

The Implication of China's Belt and Road Initiative and Its Prospects

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Abstract: Originally dubbed the One Belt One Road Initiative (OBOR), the Belt and Road Initiative (BRI) was China's 2013 global infrastructure plan to invest in over 150 nations and international organisations. It connects countries together and improved many infrastructure facilities. Now the BRI has passed its ten-year anniversary, within new socioeconomic status around the globe, China must develop new strategies to let the BRI to impact other countries successfully and positively. In the future, the BRI is likely to be influenced by five factors: China's current economy flow, the economy in Europe and Indo-pacific areas, other countries' viewpoint on the BRI, the feasibility and effectiveness of Western alternatives and how popular and attractive the existing BRI projects are. The most important factor is that the goal of BRI is to create a community with a shared future of mankind, it is important to let other countries to understand this value and jointly build the BRI in the future.

Keywords: Belt and Road Initiative, China, BRI prospects, global development

1. Introduction

The Belt and Road Initiative (BRI), formerly known as the One Belt One Road Initiative (OBOR), was China's 2013 global infrastructure investment plan including over 150 nations and international agencies, has recently hit its ten-year anniversary. Looking back, it has some accomplishments, but at the same time, it has received some criticism. The BRI has been successful in several aspects, including its impact on less developed countries. BRI has indeed improved the economic development of several countries, including China, and continues to do so. However, as the relationship between China and the USA continues to intensify, China's implementation of the Belt and Road may meet some resistance.

The paper explains what BRI is from different aspects including its policies, trade, infrastructure, budget, and world leaders' review. Then, it evaluates the accomplishments and actions of the BRI in the past, points out the challenges that BRI is facing in the current and future and analyses possible prospects.

2. Proposal and the Implementation status of China's Belt and Road Initiative: An Overview

BRI aims to build connection between China and other countries in several continents, such as: Russia, Mongolia, Pakistan, Eurasian countries, Indochina, central and west Asia, and so on [1]. Since then,

the BRI has grown to become one of China's most vital instruments for executing its foreign policy initiatives and enhancing its soft power [2]. Based in part on the ancient land and sea routes of the Silk Road, it is how China hopes to strengthen its ties with more than 100 nations and international organizations [3].

2.1. The proposal of the Belt and Road Initiative

BRI was established in 2013, and there were several forums between 2017 and 2023. The BRI was China's action to improve infrastructure to close the difference thus to improve trade, openness between countries and prosperity in the future, which is also what Multilateral Development Banks (MDBs) are firstly trying to do. It is considered as a major effort has been made to boost this trend [1].

2.2. The implementation status of the Belt and Road Initiative

BRI has "five goals" according to the Green Finance & Development Center: policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds [4].

2.2.1. Policies

Policy communication is a key assurance of BRI. Since 2013, when the proposal of BRI has been released, more than 75% of all countries and regions around the globe had joined BRI. China has inked over 200 agreements with over 150 nations and 30 international organisations to jointly establish the Belt and Road Initiative (BRI), which aims to link with other nations' development plans and encourage real-world collaboration by means of infrastructure connections, and encourage the prosperity and shared development of all nations. It will be an useful tool for different countries to collaborate and build a better world together. At the same time, three "the Belt and Road" international cooperation summit forums were held, and more than 20 professional multilateral cooperation platforms were established [2].

2.2.2. Infrastructure

Road transport and energy supply infrastructure are key areas of infrastructure connectivity under the Belt and Road Initiative because investment in these areas is expensive and lacking. Other vital areas like water and sanitary facilities are also key areas of the Belt and Road Initiative because there's a chance that these nations which join the BRI would underinvest in these areas.

Ample assistance must also be provided elsewhere for the BRI's emphasis on low-carbon, sustainable, and high-quality infrastructure projects, in addition to the upkeep, restoration, and modernization of already-existing infrastructure. Several investors will need to become involved for this, including China, other government agencies, and multilateral development banks. However, there's no denying that the BRI is by far the biggest factor meeting these demands [1].

A case of BRI's infrastructure projects is in several African countries. Africa is one of the important parts of the BRI, it consists of 52 countries who signed an agreement to the initiative [5]. African countries are lacking access to electricity, paved roads, and fertile agricultural land. China begins to invest due to its proximity to ports and the need for roads, trains, and other infrastructure in the East Africa region, but since then, plans have spread to a variety of projects across the continent. Large-scale road infrastructure projects, including the Cherchell Ring Motorway Project in Algeria and the Maputo-Katembe Bridge in Mozambique, span both north and south of Africa [6].

2.2.3. Trade and Development

Trade and development are an important part of building BRI collectively. China and co-built countries have combined to import and export 19.1 trillion US dollars between 2013 and 2022, expanding at a 6.4% yearly average pace. Over 380 billion US dollars have been invested bilaterally with co-built nations; of these, over 240 billion US dollars have been invested externally, primarily by China. China has signed new contracts and completed a total revenue of \$2 trillion and \$1.3 trillion respectively in the construction of national contracted projects. In 2022, the aggregate import and export volume of Chinese private firms to co-built nations surpassed 1.5 trillion US dollars, making up 53.7% of the entire import and export volume between China and co-built countries in the same time frame. Over 2.9 trillion US dollars were imported and exported between China and co-built nations over the same year, making up 45.4% of China's entire foreign trade value. This is an increase of 6.2 percentage points from 2013. Countries in the BRI have also signed a series of agreements including free trade agreements for trade and investment liberalization. The role of trade and investment platforms has become more prominent, with China International Import Expo and others playing an important role. Industrial cooperation is also deepening [2].

2.2.4. Financial Integration

Jointly build the country and relevant institutions to actively carry out various forms of financial cooperation, innovate investment and financing models, expand investment and financing channels, enrich investment and financing entities, improve investment and financing mechanisms, actively support the collaborative building of the BRI by promoting policy, development, commercial, and cooperative finance; furthermore, they want to establish a financial and investment structure which is long-term, dependable, sustainable, and risk-restrained. For example, the China Development Bank has promoted the establishment of global financial cooperation frameworks. such like the China-Central and Eastern European Banking Union, China-Arab States Banking Union, China-ASEAN Banking Union, China-Japan-South Korea-ASEAN Banking Union, China-Africa Financial Cooperation Banking Union, and China-Latin America Development Financial Cooperation Mechanism. Along with other relevant nations, China also provided funding for the establishment of the Asian Infrastructure Investment Bank and the Silk Road Fund, which are the two major fundings [7].

2.2.5. People-to-People Bonds

To jointly build a country, inherited and advance the cooperative, amicable spirit with relevant countries along the Silk Road, and extensively carry out cultural and tourism cooperation, educational exchanges, media and think tank cooperation, and civil exchanges. In 2023, as of the end of June, China has agreements in place with 144 co-construction nations for cooperation in the areas of culture and tourism. China jointly organises cultural and tourist years with several countries such as Brunei, Cambodia, Greece, Italy, Malaysia, Russia, and ASEAN. China has agreements on mutual recognition of higher education degrees with forty-five cooperating nations and areas around the same time. Jointly build the country and successfully hold six "the Belt and Road" Media Cooperation Forums and build the "Silk Road Television International Cooperation Community" [7].

3. The Challenges that the BRI faces

In the early stages, the infrastructure investments from China have received several criticisms. Most commonly, the complaint was China's attempt to "reshape international relations in its favor" by imposing dependency on BRI partner countries through the use of debt and market traps [4].

From an article by Council on Foreign Relations, it points out that there are numerous reports exist regarding major infrastructure projects with construction defects, projects cancelled by BRI partner countries over debt and corruption concerns, projects cancelled by Chinese companies over financial difficulties, and projects that have literally ended in the middle of a field (for example, a BRI-funded railway in Kenya) [8].

3.1. World leaders opinions

From a survey conducted in 2019 by S. Rajaratnam School of International Studies (RSIS), it aims to focus on Asian leaders' opinions and their intentions to join the BRI. Out of a total of 1,230 responses, 393 replies are from South Asia, 74 from Central Asia, and 627 are from East and Southeast Asia. The survey has provided different options for the respondents to pick out the top five of China's motives of the BRI, the top four choices are as the following:

1. Encouraging economic growth, infrastructural connection, and regional integration: 723 responses, equals to 58.8% of the overall responses collected.
2. Make an impact on global economic governance: 662 responses, equals to 53.8%.
3. Construct and control key supply chains and energy routes: 654 responses, equals to 53.2%
4. Extend China's influence abroad: 649 responses, equals to 52.8% [9].

It is necessary for countries who are involved in BRI to understand the motives of this program. The top one and three options are beneficial for countries other than China, while the remaining two are more of a misunderstanding of China's original intention through the BRI, which is to achieve a community with a shared future of mankind, but some countries might still misunderstand.

3.2. Challenges before and after COVID-19

COVID-19 has impacted the world trade and economy a lot, during the severest days, many trade chains are stopped. Several parties who are involved in BRI, for example the employers, financiers, contractors, and others were keeping a close eye on the COVID-19 outbreak in case there were any disruptions to labour resources, project sites, or supply chains.

However, since BRI operates in different countries and COVID-19 results a complicated jurisdiction. Although there might be no lockdowns in many provinces inside China, however in other countries or regions, different laws apply, and they are still under governmental lockdowns.

There is good reason to be concerned about the pandemic's long-term effects on BRI initiatives. Due to issues with financial sustainability, many projects will have trouble getting off the ground as banks opt not to continue with funding them. Current projects will need to be rescheduled if important route work streams cannot be begun or completed on time according to the current timeline. [10].

4. Prospects of China's Belt and Road Initiative in the Future

4.1. Responding to criticisms

Connecting to the previous part, China has received several criticisms from many countries regarding the BRI during COVID times and has raised some sustainability concerns. To fix the reputational damage and to continue the BRI successfully in the future, China has made significant efforts to enhance the way BRI projects are carried out.

For example, when it comes to sustainability, it is focusing on "open, green and clean" financing in order to improve social, environmental and governance outcomes. To reduce its risks from the investments and projects, China sets a stronger investment risk control, and shifting from large-scale, risky investments to smaller and targeted projects (e.g. poverty reduction) more often.

Another issue for China to resolve in the BRI is debt pressure on borrowing countries such like African countries, the same issue as mentioned in part II, China has started to show more interest in renegotiating its debts; it has even unilaterally waived non-interest loans to many African nations [11].

4.2. The Future of BRI

In the future, the BRI is likely to be influenced by five factors:

1. China's current economy flow will shape the way that BRI is going to develop in the future. Stronger economy means the Chinese government will be willing to take more risks and advance BRI projects in different regions.
2. The economy in Europe and Indo-pacific areas also influence the impact of BRI in their countries. For example, the Russia-Ukraine war increases the prospects that countries will seek more infrastructure investments from China.
3. Other countries' viewpoint on the BRI will impact the future of it. It depends on to what extent China's concept of a community with a shared future for mankind can be recognized by other countries.
4. The feasibility and effectiveness of Western alternatives will be a major force behind the development of the BRI whether there will be projects competing with the BRI in the future.
5. Depending how popular and attractive the existing BRI projects are it will determine other countries' partnership with China on future projects. Perceptions of China's ability to provide results quickly and affordably will often be balanced against the extent to which projects are transparent, meet international standards, protect the environment, and do not encourage corruption [12]

5. Conclusion

In the future, a collectively building of BRI will still face some obstacles, but viewing from now, China has shown the world a decent amount of sincerity. As the century's grand, multilateral, and methodical global initiative, the Belt and Road Initiative (BRI) is only getting started in its first 10 years of development. Building the Belt and Road Initiative collaboratively will be more innovative, transparent, and inclusive from a fresh historical starting point and provide new opportunities for China and the rest of the globe. However, to some extent, this needs mutual understanding of values and ideologies among countries. Right now, China is also committed to promoting the idea of a global society with a shared destiny for all people. The future development of BRI will be deeply linked with world politics and world economy status. Overall, the BRI is a good choice for China and the world in the current economy environment.

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