

The Belt and Road Initiative and its Implications for the International System.

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Abstract. The main objective of this article is to analyse and examine the Chinese Belt and Road Initiative (BRI), which is a grand global regional integration project led and financed by China, involving many countries in Asia, Europe, Africa and Latin America. BRI aims at its core to promote trade, investment, infrastructure, connectivity and cultural exchange between the countries that participate in it and is currently seen as one of the largest development initiatives in history and a key factor in the contemporary International System. The paper in question uses a broad literature review based on articles from Google Scholar and economic analysis websites to analyse the main aspects concerning BRI, such as its historical context, its short and long-term objectives, its role in the foreign policy of Beijing, the geopolitical and power dimensions, the economic benefits and challenges of implementing this initiative on the global geopolitical scenario and the implications of its existence and development for the world order. The key argument for the article is that China pursues both multilateral cooperation and self-interest through BRI, using strategic investments to gain advantages in areas such as transport, energy and security. However, the article also considers the possibility that BRI could end up partaking in some form of debt-trapped diplomacy, creating economic dependence and political alignment of many countries with China, and challenging the Western order.

Keywords. International Relations, Belt and Road Initiative, China, Geopolitics, Foreign Policy.

1. Introduction

China is one of the main actors in the contemporary international system, with growing economic, political and cultural influence. Since its opening to the global market, the Asian country has experienced accelerated development, which has made it a large global economy and one of the largest trading partners for several nations. In this context, China launched the Belt and Road Initiative (BRI) in 2013, an ambitious regional cooperation and integration project involving a multitude of countries in Asia, Europe, Africa and Latin America. BRI aims to promote trade, investment, infrastructure, connectivity and cultural exchange among participating countries, under Chinese leadership and financing. In this way, it is considered to be one of the largest development initiatives in history and is increasingly emerging as an extremely important part of the analysis of the International System [1].

This article seeks to analyse the main relationships concerning the Belt and Road Initiative, as well as its challenges and opportunities for the international scenario. To do this, an extensive bibliographical review allowed by the search for articles on the topic through the Google Scholar platform is used, in addition to the direct research of publications on

economic analysis department websites. The article presents the historical context of Chinese growth and the origins of the initiative; the general objectives of BRI and its foreign policy, considering the geopolitical and soft and hard power dimensions; the economic aspects linked to the operation of the project, the Chinese economic benefit from the process and the possible concerns related to it; in addition to the implications of the BRI for the construction of a new world order, defining China as a protagonist in changing the Western order.

This article intends to defend the hypothesis that China, while seeking to invest in developing countries with aid policies and initiatives aimed at establishing a multilateral order, also seeks to acquire its own advantages, using strategic investments in the countries to benefit on certain issues, such as more efficient transport of goods, energy stability, among others. However, along the same line of reasoning, the article plans to consider the possibility that - despite the discourse of promoting win-win cooperation - such an initiative ends up demonstrating itself at certain points as a possible action that promotes debt trap diplomacy, connecting - through economic debts to China - countries around the world with Beijing, supporting it in decisions and increasingly strengthening

relations, establishing new relationships of dependence.

1. China: The Rising Powerhouse

1.1 The impact of the Chinese Communist Revolution

China's industrial, cultural and social development in the last century is truly remarkable. Since the Communist Revolution of 1949, China was able to change from a largely rural, decentralised and agrarian society into a global economic powerhouse. This transformation was driven by a series of bold reforms and policies that reshaped the nation's economic and political landscape [2].

In a context of broad commercial exchanges and consolidation of neoliberal capitalism, China was able to establish itself as a major global player in the economic sphere, basing its structure on a socialist market economy system. Furthermore, by using the rules of modern capitalism, along with political management and a well-structured foreign policy, despite dealing with the imposition of external limitations on economic policies, China has shown itself capable of emerging globally by developing an advanced economic structure with a consolidated industrial base [2].

That being the case, the state of affairs aforementioned clearly conveys that one of the main revolutionary points of Chinese policy is undoubtedly economic growth through expansionism, with the country's development being based on the strengthening and consolidation of a fortified centralised National State, in a situation in which transnational investment, globalisation and decline in state power occupy a prominent position in the International System [2].

1.2 The Belt and Road Initiative

One of the most important points in contemporary Chinese foreign policy is the Belt and Road Initiative (BRI) - also known as the New Silk Road or One Belt One Road Initiative, - which is a broad investment plan originating in China, proposed in 2013 and launched in 2017 by their current president, Xi Jinping. This initiative's main objective is to establish a strategic connection between China and different regions of Asia, Europe, America and Africa through an extensive infrastructure, trade and investment network [1] [3].

BRI represents a unique approach to globalisation that reflects the main characteristics and interests of China, considering that this initiative is developed from a long-term stance. Its central focus is the development of massive infrastructure, such as ports, roads and railways, that promote economic integration and connect the nations involved. By creating this interconnected web of infrastructure, China aims to foster trade, facilitate access to natural resources, promote economic development and

improve the country's security, in an effort that spans several decades [3].

The Belt and Road Initiative focuses, in the short term, on improving interconnection and economic cooperation between nations in Asia, Africa, the Middle East, Europe and Latin America. This is achieved through the development of a wide range of infrastructures, covering both investments in sectors already discussed here, as well as in telecommunications, power plants, irrigation networks, waterways, among other initiatives, depending on the main particularities, potential and economic flagships of the countries included in this project [4].

The initiative discussed here was leveraged by the Chinese government as a project based on win-win cooperation and stands directly in opposition to the "America First" agenda promoted by the USA, featuring China as a voluntary protagonist in promoting international trade and in global investment. Furthermore, it aims to connect more than 140 different countries, doing so through the division into three main blocks: the Land-Based Silk Road Economic Belt, mainly delimiting connections between Asia and Europe; the 21st Century Maritime Silk Road, established primarily in marine territory and defining a concrete connection with the African continent and; the Air base Connection with the Americas [1].

In the long-term context, BRI's central objectives focus on promoting the sustainable economic development of participating countries, leveraged by the growth of the aforementioned infrastructures and the boost in commercial activities. This is part of a broader strategy aimed at boosting both China's economic growth and the joint economic growth of these partner countries, generating mutual economic benefits and promoting greater economic interdependence between the nations involved [4].

BRI, in addition to the main objectives defined by it, seeks to build tools and instruments that facilitate its existence and the project of infrastructural development, economic and social investment, such as the Asian Infrastructure and Investment Bank, the Silk Road Fund, the South-South Dialogue, the New Development Bank and the Confucius Institutes, consolidating the initial proposal and allowing the objectives of such an initiative to be achieved permanently [1].

Pestana (2020) infers that the "String of Pearls" strategy is an adjacent branch of the belt and road initiative and takes place through the establishment of military bases and commercial infrastructures throughout the Indian Ocean, with the purpose of expanding its geopolitical influence in key areas such as the Indian Ocean and Africa, creating its ties south of Port Sudan. This implies the implementation of the projects already mentioned in nations that have joined the Belt and Road Initiative, facilitating the expansion of Chinese economic and political power in these regions. Furthermore, the author states that

the strategy aims to secure Chinese maritime trade routes, also guaranteeing access to strategic natural resources, such as oil and gas.

1.3 BRI's Role in the Chinese Foreign Policy

The aforesaid strategy represents an approach that focuses on China's geopolitical influence and has connections to the use of Hard Power, referring to the employment of military or economic resources to impose the will of a state on other international actors. This strategy implies a more assertive and pragmatic approach, often involving the investment of substantial economic resources and, potentially, the use of force to achieve China's political objectives in strategic areas [4].

On the other hand, there is a cultural perspective underlying the Belt and Road Initiative that plays the role of China's Soft Power tool, marked by the idea of strategic persuasion to achieve goals using culture, history and State values as instruments for such. From this perspective, the Belt and Road Initiative, along with cultural partnerships and the installation of Confucius institutes in partner states, becomes a means of expanding Chinese Soft Power, that is, cultivating diplomacy that is based on cultural attraction and in building a favourable image of the country [4].

Additionally to this, Gao (2018) also brings to the discussion the fact that BRI represents an important instrument for Chinese foreign policy in its leadership of what is called "Globalisation 5.0", based on global collaboration and temporally initiated from the creation of the initiative. For her, this action is carried out as a salute and nostalgic tribute to the Ancient Silk Road, which begins in the 3rd century BC and goes until the 15th century AD, as well as seeking to replicate again the "Chinese economic miracle", which occurred from the Revolution of 1949, in the rest of the Global South through the construction of infrastructure in countries in these regions, losing the imperialist character observed in the actions of the Global North towards the South and being guided by multilateralism.

2. The Economical Aspects of BRI

Considering its 10 years of existence, BRI is still currently laying the foundations to expand Foreign Direct Investment (FDI) flows destined for countries participating in the initiative, using the creation of an environment favourable to the promotion of more solid economic relations between China and the nations involved. In this context, Chinese financial institutions, including the political and commercial banks created, together with multilateral credit organisations, facilitate the financing of projects within the initiative. It is important to note that, considering that BRI is still in the development phase, it will be necessary to wait a longer period for

a comprehensive assessment of its long-term economic results [3].

Perspectives regarding China's financing practices in BRI member countries suggest a growing willingness to direct resources to smaller-scale and more sustainable projects, in line with discussions that took place during the second Belt and Road Forum, held in 2019. This trend indicates a possible adaptation to concerns related to the financial and environmental viability of projects, which could contribute to more equitable and lasting economic growth in the regions involved in the initiative [3].

2.1 China's Benefits from BRI

China has been experiencing economic gains from the Belt and Road Initiative by providing financing to support ambitious ventures in participating countries. This has resulted in contracts being awarded to Chinese companies to build infrastructure and provide equipment. Furthermore, the initiative has enabled the expansion of China's geopolitical and commercial influence in strategic areas, in accordance with specific objectives established in particular circumstances [4].

Through BRI, China can effectively pursue its interests and achieve its aspirations, with a substantial focus on economic benefits. For China, investment plays a fundamental role, as it makes it possible to obtain raw materials and expand its companies. Given that industrial investment and the supply of such materials constitute vital elements of its economy, the acquisition of mineral resources emerges as a pressing need. Consequently, the investment in countries with abundant mineral reserves is crucial, as it allows China, after the initial investment, to guarantee access to the minerals necessary to sustain its economic growth [5].

Another fundamental point of analysis is the ability and need for Chinese companies to make investments. Therefore, China establishes as one of its main objectives the creation of jobs for its citizens, something that is achieved through economic growth, thus requiring a more substantial presence in different regions and allowing its local companies to invest in other territories. In general terms, China is recognized for its imposing works and projects, as well as its undeniably strategic areas of influence [5].

Moreover, the Belt and Road Initiative helps China face several internal challenges, including excess industrial capacity, regional disparities and economic transition. By directing investments in infrastructure abroad, China is able to take advantage of its underutilised resources, foster progress in less developed regions and stimulate processes of innovation and industrial restructuring. This results in benefits for both China and the regions involved in the initiative [6].

3. BRI and the Debt-trap Diplomacy

Taking into account that the action of BRI takes place mainly through the granting of loans of considerable value to member countries, the possibility opens up for the hypothesis that these amounts are too high for them to be able to pay them under acceptable conditions. In this way, the excessive debt that such a scenario presents could be something very important to be considered in the equation [5]. Pestana (2020) gives this debt scenario the name “Debt Trap Diplomacy”, a concept already discussed by many researchers in this field and which implies diplomatic actions based on debt exports from one country to another, through loans, which make the debtor country find itself in a situation of serious dependence on the creditor, having no other choice but to renegotiate these debts in a way that is extremely beneficial to the creditor, through the reduction of export prices, in strong support in diplomatic decisions on an international stage and causing great financial instability in the affected nation.

For Pestana (2020), there are great risks of countries involved in the initiative ending up being trapped by this form of diplomacy, due to the fact that they are underdeveloped countries, often small and with low income, lacking effective methods of circumventing or reversing a hypothetical Chinese dominance in this scenario [7]. All these issues considered can lead to an intense impact on the ability of countries to adapt to sustainable development perspectives [8].

Certain Western-based critics, primarily defenders of the current global situation and the economic dominance played by the United States, claim that BRI may in fact become a tool of debt trap diplomacy provisions, considering that currently Chinese international loans exceed the mark of five percent of global GDP, in addition to the fact that such concessions have specific and clear conditions that, if the debt cannot be paid satisfactorily, China has the right to seize the structures that have already been completed [4] [7]. Therefore, such critics theorise that Beijing's use of financial aid and loans like these is done in order to create a positive and favourable perspective for it in the Global South, causing the country to expand its influence in the geopolitical and economic development in strategic regions, acquiring active strategic resources in countries undergoing socioeconomic development [4] [8].

4. Final Discussions

Despite all the hypotheses, criticisms and concerns discussed here, it is still too early for us to properly comprehend whether the global policy proposed by the Belt and Road Initiative is actively placing the countries involved in conditions that fall under debt trap diplomacy, given the lack of concrete evidence that this is happening at the moment and considering that the project is working actively for just over a decade. However, it can be said that there are indeed tangible concerns linked to the sustainability of the

debts that are developing. This concern is based on the obvious distinction between external and internal debts, since the first must necessarily be paid off through exports, as previously presented, and there are obvious limits to the total monetary amount that the subsidised country can afford [6].

Conclusively, even with all the possible concerns involved in the existence of BRI, it can be said that the ambitious Belt and Road Initiative seeks to build a complex economic and logistical system that links China with neighbouring regions and beyond, with the aim of boost sustainable economic development and promote China's global influence in an extremely impressive way. This undertaking, despite being ambitious, represents one of the largest infrastructure investment efforts in modern history, with an exacerbated potential to significantly impact the economies and international relations of the nations involved. Furthermore, the increase in direct foreign investment, in amounts never seen before, in countries that need it so deeply shows a real possibility and hope that the barriers imposed by neoliberal capitalism, which encourage inequality and escape so much from a real scenario of international cooperation, will finally be conquered and that multilateralism will become the real norm of the International System in the future.

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