development directorate, Nepal states Terai region accounts for 70% of rice output, hills produce 26% and mountains 4%<sup>28</sup>. Production in hilly and mountain region is low compared to dwelling there so per person index in hilly and mountain regions are not sufficient to export rice currently. In 2014/2015 we imported rice worth 15,612 million NRs. from India. Nepal itself is importing rice from other countries but enhancement of production capacities will generate ample opportunity of exporting rice to TAR of China which becomes easier after connectivity of BRI. The Eastern and Central region of Terai has high production compared to other regions of Terai. Districts like Jhapa, Morang, Sunsari, Saptari, Siraha of Eastern Terai and Dhanusa, Rautahat, Bara, Parsa and Chitwan of Central Terai contribute a significant role on production. Infrastructure connectivity from eastern Terai to mountain regions of Nepal is very necessary for export. Similarly Maize from Hilly region can also be exported to TAR. Eastern, Central and Western hilly regions share larger contribution of Maize production in Nepal. Ilam, Bhojpur, Khotang of eastern hills, Ramechhap, Sindhuli, Kavrepalanchowk, Makwanpur of central hills and Tanahun, Syangja, Baglung, Gulmi districts of western hills can act as exporter of Maize to TAR of

China. Similarly infrastructure connectivity between hills and mountains ply significant role in export of these products.

### LIVESTOCK

In livestock, TAR produced 15,000 tons pork, 165,000 tons beef, 82,000 tons of mutton, 300,000 tons of cow milk and 500 tons of poultry eggs in 2015 AD. Per person index for pork is 0.004, beef is 0.05, mutton is 0.025, milk is 0.09 and egg is 0.0001. Due to high meat eating habit, the production of pork, mutton and egg is not sufficient in TAR. There are adjoining provinces which has significant impact on distribution of such products in TAR.

S N	Province	Production (10,000 tons)					Per Unit production (production / population) tons					Popln (mlns)
		Pork	Beef	Mutton	Cow Milk	Egg	Pork	Beef	Mutton	Milk	Egg	
1	Yunnan	288.6	34.3	15	55	26.5	0.06	0.007	0.003	0.01	0.005	47.42
2	Sichuan	512.4	35.4	26.3	67.5	146.7	0.06	0.004	0.003	0.008	0.01	82.04
3	Xinjiang	33.1	40.4	55.4	155.8	32.6	0.01	0.017	0.023	0.06	0.013	23.6

Table 3: Livestock and per unit in 2015 AD

Source: stat.gov.cn

Similarly, pork production in Xinjiang, beef and mutton production in Yunnan, Sichuan, and Xinjiang, milk in Sichuan and egg in all three provinces are very less compared to respective population. Statistical year book of Nepal (2015) shows livestock production in Nepal. Nepal produced 333,741 tons of meat and 87.9 million numbers of eggs in 2014/2015. The highest meat production in 2015 was buffalo as 191,413 tons, mutton and goat combined as 69,920 tons and pork as 22,148.5 tons. Per unit production for buffalo meat is 0.007, Mutton is 0.002 and pork is 0.008. Cultural and religious differences in Nepal make people eat distinct meat type but here we haven't considered that to compute actual index of supply capacity. Per unit index of egg in Nepal is 33.2 (which means an individual could have 33.2 numbers of egg in 2015 AD). The production capacity of Nepal is not sufficient to export livestock and eggs to TAR although there is very limited production and very high probability of exporting these livestock to TAR and some adjoining provinces and autonomous regions of China. Nepal can enhance production capabilities of agricultural products like rice, maize and connect Terai region with mountain region of Nepal through proper infrastructure to enable export of Nepali agriculture to nearby regions of China. Similarly, enhancement in production of livestock is also favorable for Nepal as the production capacity of TAR and nearby provinces provides great opportunity for Nepal to export livestock.

### INDUSTRY

As per China's national bureau of statistics the contribution of industry in TAR's Gross Domestic Product (GDP) was 6.8% in 2015 AD which counts to 6,988.00 million Yuan. The industrial sector of TAR is also not very strong but adjoining provinces and autonomous regions are very strong in industrial sector, industry is the largest contributor of GDP for Sichuan, Yunnan and Xinjiang. Sichuan contributes 37% to GDP comprising 11,03,908.00 million Yuan, Yunnan contributes 28% comprising 3,84,826.00 million Yuan and Xinjiang contributes 29% comprising 2,74,071.00 million Yuan. The

highest contributor of TAR’s GDP is construction sector with 29.84% comprising 30,631.00 million Yuan. Although highest contributor is construction sector, production of cement in TAR is not satisfactory. TAR produced only 4.67 million tons cement in 2015 AD. But production capacity of cement in adjoining provinces and autonomous regions is very high. Sichuan alone produced 140.91 million tons of cement with construction sector of 232,138.00 million Yuan. Investment Board Nepal (IBN) reports 10% growth in cement industry annually with current shortfall in domestic production to meet the increasing demand. Industry is not very strong in TAR but comparatively adjoining provinces and autonomous regions are strong<sup>29</sup>.

**TOURISM**

Tourism has ample opportunity after connectivity of BRI. The disposable income of household in adjoining regions of China is increasing. TAR’s average disposable income was 12,254.3 Yuan, Yunnan’s 15,222.6, Sichuan’s 17,221 Yuan, and Xinjiang 16,859 Yuan in 2015 AD which is lucrative to Nepal. Following table shows net source of income for these regions in 2015 AD.

Province / Autonomous region	Wage / Salary	Business	Property	Finance / Transfer
Tibet	6,227.1	3,956.8	498.8	1,571.6
Yunnan	7,067.7	4,051.4	1,644.8	2,458.6
Xinjiang	8,610.8	3,697.8	1,073.7	3,838.6
Sichuan	9,107.6	4,204.3	676.4	2,870.8

Table 5: Types of income  
Source: stat.gov.cn

The highest contribution of net income for all four provinces and autonomous region is salary and wage and working peoples constitute maximum net income. The BRI connectivity will further diminish traveling cost and provide beautiful traveling experience through Himalayan region. In addition domestic tourism is also high in this region. Yunnan had 1.5 million and Sichuan had 0.79 million person-times domestic visitors in 2015 AD. These domestic visitors are also probable customers as tourist in Nepal. Nepal can devise packages for adjoining provinces like Yunnan and autonomous regions like Xinjiang which can attract spill over domestic tourism to Nepal possible through connectivity of BRI.

**FINANCE**

Financial sector also needs assessment after the connectivity through BRI. Insurance is also one such sector which needs serious assessment after this connectivity. Currently most of the goods are transported to Nepal through land and sea. Goods imported from third country (outside India) also first come through sea than through land route to Nepal. Insurance applicable to goods are also devised accordingly. But after connectivity through BRI the mode of transportation will change into railways and/or roadways. This shift is important for diversification of national economy towards global access which will have two distinct impacts: a. the provision and premiums of insurance will change and b. Chinese insurance companies will also participate in this trading. The insurance sector in TAR and adjoining regions is big. The premium of primary insurance in Tibet was 1,736 million Yuan, Yunnan was 43,460 million Yuan, Sichuan was 126,731 million Yuan and Xinjiang was 36,743 million Yuan in 2015 AD. This totals to 208,760 million Yuan of capital in neighboring region of Nepal. This capital

can be invited through joint partnerships to direct investments in various sectors of Nepal. Physical connectivity and activities generated creates opportunities for financial connectivity.

## **CHALLENGES**

A way to acquire competitiveness in Nepali product comes due low transportation cost. Constructions of public goods like roads are necessary to connect Terai region with mountain regions of Nepal, which will help to export relevant products to neighboring provinces of China. But there is growing trend of increasing land prices which raises cost of infrastructure ultimately increasing the cost of export commodities. Least contribution to regional GDP in Tibet is from 'Real State' sector which contributes 2.85% in 2015 AD. Although contribution is less this amount 2,933.00 million Yuan is high compared to Nepal's economy. There is a prominent threat of spillover of this money, especially in bordering regions. As Nepal also rapid infrastructure development spillover of even small percentage can raise land prices ultimately making such projects expensive. The challenge of Nepal government remains tracking of such inward capitals which mostly come in hidden forms. Nepal's major unit of analysis for economic development is Tibet which creates compulsion of study of adjoining provinces. The adjoining provinces like Yunnan and autonomous regions like Xinjiang are further connected with other countries. The scope increases due to Xinjiang connection with Pakistan (China-Pakistan economic corridor) and Central Asia and Yunnan's connection with Myanmar, Bangladesh and East Asia. The study shall gradually enhance into Pakistan which connects to Tibet through Xinjiang, Myanmar which connects to Tibet through Yunnan and Central Asian countries which connect to Tibet through Xinjiang.

## **CHANNELS TO CONSIDER**

Physical connectivity paves way for interchange of goods and services. BRI also acts as such connectivity for interchange of goods and services between Nepal and China. But channel utilized to achieve such interchange is also important. Most examples show Chinese projects based on a G2G level (government to government). But there is a gradual shift in ownership of enterprises in Chinese economy. Among 9,441 enterprises in TAR in 2015 AD, nearly 72% are private holdings with highest contribution and only 10% are state owned. Similarly 82% in Sichuan, 76% in Yunnan and 82% in Xinjiang are private holding enterprises. This shift in Chinese economy, especially in the Western part of China is very crucial to understand for countries like Nepal. Nepali government shall motivate Nepali private sectors to participate as a prominent channel in this connectivity. Though G2G channel has importance in various sectors of development, the role of E2E (enterprise to enterprise) channel can't be ignored. This channel can produce more enterprise-enterprise level relations in TAR and adjoining provinces.

## **CONCLUSION**

Nepal's connectivity through BRI provides immense opportunities. Such opportunities shall prioritize regionality to directly connected TAR and adjoining regions like Xinjiang, Yunnan and Sichuan in specific areas like agriculture, industry, finance and tourism. There is immense opportunity in areas like agriculture, livestock, tourism and finance with challenges of managing spillover of backdoor capitals too. The motivation of enterprises for (Enterprise to Enterprise) E2E channels of cooperation is also necessary to obtain benefits from BRI.

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