

**IS THE BELT AND ROAD
INITIATIVE 2.0 IN THE
MAKING?**

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Executive Summary

1. To date, 139 countries, including China, have officially signed up for the Belt and Road Initiative (BRI). Together, they accounted for 63% of the world's population and 40% of the global gross domestic product in 2020.
2. The perception of China in general and the BRI in particular within the region and the world is becoming more negative despite efforts by China to promote the BRI as an economic cooperation initiative that will foster economic growth and industrial development for the recipient countries, create trade and investment opportunities and promote stability and peace in the world.
3. In response to international criticisms of BRI implementation, during the second BRI summit held in 2019, Xi Jinping pledged to deliver a multilateral BRI that would generate benefits for all participating countries, not China alone.
4. The contract renegotiation of Malaysia's East Coast Rail Link reflects China's flexibility on BRI implementation, in light of doubts over debt sustainability among the low-income recipient countries and China's response to their requests to lessen debt burdens.
5. Given China's aim to enhance its international image through its push for BRI implementation in the region and beyond, it has no desire to deliberately push recipient countries into a debt trap or force them to borrow from China.
6. The massive infrastructure development under the BRI comes with major environmental impacts. China's investment in overseas energy projects had been strongly tied with carbon-intensive fossil fuel like coal power long before 2019.
7. At the same 2019 summit, Xi Jinping also pledged to deliver a clean and green BRI. The Chinese authorities have since incorporated environmentally sustainable objectives into BRI implementation plans.

8. Leveraging its strength as the global renewable energy superpower, China is promoting the green BRI concept by gradually shifting the focus of its overseas energy investments to more renewable power projects among BRI countries.
9. However, there are certain limitations to China's endeavour for a clean and green BRI. Some of the data on BRI investments conveys a contradictory message from the Chinese side. Although China made more investment in renewables, the share of carbon-intensive coal investment in its total energy-sector investment went up to 27% in 2020 from 15% in 2018.
10. Chinese firms and banks so far have not stopped financing and building carbon-intensive coal-fired energy projects in BRI countries despite international calls to stop funding coal-fired powerplants.
11. It remains to be seen how far China is willing to go with this readjustment process in the long run. The BRI is still, by and large, a China-centric or bilateral initiative. China has so far been unable to project this global initiative as a credible multilateral endeavour.