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How to Celebrate the 10th Anniversary of China's Belt and Road Initiative?

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SYNOPSIS

*As Beijing gears up for the third Belt and Road Forum to celebrate the 10th anniversary of its Belt and Road Initiative, **XUE GONG** reflects on the challenges that the initiative faces and how China has sought to overcome some of those problems.*

COMMENTARY

This year marks the 10th anniversary of China's Belt and Road Initiative (BRI), its signature platform for economic diplomacy. The Chinese government will host the third BRI forum in October to commemorate the achievements of the initiative.

The Chinese government had pledged to achieve five connectivity goals through the BRI – namely, policy facilitation, trade, financial integration, infrastructure, and people-to-people ties. Has the BRI achieved what the Chinese government had hoped for?

BRI Achievements

On the surface, what the BRI has achieved is certainly impressive. From Southeast Asia to Latin America, the BRI boasts [over 3,000 projects](#) like railways, ports, highways, and power grids. It has also set up more than 30 overseas economic cooperation zones that support local industrialisation. The Chinese renminbi is today [more widely used](#) in general and in BRI-participating countries. China has also become the largest trading partner for most of the world. Along with its economic reach, China's social and cultural presence are also expanding.

More importantly, the BRI can be conceived as a victory for China's foreign economic policy during the first few years of its launch. [Over 150 countries and 30 international organisations](#) signed on to the initiative. Not only were developing countries happy to ride along with China as another option for financing their economic expansion plans, but China also successfully made inroads into Europe through ports, railways, and energy plants financed under the BRI. Even though Japan has not joined the BRI, the Shinzo Abe government, when it was in office, agreed to explore [third-party market cooperation](#) in BRI projects. During the early years of the BRI, American president Donald Trump's "America First" anti-globalisation and protectionism slogan made the Chinese idea of connectivity and integration more appealing to many countries.

Unexpected Geopolitical Reactions

Without doubt, the above achievements will be highlighted in the celebration under the upcoming BRI forum. But the Chinese government is also grappling with unexpected impacts that detract from its ability to flaunt and promote the BRI.



Although China's Belt and Road Initiative (BRI) has achieved much in the past 10 years of its implementation, including establishing China as the largest trading partner for most of the world, China will have to address several unexpected pushbacks to retain the BRI's attractiveness and the commitment of its various stakeholders.
Image from Wikimedia Commons.

One of the most prominent issues with the BRI is the [“debt trap” narrative](#), which was circulated in the White House first and then proliferated to the rest of the world. The United States depicted the BRI as a Chinese tool to export state capitalism and undermine the international liberal order. America's hard-nosed rejection of the BRI has been echoed by countries like India. Although the [debt trap narrative is inflated in relation to the BRI](#), it has had a hefty reputational cost for China as it seeks to promote new projects.

China's promotion of the BRI encountered unexpected pushbacks in other aspects too. The West, especially the United States, displayed strong distrust towards the [Digital Silk Road](#) aspect of the BRI, claiming that Chinese technology could threaten Western security and intrude on human rights and democracy. China's idea of building the [Health Silk Road \(HSR\)](#) through vaccine donations and medical resource support

during the global pandemic was questioned as well. Altogether, the United States has taken several harsh measures, including criticising China's domestic health governance and blocking market entry and technology transfer for Chinese technology companies.

Meanwhile, the downward spiral in China's relationship with the United States has made [third parties in the BRI](#), such as some European Union members, reconsider participating in the initiative. The misgivings of these countries arise from their assessment that it is increasingly risky to work with Chinese companies in the BRI, many of which are under US Treasury sanctions.

Moreover, most of the European countries have also changed their own perceptions of the BRI and China in general. In the past, some of them flirted with the BRI in the hope of benefitting from its global trade network and the extensive transportation links that were planned under the initiative. Today, the leaders of these countries are increasingly worried about their economic dependence on China. Sharing the United States' concerns over Chinese technology, the European Union has defined China as an ["economic competitor" and "systemic rival"](#). Consequently, the European Union has tightened its screening of Chinese investments for both [economic and security reasons](#).

More importantly, China's ambivalent reaction to Russia's invasion of Ukraine further alienated many European countries. Beijing's announcement that it had invited the Russian president to the BRI celebration makes it difficult for countries that have condemned Russia's invasion to share the stage with him. Even Italy, the only G7 member of the BRI, recently signalled that it [may pull out of the initiative](#). The lacklustre response from Europe is tantamount to a heavy blow to the BRI's ambition of connecting China with Europe.

Unexpected Sustainability Concerns

As BRI projects got under way, some participating countries also raised eyebrows over the governance impacts of the BRI. One of the reasons that Chinese infrastructure financing has been welcomed by many developing countries is its adaptive nature – its ability to adjust to local regulations and practices while respecting the principle of national sovereignty and non-interference. But it is this same adaptive and unconditional approach that has also increasingly generated international and local concern.

In many of the developing countries that participate in the BRI, weak local governance, lack of transparency in project bids, contracting and procurement, and labour and social responsibility issues have generated [strong public outcry](#). Concomitantly, concerns have also been aired over collusion between host governments and Chinese investors to bypass transparency procedures and fast-track BRI projects without due diligence. Malaysia's [East Coast Railway Link](#) was often cited as an example of Chinese investors becoming embroiled in local corruption scandals. Meanwhile, ruling elites in some of the host countries have hijacked the BRI to fit their electoral agendas, by for instance, [questioning the prohibitive cost of Chinese loans](#). Therefore, some BRI participating countries like Malaysia have renegotiated their financing arrangements and even cancelled some projects.

China's Response

These unexpected impacts have obviously caused reputational damage to China and undercut its avowed commitment to development cooperation.

In response to criticism, China has taken serious measures to improve the implementation of BRI projects. For instance, it has placed greater emphasis on the need to improve social, environmental, and governance outcomes by focusing on "[open, green and clean](#)" financing. Concomitantly, China has also set stronger investment risk controls. Furthermore, in recent years, the Chinese leadership has called for building "[small but beautiful](#)" BRI projects. Clearly, China is now modifying its approach to the BRI by shifting its focus from extensive, large-scale, and risky investments, such as those in the extractive sector, to smaller-scale and targeted projects like those involving agriculture, renewables, and poverty reduction.

To ease the debt pressure of borrowing countries, China has begun to display greater willingness to renegotiate its loans and has even unilaterally waived non-interest-bearing loans to multiple African countries. To help borrowing countries that were under stress owing to the COVID-19 pandemic, China participated in the Debt Service Suspension Initiative (DSSI), a debt relief initiative by the G20 in 2020, and accounted for [63% of debt service suspensions](#) even though Chinese creditors accounted for only 30% of all debt claims.

Beijing has every reason to celebrate the ten years of the BRI not only because the initiative was written into the national constitution, but also because the concept of connectivity and integration is useful to keep China engaged and involved in the global economy. Keeping China engaged and involved in the global economy is important considering that Western countries are tightening their screening of Chinese investments while companies from those countries are trying to "de-risk" from China.

Nonetheless, Beijing cannot overplay the achievements of the BRI and its future prospects. Unlike the success of the two BRI summits held several years ago, the expected low attendance at the upcoming third forum is a sign that the BRI may be losing its attraction. More importantly, China's economic slowdown not only diminishes enthusiasm towards the BRI but also the resources that Beijing can devote to BRI projects. Beijing therefore has its work cut out in determining how to celebrate the BRI and increase its attractiveness.

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