

BRI Pulse – Special Edition

China India Increased Cooperation

Pre BRICS

President Xi and Prime Minister Modi lent in tandem to two African countries ahead of the BRICS summit in Johannesburg, South Africa. Xi, upon arrival in South Africa, pledged \$14.7 billion of investment as Cyril Ramaphosa is attempting to reboot the country's economy after years of mismanagement and stagnation under Zuma.

Modi, as the leader of the world's fastest-growing major economy, trails China's active presence on the African continent. However, during a recent visit to Uganda, Modi pledged \$205 million, designed to assist Uganda develop its agricultural sector and electricity distribution infrastructure.

Both Xi and Modi were in Rwanda one after the other, where a total of over \$300 million was announced in loans. The money will develop Rwanda's agriculture, roads and SEZs.

Post BRICS

On 26th July, President Xi met with Modi on the sidelines of the 10th BRICS summit in Johannesburg, South Africa. It is their third meeting in three months. Xi said the Chinese side is ready to work with the Indian side to carry forward the fresh impetus of bilateral relations since their informal meeting in China's central city of Wuhan in April.

Modi said he and Xi had met three times in three months, and that can fully display the two countries enjoy a high-level bilateral relationship.

He also said that the Wuhan meeting is of milestone significance in the history of India-China relations, which has greatly increased their mutual trust, and will bring new impetus and opportunities to the long-term development of bilateral relations, he said.

Q2 – AIIB

During Q2, AIIB's Board approved two more deals with India, both with a focus on infrastructure.

- In April, AIIB's Board approved lending \$140 million of a \$502 million credit facility to Madhya Pradesh Rural Development to fund the Rural Connectivity project – focussed on rural roads in India's 2nd largest state. The World Bank led this financing with \$210 million.
- In late June, AIIB's Board approved investing \$100 million into Phase 1 of The National Investment and Infrastructure Fund (NIIF) – a \$600 million India based fund of funds, in which India will invest \$500 million. The Fund will exclusively invest in India and intends to operate mostly through scalable platform companies that will target infrastructure assets primarily in the following sectors: roads, ports, airports, power (generation, transmission, distribution), urban infrastructure and logistics. AIIB is also considering investing an additional \$100 million in Fund 2.

The two Q2 loans represent the 6th and 7th loans made by AIIB to India since Q1 2017. The seven loans represent 25% of the aggregate volume of AIIB outstanding loans since inception.

It is important to also remember that Modi has invited President Xi to India in 2019, an invitation which he has already accepted. In the interim, the two countries have also agreed visits by Ministers from both countries to each other during the remainder of 2018.

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