



Five Years of Belt and Road Initiative (BRI): An Appraisal

Speaker: Prabir De

Chair: Ashok K Kantha

Date: 30 January 2019

Seminar Room, ICS

The seminar began with the chair introducing the speaker. The topic of discussion i.e. the Belt & Road Initiative (BRI) has been quoted by the chair to be the ‘signature project’ of the President Xi Jinping. Although, there have been lot of change in its discourse since its inception, the speaker made an effort to enumerate the achievements of BRI in the course of its five years and also enlist the challenges and problems its facing and also examine the opportunities that BRI offers to various countries including India.

The speaker began his presentation by stating that he has been closely observing the developments in the BRI since its inception and over time had visited a number of conferences wherein he met a number of Chinese scholars and officials in Kathmandu, Dhaka, and Colombo etc. The speaker claimed that the lack of quantitative data was one of the major issues while deliberating the BRI project; there were sources that helped in the culmination of such data. Some of the sources were various economic institutions and think tanks across the globe, especially South Asia. He also mentioned that the data shared by the Chinese government only showcases figures for the first two years. The highlights of his presentation were his case studies of two South Asian countries: Pakistan and Sri Lanka.

The speaker gave a historical overview of the BRI project and how at present it constitutes of the Silk Road Economic Belt (SREB) and the 21st Century Maritime Silk Road (MSR). The project was initially called the ‘One Belt, One Road’ and originally unveiled at the Nazarbayev University in Astana, Kazakhstan. This was indeed President Xi’s personal project which was associated with the establishment of his strong leadership. The five thematic areas of focus of his

five year appraisal of BRI were: policy coordination, facilities connectivity, trade and investment, financial integration and cultural exchange. He provided an estimate that between 2014 and 2017, the Chinese investment in BRI projects was almost US\$340 billion in roughly 92 countries.

On the question of what BRI intends to achieve, the speaker assessed that BRI intends to connect China with countries and the continents in the West for various economic and strategic reasons, as BRI covers a large area, rich in resources. He also emphasized that BRI intends to establish a more China-centric global order. He makes an important remark that the BRI is not a grant-in-aid project, but its development depends on concessionary finance.

The speaker then carried on with his presentation by giving a comparative analysis of the present geographical mapping of the BRI project and the earlier mapping of 2013, which was marked with the launch of several BRI corridors. Interestingly, one of the slides of his presentation gave a pictorial depiction of geographical expansiveness of the BRI project; a comparison between 2013 and 2018. One of the takeaways of this representation was: the BRI project (formerly known as OBOR) in 2013 was mostly concentrated in the Eurasian continental base with few investments done in Africa and almost negligible influence in South America but in 2018, there has been a vast difference. Almost all the countries in Africa are involved in BRI and it has also gained considerable ground in the Latin American countries.

He discussed about the two emerging routes/corridors which are Comprehensive and Progressive Agreement on Trans-Pacific Protocol (CPTPP) and Regional Comprehensive Economic Plan (RCEP), which was led by the United States and the BRI which is led by China. He provided few estimates stating that the CPTPP and RCEP were based on the principle of liberalization and accounted for less than 50 % of the World GDP whereas the BRI was based on the principle of cooperation and accounted for less than 45% of the World GDP. Some of the economic motivations of the BRI as explained by the Speaker are: to maintain the economic growth, to export overcapacity (steel, cement, construction, high speed rail etc.) and reduce regional disparity that existed within China. Upon the question of funding of the BRI, the speaker enlisted some major funders of the project such as: China Development Bank and China Exim Bank, Silk Road Fund etc. The bill is then paid by the borrowing countries and China. One of the major

takeaways of this part of the presentation was: the BRI is developed through commercial loans only.

Thus, in conclusion of his first part of assessment on the five year appraisal of BRI, he stated that the BRI is indeed a massive undertaking and almost 85 countries are directly or indirectly involved in the project. This constitutes for about 65% of the global population. So far, there is no information of the 'master plan' or central list of projects nor any source of official data released on the investments. Although, the media discourse hugely covers the impending conditions of Sri Lanka, Pakistan and Malaysia, due to BRI, there are some examples of successful projects such as Kyrgyzstan. He also mentioned that the overall sizes of investments are probably smaller than most press reports which are hyped. He also observed that most investments that are made have been outside countries, along the traditional 'Silk Routes.' Oil and Gas sector had received the most attention, followed by power not transport.

He then further mentioned about the Silk Road Fund (SRF) commitments to the Belt & Road countries via financing instruments. He shared some data on the SRF contracts in various BRI countries and the investments in each (The source of the data mentioned during the presentation has been borrowed from EMF). He also showcased data on the Chinese official lending to Belt & Road Countries during 2013-2014 to various regions such as Africa, South Asia, Southeast Asia, Central Asia, Latin America, Southern Europe, Far East and Russia.

He then moved on to the second part of his presentation wherein he discussed about two case studies which were Sri Lanka and Pakistan. He mentioned about the major BRI projects in Sri Lanka and discussed about the prospects as well as pitfalls in the entire engagement. While he also spoke about the 'debt-trap diplomacy', he enlisted ways in which countries could maximize their benefits from BRI. With respect to Pakistan, he spoke about the China-Pakistan Economic Corridor (CPEC). Some clarifications given by the speaker regarding the CPEC were: the CPEC project is not primarily a debt-based arrangement, while the total worth of the completed project is US\$22 billion; only 11% is the total loan component (US\$ 2.42 billion). The remaining contribution is based on Build-Operate-Transfer (BoT) basis. (The remaining details on the same are accessible from the CPEC web portal and NEPRA website). While the initial early harvest

phase of CPEC was a bilateral programme, the next phases are open to investments by other countries.

The speaker concluded his presentation by acknowledging the benefits of the BRI project in South Asia and promotes collaboration and not competition in the countries of the region. The BRI projects do have potential but they need added advantage of transparency and better investment opportunities and do-able loan repayment schemes.

This report has been prepared by Prarthana Basu, Research Assistant, ICS

Disclaimer

The Wednesday Seminar at the ICS is a forum for presentations and discussions on current affairs as well as ongoing research by scholars, experts, diplomats, and journalists, among others. This report is a summary produced for purposes of dissemination and for generating wider discussion. All views expressed here should be understood to be those of the speaker(s) and individual participants, and not necessarily of the Institute of Chinese Studies