



The New Silk Road: Economic Importance, Investment, and the Shifting Global Balance of Power

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<https://doi.org/10.69760/egille.2504004>

Abstract

The New Silk Road megaproject - known as "One Belt, One Road" and the "Belt and Road Initiative" - apparently encompasses a wide range of energy, transport and communications projects, along with transit routes, oil and gas pipelines, ports, airports, and railways with Chinese capital worth more than \$1 trillion. Despite the growing importance of this megaproject, few Persian-language articles have been published on the method, scope, and extent of investment in the Belt and Road Initiative.

Therefore, the preceding article attempts to explain the method of investment in this megaproject. "How and with what mechanism does investment in the Belt and Road Initiative shape China's geoeconomic power?" This is the fundamental and central question posed in this article, which provides an analytical reading of the investment mechanism in the New Silk Road megaproject and the exercise of this country's geoeconomic power.

Despite the importance of China's geopolitical competition with the United States, the author ignores this factor and instead, by mentioning the details of this investment, explains the geoeconomic aspects of this megaproject. Also, the internal problems facing it, such as the issue of debt-trap diplomacy, will be examined. The article shows how the investment pattern of this grand strategy affects the future world order. Finally, the article shows how the geoeconomic power

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of the New Silk Road can be translated into geopolitical power and reveals its geostrategic dimension.

Key words: *New Silk Road, geoeconomics, Belt and Road, hostage diplomacy, vision document and actions.*

Introduction

In September 2013, Chinese President Xi Jinping unveiled the Silk Road megaproject for the first time during his visit to Kazakhstan at Nazarbayev University under the title “Silk Road Economic Belt¹”². Xi pointed out in his speech that “in the New Silk Road region, the local market of the 3rd region is home to 1 billion people, and it is unprecedented in scale and potential.³”

Then, on October 3, 2013, during Xi Jinping’s visit to Indonesia, the “21st Century Maritime Silk Road”⁴ was proposed as a complement to the land route. In 2014, both of the aforementioned routes were integrated into the land and sea routes and collectively became known as the One Belt, One Road strategy. Stressing the need to build a close communication network with neighbors based on mutual and multilateral interests to achieve common development, Xi Jinping stated: “We hope that neighboring countries will be willing to increase communication with China, and we also hope that China can establish strong relations with its neighbors.⁵” Two years later, in 2015, a national document entitled “Vision and Measures for Building the Silk Road Economic Belt and Road” was issued. The 21st Century Maritime Silk Road was launched by the State Council of China. On May 16, 2017, during a ceremony attended by leaders from nearly thirty countries in China, the New Silk Road was inaugurated to pave the way for the Asian powerhouse’s greater economic ambitions.

According to the Chinese government, this plan aims to enhance the participation and cooperation of all members in the economic sphere and trade liberalization, and to accelerate the economic development of all members based on the “win-win” cooperation model.⁶ On April 27 and 28, 2019,

the Chinese government hosted the second summit in Beijing under the theme of “Leaders’ Round Table”. The second meeting, however, was largely ignored by the Western media, with both the US and India opting to send high-level envoys.

¹ Silk Road Economic Belt

² Xi Jinping, —Speech by H. E. Xi Jinping, President of the People’s Republic of China, at Nazarbayev University, Ministry of Foreign Affairs of the People’s Republic of China, September 7, 2013, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1078088.shtml.

³ Ibid.

⁴ The 21st Century Maritime Silk Road

⁵ Xi Jinping, *The Governance of China*, Shanghai Press; Illustrated edition. 2014. p. 321.

⁶ Shuangying (双赢).



The New Silk Road, known in Chinese as “Ai Dai Lu”¹, has rapidly become a strategic concept, to the point where it has become the most frequently used concept in the official state newspaper, “People’s Daily.”² Rebuilding this road would involve 65 percent of the world's population, 40 percent of global GDP, and 71 countries.³ More importantly, this megaproject could lead to the country’s hegemony in the advanced world order and, by controlling the land and water trade routes of the vast Eurasian expanse, introduce Beijing as a new global power in the future world economy, with important consequences in the political-military-security as well as cultural-ideological-normative spheres. In short, the New Silk Road will be the most important symbol and model of China's power actions beyond its borders for years and decades to come.

The main support and tool for this power action is also its economic power and ability to invest in the infrastructure of developing and underdeveloped countries. Therefore, the previous article focuses on such support and Beijing's tools in implementing the New Silk Road megaproject.

Despite the fundamental importance of the geostrategic and geopolitical dimensions of the New Silk Road, the article will focus only on its geoeconomic dimension and will pursue other dimensions in future articles.

Geoeconomics

With the end of the Cold War, new readings of geopolitics, global competition, and international security emerged in the literature of international relations. In contrast to those who insisted on the continuity of the nature of international politics and competition, a group emphasized the change in this nature.

Among these, the concept of geoeconomy was one of the influential concepts that pointed to the changes in the nature of international politics and competition in the post-Cold War era. Edward Luttwak was undoubtedly one of the first and most important individuals to elucidate this concept.⁴

In his 1990 work, “From Geopolitics to Geoeconomics,” Lautwerk coined the term “geoeconomics,” stating, “Geoeconomics is the best term I can think of to describe the blending of the logic of political competition with the methods of trade—or, as Clausewitz wrote, the logic of war with the dictates of the language of trade.”⁵

¹ yi dai yi lu 一带一路.

² People’s Daily

³ “What to Know About China's Belt and Road Initiative Summit”. Time. Archived from the original on 2018-01-28; CNN, James Griffiths. “Just what is this One Belt, One Road thing anyway?” CNN. Archived from the original on 2018-01-30; <https://www.beltroad-initiative.com/belt-and-road/>

⁴ Luttwak, Edward N. (1990). “From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce”. *The National Interest* (20): 17–23.

⁵ Ibid. p. 19.



Luttuck argues that the same logic that underpins military conflict also applies to international trade, and therefore emphasizes that geopolitical competition will expand into the economic sphere in the future.

1: States collect income tax as much as their tax codes allow and do not allow other states to collect taxes on commercial activity within their jurisdiction. This is a zero-sum game.

2. States mainly regulate economic activities to maximize results within their own borders, even if these results are undesirable for other states, in order to be interested in a common goal. So the logic of state regulation is somewhat consistent with the logic of opposition.

3. States and blocs of states try to limit their payments and services to their own residents. Furthermore, states design their infrastructure projects to optimize domestic demand, regardless of how they affect other countries.

4. States or blocs of states promote technological innovation to maximize benefits within their own borders, and not for innovation's own sake.¹ According to Luttwak, the role of offensive weapons in the geoeconomy of war is more important, and state-sponsored research and development is the most important of these weapons.

"Just as in war it is the artillery that conquers territory by fire which the infantry of the system can then occupy, here the aim is to conquer the industries of the future by achieving technological superiority."²

Past Luttuck, this is Henry Farrell and Abraham L. It was Neumann who, by emphasizing the term "arms interdependence," referred to the tension between power and international economic networks.³

Farrell and Newman do not address geoeconomics directly, however, their paper addresses the fundamental factors in how power is exercised within the geoeconomic framework: "In particular, we show how the topography of economic networks of interdependence intersects with internal institutions and norms to shape coercive power.

Among these, networks such as financial linkages, supply chains, and the Internet, which have been studied by researchers of geoeconomics The international has been largely ignored, at the heart of a compelling new understanding of globalization and the power it emphasizes."⁴

¹ Ibid.

² Edward., Luttwak (1999). *Turbo-capitalism: winners and losers in the global economy* (1st U.S. ed.). New York: HarperCollinsPublishers.

³ Farrell, Henry; Newman, Abraham L. (July 29, 2019). "Weaponized Interdependence: How Global Economic Networks Shape State Coercion". *International Security*. 44 (1): 42–79.

⁴ . Ibid.



On the other hand, the effectiveness of fiscal and monetary policies as tools for the global economy depends to a large extent on the role of a country's currency in the international monetary system. However, geoeconomics should not be seen as the opposite of the concept of geopolitics, but rather the two concepts are intertwined.

Former US President Richard Nixon rightly put this concept into perspective when he said: "Some argue that with the end of the Cold War, the importance of economic power and 'geo-economics' has overtaken that of military power and traditional geopolitics. They say that America must beat its swords not into plowshares, but into chisels!"¹ In this context, geoeconomics is used to economic tools to advance geopolitical goals.²

Robert de Blackwell and Jennifer Harris have also defined geoeconomics as "the use of economic tools to advance and defend national interests and produce beneficial geopolitical outcomes; and the impact of the economic actions of other countries on a country's geopolitical goals."³

In fact, economic power and geoeconomic tools strengthen a country's national security by contributing to a strong economy, creating effective international economic policies, and using economic tools to achieve geopolitical goals. In short, geoeconomics is the study of how geopolitics and economics interact and interact in international relations.

From this perspective, the investment attractiveness and soft power capabilities that China has implemented in the Belt and Road Initiative are considered as determining factors of geoeconomic power.

In fact, the New Silk Road is the most important form and symbol of geoeconomic power in the developing world. Although the intentions and consequences of the New Silk Road have geopolitical roots, the mechanism for this megaproject will be in the geoeconomic sphere. In this way, the competition between China and the United States will be at the level of geoeconomic competition, although at its core it will be geopolitical competition.

Research Method

The previous article is based on the descriptive-analytical method in explaining the New Silk Road. The previous article uses library and documentary sources and data to show the routes of the New Silk Road and its impact on Central Asia. The main source in the course of conducting this research is written sources, documents, and strategic reports. Therefore, the previous research aimed to

¹ Nixon, Richard (January 15, 1992). *Seize the Moment: America's Challenge in a One-superpower World* (First ed.). Simon & Schuster.

² Chatham House. "What is Geoeconomics" (PDF). Chatham House. Chatham House. Retrieved 9 August 2020.

³ Blackwill, Robert D.; Harris, Jennifer (2016). *War by Other Means: Geoeconomics and Statecraft* (1 ed.). Cambridge, MA: Belknap Press. p. 20



clarify and analyze the above problem by using library studies and collecting published data from the Internet.

Background of Silk Road Research

Several publications can be named that have analyzed the New Silk Road. The book “China’s Asian Vision: Empire Building Along the New Silk Road” by Tom Miller¹ looks at the implications of the launch of the New Silk Road for Asia and sees it as a step towards achieving China’s historic hegemony in Asia.

He believes that the “One Belt, One Road” initiative is a plan for China-style globalization that aims to reshape the world’s economic order and bring countries and companies into the orbit of the Chinese economy.

As China’s economic growth slows, heavy industries such as steel and cement are producing more than the Chinese market needs; Therefore, China is looking to global markets, especially in developing countries, to sustain its economic activity. Miller sees this as a bigger plan than the Marshall Plan that the United States implemented after World War II.

According to Miller, China has ambitious goals that it is even willing to invest in the infrastructure of countries suffering from corruption and crisis to achieve them; The book “China’s Eurasian Century” by Nadja Roland,² considers the ambitious One Belt, One Road initiative as the organizing concept and symbol of China’s foreign policy and grand strategy under Xi Jinping.

Roland shows that the One Belt, One Road initiative reflects China’s goals and aspirations for shaping Eurasia from its own perspective, worldview, and characteristics. By studying and examining the source of the concept and vision of this plan and China's domestic and international goals, Nadja concludes that the One Belt, One Road plan is not a mere list of economic-commercial infrastructure projects, but rather it is China's grand strategy for dominating Eurasia.

The book “Belt and Road: What China Offers the World in Its Implementation” by Wang Yiwei³ is the first major book on China’s New Silk Road by the Chinese thinker and strategist. Wang believes that the Belt and Road Initiative embodies China's own logic of openness, which reflects the inevitable trend of the survival of human civilization, reflects the prerequisites of inclusive globalization, and reflects China's fundamental transformation from a participant to a leader in the globalization project.

¹ Miller, Tom, China's Asian Dream: Empire Building along the New Silk Road, Paperback – February 15, 2017, Zed Books (February 15, 2017)

² Rolland, Nadège, China’s ‘Belt and Road Initiative’: Underwhelming or Game- Changer? Washington Quarterly, Vol. 40, No. 1, Spring 2017

³ Yiwei, Wang. The Belt and Road: What Will China Offer the World in Its Rise, New World Press. February, 2016



He also discusses China's peripheral policy, regional cooperation, and global development. Wang also points out the dangerous consequences of this plan in the security, economic, ethical and legal spheres. Another important text is “The New Silk Road: Challenges and Responses” by Richard Griffiths.¹

He believes that this megaproject should not be seen as a purely Chinese project and that the participation of Eurasian countries along the route of this ancient highway should be considered important and decisive in the development of this route.

In her book “China’s New Silk Road: The Emerging World Order”², Carmen Adamo Mendes focuses on the perspective of East Asian countries on this megaproject and argues that it will create a new paradigm in international politics.

He traces the impact of the infrastructure network, financial mechanisms, and economic development along the route of this highway, and shows its regional and especially subregional dynamics. Bruno Machas also argues in his book “The Belt and Road: China’s Global Order”³ that this megaproject will affect all elements of global society.

More importantly, he shows that the New Silk Road is the most important symbol of the aspirations of Chinese leaders in the new millennium and a symbol of a new phase in China’s desire to become a superpower.

The author believes that the most important tool for achieving this desire is the reorientation of the global economy and the acceptance of Beijing as the new center of capitalism and globalization.

By emphasizing Beijing's successes, Machas seeks to answer the question of whether the New Silk Road is only about financial gain or about exercising power beyond borders. He also suggests that this megaproject will be the precursor to a new set of global political values. Another important book is “One Belt, One Road: China’s Long March to 2049,” by Michael Glantz, Robert Ross, and Gavin Duarte.⁴

This book describes the Belt and Road Initiative as a Chinese initiative for global development and infrastructure reconstruction, and sees it as a program to help developing countries achieve economic development.

Each country along the path of this megaproject has its own unique narrative of Chinese support for its infrastructure projects. China is expanding its influence by providing large loans, construction materials, and labor to these countries. In other words, this megaproject is a win-win

¹ Griffiths, Richard T. *The New Silk Road: Challenge and Response*. Hipe Publication, May, 2019.

² Mendes, Carmen Amado. *China’s New Silk Road: An Emerging World Order*. Routledge, 2018.

³ Mações, Bruno. *Belt and Road: A Chinese World Order*. Hurst, March, 2019.

⁴ Glantz, Michael H. & Robert J Ross & Gavin G Daugherty. *One Belt One Road: China's Long March Toward 2049*. Sumero Press Inc. April 2019.



game. The authors also trace the impact of Trump's "America First" policy and his isolationist decisions on this China's grand strategy and the resulting geopolitical vacuum.

In short, the book explores the scope and scope of the global balance of power through the lens of the Belt and Road Initiative. The next important book is "China's Strategies in the Belt and Road Initiative" by Paul Eberle and Arthur Tafero.¹

The authors, while listing various designs for the New Silk Road, also list the potential and challenges of China's future strategies. This book does not focus solely on China, but instead shows the consequences of this megaproject in other countries. Another new book, "The Emperor's New Way: China and the Project for the Century," is by Jonathan Hillman², director of the "Reconnecting Asia"³ project at the Center for Strategic and International Studies.⁴ In his book, Hillman provides extensive, first-hand, and insightful information about the New Silk Road megaproject. Hillman emphasizes the important role of the Shi in shaping this project. Although he calls it a ambitious project, the author also considers it the most important and misunderstood geoeconomic project.

Although Beijing has presented this megaproject as purely economic and to promote global development, Hillman sees it as a pre-planned path to global dominance. He believes that China is repeating the mistakes of other great powers and sees the push for global centrality as dangerous for Beijing. Hillman argues that if China succeeds in pushing ahead with this megaproject, it will reshape the world and place itself at the center of this new order. Finally, the World Bank has produced an important book entitled "The Belt and Road Economy: Opportunities, Risks of Transport Corridors."⁵

This study, conducted by a team of World Bank economists led by Michel Ruta⁶, analyzes the economics of the initiative. The book examines the gaps between the initiative's corridors and shows the costs and economic consequences of the infrastructure developments proposed by the Belt and Road Initiative. This group of economists has also identified institutions and policy reforms that increase welfare and reduce risk for economic participation.

The aforementioned researchers have examined and analyzed the variables influencing the trends of the New Silk Road. The focus of these important writings, directly or indirectly, is on the

¹ Eberle, Paul & Arthur Tafero. China Strategies in the Belt and Road Initiative. (Belt and Road Series). Independently published. May 1, 2019.

² Hillman, Jonathan E. The Emperor's New Road: China and the Project of the Century. Yale University Press, September 2020.

³ Reconnecting Asia Project

⁴ Center for Strategic and International Studies (CSIS)

⁵ World Bank. Belt and Road Economics: Opportunities and Risks of Transport Corridors. August 2019

⁶ Michele Ruta



geopolitical and geoeconomic competition between China and America and the impact of the New Silk Road on the achievement of global dominance.

Despite such prior literature and the importance of the New Silk Road, few writings, especially in Persian, can be found on the scope and mode of investment along the Belt and Road route, with extensive details and in-depth analysis. In order to fill this research gap, the following article will address this important issue with a comprehensive perspective.

“Vision and Actions” Document: Belt and Road To realize such a grand idea, Beijing’s leaders quickly established the “Leading Group for the Advancement of the Belt and Road Initiative¹” under the supervision of the National Development and Reform Commission at the end of 2014.²

This group reports directly to the State Council of the People’s Republic of China, which shows its importance in Beijing’s foreign and even domestic policy. The task of this group is to provide guidance and cooperation for the implementation of the Belt and Road Initiative.

Executive Vice Premier Han Zheng is the chairman of this group, and Vice Premier Hu Chunhua is the deputy of this group. Zhang Gaoli, another Vice Premier and member of the Politburo Committee, along with Wang Hanning, Wang Yang, Yang Jin, and Yang Jiechi, are all important members of this group.³ Another important institution in the implementation of this megaproject is the China National Agency for International Development Cooperation.⁴

This agency was launched on April 18, 2018 and will be responsible for the guidelines and strategic policies on foreign aid. The Agency for International Development Cooperation will be accountable to the State Council and will “help the country’s global strategy and build a better Belt and Road Initiative⁵.” Various Chinese government agencies play a role in formulating and implementing the Belt and Road Initiative, including the National Development and Reform Commission, the Ministry of Commerce, the Ministry of Foreign Affairs, and the Ministry of Culture.

Also, to complete and pave the way for the New Silk Road, almost all Chinese provinces, such as Hebei or Henan, have prepared their own Belt and Road Initiative implementation plans. In fact, the establishment of the New Silk Road, to connect Asia, Europe and Africa, requires the coordination of policies of the countries along the route in the three areas of politics, economy and culture.

¹ Office of the Leading Group on Promoting the Implementation of Belt and Road Initiatives

² <https://www.beltroad-initiative.com/belt-and-road>

³ General Office of Leading Group of Advancing the Building of the Belt and Road Initiative (2016). "Belt and Road in Big Data 2016". Beijing: The Commercial Press.

⁴ State International Development Cooperation Agency (SIDCA)

⁵ <https://www.beltroad-initiative.com/belt-and-road/>



These coordinations should lead to expanded cooperation during the implementation phase. Such coordination and cooperation will ensure the establishment and continuity of this megaproject. For this reason, many of the documents and meetings on the Silk Road have been based on creating mechanisms for consensus and coordination between states, highlighting common interests, and strengthening trust between countries.

One of the most important documents in question is the one approved by the Central Committee of the Communist Party of China under Xi's leadership. In fact, the essence of this megaproject should be seen in the document "Vision and Measures for Jointly Building the Silk Road Economic Belt and the 20th Century Maritime Silk Road"¹, which was published by the National Development and Reform Commission², the Ministry of Foreign Affairs³, and the Ministry of Commerce⁴ of China, under the supervision of the State Council of China⁵ on February 1, 2015.⁶

According to the Chinese government, the main goal of this megaproject is to "enhance the connectivity of the Asian, European and African continents and their adjacent seas, establish and strengthen cooperation among countries along the Belt and Road, build multi-dimensional, multi-layered and integrated communication networks, and achieve various forms of independent, balanced and sustainable development in these countries."⁷ Based on Xi's statements, the general principles of this document were embodied in five basic proposals for joint implementation by the countries along the Belt and Road Initiative. These five proposals cover the following topics⁸:

1. Policy coordination⁹: promoting inter-governmental cooperation, multi-level intergovernmental macro-exchange policies and communication mechanisms;
2. Capability Linkage¹⁰: Improving linkages between infrastructure construction programs and technical standards systems;
3. Trade Barriers¹¹: Reducing barriers to investment and trade, promoting regional economic integration;

¹ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road

² National Development and Reform Commission (NDRC) <http://en.ndrc.gov.cn/>

³ Ministry of Foreign Affairs (MOFA) https://www.fmprc.gov.cn/mfa_eng

⁴ Ministry of Commerce (MOFCOM) <http://english.mofcom.gov.cn/>

⁵ State Council <http://english.www.gov.cn/>

⁶ https://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.htm

⁷ Ibid.

⁸ <https://www.beltroad-initiative.com/belt-and-road/>; Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road; MFPRC, 2013

⁹ Policy Coordination

¹⁰ Facilities Connectivity

¹¹ Unimpeded Trade



4. Financial Integration¹: Coordination and cooperation in monetary policies, establishing financial institutions;

5. People-to-people ties²: Cultural and academic exchanges and dialogues, media cooperation

Respectively, the aforementioned document on strengthening contacts and consultations between the countries of the route in the field of policy-making for joint economic cooperation; Strengthening transport links for the construction of a large corridor from the Pacific Ocean to the Baltic Sea and from Central Asia to the Indian Ocean and the construction of a transit network between East and West and South Asia; facilitating trade between countries along the route with a focus on removing trade barriers and reducing trade and investment costs; Strengthening financial cooperation with a focus on currency settlement to reduce transaction costs, reduce financial risk, increase economic competitiveness, and ultimately strengthen people-to-people ties in the countries along the Belt and Road Initiative.³

This document begins by emphasizing the historical role of the Silk Road in connecting ancient cultures and expanding friendship between civilizations, and emphasizes the need for reconstruction. In the continuation, the document points to the importance of the connection of the three continents of Asia, Europe and Africa (the world island in the view of Halford Mackinder)⁴ and, by showing its impact on the world economy, it states the necessity of launching this megaproject.

Here, the imbalance of global development and the slow recovery of the world economy are mentioned. The document also outlines cooperation frameworks and mechanisms, and more importantly, the role of China's geographical regions in the implementation and advancement of this megaproject. In place of the document, the five principles of peaceful coexistence are stated: "mutual respect for each other's sovereignty and territorial integrity", "mutual non-aggression", "non-interference in each other's internal affairs", "equality", "mutual benefits and peaceful coexistence".

Based on the Vision and Action Plan, the New Silk Road includes two trade routes: the Silk Road Economic Belt⁵ and the Maritime Silk Road.⁶ The land route, or the New Silk Road Belt, will link developed Europe with developing Asia. The New Silk Road Belt includes corridors, six of which are currently in the design or construction stages.

¹ Financial Integration

² People-to-People Bonds

³ Shariat Nia, 2016.

⁴ H. J. Mackinder, —The Geographical Pivot of History, *Geographical Journal* 23, no. 4 (April 1904): 434, https://www.jstor.org/stable/1775498?seq=1#page_scan_tab_contents.

⁵ Silk Road Economic Belt—SREB

⁶ Maritime Silk Road



- 1: China-Mongolia-Russia Economic Corridor .¹
- 2: New Eurasian Land Bridge Economic Corridor .²
- 3: China-Central Asia-West Asia Economic Corridor .³
- 4: China-Pakistan Economic Corridor .⁴
- 5: Indochina Peninsula Economic Corridor.⁵
- 6: Bangladesh-China-India-Myanmar Economic Corridor.⁶

The Belt and Road Initiative also connects China's coasts to Southeast Asia, Indonesia, India, the Arabian Peninsula, Somalia, Egypt, and Europe through the South China Sea and the Indian Ocean. The Belt and Road Initiative is an effort to modernize and upgrade infrastructure and port facilities and logistics routes from China to Southeast and South Asia, the Middle East, and East Africa.

The Maritime Silk Road will encompass the most populous and consumer-intensive part of the world; a region that is home to 42 percent of the world's population and 25 percent of its gross domestic product, excluding China.⁷

Investment Projects and Channels

The "Belt and Road" initiative is a cross-border initiative and all countries are eligible to participate in it. By 2020, 138 countries had become members of this initiative at the international level, with 69 countries specifically located along the defined land and maritime corridors for this initiative. According to the announcement of the Chinese Foreign Ministry, the country has signed 198 cooperation documents with 167 countries and international organizations under the Belt and Road Initiative.⁸

Over the past six years, the New Silk Road has developed into a complex and global network of oceanic and land routes with China as the focal point. According to the latest statistics, the total trade volume between China and the countries of the New Silk Road in the period 2013-2018 was more than six trillion US dollars, during which more than 244 thousand jobs were created for the people of this vast region.

China's foreign direct investment in these countries has already exceeded eighty billion dollars. China's imports and exports from the New Silk Road countries in the first three months of 2019

¹ China – Mongolia – Russia Economic Corridor (CMREC)

² New Eurasian Land Bridge Economic Corridor (NELBEC)

³ China – Central Asia – West Asia Economic Corridor (CCWAEC)

⁴ China – Pakistan Economic Corridor (CPEC)

⁵ China – Indochina Peninsula Economic Corridor (CICPEC)

⁶ Bangladesh – China – India – Myanmar Economic Corridor (BCIMEC)

⁷ Baker McKenzie, *Belt & Road: Opportunity & Risk The prospects and perils of building China's New Silk Road*, Silk Road Associates, 2018.

⁸ <https://economictimes.indiatimes.com/news/international/business/chinas-trade-with-bri-countries-surges-to-1-34-trillion-in-2019/articleshow/73271222.cms?from=mdr>



reached \$300 billion, an increase of 7.8 percent over the previous year and accounting for 28.6 percent of the country's total foreign trade in this period.¹

It is impossible to judge the full scope of the Belt and Road Initiative, as the Chinese government has never published a list of all the projects it has implemented or planned. However, estimates of its size range widely from \$1 trillion to \$8 trillion.²

The New Silk Road network has been a network of investment networks. Various meetings emphasize the establishment and promotion of advanced business models, the acceleration of the process of facilitating investment and expanding joint investment, and the removal of obstacles to the advancement of investment. Between 2013 and 2019, about three thousand New Silk Road projects were launched in various sectors of road construction, energy, communications, and infrastructure, with a value of about four trillion dollars. In fact, China spent more than seven times as much on this project as the United States would spend on the reconstruction of Europe under the Marshall Plan. However, the contributions of these sectors are not equal. Transportation projects have comprised both the largest and most valuable part of the New Silk Road projects.

Such an imbalance demonstrates the importance of land links and transit routes for China and the countries along the New Silk Road. Economic issues are at the heart of the emergence of this new world order. These issues include economic globalization, the development of information technology, support for free trade in the world and open regional cooperation, the free flow of economic exchanges, the integration of markets, the coordination of economic policies, the deepening of regional cooperation, and the creation of a new regional economic structure.³

Since 2013, when the BRI was launched, 126 countries and 56 international organizations across Asia, the Middle East, Europe, Africa, and South America have signed cooperation agreements with China to participate in the initiative. A comprehensive report from the World Bank⁴ estimates that Asia (excluding China) will need \$900 billion per year for its infrastructure over the next decade.⁵

Trade between China and participating countries is over \$6 trillion, and an additional \$26 trillion in investment is needed by 2030 to sustain economic growth. Therefore, a significant budget is

¹ Peters, M. A., & Chiang, T. H. (2017). America closed, China open. *Educational Philosophy and Theory*, 49(5), 1–5.

² <https://www.nature.com/immersive/d7-98816-980-68514/index.html>

³ Shariat Nia, 2016.

⁴ World Pensions Council (WPC) Firzli, Nicolas (February 2017). "World Pensions Council: Pension Investment in Infrastructure Debt: A New Source of Capital". World Bank blog. Archived from the original on 2017-06-06.

⁵ World Pensions Council (WPC) Firzli, Nicolas (February 2017). "World Pensions Council: Pension Investment in Infrastructure Debt: A New Source of Capital". World Bank blog. Archived from the original on 2017-06-06; World Pensions Council (WPC) Firzli, M. Nicolas J. (October 2015). "China's Asian Infrastructure Bank and the 'New Great Game'". *Analyse Financière*. Archived from the original on 2016-01-29.



essential to ensure the continued success of this initiative. Consulting firm Baker McKinsey¹ estimates that over the next five years, China-related BRI projects will be worth more than \$350 billion.²

More importantly, as of 2019, more than 2,000 projects of the total number of BRI megaprojects are still ongoing, and only 666 projects have been completed between 2013 and 2019. The Chinese government has designed various financial resources, projects, and implementation mechanisms to implement this megaproject. The financial resources that the Chinese government has so far guaranteed for this project include the allocation of forty billion dollars for the Silk Road Economic Belt, twenty-five billion for the Maritime Silk Road, fifty million dollars for the Asian Development and Infrastructure Bank, and forty million dollars for the Silk Road Fund.³

In order to increase the world's development and the attractiveness of the Chinese development style, China has consistently emphasized the characteristics of coordination with scientific development, which is expressed as the "Beijing Consensus" in contrast to the Washington Consensus style.

Beijing has also emphasized “economic diplomacy⁴”, which will have the primary function of facilitating positive relations and minimizing friction between China and developing countries in remote regions. Another function of this mechanism is to reduce hostility towards China’s growing economic presence in developing countries. The country has defined various financial channels to finance the project. These channels provide China with the opportunity to diversify its foreign exchange reserves.⁵

Part of the financing of the Belt and Road projects is provided through Chinese companies. According to statements by Chinese statesmen and officials, fifty⁶ Chinese state-owned enterprises have invested in or participated in 1,700 projects in countries along the Belt and Road over the past three years. The main players are⁷: China Telecom⁸, China State Construction

¹ Baker McKenzie

² Baker McKenzie, Belt & Road: Opportunity & Risk The prospects and perils of building China’s New Silk Road, Silk Road Associates, 2018.

³ Michael Clarke (2018) The Belt and Road Initiative: Exploring Beijing’s Motivations and Challenges for its New Silk Road, Strategic Analysis, 42:2, 84-102.

⁴ Economic Diplomacy

⁵ Zimmerman, Thomas. The New Silk Roads: China, The U.S., and the Future of Central Asia, Center on International Cooperation, New York University.

⁶ . state-owned enterprise (SOE)

⁷ Baker McKenzie, Belt & Road: Opportunity & Risk The prospects and perils of building China’s New Silk Road, Silk Road Associates, 2018.

⁸ China Communications Construction



Engineering¹, China Power², China Railway Construction Corporation³, China Railway Group⁴, China National Petroleum Corporation⁵ and State Grid.⁶

All of this shows that Beijing's leaders have invested heavily in the development and promotion of this megaproject. However, about half of the financing for these projects is also provided by private investors, other member states, and multinational banks. In general, the budget for the Belt and Road projects is provided through four separate channels:

Political banks⁷, state banks, the National Wealth Fund⁸ which is a type of state investment fund, and international financial institutions. Each of these channels includes different institutions.⁹ Institutions are a subset of the political banks established to implement the state's economic policies and are State-owned institutions lend. During the first Belt and Road Forum in 2017, the Chinese government committed to providing \$55 billion in loans through its two state-owned banks for the implementation of Belt and Road projects. Among these, the China Development Bank¹⁰ and the Export-Import Bank of China¹¹ can be mentioned.

The China Development Bank specializes in financing infrastructure, energy, and transportation projects and is often seen as the driving force behind China's economic development policies. For this reason, the bank's share in financing the Belt and Road Initiative, the country's latest economic development initiative, has been increasing, and the bank also issues more than a quarter of yuan-denominated debt. It has allocated this country to itself. The bank has allocated a budget of \$110 billion by 2018 for investment in Belt and Road projects.

Export-Import Bank of China: This bank, commonly known as "Exim", specializes in implementing the Chinese government's policies in the fields of industry, foreign trade, diplomacy and investment, and international economic cooperation. For this reason, the aforementioned bank, like the China Development Bank, plays an important role in providing credit for Belt and Road projects.¹²

China has several state-owned banks, but four of them are known as the main providers of financial resources for the Belt and Road Initiative, as Chinese state-owned enterprises provide a large part

¹ China State Construction Engineering

² PowerChina

³ Sinomach China Railway Construction Corporation

⁴ China Railway Group

⁵ China National Petroleum Corporation (CNPC)

⁶ State Grid

⁷ Policy Banks

⁸ Sovereign Wealth Funds

⁹ <https://www.beltroad-initiative.com/belt-and-road/>

¹⁰ China Development Bank (CDB)

¹¹ Export-Import Bank of China (Exim)

¹² <https://www.beltandroad.news/2019/05/17/financing-and-funding-for-the-belt-road-initiative/>



of the budget for these projects. These four banks are the Industrial and Commercial Bank of China¹, the Bank of China², the Agricultural Bank of China³, and the Central Bank of China.⁴

According to published information, the People's Bank of China has allocated about \$159 billion to finance the Belt and Road projects, of which \$67.4 billion has been invested in 212 projects under the Belt and Road Initiative by 2017. As the world's sixth largest bank, the China Development Bank has invested about \$10 billion in Belt and Road projects by 2017.

The Agricultural Bank of China is the third largest state-owned bank in financing the Belt and Road Initiative, having invested \$3.2 billion in Belt and Road projects by 2016, but since 2018, the bank has increased its lending to \$63 billion. The People's Bank of China has also been another provider of financial resources for the Belt and Road projects, providing \$100 billion in loans by 2017 for the implementation of the projects.⁵

Sovereign wealth funds, also known as sovereign wealth funds, are investment funds owned by the government, but unlike state-owned banks, they invest more in financial assets such as bonds, precious metals, real estate, and stocks. The first fund is the China Investment Corporation⁶, which manages a significant portion of China's foreign exchange reserves, and about one-third of its \$814 billion budget is dedicated to private sector investments.

The company also prioritizes investment in developing countries, and since 2013, it has been providing part of the budget for investment in Belt and Road projects in developing countries. Another fund is China Life Insurance Company.⁷

The Chinese government has allowed this company to invest in foreign real estate in recent years. Accordingly, about 15 percent of the company's \$11.6 billion capital has been invested in projects related to the Belt and Road Initiative. The third largest is the "National Social Security Fund of China".⁸

By 2018, about 5.94 percent of the fund's financial resources had been invested in the foreign sector, and the Belt and Road projects had also been financed as part of the fund's foreign sector strategy. Then there will be the "Silk Road Fund", which was established in 2014 with a capital of forty billion dollars specifically to finance the land route projects of the Belt and Road and is managed by the Shanghai Gold Exchange. The Chinese government and Chinese banks are the

¹ Industrial & Commercial Bank of China (ICBC)

² China Construction Bank (CCB)

³ Agricultural Bank of China (ABC)

⁴ Bank of China (BOC)

⁵ <https://www.beltandroad.news/2019/05/17/financing-and-funding-for-the-belt-road-initiative/>

⁶ China Investment Corporation—CIC.

⁷ China Life Insurance Company.

⁸ China National Social Security Fund—SSF.



main shareholders of this fund.¹ This fund invests in the mining sectors, precious metals extraction, and the development of mining infrastructure with the aim of sharing profits among all member countries of this project and increasing gold reserves in the less developed member countries of this project.²

Many multinational investment institutions have already provided funding for Belt and Road projects, although most of these institutions have not focused solely on financing the New Silk Road and support various international projects. The first institution is the World Bank Group. The World Bank, with a membership of 189 countries, is recognized as an international financial institution and has provided significant cooperation in financing Belt and Road projects as an international project until 2018. According to statistics, the bank has invested more than eighty billion dollars in Belt and Road infrastructure projects by 2018.

The bank has also collaborated with the Asian Infrastructure Investment Bank under the Belt and Road Initiative. The Asian Infrastructure Development Bank³ is another institution supporting the New Silk Road projects, established in 2015 with a capital of over \$100 billion.

This bank started its work with 57 members and by 2019, more than 100 countries had become members of this bank. The idea of establishing this bank was proposed by the Chinese government in 2013 and in 2014, as a first step, this institution signed a memorandum of understanding with the International Center for the Stock Exchange of Bahadar, and after that, some European, African and Asian countries have concluded memorandums of understanding with this institution.

According to the Asian Infrastructure Investment Bank, Asia needs \$26 trillion in infrastructure investment.⁴ With 67 national shareholders and initiated by the Chinese government, the bank focuses on investing in developing countries in Asia and has thus been involved in financing Belt and Road projects in Asian countries.

The bank's main shareholders are China, India and Russia. Iran is also a member of the bank. As of 2019, the bank had approved 45 projects worth \$8.5 billion in 18 member countries. These projects include: a \$210 million solar power project in Egypt, a \$329 million road construction project in India, and a \$165 million wind power project in Bangladesh.⁵ The New Development Bank⁶, also known as the BRICS Bank, was established in 2014 by Brazil, China, India, Russia,

¹ Rodríguez M Esteban & W Zhou. Beyond Balancing: China's approach towards the Belt and Road Initiative *Journal of Contemporary China*. 2018. 27 (112), pp. 487-501.

² <https://www.beltandroad.news/2019/05/17/financing-and-funding-for-the-belt-road-initiative/>

³ Asian Development Bank (ADB).

⁴ <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>

⁵ https://www.refinitiv.com/content/dam/marketing/en_us/documents/reports/belt-and-road-initiative-in-numbers-issue-2.pdf

⁶ New Development Bank (NDB).



and South Africa to invest in member countries. Over the past years, the bank has made investments in Belt and Road projects, although the exact amount of this investment is not known.¹

Among all these financial channels, two institutions, the Asian Infrastructure Investment Bank² and the Silk Road Fund³, have been identified as the most important financing instruments for Belt and Road projects.

Status of New Silk Road Projects

Between 2013 and 2019, about 3,000 projects under the Belt and Road Initiative were launched in various sectors of road construction, energy, communications, and infrastructure worth about \$4 trillion, but the contribution of all sectors has not been balanced. In addition to transportation, the New Silk Road includes large energy networks, including gas and oil pipelines.

On the other hand, ensuring the security of these networks will require cooperation and coordination between the military-security-political forces of the New Silk Road countries. For this reason, most investments will be in this area.⁴

The figure below shows that the majority of investments have been in the two sectors of energy and transportation. According to the announcement of the Chinese Ministry of Commerce in 2018, the total trade of this country with the members of the Belt and Road Initiative has exceeded 5 trillion US dollars over the past five years, and the average annual growth rate of trade among the members of this initiative has also been 1.1 percent. During this period, China's direct investment in the member countries of this initiative has grown by an average annual rate of 7.2 percent. Also, by 2018, eight overseas economic and trade cooperation zones have been established in China with an investment of about 28.9 billion US dollars in the Belt and Road member countries.⁵

Also, according to statistics, more than 2,000 projects out of the total projects of this plan are still ongoing in various sectors of the Belt and Road Initiative by 2019, and only 666 projects have been completed during the years 2013 to 2019. 29 Of the 2,965 projects, 43 were delayed, 1 were suspended, and only six were completely canceled. Overall, the Belt and Road Initiative has been recognized as the most important project in the global political economy between 2013 and 2019.

Eighty special economic zones and advanced industrial parks have been built or are under construction under this plan, and thousands of jobs have been created in the host countries. The plan will also contribute to the rapid growth of global trade by focusing on the development of existing global transport infrastructure and the definition of new and alternative routes.

¹ <https://www.beltandroad.news/2019/05/17/financing-and-funding-for-the-belt-road-initiative/>

² Asian Infrastructure Investment Bank (AIIB)

³ Silk Road Fund (SRF)

⁴ China State Council, 2015.

⁵ http://www.xinhuanet.com/english/2018-10/21/c_137549016.htm



Other impacts of this plan include the creation of 1,200 new international air routes and the conclusion of eighteen agreements in the field of facilitation in the commercial transport sector of member countries.

Investment Facility in the Belt and Road Initiative

China's trade with countries participating in the Belt and Road Initiative has grown by several billions, reaching a total of \$1.34 trillion in 2019, and the country's total trade volume in 2019 was about \$4.6 trillion.¹

The highest volume of Chinese investment outside its territory reached its peak in 2016-2017. But this investment has been declining since 2018, raising doubts about the benefits of China's overseas investment. The COVID-19 outbreak has continued this downward trend in 2020.²

The country, which is part of the Belt and Road Initiative, invested about \$425 billion in overseas construction from 2014 to 2019, of which \$67 billion was in 2019 alone. The country's overseas investment volume was less than \$6 billion in the first half of 2020.

China's foreign direct investment and construction-related contracts are the two main forms of Chinese investment in Belt and Road countries. The total value of China's construction-related investment and contracts in Belt and Road countries reached \$573 billion between 2014 and 2018. Investments related to the energy sector accounted for 37.6 percent, and investments related to the transportation sector accounted for about 30 percent of total investments.³

Also, 59 percent of the projects in this megaproject belong to state institutions as of September 2020. The private sector accounts for about 26 percent. The remaining projects are also defined as public and private ventures.⁴

Beijing announced last year that about 20 percent of its Belt and Road Initiative projects had been affected by the COVID pandemic. China has also scaled back some programs after several countries tried to review, cancel or reduce commitments, citing concerns about costs, erosion of governance and corruption.⁵

Compared with the previous year, most sectors experienced a decline in investment in the first half of 2020. The largest decline in investment was related to the energy sector, which fell from \$19.7 billion in the first half of 2019 to \$8.8 billion in the first half of 2020.

¹ <https://economictimes.indiatimes.com/news/international/business/chinas-trade-with-bri-countries-surges-to-1-34-trillion-in-2019/articleshow/73271222.cms?from=mdr>

² <https://www.aei.org/wp-content/uploads/2020/07/Chinas-Global-Investment-Vanishes-Under-COVID-19.pdf>

³ <https://www.dailysabah.com/business/economy/asia-has-lukewarm-reception-to-g-7s-answer-to-belt-and-road>

⁴ Ibid.

⁵ Ibid.



Ultimately, China's economy will determine how long and in what form the New Silk Road projects will continue. China's foreign reserves have declined significantly since the launch of the Belt and Road Initiative, and they have been confronted with rising costs and falling domestic revenues. Even before the coronavirus pandemic, there were signs of this trend.

Lack of transparency and debt trap

Undoubtedly, the New Silk Road megaproject has serious and profound consequences for the global economy and the promotion of international trade. However, the megaproject has had controversial negative aspects in the economic sphere due to funding for polluting facilities (coal plants), non-transparent tenders that benefit Chinese companies, and forced population relocation to create new infrastructure. The lack of transparency in the terms of the contracts, some reported cases of corruption in the financial sectors and the list of projects, all added to the ambiguity in the implementation and progress of this mega-project.

In fact, the construction of large infrastructure projects has been accompanied by little transparency and accountability. In addition, the China Development Bank and the Export-Import Bank of China have grown to more than double the assets of the large Western-backed multilateral development banks and lend more to developing countries.¹

Most loan-receiving projects are announced after the selection of contractors, and loan terms are rarely announced. Unlike the West, which imposes tough conditions (including rule of law, an independent judiciary, and transparency) on its loan applicants, Beijing works with its partners as they are, without imposing difficult reforms. As a result, Beijing has more freedom to invest wherever it wants, compared to the West. In other words,

More opportunities and fewer barriers equal greater influence, especially in regions like Central Asia where competition for Chinese capital has intensified. Beijing, however, wants to ensure that Chinese companies and workers reap the benefits of these investments.

Second, Chinese companies play a more influential role in policymaking than most Chinese officials. After all, it was the Chinese government and Xi Jinping who designed the New Silk Road, and it is Chinese companies that are driving this megaproject. They have deeper local connections, more technical expertise, and more personnel in the recipient countries.

¹ Kevin P. Gallagher, Rohini Kamal, Junda Jin, Yanning Chen, and Xinyue Ma, —Energizing Development Finance? The Benefits and Risks of China's Development Finance in the Global Energy Sector, *Energy Policy* 122 (November 2018), 313–321, <https://www.sciencedirect.com/science/article/pii/S0301421518303975>



These companies lobby local politicians and Chinese ministries for project proposals and approval. They present their proposals and push their interests forward even when the Chinese embassy instructs them not to.¹

In fact, they cleverly exploit the gaps between Chinese ministries. The Ministry of Commerce, the Ministry of Foreign Affairs, and the Ministry of Finance each have responsibility for implementing these projects. Working groups have also been established to improve coordination between Chinese ministries, provincial councils, and enterprises.²

The China International Development Cooperation Agency (CIDCA) was also established in 2018. However, a lack of coordination is still evident. But more importantly, there has been a lack of transparency about how the heavy debts of the countries along the Silk Road route to China will be repaid, and this issue has led to the formation of a diplomatic “debt trap.”³

In fact, the most serious accusation is that it has burdened the countries along the Silk Road with debt and, in turn, made them dependent on Chinese demands. In addition to the lack of transparency in the terms of the contracts, some reported cases of corruption in the financial sectors, the list of projects, the exact manner of debt repayment, and most importantly, the heavy debt of the member countries of this plan to China, known in diplomacy as “debt trap,” can be considered among the criticisms leveled at this plan and China's behind-the-scenes goals. This diplomacy refers to a situation in which less developed countries, borrowing from a wealthy country like China, are unable to repay their long-term loans and are forced to lease part of their territory to the lending country in return. The result is the erosion of the independence and sovereignty of these countries.

For example, countries such as the Maldives, Pakistan, and Malaysia have limited their involvement in the project after the problems of the Sri Lankan government and its inability to repay debts arising from loans from the Chinese government under the Belt and Road Initiative, and as a result, the transfer of one of the country's ports to China.

This diplomacy can be seen in Sri Lanka, the port of Hambantota⁴, where the authorities in Colombo were forced to lease the port to the Chinese state-owned company China Merchants⁵

¹ Hillman, Jonathan, *The Emperor's New Road: China and the Project of the Century*. Yale University Press. p. 211.

² Nadege Rolland, —Beijing's Response to the Belt and Road Initiative's ‘Pushback’: A Story of Assessment and Adaptation, *Asian Affairs* 50, no. 2 (2019): 216–235, <https://www.tandfonline.com/doi/full/10.1080/03068374.2019.160238>.

³ Debt-Trap Diplomacy

⁴ Hambantota or Magampura Mahinda Rajapaksa

⁵ China Merchants Port Holdings Company Limited



under a 99-year lease.¹ Debt diplomacy can be considered one of the most important criticisms of the New Silk Road megaproject.

In contrast, China announced various programs in the field of debt repayment models, similar to those of the International Monetary Fund and the World Bank, during the second Belt and Road Initiative summit held in 2019, with the aim of increasing transparency and combating corruption, and launching green infrastructure projects to protect the environment and also to combat terrorism.² It is clear that the extent of China's success in managing tensions and delivering on these promises will be determined over time.

Conclusion

On the one hand, the New Silk Road seems to be just a collection of transport, energy and communication projects that realize Beijing's vision of establishing a new economic order. Beijing seeks to maintain energy security by dominating part of the energy transport routes it needs, finding new energy transport routes and being present in oil-producing regions.

In this sense, the New Silk Road land route is China's strategic effort to prevent the United States and its allies from cutting off its transportation routes in the event of a military conflict. On the other hand, by investing in the infrastructure of the countries along the New Silk Road, China will seek to deepen trade with them to maintain its economic growth.

In other words, if the first goal is to meet China's growing energy demand amid instability in the Middle East; the second is to find additional export destinations for Chinese goods as Beijing seeks to tap new markets by investing capital. Chinese companies, especially those involved in infrastructure projects, are struggling to produce surpluses. Therefore, the New Silk Road is an opportunity to increase production and overcome the overcapacity problem of the cement, steel and construction industries by expanding construction projects along the New Silk Road.

China also sees this megaproject as a way to rebuild its less developed western regions, especially Xinjiang, and ensure "balanced" development to counter separatist and extremist groups in the region.

Balanced development of all regions of the country and the elimination of underdevelopment will lead to the maintenance of stability and security on China's western borders, as well as success in the fight against terrorism and extremism.

Ultimately, this expansion of trade and transportation through the New Silk Road is a simple tool to reduce the pressure of overproduction within China. Without a doubt, China is reshaping the

¹ Diplomat, Sam Parker and Gabrielle Chefitz, The (30 May 2018). "China's Debtbook Diplomacy: How China is Turning Bad Loans into Strategic Investments"

² Pradumna B Rana and Xianbai Ji, RSIS. Belt and Road Forum 2019: BRI 2.0 In the Making? <https://www.rsis.edu.sg/rsis-publication/cms/belt-and-road-forum-2019-bri-2-0-in-themaking/#.YCrNfRMzbow>



world economic order with the New Silk Road and bringing countries and international and multinational companies into the orbit of its economy.

In other words, Beijing is keen to deepen the development of the China-style globalization project, because Chinese leaders are aware that one of the most important tools for achieving this goal is the reorganisation of the global economy and the acceptance of Beijing as the new center of capitalism and globalization through geoeconomics.

The New Silk Road is considered a megaproject that goes beyond a series of infrastructure investments and, in turn, is a geoeconomic tool for building a new world order based on the Chinese model of government and financial institutions.

It seems that with the launch of this megaproject, all economic routes to Beijing will end. However, it would be a mistake to view the Belt and Road Initiative as a purely economic project (as Chinese leaders insist). Rather, the Silk Road is a geopolitical and geostrategic plan to undermine American power and replace it with China. The point is, geoeconomic power can be translated into geopolitical power. On the one hand, China's economic actions are aimed at breaking the hegemony of the US dollar and replacing it with the yuan as the world's dominant currency. Such a profound transformation will lead to a decline in US global influence, a reversal of the unipolar world, and the establishment of a new world order led by China. In other words, the drive to centralize the economic world will also have profound geopolitical consequences. From this perspective, the New Silk Road is not just a list of economic-trade infrastructure projects, but Beijing's grand strategy for dominating Eurasia and the Indian Ocean.

In the meantime, Beijing has remained largely self-sufficient, as it currently has neither the resources nor the political will to dominate Eurasia and the Indian Ocean. Therefore, Chinese officials have repeatedly emphasized that the "Look West" strategy and the New Silk Road megaproject provide the possibility of win-win coexistence with Russia's Eurasian Economic Union and the US's "New Silk Road Initiative."

However, China will eventually be forced, under all-round pressure and increasing international competition with the United States, to look at the world and the United States the way the United States looks at China: through a geopolitical lens. Accordingly, the New Silk Road will be a demonstration of China's power beyond its borders and its desire to become a superpower by achieving China's historical hegemony in Eurasia and the Indian Ocean.

The result of conquering Eurasia, conquering the world island and the surrounding oceans will be the launch of the New Silk Road megaproject, the establishment of a new world order led by Beijing. In short, Beijing's efforts to launch and promote the New Silk Road have seen Beijing-Washington competition in the competitive economic sphere at the "surface". At the "deep level," however, the New Silk Road will be a geopolitical battle between China and America for global dominance in the 21st century.



In other words, the Belt and Road Initiative is an effort by Beijing to integrate Asia and Europe into a new world order in China's interest, with China at the forefront. As a result, China sees a normative mission to change the world for the better, with its own ideas, desires, and norms transcending itself. The ultimate goal of this mission will be the establishment of a community with a shared future.

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Euro-Global Journal of Linguistics and Language Education
Vilnius, Lithuania

<https://www.beltandroad.news/2019/05/17/financing-and-funding-for-the-belt-roadinitiative/>

Received: 06.19.2025

Revised: 06.22.2025

Accepted: 07.01.2025

Published: 07.08.2025



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Euro-Global Journal of Linguistics and Language Education
Vilnius, Lithuania