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# THE BELT AND ROAD INITIATIVE

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Asia in IR

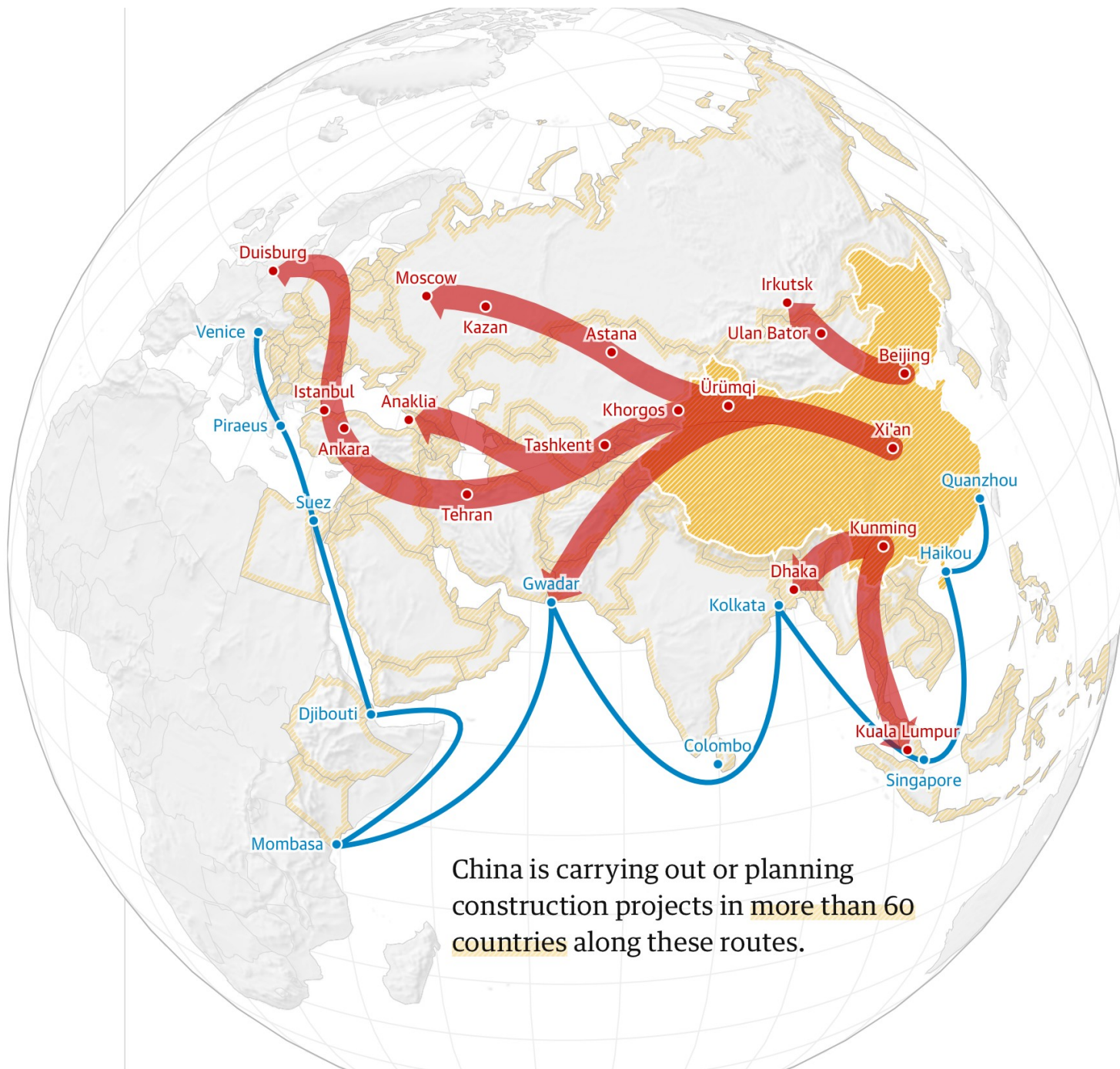
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# What is BRI?

- A global infrastructure development strategy adopted by Chinese government in 2013
- Goal is to invest in nearly 70 countries and international organizations
- A centerpiece of the Chinese President Xi Jinping's foreign policy
- A central component of Xi's Major Country Diplomacy = strategy, which calls for China to assume a greater leadership role for global affairs in accordance with its rising power and status
- Some estimates list BRI as one of the largest infrastructure and investment projects in history (70 countries, 65% of world's population and 40% of global GDP) – data from 2017
- BRI refers to historic 'Silk Road' trade route (used in antiquity)

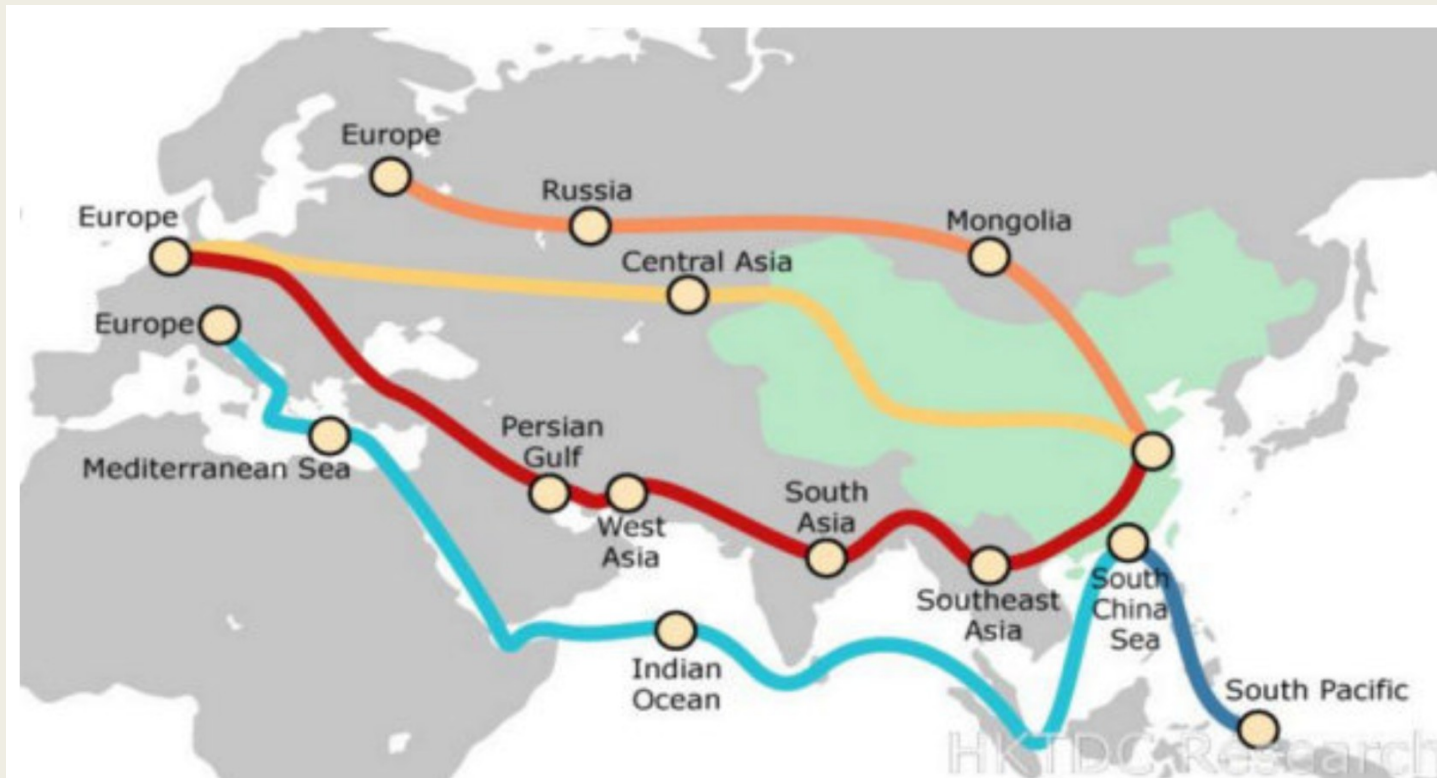
# Belt & Road

- At first BRI was announced as `**Silk Road Economic Belt**`
- **Belt** is referring to the proposed overland routes for road and rail transportation through landlocked Central Asia
- **Road** is short for the `**21st Century Maritime Silk Road**` = referring to the Indo-Pacific sea routes through Southeast Asia to South Asia, Middle East and Africa
- Examples of the investments are airports, bridges, ports, skyscrapers, railroads, roads, ..
- Should be done by the year 2049 = centenary of the founding of China



The project is often described as a 21st century silk road, made up of a **“belt”** of overland corridors and a maritime **“road”** of shipping lanes.

China is carrying out or planning construction projects in more than 60 countries along these routes.



## Silk Road Economic Belt

- 1. **The North belt** would go through Central Asia and Russia to Europe
- 2. **The Central belt** passes through Central Asia and West Asia to the Persian Gulf and the Mediterranean
- 3. **The South belt** runs from China through Southeast Asia and South Asia and on to the Indian Ocean through Pakistan



# Ice Silk Road

- China & Russia project along the Northern Sea Route in the Arctic



# Objectives of the BRI for China

- Development of the infrastructures of Asian countries
- Strengthening diplomatic relations whilst reducing dependency on US
- Creating new markets for Chinese products
- Integrating commodities-rich countries more closely into the Chinese economy

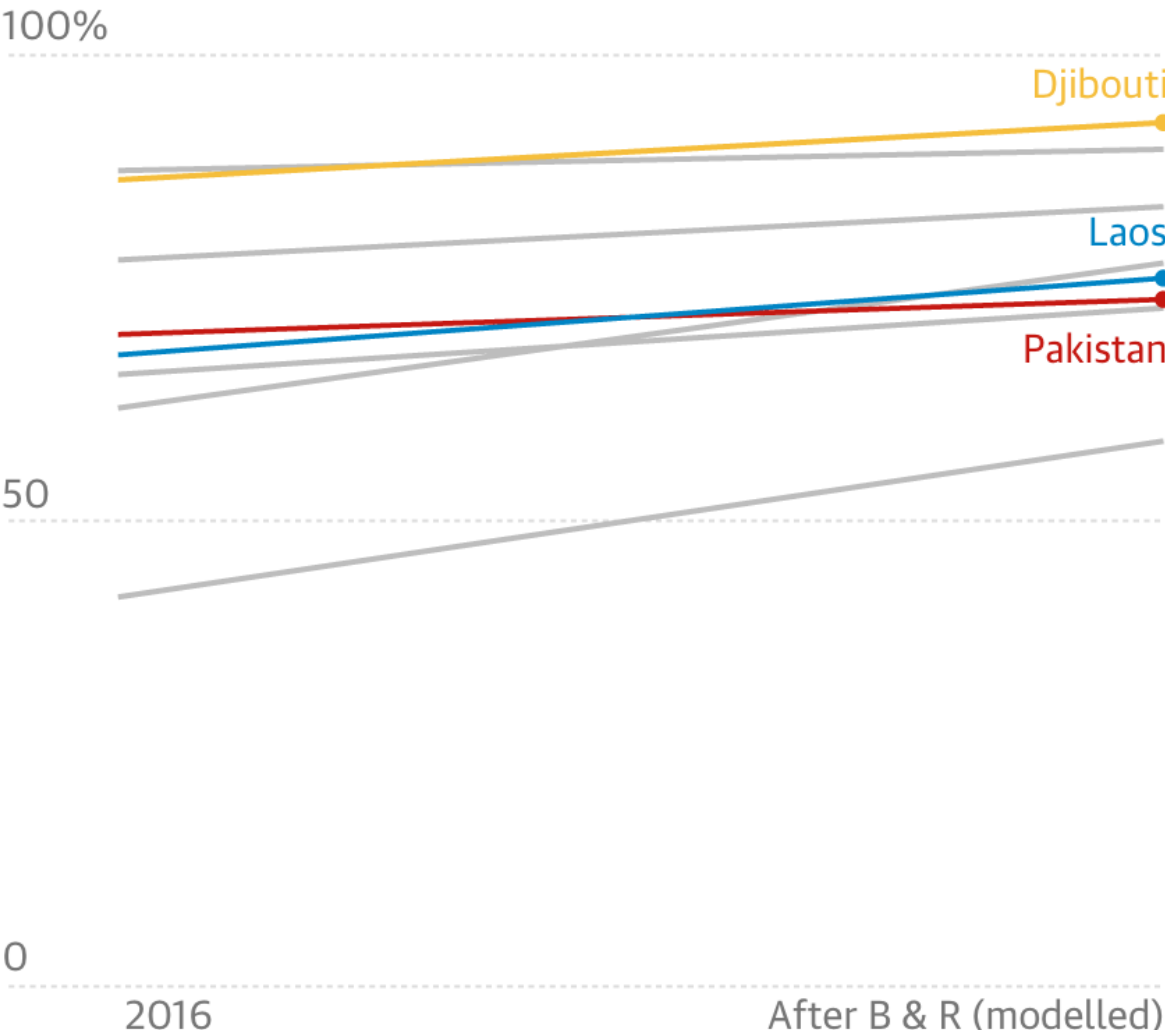
# Risks of the BRI

- Involved countries are at risk of not being able to repay their loans
- The affected nations – Djibouti, Kyrgyzstan, Laos, the Maldives, Mongolia, Montenegro, Pakistan and Tajikistan – are among the poorest in their regions and will owe more than half of all their foreign debt to China
- Critics worry China could use “debt-trap diplomacy” to extract strategic concessions – such as over territorial disputes in the South China Sea or silence on human rights violations
- Concerns are also about a form of economic imperialism that gives China too much leverage over other countries, often those that are smaller and poorer
- Chinese commercial presence = leading to expanded military presence
- Others worry China will export its political model

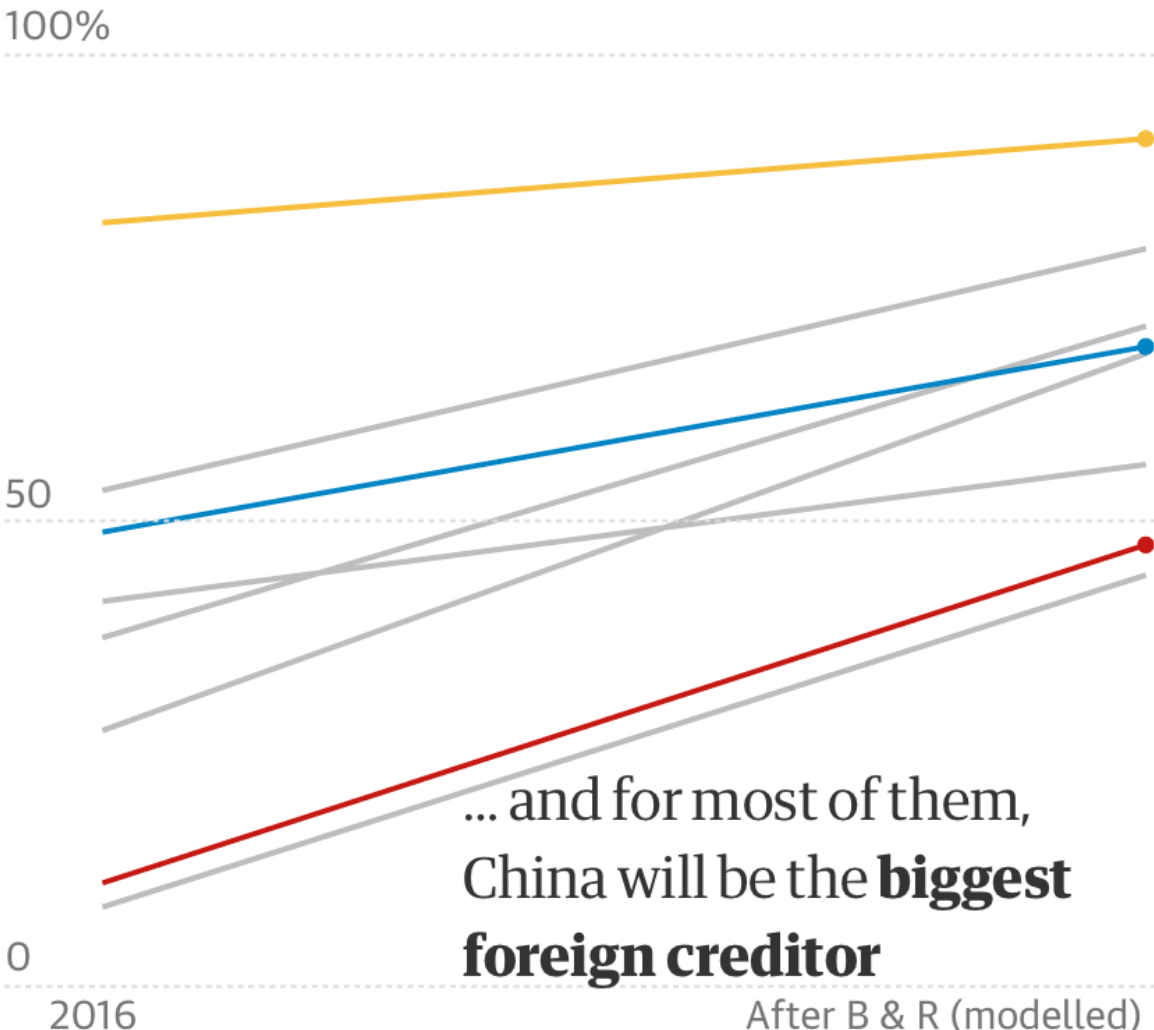


# In eight countries, Belt and Road loans could increase the risk of **debt distress** ...

Country's debt as a share of GDP



Share of foreign debt owed to China



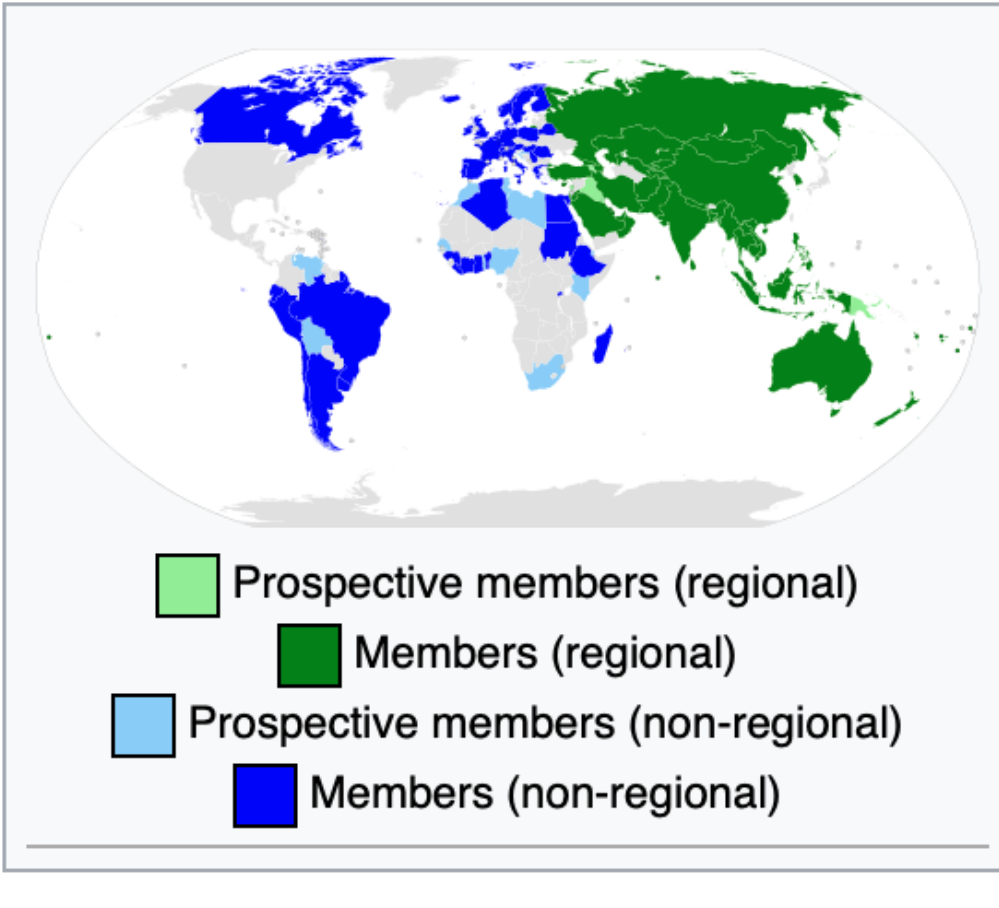
... and for most of them, China will be the **biggest foreign creditor**

Source: Center for Global Development

# What about ecology?

- BRI represents risks and also opportunities for sustainable development
- Prioritizing economic development over environmental protections
- Risks: overuse of natural resources, emission of pollutants, disruption of ecosystems, water pollution as a result of poorly planned infrastructure projects
- The development of port infrastructure could impact sensitive species and marine habitats like coral reefs
- Up to 85% of BRI projects can be linked to high levels of greenhouse gas emissions

## Asian Infrastructure Investment Bank

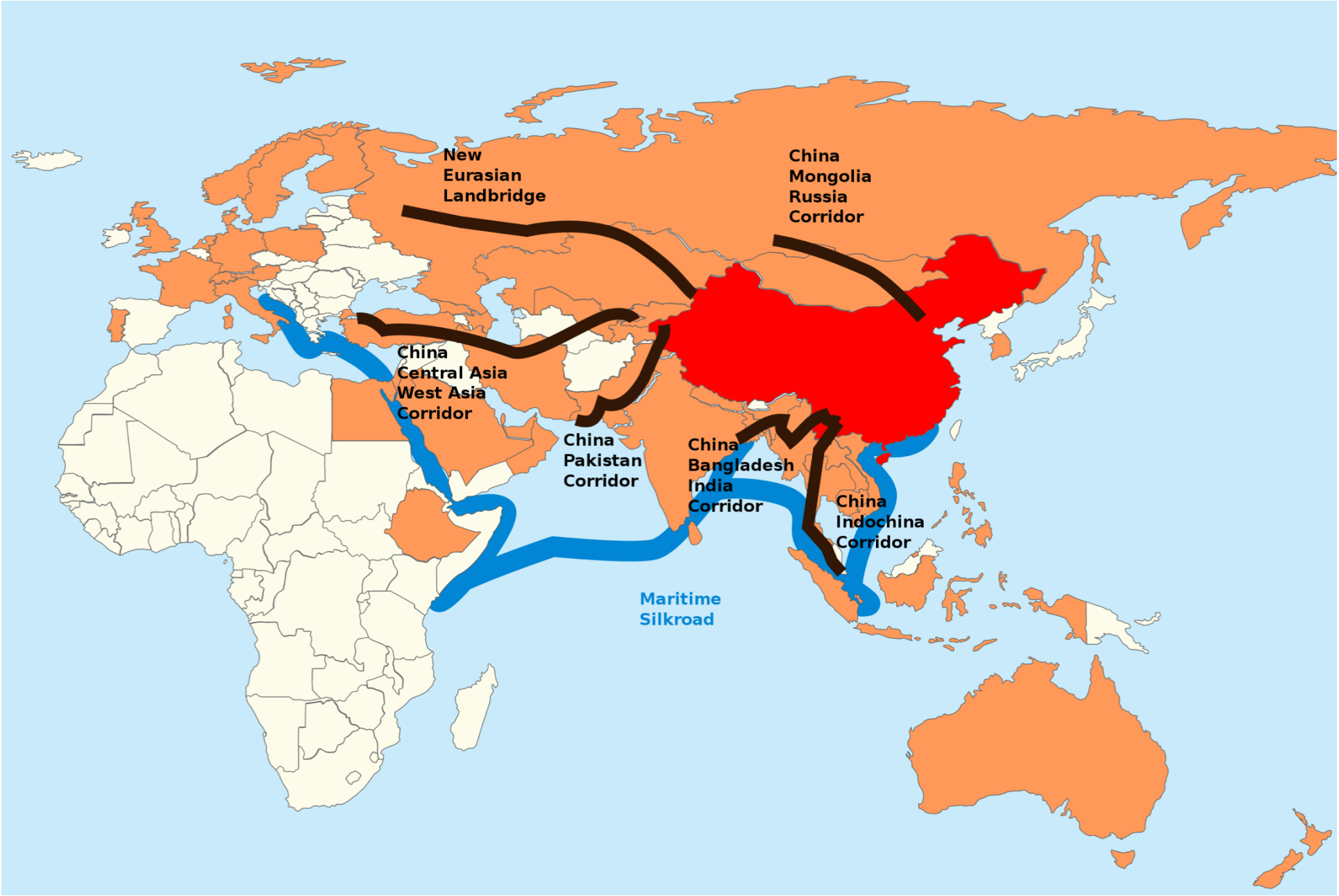


# Financing

- 1. **Asian Infrastructure Investment Bank**
- Goals: enhance regional integration, promote economic development, improve public access to social services
- 2. **Silk Road Fund**
- 3. **China Development Bank**
- 4. **Bank of China**
- Others

# Infrastructure networks: Land corridors

- 1. **The New Eurasian Land Bridge**, which runs from Western China to Western Russia through Kazakhstan, and includes the Silk Road Railway through China's Xinjiang Autonomous Region, Kazakhstan, Russia, Belarus, Poland and Germany
- 2. **Corridor** that will run from **Northern China through Mongolia to the Russian Far East**. 2012 - Russia-China Investment Fund = bilateral integration
- 3. **The China–Central Asia–West Asia Corridor**, which will run from Western China to Turkey
- 4. **The China-Indochina Peninsula economic corridor**, which will run from Southern China to Singapore
- 5. **The Trans-Himalayan Multi-dimensional Connectivity Network** (Nepal)
- 6. **The China–Pakistan Economic Corridor**



# India, Japan & BRI

- *India - „The BRI is a plan to dominate Asia, warning of what some analysts have called a “String of Pearls” geoeconomic strategy whereby China creates unsustainable debt burdens for its Indian Ocean neighbors in order to seize control of regional choke points.”*
- India is unsettled by China`s decades-long embrace of its traditional rival – Pakistan
- India is also spending money on infrastructure plans in Afghanistan
- Japan is interested in regional infrastructure development, but also worry about Chinese influence

# Europe, Russia & BRI

- Italy, Luxembourg, Portugal = signed provisional agreements to cooperate on BRI projects
- During 2018 trip to China, Emmanuel Macron said the BRI could make partner countries “vassal states”
- Experts claims China is using BRI funds to gain influence in Balkan countries that are on track to become EU members, thereby providing Chinese access to EU market
- Russia has become one of the BRI’s most enthusiastic partners



# G7 offering an alternative vision

- G7 summit in Cornwall 2021 – B3W = Build Back Better World
- Infrastructure development of low and middle income countries
- The initiative aims to catalyze funding for quality infrastructure from the private sector and will encourage private-sector investments that support "climate, health and health security, digital technology, and gender equality"
- February 2022 – China is willing to join B3W initiation



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