

EAI Weekly Talking Point

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China and the One Belt, One Road

China's Belt and Road Initiative (BRI) has met with a lot of resistance and criticism since its launch. Some in the West called it a debt trap for developing countries which do not have the capability of repayment. To allay fears, the Chinese government is currently doing away with some of the unnecessary propaganda of the initiative. According to the international media that covered the Second Belt and Road Forum held in Beijing, BRI's popularity is increasing and ASEAN countries has become a key player in the BRI. Japan had sent very high-level delegations to the forum. Besides, China has deepened cooperation with Eastern European countries, with Italy joining the BRI and participating in the forum this year. The absence of the United States, Canada and India remained conspicuous.

China is institutionalising the BRI, laying guiding principles for the financing of BRI projects. It is also building consensus among BRI countries in terms of infrastructure building. Responding to criticism such as debt trap, China borrowed indicators from World Bank and IMF to formulate an evaluating framework for assessing debt sustainability for BRI projects. The irony, as EAI experts pointed out, was the spotlight placed on the predicament of the borrower. In a normal loan arrangement, the issue of repayment is a big concern to the lender rather than the borrower.

Although BRI projects are suffering low return on investment, the term is gaining popularity around the world. To some extent, BRI will be a game changer for Xinjiang province in China as BRI links Gwadar Port and Kashgar in Xinjiang. Noticeably, the Taiwanese media has given very limited coverage on BRI. The Taiwanese government is strongly against pro-China propaganda, while most Taiwanese scholars are liberal and will basically endorse Western comments on BRI. The Taiwanese media is more interested in the Indo-Pacific Strategy raised by the United States.

EAI scholars generally agree that BRI is helpful in terms of closing income gaps between the developed world and the developing world. The BRI has even be called the second green revolution, a term based on Japanese experience of transferring advanced agricultural technologies to developing countries.