

Assignment:Belt And Road Initiative:

Question: What is China's BRI (Belt and road initiative) and why the West including India is taking it as a challenge? Also, enumerate their apprehensions about this gigantic program.

1. Introduction to "Belt and Road Initiative":

The 'belt and road initiative' of 'China' was introduced by China's 13th five year plan (2016-2020) by the Xi-jinping in 2013. It became reality by Deng-ziping's market reforms of 1978 and the China's economic growth from 1980 onwards which was seen to be annually of about 7% to 9% in just 3 decades made the sole basis for Xi-jinping to introduce it which became the reason for the investment in nearly 150 countries because it became a win-win project (a project for the mutual benefit). It did not limitize itself in few continents only but is also spreading in 'Middle east region' particularly in Saudi Arabia, UAE, Turkey, Iran et.c. It has two main components. 1) Silk road economic belt 2) Maritime silk road. The West is taking it as a challenge because of its economic growth and its emerging political influence. There are apprehensions of the West by declaring it as a debt trade policy, encircling of various regions.

2. Overview of China's belt and road initiative:

China's belt and road initiative which was formally known as 1 belt and 1 road introduced by Chinese government in '2013'. It was introduced because of the Chinese government's enhanced economic stability to invest internationally and huge exportable surplus. and it is seen that by March 2022 147 countries had joined China's 'BRI' and this project ranged from



'Highways in Pakistan to railways in Thailand'.

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## Transnational Corporations and BRI.

West's transnational corporations are providing their equipments, services and technology to Chinese firms working alongwith 'BRI'

## b- View of analysts:

- According to 'Morgan Stanley', The investment of China for the life of 'BRI' could reach \$1.2 - 1.3 trillion by 2027 or even more.
- According to EY's development and finance Centre 140 to 147 countries have signed for the Memorandum of understanding to be part of China's BRI by March 2022.

## c- Countries attracted towards 'BRI'.

According to 'London based Center for Economic and Business Research' (CEBR). China in a long will attract more countries towards its project as the project get progress and momentum.

## 3- What made it a 'reality'?

There were so many factors which played their role in the dream of BRI to turn it into reality. They are as follows:

### a- Introduction of market reforms:

After the death of Mao in 1976. The Deng Zeping came into power and introduced the market reforms in 1978 by making the country open market and by allowing the foreign markets to build up their companies and by the slogan of 'Make benefit and take benefit' which attracted the foreign markets including USA, Europe, Japan and UK etc. This market reforms resulted in economic growth in just three decades that it surpassed



japan and became or appear on the world stage as the 'second largest economic power' behind USA only.

### b) Win-Win Project:

China called 'BRI' as a Win Win Project because the countries including China will be mutually benefit because it will remove the prevalence of unemployment in the developing nations and will transfer the technology and skills to the host countries thus will be mutually beneficial.

### c- Huge investment in developing nations:

China when called the summit of the countries it particularly invited developing nations to be a part of BRI's project. It was the first among the developed nations which took the risk to invest in developing nations. Country like Pakistan which was calling every other country to invest in the country but it was China to invest in poor nations.

### d) Support in the internal affairs of developing nations:

China was the solution to not only the employment issues of developing nations but it was also the solutions to many internal movements of developing nations like Sri Lanka. When China invested in Sri Lanka; it was already suffering from the resentment of Tamil Tigers but when it invested, China eradicated all these freedom movements.

### 4- Spread of the influence of BRI in Middle East:

#### a- Spread in Saudi Arabia:

The 2022's visit of Xi-jinping in Saudi Arabia and the fly past reception of him shows the Saudi's crown's leanings towards China a little more than USA.



**b- UAE and China:**

The UAE has recently shaped its foreign policy a more eastwards and since 2020, it on the one hand has shaped its foreign policy and major superpowers in the region and outside by adopting a more balanced approach. It, on the one hand has balanced its ties with Iran and on the other hand with Saudi Arabia and Washington. It, more recently, has even balanced its relations with Turkey. The UAE has become a key partner for China's expansion in the region by building its strong trade and technological ties with UAE and by promoting its strategic location for the China's financial hub and international trade center which the China responded as the shining pearl in 'BRI's' Project.

**c- Turkey and Iran:**

Both these Turkey and Iran have shown their closeness with China and are maintaining their relations with the Chinese government.

**d- Abu Dhabi:**

Given the both Turkey and Iran's closeness with China, the 'Abu Dhabi' seems to adopt a more independent foreign policy without relying completely on one global power in the region or outside. Although its closeness with 'China' will be a key prize for it.

**5- Projects included in 'China's' BRI:**

There were two main components included in BRI

**a- Silk road economic belt:**

This initiates from the eastern coast of China to Northwest China through Central Asia to Europe.

**b- Maritime Silk road:**

This initiates from eastern coast to South East Asia through South China Sea, Strait of Malacca to North Africa.



### c- Main areas of investment:

China's investment is seen in three main areas.

- 1- Financial investment
- 2- infrastructure development
- 3- Trade related activities.

It has few railways investment including: 1- China-Europe freight train 2- China-Vietnam railway 3- China-Laos railway

- 4- Myanmar-China, Nepal-China, Afghanistan-China BRI Projects.
- 5- Argentina has also joined China's trillion of dollars investment project.

### d- Corridors of BRI

There are mainly six corridors of BRI.

1- China-Indochina.

2- China-Central Asia-West Asia.

3- China-Mongolia-Russia.

4- Europe land bridge- leading to Rotterdam.

5- India-Bangladesh-Myanmar.

6- China-Pakistan Economic Corridor:

### e- China-Pakistan economic Corridors:

It is one of the main corridors for China in which initially China invested of about 46 billion dollars which rose up to \$62 billion. It connects China's northwestern region Xinjiang with Pakistan's Gwadar Port. This port will allow China's oil tankers to port and ship oil and gas from the Persian Gulf to China's Xinjiang-Shanghai oil and gas pipeline directly. International companies and Chinese firms are communicating to build up Chinese technological, communicational networks in the region.

6- Why the West is taking it as a challenge:

### a- Unescapable economic growth of China:

By the introduction of the market reforms, China started getting unescapable economic growth of about 7% to 9% till 2010 which was shocking because



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even USA which is the largest economic power in even under debt country it has public debt of 28 trillion dollars in which 1.1 trillion dollars owes to China (CFR) followed by Japan which owes to China about 1.10 trillion dollars followed by UK which owes China 332 billion dollars, followed by Brazil 306 billion dollars, followed by Ireland 271 billion dollars.

### b) According to Analysts:

According to Center for foreign relations China will surpass in economy by 2030 or even earlier. According to London based Center for economics and business research. The project of BRI will likely to increase economic growth of the world by 7.1 trillion dollars by 2040 and the benefits will likely to spread because investment in infrastructure will reduce friction that holds up exports.

### c) Political influence:

According to Elizabeth of 'CFR', China is likely to shape its foreign relations and even responded negatively to Obama's regime's policy of 'Pivot to Asia'. It through BRI likely to cultivate new export market, boost its economy. It under Xi wants forceful appearance on global stage and wants to show its political influence.

### d) Joining of Latin America in BRI:

China's BRI project encompasses four main regions Asia, Africa, Europe, Latin America. Though it shows the resentment of USA on joining of Latin America in the BRI project.

### e- Era of market forces:

It is true in the sense that Colonial Coercion era has become the history now and even the neo-colonial era has also become past. It is the era of market forces in which products/services compete with each other on the basis of value and quality. This has given rise



a competitive edge over others and has even compelled its adversaries like USA and India to import and consume China's product. The USA is the largest importer of Chinese goods and EU is the second largest importer of Chinese goods behind USA only.

### f- Increasing of Geo-strategic relations:

China has increased its geo-strategic relations in the Indian ocean. The string of pearls is the network of Chinese military extending from the mainland China to port Sudan in the Indian ocean in the Horn of Africa (Periphery of Indian ocean). The sea route has many choke points such as Strait of Malacca, Strait of Mandeb, Strait of Malacca and major maritime strategic centers in Pakistan, Sri Lanka, Bangladesh, Maldives and Somalia.

### Apprehensions of the West:

#### a- Protectionist policy:

The Protectionist policy adopted by Donald Trump's regime in the response of the apprehension by applying additional taxes on the imports of China to halt the economic growth of it could not sustain because the Xi replied that he will also apply the same taxes on the imports of USA's products.

#### b- Debt Trade Policy:

West including India says it to be a debt trade policy because of the Sri Lanka Hambatota's bridge that Sri Lanka was not in a position to pay the debt back to China and it had to give Hambatota to China on lease for 99 years but even the Finland has signed for BRI so it is not the debt trap at all.

#### c- Encircling of Various Countries:

The China has established its first overseas military



in Djibouti which is alarming that it could conduct military expedition in Arabia sea and others. China's support for Pakistan's Gwadar port and its establishment is a threat for India's national security and trade and power projection. Though the Chinese government has said it a very peaceful strategy and it is just for the security of the trade.

### 8) Conclusion:

Chinese enhanced economic capacity to invest in international infrastructure and its exportable surplus. It is not only the source of China's economic growth but also the political influence in the overall globe. It was possible by the Deng Xiaoping's market reforms which made it to become world's 2nd largest economy and in the coming years 1st largest which has become a challenge for Western nations.