Making Sense of Five Years of China’s Belt and Road Initiative

Sana Hashmi
FDI Associate

Key Points

- China has consolidated its diplomatic and economic profile in countries across Asia, Africa and Europe through effective use of its Belt and Road Initiative (BRI).

- The Belt and Road Forum (BRF) has served as a platform for China to project the credibility of the BRI; the rise in the number of participant countries across the world testifies to that.

- While the number of countries signing up to the BRI has increased, criticism of and scepticism towards the project’s motivations are also growing.

- After five years and two BRFs, Beijing is yet to distinguish between pre-existing projects that have been brought under the aegis of the BRI and new ventures.

Summary

Over the past five years, China has invested a significant amount of diplomatic capital in launching and promoting its Belt and Road Initiative (BRI). The Chinese leadership and state-owned media have projected the BRI as a brand-new Chinese initiative to foster transcontinental physical, economic and digital connectivity. Since its launch in 2013, however, the initiative has taken complex twists and turns, generating a mix of optimism and apprehension around the world. With Italy, a G7 country, endorsing the BRI, the debate about the initiative’s promises and pitfalls has only intensified. While the United States, Japan, Australia and India often signal that the BRI is a strategic initiative with revisionist
motives, others, such as Pakistan, Sri Lanka and Cambodia, tend to perceive it differently. The second BRF, held in the last week of April, ought to be seen in that light.

Analysis

Four decades ago, China’s supreme leader, Deng Xiaoping, advised the Chinese leadership not to strive for global leadership, and to bide their time and hide their capabilities. With the onset of the reforms era in 1978, although China opened up its economy to an extent and began to engage with other countries, it consequently kept a low profile for at least two decades. China’s current leader, President Xi Jinping, appears to have cast off Deng’s dictum. The BRI, launched by Xi, is a relevant example in that regard. Xi announced the land component of the BRI, the Silk Road Economic Belt, during his maiden visit to Kazakhstan in September 2013 and its maritime equivalent, the Twenty-First Century Maritime Silk Road, during his visit to Indonesia in October 2013. Central Asia and South-East Asia have since been at the core of the BRI. China has placed several countries from these regions at the centre of the BRI and these countries have embraced the initiative.

Held from 25-27 April this year, the theme of the second BRF was “Shaping a Brighter Shared Future”. The forum witnessed an increase in the number of leaders who attended it and huge participation from countries across continents. Major takeaways include the announcements about a “Debt Sustainability Framework” for participating countries of the BRI, the “Beijing Initiative for the Clean Silk Road”, and implementing the “Green Silk Road Envoys Programme”. The enormousness of China’s politico-economic engagement through the BRI was manifested in the BRI-related meetings attended by the leaders of the participant countries and representatives of international organisations and the co-operation framework arrangements that they agreed upon.
China’s political structure has enabled the country’s leadership to launch and own domestic, economic and foreign policy formulations. These policies are sometimes a near re-packaging of the initiatives taken by previous leaders. For instance, during his tenure, former president Hu Jintao introduced the phrase “Harmonious World”. The term “New Security Concept”, which was introduced by Jiang Zemin and Li Peng, was merged, similarly, with the “Peaceful Rise and Development” theory. These concepts and terms played a significant role in shaping China’s domestic and foreign policy priorities, while also highlighting the contribution of these leaders. In that context, BRI has been projected as Xi’s policy initiative and is likely to be seen as his legacy.

Mindful of the need to gather sufficient capital for such a gigantic initiative, China has established regional economic institutions such as the Asian Infrastructure Bank (AIIB) and the Silk Road Fund. The BRI is often projected by China as an initiative through which it would turn into the sole economic guarantor for the development of countries across continents. Xi Jinping, in his opening speech at the second BRF, termed the BRI as ‘the project of the century that will benefit people across the world’, which confirms China’s ambition to play such a role.

**Strengths**

Over the past five years, China has shown remarkable enthusiasm in promoting and implementing its BRI plans, credit for which should go to President Xi himself. In the course of five years, Chinese leaders have made several high-level visits to countries across continents. These meetings have been complemented by the two BRFs. The first BRF was held in May 2017, in which 29 heads of government participated. The Second Forum attracted even more heads of state, 37 in all. Russian President Vladimir Putin, Malaysian Prime Minister Mahathir Mohamad, Italian Prime Minister Giuseppe Conte, United Nations Secretary-General António Guterres and International Monetary Fund Chief Christine Lagarde were among the high-profile attendees.

This year saw a huge participation from Central Asia, Europe (12 of the 37 leaders were from Europe, mostly from smaller European countries), and the South-East Asian region. More than US$64 billion worth of deals were signed over three days of the forum where, according to the Chinese Government, 283 “practical outcomes” were also achieved. Deliverables at the end of the Forum were wide-ranging, from trade and economics to education and culture. If pursued vigorously, these agreements could lead to greater integration between China and its partner countries.

A major outcome of the second BRF was that Xi used the forum as an opportunity to alleviate the fears and suspicions among China’s potential BRI partners. The success of the second BRF is a clear sign that China has been able to attract the attention of the international community and garner the support of several countries. Its diplomatic overtures have also yielded tangible results. The recent endorsement by Italy, the first G7 economy to do so, surprised the Western world. The smaller European countries also see potential in partnering with China. Greece became the newest member of the “China-Europe 16+1” arrangement in 2019, turning it into a 17+1 dialogue. Sceptics see the 16+1 (17+1) as a potential challenge to unity within the European Union.
In his speech at the second BRF, Xi focused heavily on convincing the participants that the BRI is not a China-centric project aimed at serving only China’s interests, rather that it is for the benefit of all the partner countries.

Another major concern surrounding several BRI projects has been that they do not take environmental aspects into account and can be rather insensitive to the environmental concerns of the host country. The joint statement issued at the end of the second BRF attempts to clarify the Chinese position. It states:

Such co-operation will be open, green and clean. We embrace open economy and inclusive, non-discriminatory global market. All interested countries are welcome to join in such co-operation. We underline the importance of promoting green development and addressing the challenges of environmental protection and climate change including by enhancing our co-operation to implement the Paris Agreement. We encourage more efforts in building a culture of integrity and combating corruption.

A careful analysis of statements made by Xi and the Ministry of Foreign Affairs regarding the BRI makes it evident that China has softened its position on the terms and conditions of BRI investments and is seemingly moving towards a more flexible financial regimen.

**Weaknesses**

While it is true that many countries in Asia and elsewhere support the BRI, major stakeholders from the region still do not. For instance, countries such as India, Japan, the United States and Australia did not participate in the Forum. Other notable attendees were South Asian leaders (except those of Pakistan and Nepal) and East Asian leaders (only Mongolian President Khaltmaagiin Battulga participated).

The revival of the quadrilateral security dialogue or the “Quad”, as it is popularly called, which involves Australia, India, Japan and the United States, is essentially designed to ensure that the existing strategic equilibrium remains intact despite China’s rising military assertiveness. Towards that end, those four countries have come together to promote the Free and Open Indo-Pacific (FOIP). Japan, Australia and India are working, simultaneously, on their own connectivity and infrastructure initiatives at both the sub-regional and regional levels.

For instance, Australia will increase its Official Development Assistance to the Pacific Island Countries from $278.6 million in 2018-19 to $336.4 million in 2019-20. Canberra is concerned at the growing Chinese presence in the Pacific Islands and has stepped up its assistance packages to the vulnerable island nations in the region. Japan has partnered with India in Africa with the Asia-Africa Growth Corridor alongside its own “Partnership for Quality Infrastructure” (PQI) initiative. India is one of the few countries that have officially protested against the BRI, citing sovereignty issues. India objects to the China-Pakistan Economic Corridor, which passes through the disputed Gilgit-Baltistan territory. China’s
presence and investments in Gwadar have also worried India. Its refusal to join the BRI has become a major hurdle in China’s goal of making the BRI a pan-Asian initiative.

The lack of transparency and clear definition still remain, despite the increase in the number of projects that China has launched. Some of the projects are tinged with corruption. One example is that of the involvement of former Malaysian Prime Minister Najib Razak in BRI projects in Malaysia. He is currently facing corruption charges and is also accused of using Chinese money to supplement his 1MDB initiative. Critics have also argued that Chinese funding through the BRI is bolstering China’s aspiration to keep the Central Asian Republics non-democratic.

**Opportunities**

Mindful of those challenges, China tried to use the second BRF as an image makeover event for the BRI. One of the outcomes of the forum was the implementation of the “Green Silk Road Envoys Programme”, which is intended to train as many as 1,500 environmental officials from partner countries over the next three years. Another major step taken was the formulation of the “Debt Sustainability Framework” by the Ministry of Finance to address the issue of BRI-related non-performing assets in host countries.

A major positive factor contributing to the growing success of the BRI is its acceptability, especially among the smaller countries of the region. Economically weaker smaller countries in South-East, South, and Central Asia reportedly find China’s BRI to be an easy, flexible, and politically non-intrusive mechanism through which to obtain funding.

Compared to its Asian peers, by the successful progress of its BRI, China has emerged as a key player in Eurasian infrastructure and connectivity projects. That success, predicated on flexible terms-of-reference for funding, has led several countries to debate if they are missing out on an opportunity by not participating in the BRI.

**Threats**

Despite growing support for the BRI, China still faces numerous daunting challenges and threats. China is investing massive resources and manpower towards making the BRI a success. The pattern of those investments indicates that the BRI has more to do with strategic considerations than economic motives, however. The primary reasons for the speedy implementation of the BRI include the consolidation and advancement of China’s long-term foreign policy goals. Analysts have long debated if China aspires to displace the United States from its position as the sole superpower and the answer is, mostly, in the affirmative. Just to have economic might, coupled with an increasingly capable military, would not have been enough for China, however. It had to create something more than just bilateral connections. It was, also, a way of projecting a benign image to counter the Barack Obama Administration’s “Rebalancing to Asia” Strategy. Through the BRI, Xi Jinping seeks to counter the China-threat narrative and also to expand its influence across the world. The BRI serves as a vehicle for China to increase its influence in areas of strategic interest. That objective is clearly manifested in the case of Sri Lanka, where China gained access to the
strategically-important Hambantota Port on a lease for 99 years when Colombo was unable to repay the loan.

For the South-East Asian countries, while the BRI is a good investment opportunity, China’s increasing presence and investment seems to affect ASEAN’s centrality and unity. ASEAN was already divided on the issues of the South China Sea and its member states adopted different approaches towards China. With the BRI, the intra-ASEAN differences have only widened.

China has faced a backlash, furthermore, on the financial feasibility of some of the projects undertaken in recipient countries. Critics term the BRI as a “debt-trap” and a form of “neo-colonialism”. Prime Minister Mahathir Mohammed, after his landslide victory in the 2018 general election in Malaysia, suspended two BRI projects in the country. He agreed to restart the projects only after driving a series of hard bargains with China on interest rates and outcomes, thus making it clear that the BRI, in its original form, was an exploitative deal aimed at benefitting China and not Malaysia. Malaysia’s approach has motivated other countries in the region to look for more viable options. Sri Lanka’s decision to invite India and Japan for the joint development of the Colombo Port must be seen in that context.

**A Mixed Bag**

The BRI has been a mixed bag, so far, for China in terms of its outward investments and economic and strategic outreach plans. Having said that, writing it off would be premature. While it is not certain if the BRI will help China to meet its long-term strategic objective of becoming the predominant international hegemon, it is likely to position China as the frontrunner in Asia. One of the reasons for China’s likely long-term disappointment is that its bilateral projects might take their own course. Malaysia’s renegotiation with China on controversial BRI projects has opened up that possibility. Now that the projects have been reinstituted on terms more favourable to Malaysia, its Prime Minister, Mahathir Mohammed, attended the second BRF.

The mixed response that the BRI has gained so far is the very reason why it is here to stay. It is for the countries which are alarmed by the BRI to consolidate their policies by combining their efforts to deal with the challenges emanating from it. The Quad is a good strategic move to retain the status quo while trying to arrest China’s politico-military assertions. The lack of a coherent, synchronised and long-term approach towards the Quad and the Indo-Pacific are, however, making these two initiatives more a matter of rhetoric than reality.

For China, the best way forward on the BRI would be to make it more inclusive and financially transparent. If Beijing wishes to make the BRI a success, it must add a multilateral dimension to it while abiding with international laws and norms that relate to finances, territorial disputes and the protection and sustainable use of global common goods. Doing so would contribute to China’s position as a responsible stakeholder and make its BRI more acceptable.

*****
About the Author: Sana Hashmi is an Associate of Future Directions International. She previously worked as a Consultant with the Ministry of External Affairs, Government of India, the Centre for Air Power Studies, the Central Tibetan Administration and the South Asia Forum for Human Rights. She is the author of *China’s Approach towards Territorial Disputes: Lessons and Prospects*. She tweets @sanahashmi1.

Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.