

# Exploring China's Belt and Road Initiative (BRI) in Relation to Global Economic Integration

- Aashi Bagaria

## ABSTRACT

The rise of globalisation in the current era has been acknowledged as the foremost reason behind China's initiative towards forming the BRI initiative. BRI has been coined the 21<sup>st</sup> century version of the Silk Road which aims to link Asia, Europe and Africa. According to China, it is the first step towards economic integration at the international level. Hence, the purpose of this article is to explore China's BRI in relation to global economic integration. All aspects related to BRI have been explored and discussed in this article with the help of secondary sources of information like government reports, online articles and peer-reviewed journals. The importance of the BRI initiative on developing economic and trading scope has been provided. The overall study further emphasises the relevant countries' engagement level for the BRI initiative's successful outcome. The enhancement of the import and export activities has also been discussed concerning the previous initiative of the "Original Silk Road." The estimated completion period of the entire initiative and the chronological time frame of BRI have also been identified. The formation of necessary corridors is also meant to cater to the end goal of this initiative, which can enhance the business opportunities for China.

**Keywords:** *BRI, Silk Road, AIIB, TCM, economy, China*

## 1. INTRODUCTION

Globalisation can be considered a significant aspect of the current era, which has captured the attention of several developing countries. Globalisation has opened ways for economic integration at the international level and major economies looking to play a significant role in the process. Several statistical analyses have illustrated China's position as the world's largest economy (statisticstimes.com, 2023). With China's intention to become an economic superpower by surpassing US, the People's Republic of China has taken numerous steps towards world dominance. China's initiative towards the BRI initiative can also be acknowledged as a criteria part of this intention, allowing this country to maintain their dominance in the economic market. The beneficial aspect of this initiative can be described through its potential outcome, which can allow China to connect with other regions of the world with utmost efficiency. This can further allow China to boost their economic performance properly, which can be considered as the end goal of this initiative. Achieving a higher performance rate in terms of financial aspects can also be linked with the development of infrastructure, which can allow a country to maintain stability in the growth process. Hence, this initiative can be connected with China's intention to achieve a high success rate in their international endeavours, which can influence the economic structure of a country significantly.

The core purpose of this BRI initiative in China can be defined as an approach which can help carve paths for connecting with other countries. China's BRI initiative can be considered an effective incentive by the governing bodies, allowing China to connect with Africa, Europe and Asia through maritime and land networks (Ebrd.com, 2023). The core purpose of this initiative can also be defined as an intuition towards achieving a higher rate of development in China through transportation. Focusing on the core aspects of this initiative can be helpful for society to understand the stages of this initiative along with its impact on the growth process. Hence, this study can be addressed as crucial in the current era, which is meant to provide an in-depth review of the entire initiative with essential details.

## **2. METHODOLOGY**

Data collection approaches can be addressed as a crucial aspect of a study that allows necessary information to be collected. This study has also been formulated based on pre-existing details that can be useful for understanding the entire concept efficiently. The information regarding this initiative has been collected through pre-existing sources, articles, and government websites, which can be helpful in the collection of critical elements on the selected subject matter. As per Thamaraiselvan, Jayadevan & Chandrasekar (2019), official websites can be addressed as crucial sources of secondary information that can be helpful in the construction of a study.

## **3. FINDINGS**

### **3.1 Background and Origin of BRI**

The background of this initiative can be linked with China's intention towards achieving economic growth in the current era. This initiative, often called the "New Silk Road", can be considered an ambitious initiative for improving the infrastructure of China (McBride, Berman & Chatzky, 2023). This initiative was launched by President Xi Jinping in 2013 to create a robust connection between Europe and Eastern Asia. In the later era, this initiative has been expanded in the parts of Latin America, Oceania and Africa. Several studies have also illustrated this initiative as a symbol of China's rising efficiency, which can be used to form a robust economic structure. Similar approaches can also be observed in the history of China, which was initiated by the Han Dynasty around 206 BCE–220 CE. The overall purpose of the "original Silk Road" was to improve China's foreign trade with other countries.

Similar objectives can also be aligned with the completion of this initiative, which is meant to provide scope for China to climb the ladder of success in terms of economic development. The regions related to Central Asia are often addressed as the core aspects of globalisation, which allowed both Western and Eastern markets to get connected (McBride, Berman & Chatzky, 2023). This allowed China to export crucial elements such as jade, Chinese silk and others while receiving valuable metals such as gold, ivory and others in return. The vision of this initiative depicts the creation of railroads, streamlined borders, and highways that can allow China to connect with India, Pakistan and other South Asian countries. Several news articles have also

illustrated that China has spent around \$240bn to help the countries struggling with their BRI initiatives (Hawkins, 2023). Hence, this initiative can be linked with China's invitation to connect with the remaining part of the world, allowing them to gain a competitive edge in economic development through developing scope for foreign trade.

This initiative has also been identified as an initiative towards improving global trade links. The ongoing phase of this initiative has also illustrated the Chinese government's initiative towards funding the construction of roads, trains and ports which can contribute to the successful outcome of this initiative (Bbc.com, 2019). Several countries, such as India and Pakistan, have illustrated their growing concern for this initiative, which cannot be ignored in the current era. The core aspect of this initiative also denotes the growing concern regarding the increasing amount of debt that can weaken the economic condition of a country. On the contrary, the beneficial aspect of this initiative has also been inspected by several countries. For example, Italy has participated in this initiative with China due to its beneficial economic growth and stability outcome. In simple terms, expanding the scope for business opportunities can be linked with completing this initiative, which can be beneficial for achieving economic growth and development.

### **3.2 The strategic aim and objective associated with China's BRI**

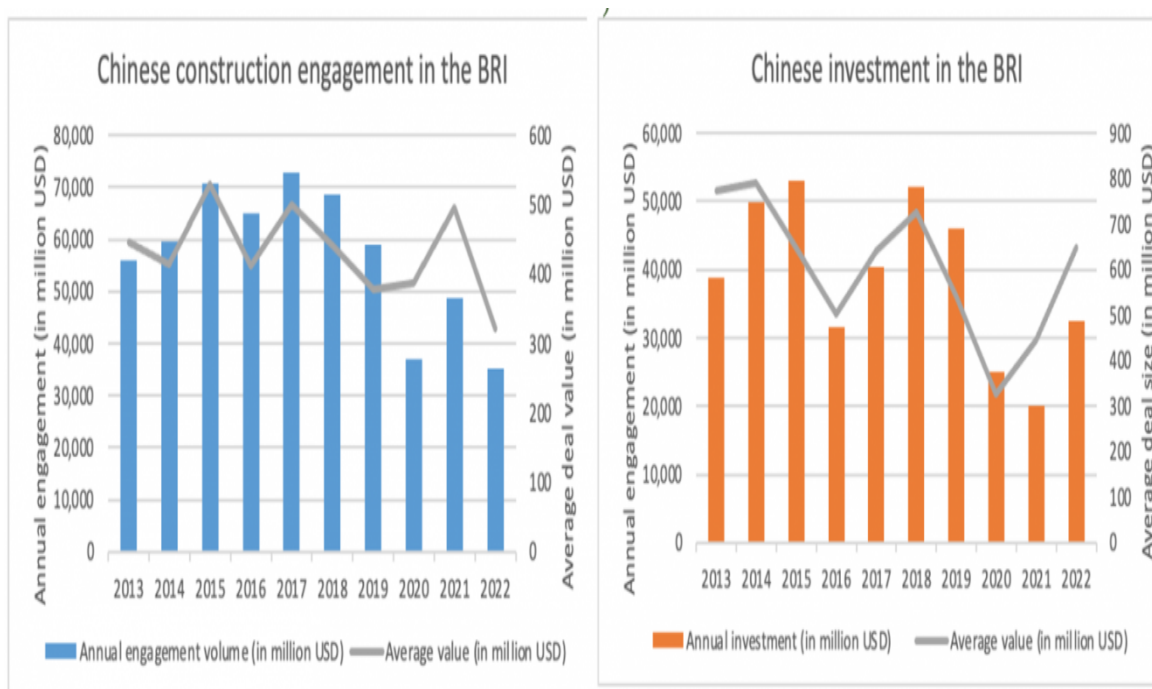
The overall strategic aim of this initiative is to create a scope for China to connect with developing countries, allowing them to create economic alliances. The beneficial outcome of this type of alliance can be helpful during a crisis, which can be useful for the recovery process of a country. As opined by Gong et al. (2020), the pandemic outbreak can be addressed as a significant issue known for negatively affecting the Chinese economy. In other words, the rise of social problems such as these can be problematic for countries which need proper support from valuable initiatives. China's BRI initiative can be considered as an initiative for tackling this type of situation, which can allow China to minimise the negative impact on the Chinese economy. Similarly, the BRI initiative of China consists of specific priorities which can be fulfilled through the completion of this initiative.

As mentioned earlier, the entire concept of this initiative can be linked with the formation of pathways that allow China to contact other countries for foreign trade. Apart from this, the

overall initiative can be divided into five priorities. This includes infrastructure connectivity, unimpeded trade, financial integration, policy coordination, and connecting citizens (Ebrd.com, 2023). The core aspects of the BRI initiative can be linked with the Chinese government's initiative for forming airports, railways, roads and other transportation systems. The overall focal point of the investment process can be linked with China's inclination towards the development of mitigation tools for the initiative and green finance for completing tasks. This concept has further been supported by several articles that have efficiently depicted the BRI initiative's purpose.

The BRI initiative can be helpful for China to connect with 130 countries, allowing them to create a robust business network. As per the statement of Hinsley et al. (2020), the completion of this initiative can enable China to cover around 62% of the world's population, along with a significant percentage of global GDP. In simple terms, this initiative can allow China to acquire 30% of the global GDP, which can be addressed as a considerable number when compared with the current global market. The completion of this initiative can also be linked with China's approach towards removing trade barriers along with enhancing the scope for integrating the financial reformation system. In other words, the core outcome of this initiative is to cater to the needs of China and BRI countries in fulfilling their demand regarding educational medicine needs, which denotes the export of "Traditional Chinese Medicine" or TCM.

### **3.3 Timeline of the entire initiative**



**Figure 1: Engagement and Investment rate of the Chinese BRI initiative**

(Source: Greenfdc.org, 2022)

The rate of engagement and investment can be addressed as a feasible option to inspect the timeline of this initiative properly. As per the timeline of this initiative, higher investment and engagement rates can be observed during 2015 and 2018. The deal size faced a significant reduction in 2022, which was around USD 321 million from USD 496 million in 2021 (Greenfdc.org, 2022). The fluctuation in these rates also represents the effectiveness of the initiatives made by the Chinese government, which can enhance the scope for the Chinese BRI initiative to become successful in the end.

Year	Initiatives
2013	The introduction of the initiative can be traced back to September 2013. In this period, President Xi Jinping proposed this initiative during his visit to Kazakhstan (Gov.cn, 2015). In October 2013, Xi Jinping communicated with the ASEAN community. The overall purpose of this meeting was to provide guidance in the construction of the "21st Century Maritime Silk Road." In November 2013, the "Third Plenary Session" was held, and the "Communist Party of China" was

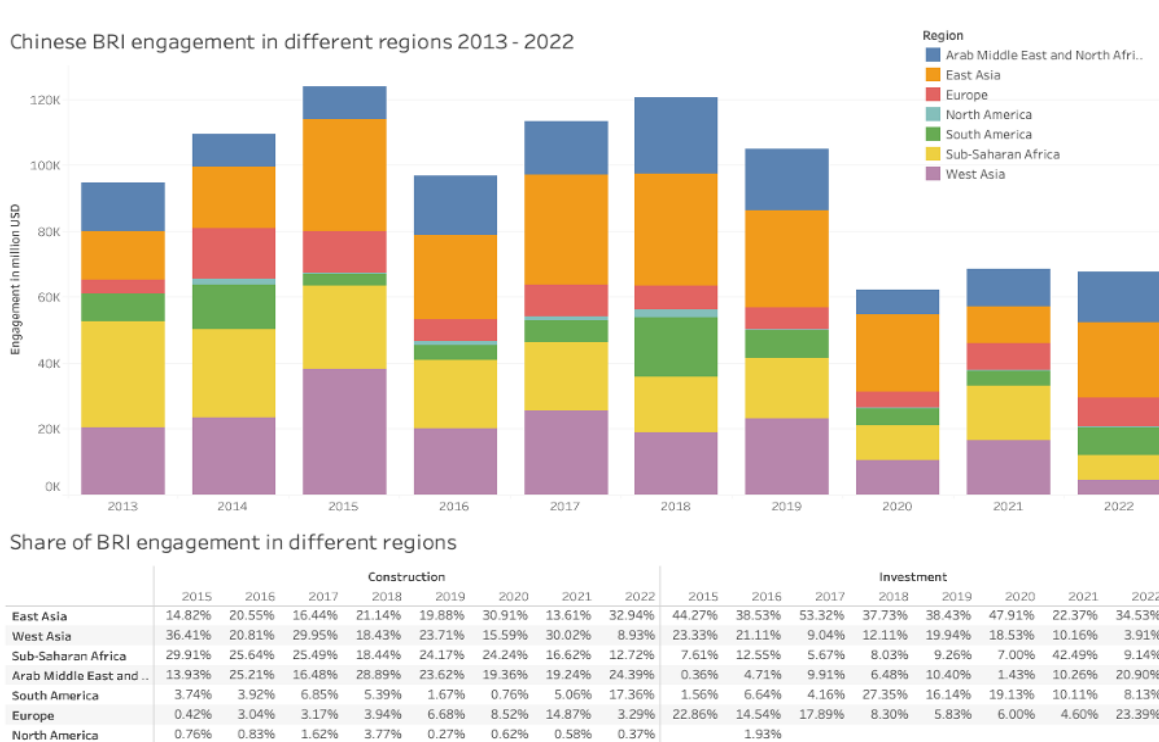
	summoned to create linkage between the neighbouring countries regarding BRI aspects. In December 2013, the president showed his native towards promoting infrastructural development at the “Central Economic Work Conference.”
2014	During the initial stage of this year, the Chinese and Russian presidents joined the event of connection, which depicted the connectivity with "Russia's Euro-Asia Railways." Apart from this, acceleration was also illustrated in the formation of a government report on the aspects related to the "China-Pakistan Economic Corridor" and "Bangladesh-China-India-Myanmar Economic Corridor." Twenty-Asian countries also signed on to the funding of this initiative and were willing to join AIIB or "Asian Infrastructure Investment Bank." priorities of this initiative were also sketched by "The Central Economic Work Conference " at the end of this year.
2015	Priorities were clarified in the initial period of this year, which Zhang Gaoli, a senior leader in the Chinese government, attended. Premier Li also reviewed the initiatives in his reports that highlighted specific needs for strengthening infrastructure. At the end of this year, a joint statement for the action plan was published by the "Ministry of Foreign Affairs", "The National Development and Reform Commission" and "The Ministry of Commerce."
2019	This year can be considered as an important aspect of this initiative. This year, the secretary of the United Nations, AntónioGuterres, formulated a link between the 2030 Agenda and the BRI initiative (Un.org, 2023).
2035	The crucial portion of the infrastructure is expected to reach 2035 for completion (Silkroadbriefing.com, 2023).

**Table 1: Timeline of the initiative**

### **3.4 Current scenario of the initiative**

The current scenario of the BRI initiative denotes the need for potential capital investment to overcome ongoing barriers. As per the financial data, the current amount of investment for the BRI initiative became USD 67.8 billion in 2022, which is lower than the investment of the previous year's USD 68.7 billion (Greenfdc.org, 2022). The rate of engagement has increased to

48% from 2021's 29%, which can be considered a positive factor in this context. The engagement level related to energy can be addressed as lower than in prior years, which amounted to USD 24.1 billion in 2022. Around 14 countries, such as Russia, Nepal, Peru, Angola and others, illustrated a 100% drop in the engagement level, which can be considered a negative aspect. The investment aspects of the BRI initiative are dominated by private firms such as Alibaba and CATL. Construction contracts have been divided among state-owned firms, which has been addressed as unusual.



**Figure 2: Chinese BRI initiative engagement level of different regions**

(Source: Greenfdc.org, 2022)

### 3.5 The positive and negative implications of BRI

China's massive Belt and Road initiative is undoubtedly a productive and profitable initiative so far. This initiative connects central Asia and Europe for business transactions and for making the economic growth of the global economic culture and the initiative will connect the African countries as well. Despite having the opportunities the initiative has its negative impacts as well. The opportunities and the negative impacts will be discussed in this part. As per Githaiga et al.



(2019), the initiative has a tremendous size and scope to enhance the productivity of the global economy. It is known that developing countries such as Kenya and Asian countries such as Laos are suffering from poverty. The success of the whole initiative will be a chance of removing poverty levels from these countries and equally, it will be the reason for the growth of the economy.

Large unexploited potential is another positive implication of this initiative. According to Lisinge (2020), the initiative was initiated to build a new silk route that could connect central Asia and Europe. The initiative is extending and now trying to connect the African countries with this silk route. Many other countries have poor infrastructure in their country that is not suitable for the growth of the economy. The Silk Route initiative and the investment from the china government can make this country's infrastructure better. That will help to grow the economy of those countries and equally the growth of the global economy.

Connectivity improvement is another positive impact of this initiative and the initiative from the china government makes the connectivity more accessible for the traders. According to Hussain et al. (2020), the trading goods need 30 days to reach central Europe from China. The initiative has reduced the time for trade and saved money by implementing the new railways and road development. It is known that supply chain management is extremely important for the traders and the business organizations. The initiative has initiated better connectivity to manage the supply chain with the reduction of time and saving money.

However, although this initiative has initiated global connectivity and a broad chance of economic growth still there are a few various risk factors in this initiative. As per Ram and Zhang (2020), the policy barriers to making the borders thick are one of them. Delaying crossing the borders is difficult for this initiative and as per the policies of the different countries, the border crossing permission is getting delayed which is harmful to the trading goods. The BRI countries have the most restrictive policies within the country's borders that can have a bad impact on supply chain management and business organizations.

There is an environmental factor and these factors are considered as the most important risk factor in this initiative. In the words of Wu et al. (2020), the initiative has initiated renewable energies and that is the reason the fossil energies are rising globally which is measurable for mining difficulty. Apart from that fossil energy extracts the pollutants in the environment that are

the cause of greenhouse effects. That is the reason renewable energy such as solar energy and wind energy are being implemented in this initiative. It is known that the renewable energy source needs advanced technology to be utilized properly and the infrastructure is needed for this type of implication. This effect is surely a risk factor for the BRI initiative so far.

### **3.6 Future implications of the BRI initiative**

This initiative has an emergency to make partnerships and initiatives. As per Hindustan Times (2023) the partnerships between the G20 and G7 for the initiative of global infrastructure and investment. This partnership has made the most of the economic growth for the developing countries and the partnership has made the modified infrastructure for those countries lacking the infrastructure for making the development in those countries. Apart from that, this initiative is adopting the EU global gateway plan that will shape the modified infrastructure in the future in developing countries.

This initiative is taking the initiative on regional connectivity to break down the restrictions. As per Schulhof et al. (2022), regional connectivity will make the accessibility to the countries more enhanced. And that will help make transparent communication and connectivity with the local community. The initiative of this initiative is to make better connectivity among the traders and the initiative for regional connectivity will make the regional traders involved in this initiative. Especially in the growing Asian and African countries, several traders are finding the pathway to be involved in the global market and this initiative has made the dream come true for those traders around the world.

The Chinese government has initiated the water security implications in these initiatives. In the words of Alcon et al. (2019), it is known that renewable energies are being used in this initiative. That is the reason the government is taking measures for water conservation. Considering the global environmental situation it is difficult to store water and for a renewable energy-based initiative it is important to conserve the water for sourcing the energy. The countries of Africa are suffering from a lack of water. The conservation of water can solve this problem of renewable energy and the shortage of water. Water conservation is needed for this initiative

because of the cooling process of the power plants and there are no other options apart from the water source. That is the reason water conservation is the most important agenda for this initiative.

The BRI initiative has taken the initiative about the nongovernment institutes such as universities, banks, etc. According to Li et al. (2021) this initiative has taken the initiative to invest in these sectors of various countries. That will help the initiative on economic growth and will make the cross-country cooperation better than the previous one. Apart from that the initiative has initiated the key aim which is the organizational behavior and the development of IB strategies multidimensional and includes international performances such as scale, scope, and speed. The direction of FDI is the most valuable future planning for this initiative which includes Greenfield infrastructure, joint ventures, and cross-border acquisitions. These future scopes or the planning for the implications is proof of the innovative nature of the government of China. This future initiative will help BRI to extend its initiative worldwide and can eliminate poverty and develop sustainable growth. This initiative is the successful initiative from the Chinese government and the initiatives about the connectivity and the new pathway for the trading is unparalleled and this initiative is maintaining the corporate social responsibility of by covering the guidelines of the CSR.

#### **4. DISCUSSION**

The aspects related to China's BRI have received adequate attention due to the magnitude of this initiative and its beneficial impact. Several studies have suggested that the Chinese government has undertaken specific objectives that can be linked with the successful outcome of this initiative. For example, focusing on capital flow, facilitating trade and others can be addressed as a practical approach towards increasing investment in the BRI initiative (Oecd.org, 2018). The formation of a free trade policy and the Silk Road can also be addressed as a crucial objective relevant to this initiative. Enhancing financial cooperation between different countries is another core objective of the initiative. Apart from this, accruing access to natural resources, improving the transport system and others can be identified as beneficial aspects of this initiative. This BRI initiative of China also includes the formation of six corridors, which have been listed below.

- “New Eurasia Land Bridge”

- “China, Mongolia, Russia Economic Corridor”
- “China, Central Asia, West Asia Economic Corridor”
- “China Indochina Peninsula Economic Corridor”
- “China, Pakistan Economic Corridor”
- “China, Bangladesh, India, Myanmar Economic Corridor”

The entire initiative denotes the potential for enhancing the relevant countries' infrastructure, allowing China to contact them without facing transportation issues. News articles have also illustrated this initiative's importance in forming roads, railways and other paths for transporting goods and maintaining economic connections with other countries (Bbc.com, 2019). The timeframe of this initiative also suggests a need for stable capital flow that can be helpful in the completion of this initiative. The findings of this study further reflect that completion of this initiative can help China foster trade relationships with relevant countries, which can be helpful for maintaining its dominance in the economic ranking list.

## **5. CONCLUSION**

The core purpose of this piece of work is to demonstrate the aspects related to China's approach towards the BRI initiative or "Belt and Road Initiative." A brief overview of the entire initiative has been prorated, and feasible methods have also been discussed adequately. The portrayal of integrated strategies can be helpful for acknowledging the valuable nature of those in this study. The background and origin of the BRI initiative have also been demonstrated, along with strategic aims and objectives. The allocated timeline of this initiative has also been reviewed, which can be helpful in giving resources for the entire initiative. This initiative can be considered an ongoing stage, making it necessary to portray the initiative's current status.

This aspect has also been fulfilled in this study, along with the positive and negative implications of this initiative. An overall discussion has also been integrated that can be helpful in the summarisation of entire findings effectively. The general argument of this duty denotes that the completion of this initiative can give China a chance to achieve a higher success rate in the global market, which is a crucial part of globalisation. Enhancing the scope for business

opportunities can allow China to improve its financial condition efficiently, producing a spectrum for facing global challenges with utmost efficiency.

## **6. ACKNOWLEDGEMENTS**

His Excellency Mr. Ahmad Javed

Ex-Ambassador of India to the Kingdom of Saudi Arabia

## 7. REFERENCES

Alkon, M., He, X., Paris, A. R., Liao, W., Hodson, T., Wanders, N., & Wang, Y. (2019). Water security implications of coal-fired power plants financed through China's Belt and Road Initiative. *Energy Policy*, *132*, 1101-1109.

Bbc.com, 2019. Belt and Road: China showcases initiative to world leaders, *bbc*, Retrieved On: 22nd September 2023, from: <https://www.bbc.com/news/business-48047877>

Ebrd.com, 2023. Belt and Road Initiative (BRI), ebrd, Retrieved On: 22nd September 2023, from: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html#:~:text=China's%20Belt%20and%20Road,trade%20and%20stimulating%20economic%20growth>.

Githaiga, N. M., Burimaso, A., Wang, B., & Ahmed, S. M. (2019). The belt and road initiative: Opportunities and risks for Africa's connectivity. *China Quarterly of International Strategic Studies*, *5*(01), 117-141.

Gong, H., Hassink, R., Tan, J., & Huang, D. (2020). Regional resilience in times of a pandemic crisis: The case of COVID-19 in China. *Tijdschriftvooreconomischeensocialegeografie*, *111*(3), 497-512.

Gov.cn, 2015. Chronology of China's Belt and Road Initiative, *gov.cn*, Retrieved On: 22nd September 2023, from: [http://english.www.gov.cn/news/top\\_news/2015/04/20/content\\_281475092566326.htm](http://english.www.gov.cn/news/top_news/2015/04/20/content_281475092566326.htm)

Greenfdc.org, 2022. China Belt and Road Initiative (BRI) Investment Report 2022, *greenfdc*, Retrieved On: 22nd September 2023, from: <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2022/?cookie-state-change=1695974240261>

Hawkins, A., 2023. China spent \$240bn on belt and road bailouts from 2008 to 2021, study finds, *theguardian*, Retrieved On: 22nd September 2023, from: <https://www.theguardian.com/world/2023/mar/28/china-spent-240bn-belt-and-road-debts-between-2008-and-2021>

Hindustantimes, 2023, Belt and Road Initiative (BRI): Challenges and prospects. Retrieved On: 22nd September 2023, from: <https://www.hindustantimes.com/ht-insight/economy/belt-and-road-initiative-bri-challenges-and-future-prospects-101682752056708.html>.

Hinsley, A., Milner-Gulland, E. J., Cooney, R., Timoshyna, A., Ruan, X., & Lee, T. M. (2020). Building sustainability into the belt and road initiative's traditional Chinese medicine trade. *Nature Sustainability*, 3(2), 96-100.

Hussain, J., Zhou, K., Guo, S., & Khan, A. (2020). Investment risk and natural resource potential in "Belt & Road Initiative" countries: A multi-criteria decision-making approach. *Science of the Total Environment*, 723, 137981.

Li, J., Qian, G., Zhou, K. Z., Lu, J., & Liu, B. (2021). Belt and Road Initiative, globalization and institutional changes: implications for firms in Asia. *Asia Pacific Journal of Management*, 1-14.

Lisinge, R. T. (2020). The Belt and Road Initiative and Africa's regional infrastructure development: implications and lessons. *Transnational Corporations Review*, 12(4), 425-438.

McBride, J., Berman, N. & Chatzky, A., 2023. China's Massive Belt and Road Initiative, *cfr*, Retrieved On: 22nd September 2023, from: <https://www.cfr.org/backgroundunder/chinas-massive-belt-and-road-initiative>

Oecd.org, 2018. China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape, *oecd*, Retrieved On: 22nd September 2023, from: <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>

Ram, J., & Zhang, Z. (2020). Belt and Road Initiative (BRI) supply chain risks: propositions and model development. *The International Journal of Logistics Management*, 31(4), 777-799.

Schulhof, V., van Vuuren, D., & Kirchherr, J. (2022). The Belt and Road Initiative (BRI): What will it look like in the future? *Technological Forecasting and Social Change*, 175, 121306.

Silkroadbriefing.com, 2023. The Belt and Road Initiative, *silkroadbriefing*. Retrieved On: 22nd September 2023, from: <https://www.silkroadbriefing.com/the-belt-and-road-initiative.html>

Statisticstimes.com, 2023. Initiativeed GDP Ranking, *statisticstimes*, Retrieved On: 22nd September 2023, from: <https://statisticstimes.com/economy/initiativeed-world-gdp-ranking.php>

Thamaraiselvan, N., Jayadevan, G. R., & Chandrasekar, K. S. (2019). Digital food delivery apps revolutionizing food products marketing in India. *International Journal of Recent Technology and Engineering*, 8(2), 662-665.

Un.org, 2023. Progress Report on the Belt and Road Initiative in Support of the United Nations 2030 Agenda for Sustainable Development, *un*. Retrieved On: 22nd September 2023, from: [https://www.un.org/sites/un2.un.org/files/progress\\_report\\_bri-sdgs\\_english-final.pdf](https://www.un.org/sites/un2.un.org/files/progress_report_bri-sdgs_english-final.pdf)

Wu, Y., Wang, J., Ji, S., & Song, Z. (2020). Renewable energy investment risk assessment for nations along China's Belt & Road Initiative: An ANP-cloud model method. *Energy*, 190, 116381.