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Belt and Road Initiative: Why China Pursues It

By Anu Anwar

SYNOPSIS

As BRI is now enshrined in the Communist Party Charter as Xi's signature foreign policy initiative, a failure could undermine the legitimacy of the party itself. After spending billions of dollars abroad, failure could lead to a challenge of Xi's authority.

COMMENTARY

ORIGINALLY ANNOUNCED by Chairman Xi Jinping in 2013 as the One Belt One Road initiative (一带一路), which is still the name used in China and in the Chinese language, China simplified the English translation of this project to the Belt and Road Initiative (BRI). While OBOR implied two routes, a maritime road through the Indian Ocean and a land belt across central Asia, in reality, there are multiple and growing interconnected global networks. In addition, the name BRI tries to counter the critical narrative that both routes go only to Beijing.

The BRI aims to bolster China's connectivity with the world. It combines old and new projects, covers an extended geographic region, and includes efforts to strengthen hard and soft infrastructure development, investment, and cultural ties. At present, the initiative extends to 138 countries with a combined gross domestic product of US\$23 trillion and includes some 4.4 billion people.

Centrepiece of China's Geoeconomic Foreign Policy?

Despite Xi's [claims](#) that *"It is an open and inclusive process, and not about creating an exclusive China club,"* the BRI is viewed by many as the centerpiece of China's geoeconomic foreign policy. In recent years, questions have been raised about why Beijing provides billions of dollars in loans for infrastructure projects of questionable

commercial viability in debt-strapped nations. The answer? It has the apparent aim of converting economic losses into geopolitical gains.

For some, the BRI reveals China to be an ambitious country seeking regional dominance in the short term and global dominance in the long term. It has created hostility among other regional and global powers, with some seeking to counter China's inroads. Therefore, it is critical to understand China's goals for the BRI.

Why is Beijing so determined to push forward with these projects despite mounting economic and political risks? The rationales for BRI can be categorised into three internal and four external factors.

Internal Factors:

First, inequality between China's inland western regions and its prosperous eastern seaboard provinces is a huge challenge for the Chinese Communist Party. On a per capita basis, Shanghai, which is counted as a province, is [five times wealthier](#) than the inland province of Gansu. Minority populations in autonomous regions such as Xinjiang and Tibet have grown increasingly frustrated with Beijing's rule, and the Party regards Tibet's and Xinjiang's separatist movements as an existential threat to national unity.

Beijing tends to believe poverty and underdevelopment are at the heart of rising militancy in the restive regions. Therefore, BRI projects are part of Beijing's strategy to address this problem by integrating those underdeveloped regions with wealthier neighbouring regions.

Second, China needs an outlet for excess capacity in infrastructure construction. Given that most BRI projects have been in developing countries, China has used the BRI to provide business opportunities to state-owned enterprises (SOEs) and to shift excess construction materials to build highways, ports, bridges, and power plants in partner countries.

Third, the BRI is Xi Jinping's flagship project and has become inseparable from him. In 2017, the BRI was [enshrined](#) in the Chinese Communist Party Charter, effectively extending and solidifying Xi's position as leader of both present and future China. At home, Xi promotes the "*Chinese Dream*" to become a prosperous nation that is going global, which is often portrayed as "*building a community of shared destiny*." The BRI embodies China's embrace of its leadership role in building that community.

External factors:

First, China has sought to use BRI to solve a geostrategic problem: the '[Malacca Dilemma](#),' which refers to the narrow strait between the Malay Peninsula and the Indonesian island of Sumatra and which provides the shortest maritime access route to Europe, Africa, and the Middle East. Despite increased imports from Russia and Central Asia, China remains heavily dependent on the Middle East for energy, with an estimated [80% of its total energy supply](#) passing through the Malacca Strait.

With limited control over the passage, any disruption – ranging from piracy to a potential naval blockade by the US and its allies – will have an adverse impact on China's long-term food and energy security. Through [BRI](#), China is developing several major new routes such as the China-Myanmar Economic Corridor (CMEC), China-Pakistan Economic Corridor (CPEC), and Bangladesh-China-India-Myanmar (BCIM) Economic Corridor. These overland routes cannot substitute for the shipping route through Southeast Asia but they are likely to reduce China's dependence on the Malacca Strait as a conduit for oil imports.

Second, Chinese companies are building China-centric trade infrastructure in developing countries that help the Chinese government exert influence over political and economic processes in those countries. For example, Chinese loans to build Hambantota port in Sri Lanka and Gwadar port in Pakistan were not just to accelerate maritime trade volumes across the region.

Having a stake in those ports will give China an option to use the port to dock its military ships and patrol the surrounding areas, effectively checking India's maritime dominance in the region. Building infrastructure makes the governments of developing countries in Asia indebted to China, which creates some leverage and checks the dominance of other big powers in the region, notably the United States.

Creating Image of Global Leadership

Third, BRI is used by China to create a global leadership image. Although China has always regarded itself as a leader in Asia and has tried to engage with other Asian countries, it has lacked a signature activity that makes China a meaningful development partner. China understands that to challenge the US as a global leader, it needs to shed its insular image.

Like the US Marshall Plan for Europe, the BRI is China's attempt to make itself appear as a benevolent country with leadership potential. In this regard, BRI is central to China's soft power diplomacy.

Fourth, learning from the US, China realises that having a global currency offers leverage in international financial markets. Since BRI projects are financed, constructed, and operated by China, payments can be made and received in Chinese currency. The growing pace of yuan usage in [BRI countries](#) has been faster than the yuan's usage in the rest of the world in recent years. For example, China and Pakistan have [agreed](#) to conduct bilateral trade transactions in their own currencies.

The prospect for success of the BRI depends on an array of factors, ranging from China's handling of its domestic economic downturn to potential international backlash. After six years, it is too early to determine if the BRI will be successful, however that is defined.

As the BRI is now enshrined in the Communist Party Charter as Xi's signature foreign policy initiative, a failure could affect the legitimacy of the party itself. After spending billions of dollars abroad while China still has many internal needs, failure to achieve the goals could lead the Chinese people to challenge Xi's authority and wisdom.

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