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Belt and Road Initiative

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Why is in news? 10 years of China's Belt and Road Initiative: The project, its aims and where it stands now

This year marks a decade since China's ambitious infrastructure funding project, the Belt and Road Initiative (BRI), was first outlined by President Xi Jinping.

Spanning from Africa to Asia and seeing investments worth billions of dollars, it has also come under criticism over the years about how sustainable these debts may be.

BRI:

The Belt and Road Initiative (BRI) is a **global infrastructure development strategy** launched by China in 2013.

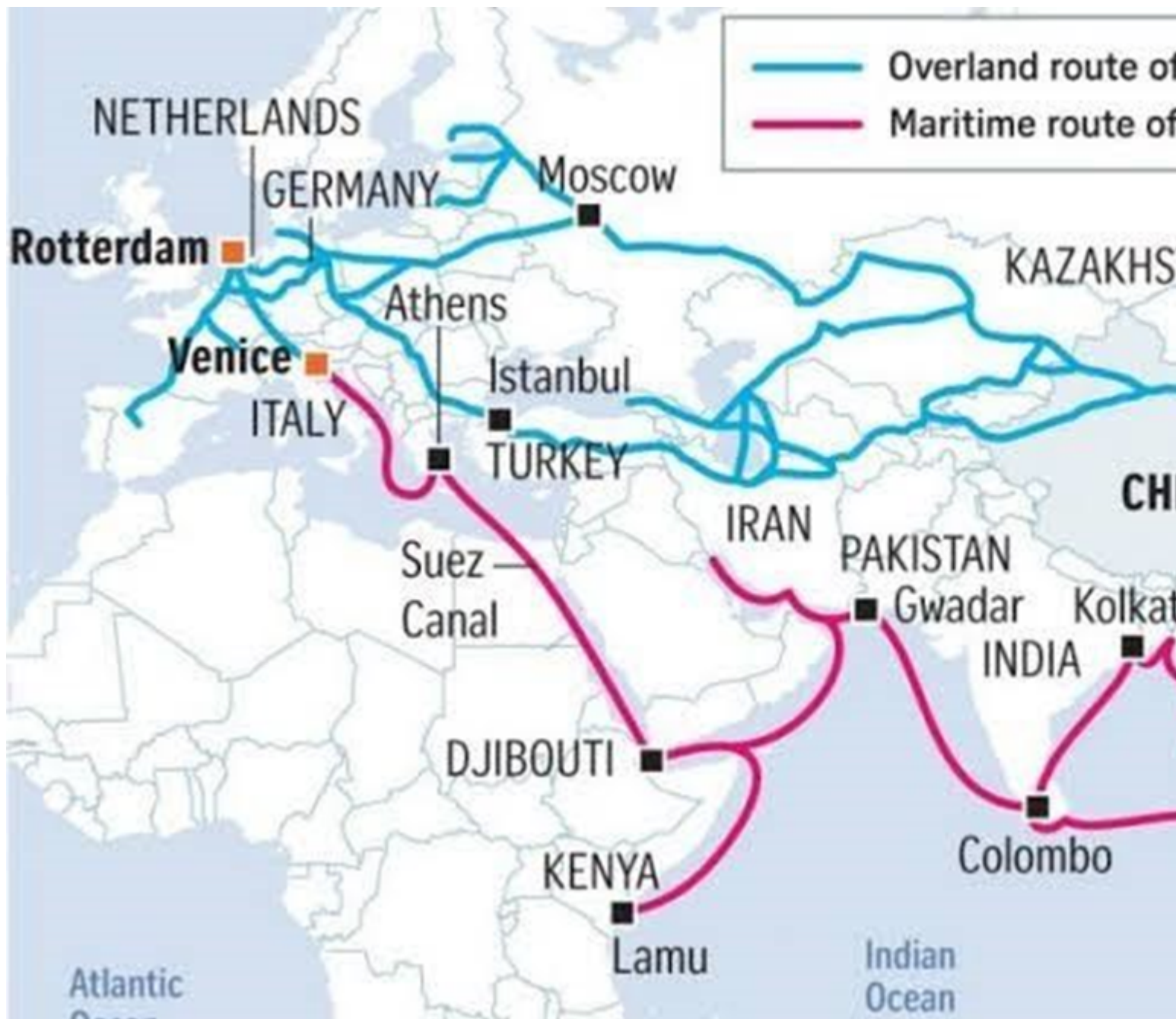
It **aims to invest in over 150 countries and international organizations**, creating **road, rail, and sea routes** for trade and connectivity.

The initiative, often referred to as **"One Belt One Road"** (OBOR), is a key part of China's foreign policy and has been compared to the American Marshall Plan.

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Objective of BRI:

The BRI is seen as a **way for China to transition to a global power and reshape the global economic order.**

It further aims to **enhance global connectivity** through infrastructure development and economic cooperation.

BRI includes various infrastructure projects like **ports, railways, roads, and power stations.**

It is set to be **completed by 2049**, coinciding with the centennial of the People's Republic of China.

The initiative includes two principal components: the Silk Road Economic Belt and the Maritime Silk Road.

The Silk Road Economic 'Belt' was announced during President Xi's visits to Kazakhstan in 2013. The 'Belt' plan was to **revitalise a series of trading and infrastructure routes between Asia and Europe.** Connectivity through Central Asia was a key element of the initiative.

Subsequently, President Xi announced a sea trade infrastructure called '**Maritime Silk Road**'. This maritime 'Road' would **connect China with Southeast Asia, Europe and Africa**.

The major focus has been to build ports, bridges, industry corridors and other infrastructure throughout South East Asia and the Indian Ocean.

Principles of BRI:

Policy coordination

Infrastructure connectivity

Trade

Financial integration and

People-to-people connections

Industrial cooperation

Basically through the BRI, China wanted to **resolve two major concerns**, viz **capital surplus and industrial overcapacity**. It was also **about increasing Chinese political influence** in broader regions.

International Economic Corridors (EC) under BRI:

The New Eurasia Land Bridge;

China-Central Asia-West Asia-EC;

China-Mongolia-Russia-EC;

China-Indochina Peninsula-EC;

The China-Pakistan-EC (CPEC); and

China-Myanmar Economic Corridor (Initially, BRI involved the BCIM Economic Corridor, but India's opposition to the CPEC led to its withdrawal from BRI and later BCIM was replaced by the China-Myanmar Economic Corridor)

As a large number of BRI projects are being carried out in nearly all parts of the world, they are affecting all major economies even if they are not participating in the initiative.

India's Objection to BRI:

India was the first to point out issues **concerning debt trap, sovereignty, lack of transparency and sustainability** of BRI projects.

It boycotted BRI summits in 2017 and 2019 and hasn't endorsed BRI joint statements by the SCO.

The **main objection is the China-Pakistan Economic Corridor (CPEC)** passing through the Gilgit Baltistan region of India, which India claims.

Progress in (CPEC) front:

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The CPEC has been a flagship BRI project from the beginning. Pakistan is going through a very difficult political and economic phase.

But despite some analysts indicating that CPEC projects may create long-term problems for the economy, **Pakistan is unlikely to abandon the CPEC.**

The \$60 billion CPEC is now central to China-Pakistan's "all weather" strategic partnership and bilateral free trade agreement.

A large part of the CPEC is energy-related projects. The rest of the projects are in the road and railway infrastructure and Gwadar port.

China's economic presence in India's neighbourhood, including in South Asia, has already undergone substantial expansion.

Moreover, many **negative developments in broader India-China ties** (trade deficit, border tensions, etc.) have also affected India's perceptions of the BRI.

While India has refrained from endorsing the BRI and has **not taken part in any BRI Forums**, it has been an **active participant in the China-headquartered Asian Infrastructure Investment Bank (AIIB)** since its inception.

The Silk Road Fund (SRF) and the AIIB are the two main channels for BRI investment and financing. With about \$10 billion in borrowing, which is about 20 per cent of AIIB's total lending, India has emerged as a top market for the agency.

Benefits of BRI for China and Other Countries:

Enhanced trade and economic influence: BRI expands China's trade networks and bolsters its role in global economic affairs. Countries participating in the BRI have witnessed growth in trade and investments with China, leading to preferential treatment and policy benefits.

Outlet for excess capacity: BRI projects provide markets for Chinese industries, particularly in construction.

Geopolitical and strategic influence: BRI increases China's influence in participating countries and on the world stage.

Currency internationalization: Promotes the use of the Chinese yuan (RMB) in international trade and finance.

Energy security: BRI projects secure access to crucial energy resources for China.

Technological innovation and knowledge sharing: BRI facilitates technology transfer and knowledge exchange between China and its partners.

Examples:

Pakistan: China-Pakistan Economic Corridor (CPEC), **Kenya:** Standard Gauge Railway project, **Greece:** The Piraeus Port project has turned Greece into a major transport hub, increasing trade and creating jobs, **Laos:** The China-Laos Railway, **Sri Lanka:** Hambantota Port, **Egypt:** Suez Canal Economic Zone, etc.

Concerns Related to BRI:

Sovereignty concern: India and other countries express sovereignty concerns over BRI projects like the China-Pakistan Economic Corridor (CPEC).

Strategic concern: India is worried about the strategic implications of BRI, including the impact on its **maritime capabilities and regional influence**.

Lack of Transparency: Concerns have arisen due to the lack of transparency in BRI projects, particularly related to **debt and loan conditions**. BRI infrastructure project has encountered major implementation problems, such as **corruption scandals, labour violations, environmental hazards, and public protests**.

Project Monopoly concern: Chinese state-owned enterprises **dominate BRI investments**, limiting competition and opportunities for other companies.

Economic Viability: The **lack of competition and high interest rates** on loans have raised concerns about corruption and economic viability.

Delays in Project: Some BRI projects face delays and challenges, leading to questions about the feasibility and impact of China's ambitious strategy.

Debt Trap: China is criticized for practising “debt-trap diplomacy,” where it lends money to countries **like Sri Lanka and Zambia**, who struggle to repay, leading to China acquiring strategic assets or political concessions.

Multilateral Governance: Unlike initiatives like the Asian Infrastructure Investment Bank (AIIB), the BRI lacks a centralized governing structure, making it difficult to address issues collectively.

Political Tensions: Geopolitical rivalries and disputes have affected BRI project implementation, potentially undermining progress.

Environmental Concerns: BRI infrastructure projects have faced criticism for their environmental and social impacts, requiring sustainable development.

Geostrategic Concerns: BRI projects will enhance China's stature and undermine India's influence over smaller South Asian countries and Indian Ocean littoral states.

Alternatives to address concerns about BRI:

Build Back Better World (B3W) Initiative: The US announced the ‘Build Back Better World’ (B3W) initiative as the Partnership for Global Infrastructure and Investment, which aims to channelise private capital into climate change and energy security, health care and health security, digital technology, and gender equity.

Blue Dot Network (BDN): A multi-stakeholder initiative by the US, Japan, and Australia to promote high-quality standards for global infrastructure development.

Global Gateway: Launched by the European Union to compete with BRI, focusing on various sectors, including climate change, digitalization, health, and education.

Partnership for Global Infrastructure and Investment (PGII): A repackaged version of B3W. It is a G7 effort to fund infrastructure projects in developing nations. India supports it.

US-Japan Infrastructure Initiative: In the Donald Trump era, the United States and Japan initiated the “United States-Japan infrastructure investment alternatives in the Indo-Pacific region”.

India's Efforts:

India's “IDEAS” plan: India's counter to BRI, supported by Lines of Credit (LOCs) to countries in Asia, Africa, CIS, and Latin America. It includes initiatives like IMEC and INSTC.

India-Middle East-Europe Economic Corridor (IMEC) initiative during the recent G20 summit

International North-South Transport Corridor (INSTC) for connecting India to the Middle East and Russia

Conclusion:

China, in order to go ahead and protect its own interests, has put in place a network of investments which has led to several low- and middle-income countries in severe debt hence the global initiatives have provided a counter block for monopoly and taken steps to focus on more inclusive and sustainable development.