

Belt and Road Initiative 2.0: ‘Qualitatively’ Different?

By N. Janardhan

Following five years of periodic controversies and criticism – some factual, others contrived – President Xi Jinping used the Belt and Road (BRI) Forum in April to set the agenda for the next five years of his hallmark project. At the forum’s second edition, meant to promote a “stronger partnership network,” the Chinese leader pledged to “clean up,” stressed “zero tolerance” to corruption, and emphasized readiness to adopt “internationally acceptable” standards in the bidding process of BRI projects in the future. This language indicates Beijing’s openness to constructive criticism and willingness to objectively tweak some inherent weaknesses in the strategy and implementation mechanisms for the BRI during the 2013-2018 period. It also sets the stage for the start of “BRI 2.0,” where the stress is likely to be on the qualitative, rather than just quantitative, attributes. The following are some analytical pointers on how BRI 2.0 is likely to be different from version 1.0, especially keeping in mind what Chinese Minister of Foreign Affairs Wang Yi referred to as a “high-quality” shift from “big freehand” to “fine brushwork” in planning BRI’s future projects.

First, BRI is often loosely compared to the post-World War II Marshall Plan, but this comparison is inadequate both in terms of scale and intent. In terms of scale, while the U.S-led initiative was valued at \$13 billion in 1950 (equivalent of \$176 billion in 2015), BRI is estimated to be worth over \$1 trillion. And, in terms of intent, while the United States had to launch the Marshall Plan to counter the Soviet Union’s political influence in a Cold War milieu, China had no comparable political environment that coaxed it into launching BRI.

Second, 131 countries sent delegations to the 2019 forum, up from 110 in 2017. (Beijing claims that about 150 countries have endorsed BRI.) Among the attendees were representatives of the United States and more than a dozen European countries, some of them U.S. allies. This makes the mix of the BRI participant countries more internationally representative, after initially being dominated by Asian and African countries. BRI is also engaged with international organizations like the World Bank, United Nations Industrial Development Organization, and Asia-Pacific Economic Cooperation, among others, which will influence the project’s quantitative and qualitative aspects.

Third, for those perplexed by the huge positive responses for the Chinese initiative, the logic is simple. Given the weak state of economies elsewhere, there is no credible alternative to counter BRI. The Japan-India Freedom Corridor is still short of details and the 2018 U.S. commitment of \$60 billion for infrastructure development in developing countries is not as enticing as China’s pledge. Further, BRI is as crucial to China’s future as it is to the future of dozens of other countries that are part of the project.

Fourth, it is true that there have been murmurs of dissatisfaction and ‘debt trap’ in Sri Lanka, Nepal, Pakistan, Thailand, and Malaysia, among a few others. But the disgruntled list is still only about one-tenth the number of the countries that are relatively happy either with the way BRI has panned out or

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are hopeful about its prospects. To stem the dissatisfaction, China has had no better option than to adopt a reconciliatory approach by renegotiating contracts with some of the aggrieved. More of this cooperative strategy is likely in the future and is already being reflected in China's relations with Africa and the Gulf region.

At the 2018 Beijing Summit of the Forum on China-Africa Cooperation, President Xi introduced China's 'five-no' approach in dealing with Africa to address the discontent among a section of the African officials and civil society organizations. These included policies of non-interference in Africa's internal affairs; respecting Africa's preferred development plan; non-imposition of its will on African countries; provision of assistance without strings attached; and not seeking selfish political gains while investing or financing projects in Africa. This accommodative strategy was also spelled out during President Xi's visit to the United Arab Emirates in 2018: "We must pay greater attention to the interests of other countries while pursuing our own. Our enterprises must give greater importance to their good reputation in their global activities, while seeking their investment returns." Such statements could also be linked to China's renewed bid to encourage the Arab Gulf countries — who have some of the world's largest sovereign wealth funds — to proactively participate in BRI.

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Many in the six-country bloc have been reluctant participants because none is formally part of the existing BRI corridors and most fear that Iran's centrality in BRI would strengthen the Islamic Republic, thus compromising their interests in the regional power struggle. However, the Arab Gulf countries now appear to be more receptive to BRI due to the following reasons: it bears the potential to influence their future ties with China; the initiative adds to the region's basket of economic diversification considerations; it offers them scope for multilateral partnerships beyond the region (Central Asia and Pakistan, for example); and it serves as a potential incentive for China to get involved in the region's political and security dynamics.

Fifth, another qualitative change is China's newfound emphasis that the BRI is not a stand-alone infrastructure and trade development project. Instead, it is being championed as a multi-faceted instrument that could be linked to bilateral trade, South-South cooperation, and even sustainable development goals.

Sixth, though it is identified as an economic initiative, BRI could develop into a political instrument that China may use to challenge America's global hegemony. Just like the US-China tariff war is not just about trade, BRI too is likely to assume a deeper political coloring in the years ahead. In fact, Chinese scholar Wang Jisi argued that the BRI is a "strategic necessity" because of the Barack Obama administration's 'pivot' or 'rebalance' to Asia.

Finally, since a large part of BRI routes are vulnerable to instability and tension, it is most likely that an increase in Chinese investments (people, money, and assets) would see a corresponding increase in Chinese security presence to protect its interests. Traces of this strategy are already evident in the establishment of a naval base in Djibouti in 2017 and the increasing presence of private security firms, with retired personnel from the People's Liberation Army, along BRI routes.

All these factors combined could make BRI 2.0 qualitatively different, which the world at large, and the United States in particular, needs to be prepared for.

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