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From Connectivity to Dependency: A Comparative Analysis of China's BRI through CPEC in Pakistan and Hambantota in Sri Lanka

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Abstract
The Belt and Road Initiative (BRI) is a Chinese-launched project in 2013 that is a revolution in connecting, trading, and influencing Eurasia and the world at large. This paper attempts a comparative examination of BRI implications on two South Asian key developing economies, Pakistan as a participant, via project China-Pakistan Economic Corridor (CPEC) and Sri Lanka via the Hambantota Port projects. Based on qualitative case studies and secondary data between the period of 2020 and 2026, the study will discuss how the BRI facilitates economic integration and the promotion of infrastructure building and in the process redefines the regional power relations. The main findings are to focus on the better energy security, the creation of employment opportunities, and the connection of the regions to each other, contrasted with the threat of the dependency on debt, the issues of sovereignty, and the growth of the Sino-Indian competition. CPEC forms better strategic relationships with China but worsens the relationship with India regarding the contested territories in Pakistan. The debt relief measures in Sri Lanka have increased perceptions of the so-called debt-trap diplomacy, and it is changed in Indian Ocean geopolitics. This paper highlights the multipurpose nature of the BRI as an economic facilitator and instrument of the revisionist objectives of China hence threatening the hegemony of the United States and India in South Asia. Suggestions on sustainable management of debts and multilateral control as solutions to reduce the risks are included, as a part of the extensive debates on world infrastructure projects and their geopolitical impacts.

Key words: BRI, Pakistan, Sri Lanka, Global, Infrastructure, Economy, Integrations, South Asia.

Introduction
Belt and Road Initiative (BRI) that was announced by the Chinese President Xi Jingping in 2013 is one of the greatest projects of global infrastructure and economic interconnectedness in modern history.[1] The BRI has been subsequently reconsidered as the One Belt, One Road, including the overland Silk Road Economic Belt and the Maritime Silk Road, whereby China integrates with the rest of the world in terms of trade, economic integration, and cultural exchange as it improves China as the hub of more than 147 countries, with an estimated investment of up to 8 trillion.[2] The

[1] Christoph Nedopil, *"China Belt and Road Initiative (BRI) Investment Report 2025,"* Griffith Asia Institute, 2026.
[2] *"China signs record US$213 billion of new 'belt and road' deals in 2025*," South China Morning Post, 2026.

BRI has become a critical factor that is transforming the regional dynamics in the South Asian region, one of the developing economies, geopolitical tensions and lacking infrastructure. Countries such as Pakistan, Sri Lanka, Bangladesh Nepal, and the Maldives have been prolific and forthcoming into BRI projects to bridge the development gap, and investments are in ports, highways, energy plants, and special economic zones. The move has heightened the competition among the major powers- especially China and India- whereas bringing about scrutiny to the United States and other Western players anxious as China is gaining momentum in its influence. In a comparative way, the paper uses Pakistan and Sri Lanka as case studies.[3] CPEC, a flagship project worth more than US 60 billion and linking China (Xinjiang Province) with Pakistan (Gwadar Port), on the Arabian Sea, is best typified by the presence of Pakistan in the BRI, as this investment has contributed to eliminating energy shortages that have plagued Pakistan, as well as urbanizing the underdeveloped Balochistan province.[4] Nevertheless, geopolitical tensions are also quite high: India views CPEC as an act of foreign empire, with the corridor passing through several disputable areas in Pakistan-controlled Kashmir, thus, one should be concerned about the encirclement policy of China, who is commonly called the String of Pearls.[5]

The BRI experience in Sri Lanka focuses on the Hambantota Port which is a deep-water port built by Chinese loans of over 1$ billion, which failed to generate profitability leading to a 2017 debt-for-equity swap whereby China Merchants Port Holdings acquired a 99-year lease of the port in exchange for the debt being written off. Inaugurated in 2010 the port was also supposed to be used to boost maritime trade.[6] These developments have significantly changed the geopolitical formations in the South Asian region. The BRI gives an impetus to China to revise its goals and, therefore, challenges the U.S.-led liberal order by contributing to the rise of other models of development and governance: in Pakistan, where the close relations between China and Pakistan have led to military collaboration such as joint arms production and 81 percent of the arms that Pakistan has imported since 2020-2024.[7] this alliance has added a new twist to regional security dynamics to glean the impact of the situation after the 2025 India-Pakistan skirmish where Chinese concern to countries beyond the region, the Hambantota lease has deepened the fears of India about China proximate to critical infrastructure, including Huawei 5G deployments, and social, including 2022 default of Sri Lanka, highlighting the risks of over-reliance on Chinese funds.[8]

The discourse on the BRI in terms of geopolitical implications is polarized, which is exposed in literature. More people on pro-Boost sides, usually of Chinese viewpoints capitalize on the mutual benefit and win-win partnership, how the BRI can fit the Sustainable Development Goals, including poverty reduction and infrastructure growth; nevertheless, many of the issue of transparency and sovereignty remain unresolved. The importance of the study is that it takes a comparative stance by comparing the land journey by Pakistan and the seafaring nature of Sri Lanka to clarify the influences diverse in the BRI. The goals are: (1) evaluating the economic benefits and geopolitical costs of the engagement; (2) evaluating the changes in regional alliances; and (3) suggesting the policy framework to be used in engaging sustainably. It is methodologically implemented through the application of qualitative analysis of secondary literature (reports of think tanks (like MERICS) and Springer publications) of 2020-2026, which is why it is timely due to the changing nature of events, such as the 2025 Kashmir conflict. So BRI in South Asia is a good example of balancing the processes of development and geopolitics in the twenty-first century. Since there are still projects going on at both ends of the globe with the BRI withdrawal

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[3] Ibid,1.

[4] *"China–Pakistan Economic Corridor,"* Wikipedia, accessed January 21, 2026.

[5] *"Geopolitical Implications of BRI in South Asia*," ResearchGate, 2025.

[6] Deborah Brautigam, *"Debunking the Myth of 'Debt-trap Diplomacy',"* Chatham House, 2020.

[7] "*China–Pakistan Economic Corridor,"* Wikipedia, accessed January 21, 2026.

[8] *"Sri Lanka's Economic Crisis: Lessons for those in China's Debt,"* Observer Research Foundation, 2023.

and alternative proposals by the U.S.A. so far, actually, redefining alliances is required by Pakistan and Sri Lanka, so that connectivity leads to prosperity and not dependence.

Literature Review

Dubbed the Belt and Road Initiative (BRI), was introduced in the year 2013 by China, which has brought a lot of scholarly debate around its geopolitical implications, especially in South Asia.[9] The presented literature review is a synthesis of the critical articles published during 2020-26 and focuses on the dual nature of the BRI as both an economic unifier and a strategic tool that transforms power balances in the region.[10] Based on qualitative analyses, case studies, and theoretical frameworks, the review questions the effects of the BRI on Pakistan through the China Pakistan Economic Corridor called CPEC[11] and on Sri Lanka through such projects as the Hambantota Port.[12] They include peer-reviewed journals, think-tank reports, and policy analyses, showing partisan views, the advocates highlight the economic benefits and interconnectedness, and the opponents emphasize their debt relationship, loss of sovereignty, and the increase in rivalries. The author has organized the review according to theoretical perspectives, world frames, geographical provisions, nation-specifics, and comparative lessons, thus realizing white spots in the form of the under-researched environmental and social risks under changing global tensions. The research on the BRI utilizes a wide range of theoretical perspectives in trying to explain the strategic aspects of it. Neorealism based on the balancing of power and survival of states in an anarchic environment prevails in discussions that view the BRI as a China mechanism of increasing relative power.[13] In this paradigm, the BRI gains resource paths, nurtures dependencies, and overcomes U.S. and Indian hegemony in South Asia by investing in infrastructures, which are also strategic resources, such as ports and corridors.[14] An example would be the neorealists stating that the BRI maritime Silk Road threatens the Indian meaning in the Indian ocean such as the so-called String of Pearls strategy that would surround India with ports in Pakistan, Sri Lanka, etc.[15] More recent work of 2024-2026 used this prism to look at post-COVID geopolitics, and the BRI has contributed to the development of multipolarity due to the competition between the U.S. and China.[16] Dependency theory has criticized the BRI as neo-imperialism in which loans lead to the development of asymmetric relationships that enable them to extract resources and undermine the sovereignty of developing states.[17] As a theory shown to be found in Latin American settings, it is assumed that the BRI reproduces core-periphery relationships with China as the core and extorting debts out of its peripheral regimes such as South Asia.[18] Dependency theorists in South Asia also focus on the way that BRI investments contribute to the debt vulnerability, as the Sri Lanka crisis of 2022 is an example of over-reliance on Chinese funding.[19] Soft-power theory also is a subordination of neorealism, as it wants the BRI to be an avenue of cultural and economic affection, preaching the rhetoric of win-win situations to develop alliances without overtly forcing them.[20] Infrastructure is used by China to earn legitimacy and China aligns its projects with Sustainable Development Goals (SDGs), like poverty alleviation. However, critics claim that there

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[9] Ibid,1.
[10] *"The Belt and Road Initiative and Partnership for Global Infrastructure and Investment,"* ScienceDirect, 2025.
[11] Ibid,2.
[12] Ibid,5.
[13] *"The Belt and Road Initiative and Partnership for Global Infrastructure and Investment,"* ScienceDirect, 2025.
[14] Ibid,13.
[15] *"China signs record US$213 billion of new 'belt and road' deals in 2025,"* South China Morning Post, 2026
[16] Ibid,13.
[17] *"Debunking the Myth of 'Debt-trap Diplomacy',"* Chatham House, 2020.
[18] Ibid,17.
[19] Ibid,8.
[20] Ibid,5.

is revisionist agenda behind this facade, and as such, this obliterates liberal institutionalism, providing alternative forms of governance. Newer theories, including relational theory, highlight interdependent and alliances as a key element, and the BRI is considered to be constructed co-dependently and not imposed. Combined techniques, harmonizing neorealism, neoliberalism, and constructivism, can provide subtle ideas of power relations of the BRI in the context of ASEAN and South Asia.[21] The documents around the world outline the BRI as a 1-8 trillion network linking 147 countries in a network, which claims to contain the excess of China, but facilitates connectivity and SDGs. According to proponents, there are mutual benefits, and regions are integrated into international value chains as they shift towards high-quality post 2020.Critics on the other hand consider the initiative to be geopolitical expansion, with the use of debt as a lever of power as well as countering the Western orders by using alternatives like the Partnership for Global Infrastructure and Investment (PGII).[22] Recent research (2024-2026) underlines that the BRI remains resilient due to the challenges of deglobalization, but it is best to avoid risks, some of which include the failure to manage the risk and environmental pollution. Similarities to dependency appear in Africa and Latin America, where the BRI has led to the establishment of economic relations and at the same time the issue of sovereignty is raised. In South Asia, facing a shortage of infrastructure of more than 2.5 trillion dollars,[23] and the lack of intra-regional trade, the BRI has spent a total of more than 150 billion dollars in investment, which leads to integration, and creates regional rivalry.[24] Scholarship defines that through its aid directed at Bangladesh, Nepal, and the Maldives, the BRI is redefining geopolitics to subvert the dominance of India through the so-called String of Pearls.[25] Displacement, as well as environmental and social risks, are mentioned along with job creation and energy security. Geopolitically, it strengthens the Sino-Pakistan relations, challenges India by using disputed Kashmir routes, and extends its influence to Afghanistan, but it also results in debt charges (20-22%) increase so it observes the lag due to instability, IMF bailouts, and criticizes opaque finances. Sri Lanka BRI on Hambantota port and Colomb port city ($3.6+billion) aids recovery connectivity and tourism but in 2017. 99-year lease (loans totaling $1.12-1.3 billion) is criticized by critics as a so-called debt-trap, which increases concerns about sovereignty and Indian-Ocean militarization under the 2022 crisis (Chinese debt 6-10 per cent.) which are caused by domestic politics and not systematic entrapment, with the benefits of FDI being attributed.[26] In comparison, the two instances illustrate weaknesses in debt and advantageous interests, but differs in territory wrangles (Pakistan) and in the form of maritime lease (Sri Lanka). Such gaps are the lack of long-term sustainability analysis with the regard to 2025-2026 events and, thus, the necessity to perform such empirical research as multilateral oversight.

Pakistan Case Study - China-Pakistan Economic Corridor (CPEC).

This is the case with the China-Pakistan Economic Corridor (CPEC) which is a multifaceted infrastructure and economic partnership worth more than 60 billion dollars and is a flagship of the China Belt and Road Initiative (BRI). Spanning highways, railway, energy, and industrial resource development, coupled with digital infrastructure by linking Xinjiang of China to Gwadar Port at the Arabian Sea, CPEC is meant to expand trade, energy security, and connectivity on the region.[27] By the year 2026, CPEC will have become its second stage, labeled CPEC 2.0 where its interest straddles massive infrastructure growth down to high-quality development in the industrial,

[21] *"Pakistan's Industrial Renaissance Under CPEC 2.0,"* Eurasia Review, 2026.
[22] *"The Belt and Road Initiative and Partnership for Global Infrastructure and Investment,"* ScienceDirect, 2025
[23] *"Belt and Road Initiative,"* Britannica, accessed January 21, 2026
[24] *"China's increasing footprint in South Asia,"* GIS Reports, 2025.
[25] Ibid,6.
[26] Ibid,3.
[27] *"China–Pakistan Economic Corridor,"* Wikipedia, accessed January 21, 2026.

agricultural, mining, green energy, and innovational development sector and fits within the five Es model of URAAN Pakistan (URAAN Pakistan 5Es) and the eight major steps toward BRI cooperation.[28] On the one hand, this case study investigates the economic contribution, geopolitics, and challenges of CPEC and the latest updates of the project (2025-2026) based on qualitative data of government reports, think tank, and foreign analysis. CPEC has also contributed greatly to the infrastructure and energy industry of Pakistan in terms of economic strength. Early projects with more than 10,000 megawatts to the national grid, solving chronic power shortages, which reached over 4,500 MW, through projects such as coal, hydro, and solar plants at Port-Qasim, Thar, and Quaid-e-Azam Solar Park. Transportation improvements, such as highway networks 510 km long and grid networks 886 km long have half the time it used to take Karachi to reach Lahore and allow 25.93 billion dollars of direct Chinese investment by mid-2025.[29] Gwadar Port is a core node, which processed 1.2 million tons of cargo in 2025, compared to insignificant amounts in the years before CPEC, and served to export minerals and agricultural products to China. Within CPEC 2.0, the special economic zones (SEZs) such as Rashakai, Dhabeji, and Allama Iqbal Industrial City have drawn business-to-business agreements worth $8.5 billion at the 2025 Pakistan-China Investment Conference paying attention to electric vehicles, information and technology and agriculture.[30] The Agricultural cooperation program under the name Livelihood Corridor has increased exports with Pakistan aiming at exports of 10,000 metric tons of sesame to China by 2025 by contract farming and transfer of modern technology.

In Balochistan and Khyber Pakhtunkhwa, there are mining projects such as copper and gold mining worth deals of $435 million in 2025, with the Chinese expertise to extract the $1 trillion of minerals in Pakistan. The use of green initiatives (e.g., 85% Chinese financing of the Karakoram Highway realignment to be more climate resilient) or events (e.g., the first anniversary of Suki Kinari Hydropower Project in 2025) highlight this transition to sustainable energy. CPEC has enhanced the Sino-Pakistani connection and has placed Pakistan as the gateway between South Asia, Central Asia, and the Middle East geopolitically. In the case of China, it will offer an alternate path that would avoid the Malacca Strait, and has access to the energy resources of the Arabian Sea despite the ongoing U.S. China tension. To an extended degree military collaboration has enhanced with JF-17 jets and LY-80 systems being produced jointly and even in the following years 81 percent of the weapons Pakistan imported are produced by China (2020-2024).[31] 2025 completion of CPEC to Afghanistan under discussion in trilateral negotiations would contain Central Asia, possibly with connections to Tajikistan and Kyrgyzstan. This has however, created strains with India which considers the passage of the corridor through the disputed Kashmir to be an encroachment on its sovereignty, lending some credence to the "String of Pearls" narrative of Chinese encirclements.[32] These dynamics were revealed in the 2025 India-Pakistan skirmish, Chinese drones being involved. However, there remain problems such as security threats in Baluchistan, where attacks on Chinese workers slowed down the projects in 2025 and will receive greater protection under the CPEC Security Division. Debt sustainability The rise 20-22% in external debt a post-CPEC in a 22% of the debt owed to China, reaching 30 billion by 2026, caused panic in IMF bailouts and circular debt of PKR 1.614 trillion.[33]

Those environmental issues, including the degradation of the East Asian ecosystem, have become the subject of protests, and the uneven distribution of provincial benefits adds pressure on federal issues. Latest events of 2025-2026 are resilient. The 14th Joint Cooperation Committee signed the

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[28] *"Number of special economic zones surges to 44 under CPEC 2.0,"* Dawn, 2026.
[29] *"Progress Update"* CPEC Secretariat Official Website, accessed January 21, 2026.
[30] *"Pakistan, China ink $4.5bn in agricultural investment MoUs,"* CPEC Info, 2026.
[31] Ibid,7.
[32] Ibid,6.
[33] *"Debt Trap Diplomacy,"* Wikipedia, accessed January 21, 2026

Action Plan 2025-2029, which combines five corridors (Growth, Livelihood, Innovation, Green, Open), and the priorities of Pakistan have been incorporated with a focus on growth led by the private sector.[34] In the changing global environment, Pakistan balances relationships: a defense partnership with Saudi Arabia, 2025 balance/hedge against debt obligations; U.S. interests in mining and combating terror without offending CPEC. Overall, CPEC has changed the economic environment of Pakistan at the expense of the risk of debts and geopolitical tensions. By 2026, sustainable, inclusive growth as a result of CPEC 2.0 has potential, as long as security, transparency, and diversification help to reduce risks.

Case Study of Sri Lanka - BRI Projects and Debt Dynamics.

The interaction of Sri Lanka with the Belt and Road Initiative (BRI) of China, which formalized its involvement in 2013, has been based on marine infrastructure, with brightest spots of the Hambantota Port and Colombo Port City and invested over 3.6 billion dollars. Such projects are supposed to make Sri Lanka a logistics center in the Indian Ocean, which would improve trade, tourism, and the recovery of the country, which had a civil war.[35] Within the framework of the 15th Five-Year Plan in China by 2026 that has focused on high-quality BRI cooperation, Sri Lanka projects have developed under debt restructuring and geopolitical analysis. This case study evaluates the economic advantages, debt issues, strategic considerations and the 2025-2026 revisions using the information presented in international reports as well as bilateral agreements. BRI initiatives have enhanced connectivity, and have opened up investment economically. In 2024-2025, the Hambantota Port, which had its infrastructural development based on loans to the tune of 1.12-1.3 billion Chinese dollars since 2010, reported cargo processing growth of 22% and offered new opportunities to work in LPG, bunker supplies, creating more than 2000 jobs and supporting industrial zones.[36] A project managing a reclaimed land of 1.4 billion dollars named Colombo Port City has already become a financial center with tax incentives on its reclaimed area, with 650 million deals already in the area and 6.3 million square meters of space offered as office and residential space by 2025.Other infrastructure development projects such as Matara-Kataragama Railway, expressways have also driven tourism and the reconstruction post 2022 showed a 15% recovery in FDI.[37] The biggest investment since the 2022 crisis, the 2025 entry of Sinopec with a $4.5 billion refinery, Hambantota, will incorporate energy logistics and seek to generate synergies as the port becomes a green solution. This is consistent with the sustainable BRI efforts of China, which include environmental standards in new projects such as CICT and Port City.[38] All in all, BRI has provided 4.8 billion of infrastructure loans between 2010-2015 and has helped in the recovery and placing Sri Lanka in global value chains. BRI has strengthened the Chinese role within the Indian Ocean in geopolitical terms, which has sparked worries on the issue of debt-trap diplomacy. The lease of Hambantota to China Merchants Port Holdings as 99-year debt-to-equity in 2017, in response to debt defaults (Chinese debt at 6-10% of Sri Lanka external obligations of hamburger) has been revised as neo-imperialism, allowing the subject matter of potential naval foothold. India is considering this as the String of Pearls, with countermeasures including the West Container Terminal in Colombo in 2025, which is being loaned by US 553million and partnerships in Trincomalee.[39]

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[34] Ibid,33.
[35] *"12 years into the Belt and Road – what has Sri Lanka achieved so far?,"* Global Connectivities, 2024.
[36] Ibid,3.
[37] Ibid,5.
[38] Ibid,35.
[39] Ibid,6.

Discussion and Analysis

The comparative evaluation of the application of the Belt and Road initiative to Pakistan through the China-Pakistan Economic corridors (CPEC) and Sri Lanka through the Hambantota Port project indicates a fragile nexus of economic prospects, geopolitical realignments and risks involved. Based on the case studies such as infrastructure-driven development, fragility of the debt structure, and the augmentation of Chinese influence with the divergent ones, such as land-based versus maritime orientation, territorial conflicts on Pakistani soil, and lease-based asset transfers in Sri Lanka. Using the data of the 2020-2026 period (with the recent achievements being CPEC 2.0 and refinery project of Sinopec in Hambantota) the analysis employs neorealist, dependency, and soft-power theories that will help assess BRI as both an economic driver and a policy tool that aims to redefine South Asian balance of power operations. It is stressed that BRI brings connectivity and growth and aggravates dependencies, the sense of sovereignty, and regional tensions, which is all the more important in the scenario of Sino American rivalry and American countermeasures.

Economic Integration and Infrastructure Development: Mutually Beneficial but Different Degrees

Both Sri Lanka and Pakistan have taken advantage of BRI to eliminate existing infrastructure shortfalls, which therefore fits the meaning of win-win that China talks of in its narrative of economic development. In Pakistan, the initial step of CPEC (2015-2025) added over 10,000MW into the national grid, alleviating the effects of power deficit that has been of historic importance in limiting the output in industrial sectors; it also created about 236,000 direct jobs in the form of highways, railways, and special economic zones. As of 2025-2026, the CPEC.2020 project has taken a new outlook on high-quality development with five directions to be spread, namely Growth, Livelihood, Innovation, Green, and Open tied with the 5Es dimension of the population Pakistani scheme comprising of Exports, E-Pakistan, Environment, Energy, and Equity. This involves US 8.5 billion bilateral/ multilateral agreements by 2028 in the areas of electric vehicles, information technologies, and agriculture, and Gwadar Port expects to receive 1.2 million tons of cargo in 2025 and that is significantly higher than the pre-CPEC amounts. At Balochistan mining companies have marshalled US trillion in reserves, US collaboration in 2025 deals of 435 million, and green projects like the Suki Kinari Hydropower Project are indications of a transition into sustainability. Likewise, BRI projects have increased maritime connectivity and recovery of the post-war in Sri Lanka. Hambantota Port, which was constructed with loans amounting to US1.12-1.3billion, was able to record a 22 percent growth in cargo throughput in 2024-2025, with 149,980 metric tons of liquefied petroleum gas and 66,044 metric tons of bunkers being processed, a growth of one hundred and 100 percent and 128-128 percent per annum respectively. The US 1.4billion reclaimed-land development project, the Colombo Port City, attracted 650 million vested investments by 2025, and was scheduled to provide financial services and offices such as financial services on 6.3 million square meters. A 2022 crisis is overtaken by the Colombo International Container Terminal which processed more than 5.7 million TEUs in 2025, thus boosting foreign direct investment by 15⁻ percent. Towards the end of its 2025 approval, Sinopec 4.5 bn refinery in Hambantota combines energy logistics and is the largest outlay of energy since its previous crisis. Being comparative, the two cases reveal BRI capacity to fill gap in infrastructure, especially, the US 2.5 trillion regional gap in Pakistan, and post-conflict needs in Sri Lanka, and promotes Sustainable Development Goals of poverty reduction and connectivity. Nevertheless, there is an apparent disparity between the scales: the CPEC scope of $ 60-62 billion is vastly superior to that of Sri Lanka, which is $3.6 billion, reflecting the land-based nature of the corridors of the Pakistani Islamist country, on the contrary, with the focus on the maritime, on the Sri Lankan side. The merging of Pakistan into the global value chains through special economic zones and mining is compared to Sri Lanka focus on port directed tourism and foreign direct investing, however both realize significant results in job creation and urbanization where Pakistan stands at 2.5 million indirect jobs created and Sri Lanka in thousands of jobs generated in industrial zones. Soft-power wise, these advantages strengthen the image of China as a development partner that encourages cultural exchanges and supports the so-called win-win version.

Possible Sources of Debt Dependencies and Sustainability Risk: A typical Weakness.

The debt sustainability becomes a crucial similarity, which is behind the criticisms of the so-called debt-trap diplomacy when the unsustainable borrowing amount translates into assets concessions. In Pakistan, the increase in external debt after CPEC was by 20-22 percent, and $30 billion of debt to China by 2026 - made up 22 percent of total obligations - added to circular debt of PKR -1.614 trillion, necessitating IMF bailouts. This was also encouraged by China, which refused to provide the $ 6.7 billion on the ML-1 railway project at the time, 2025, leading to multilateral financing agreements; CPEC dues amounted to PKR 423 billion, thus putting the management of finances under a huge strain. In Sri Lanka, the debt of BRI (6-10% of the $50 billion of external debt incurred by the sovereign) contributed to the 2022 default, which resulted in the 2017 99-year lease of Hambantota to get out of debt. Restructuring between 2023 2025. $2billion of Chinese relief and $5billion of Japanese funds; however, confusion over the terms of contracts promotes suspicions. According to the dependency theory critiques, these arrangements are neo-imperialistic, and serve the core-periphery devolution of inequality through lending. Nonetheless, other analyses dispute systematic entrapment due to local governance shortcomings; that is, the case of the unstable Pakistan and the debt-heavy profile of bonds, as opposed to a direct prominent role of the Chinese. The differences in debt management would be seen in how Pakistan would be able to renegotiate in greater CPEC cycles and how Sri Lanka has transferred its assets in real time making the sovereignty issues even stronger. Both of these situations are reminiscent of the risks associated with the sunset trap, where an overdependence on low-tech transfer will reduce its innovativeness.

Different Strategic Implications: Geopolitical Changes and Regional Competitions.

BRI geopolitically pursues revisionist agendas by China against U.S.-Indian hegemony through the neorealist principles of power-balancing. CPEC strengthens Sino-Pakistani geopolitical relationships even at the military level through the example of the increased import of armaments by 81 percent then creating and manufacturing the JF-17 fighter jet collectively against the influence of India. In 2025 trilateral discussions which have been drawn into the network, the corridor across contentious Kashmir has raised String 0f Pearls issues to the Afghanistan scenario. The Chinese drone operations were highlighted by the 2025 skirmish and this changed the security landscape. The Hambantota lease raises the level of Indian concerns over naval presence in Sri Lanka, leading to efforts seen in the Integrated Maritime Enforcement Coordination (IMEC) and the Sea and Land Alternative to the Chinas Maritime Expansion (SAGAR). In 2025, the US paid $553 million dollars at the West Terminal of Colombo, thus offsetting the Chinese influence. Similarities consist of reinforcing China in its chain of Pearls, nurturing dependencies and competition, and BRI enhancing Nepal, Bangladesh, and the Maldives. The causes of divergences consist of land corridors of Pakistan which relate to the territorial conflicts in contrast to maritime orientation of Sri Lanka creating fear of militarization without direct common boundaries. In a broader sense, BRI enhances Sino Indian competition, making the U.S. interpret it as predatory economics, and hence Indo Pacific Economic Initiative (IPEI) and Indo Pacific Trade facilitation (IPTF) are the initiatives.

Environmental, Social and Security Problems: Unrecognized Intersection points.
There are vulnerabilities that are common, namely environmental degradation and social displacement. Thar coal projects have caused harm to the ecosystem in Pakistan, and Bukhansan mining projects have caused protests due to labour issues and inequality in the profit distribution in Balochistan. Security threats have also postponed the implementation of the projects, like the case of 2025 attacks against Chinese personnel requiring the effort to improve security measures. Initial phases of Hambantota in Sri Lanka induced some negative effects of degradation of the environment but some of these effects have been decreased through green adaptations implemented in the CICT and Port City. Social consequences are present on the form of displacement though this has been partially neutralized by some employment generation. The provincial tensions in Pakistan may be diverted to Sri Lanka post-war recovery oriented while in Pakistan. Both situations highlight the need to have the openness of operation in order to create public confidence.

Super Polarized Discourses and Future Trajectories.
There is polarization in the scholarly literature because Chinese views tend to show that they are in line with SDGs, whereas Western and Indian views tend to support the presence of neo-colonial undertones. The longitudinal sustainability evaluation voids, particularly with the happenings of 2025-2026 incidents like Kashmir skirmishes, demand empirical research on control mechanisms. With BRI becoming green and digital with focus, Pakistan and Sri Lanka will have to diversify to enjoy their gains without overreliance.

Conclusion and Recommendations.
The geopolitical convergence between development and geopolitics on the Belt and Road Initiative is summed up in South Asia, with CPEC, Pakistan, and the Hambantota facilities, Sri Lanka. Between 2013-2026, BRI has already spent billions, creating connectivity, energy security, and jobs and transforming alliances as the world changes: Italy withdraws, and the U. S. proves alternatives. The major conclusions on the economic benefits are that they are seen in increased grid by Pakistani expansion and by the port development in Sri Lanka, although are counterbalanced by debt risks, where Pakistan owes US 30 billion and Sri Lanka resettling after default. BRI enhances the influence of China, both as the counter of India via the mythical using the String of Pearls and expanding to Afghanistan, yet debt-trap stories are simplistic on local determinants. By 2026, CPEC 2.0 and the signal of resilience in Sinopec refinery, but the issue of security, environmental, and social issues remain.

Recommendations:

- Have a sustainable debt management by comprehensive multilateral participation and audits i.e. IMF compliant restructuring.
- Intensify control through regional discussions like SAARC in order to alleviate competitions. Reason being, it is not advisable to remain overly dependent on funding sources that might push a company to bankruptcy in the future.
- Make the decision of financing sources diversification with U.S/Indian partners, to save dependency.
- Green and inclusive projects should be prioritized to deal with environmental and social risks.
- Support evidence-based policy development through empirical research on the long-term effects. The compromise of imperatives with autonomy will help put up BRI to foster prosperity instead of dependency.

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