

# An analysis of China's Belt and Road initiative and its neo-colonial ambitions

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## Abstract

This essay assesses whether China's Belt and Road initiative (BRI) brings true economic and political success to countries involved, or if it instead serves only to expand China's importance in a global market. It investigates the concept of neo-colonialism and its prevalence in China's initiative, and suggests that countries involved have been victim of debt-entrapment from the BRI. However, this stance is entirely limited by the disregard of the deeper roots of neo-colonialism that are prevalent in multilateral agreements and policies worldwide, and how the US has played a key role in this. In terms of infrastructural development and trade, it is difficult to find initiatives and programmes without the prominence of neo-colonial intentions. Hence the arrival at the conclusion that the BRI may mask neo-colonial expansion, but this is no different to the exploitation occurring worldwide to the detriment of developing countries.

## 1. Introduction

China's Belt and Road initiative (BRI) sees a revival of economic and political integration through infrastructure, trade, and diplomacy (Huang, 2016). The BRI aims to place China as a centre piece in trade and geopolitics, demonstrating its roots to the historically profound Silk Road. The Silk Road encouraged connectivity through trade although, more importantly, allowed China to gain imperial power (Yu, 2016). The BRI initiative may promise the supposedly glimmering prospect of infrastructural development and trade links to secure economic growth, but, in reality, it allows a greater realm for Chinese economic domination in a neo-colonial manner (Riehle, 2020).

Kwame Nkrumah developed the term *neo-colonialism* to describe a country in theory independent, yet has its economic and political policies largely controlled by external powers (Nkrumah, 1965). It addresses the ongoing power imbalances worldwide and the nature of international relations between the developed and the developing. Neo-colonialism arises as the successor of colonialism, by which developed nations can no longer use military force to exert control, and rather mask their exploitation through economic means (Fatouros, 1965).



Figure 1. Silk Road Routes Source: *The Economist Group Limited (2016)*

The Belt and Road Initiative is also known as One Belt One Road, which refers to the land and sea trade routes that it contains. The map above portrays how influential the policy has the capacity to be, with 140 countries involved as of February 2021 (Baruzzi, 2021), both low- and high-income countries.

Many have painted the BRI in an exploitative manner, however, this can often lead us to forget the similar motives of Western powers. US media outlets largely critique China's foreign policy, yet this perspective merely diverts attention from the US's own imperially driven policies and justifies their hegemonic power. To uncover the true motives for the BRI, this essay must first examine the successes that it brings for countries involved, and then follow by examining whether the Chinese gain more from the initiative than what is portrayed. Finally, the BRI provides a useful comparison to other trade and development schemes in the global market, and whether the US has grounds to criticise Chinese expansion and the exploitation of developing countries when they themselves are guilty of similar tactics.

## 2. Wallerstein's World Systems Theory

World-System theory is associated with Immanuel Wallerstein, who presents it as 'a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence'. In short, it characterises the nature and dynamics of the 'capitalist world economy', through a *core*, *periphery*, and *semi-periphery*. Wallerstein presents the relationship to be the wealthy core seeking to exploit the poorer periphery (Wallerstein, cited in Martínez-Vela, 2001). This can be applied to the BRI, for China represents a wealthy

core, offering some economic concessions to countries involved however ultimately set to exploit the periphery for their own benefit.

#### **4. Implications for countries involved in the BRI**

The Belt and Road initiative was marketed by China's president Xi Jinping as a flexible development strategy for China and the countries that are connected through the trade routes introduced (Cai, 2017). It enlarges the trading capacity for the 140 countries involved (Baruzzi, 2021) and has been seen to reduce trade costs by 1.1-2.2% globally, even including economies not within the Belt and Road initiative (Ruta et al., 2018). But the initiative is not restricted to encouraging free trade and funding the development of transport infrastructure, for it further sees to increasing energy security through renewables.

The China-Pakistan economic corridor (CPEC) demonstrates the capability of the BRI to stimulate economic growth for a country. With an estimated budget of over \$62 billion, Pakistan has experienced significant improvements both in the energy industry and transport infrastructure. From 2013 to 2020, 24 energy projects were completed in Pakistan, increasing the country's overall capacity by 11%. The BRI further invested \$1 billion into 27 projects aiming to improve welfare and reduce poverty in Pakistan (Mikhaylov, 2020). Statistically, the initiative has allowed development and poverty reduction in the country and has further provided long-term trade links and positive international relations in order to sustain the economic growth that it stimulated. However, Pakistan is now facing high levels of debt repayments, with estimations that, by June 2021, debts arising from BRI energy schemes alone will reach \$17.5 billion (Shakil, 2021).

In the case of the CPEC, the economic and social successes that have arisen are prevalent, hence Pakistan cannot be labelled as a victim to China's neo-colonial tactics and 'debt-trap diplomacy' (Chellaney, 2017). Sri Lanka, however, has experienced significant consequences as a result of BRI loans. Following a failure to complete debt repayments, the Sri Lankan Hambantota port was forced to be leased with 70% of stakes going to China (Moramudali, 2020). The BRI initiative claims to promote infrastructural development, yet in the case of Sri Lanka, the opposite has occurred, for the country has lost a major source of income in their economy whilst China has increased their global influence.

However, the BRI is not merely advertised to support the development of lower income countries, and nations including Italy have embraced China's initiative. For Italy, the BRI brought 29 trade deals with the Chinese government worth 2.5 billion euros (Ellyatt, 2019). The deal is no different to

other initiatives offered by China through the BRI, but the main difference is that Italy is in a far better position to negotiate its terms and avoid becoming complaisant to China. This portrays how the implications of the initiative vary, exposing weaknesses with applying World Systems Theory to the BRI. Wallerstein's theory cannot portray the complex and varying relations that China has with countries world-wide, and how more developed nations like Italy are far less exposed to the risks of debt-entrapment.

## **5. The US: implications and response**

When assessing the BRI it is important to consider the US, for the initiative's success would greatly impact the effectiveness of US-led trade blocs and their global position in markets. It is evident that the scale of the Belt and Road initiative will pose considerable threat to US and EU trade agreements, with predictions that Chinese investments into the scheme could reach \$1.2-1.3 trillion by 2027 (Chatzky and McBride, 2020). To counter this, the US has announced numerous rival initiatives to provide more desirable alternatives. The Blue Dot Network (BDN), as an example, collaborates financial institutions from the US, Australia and Japan to discover infrastructure development projects in the Indo Pacific to invest in. Furthermore, the Small and Less Populous Island Economics, (SALPIE) was announced on March 22, 2021, and has the aim of assisting economic growth and security into the Caribbean and Pacific region (Goulard, 2021). One cannot yet assess the success of SALPIE; however, it is evident that BDN has been largely a failure and unlikely to be expanded under the Biden administration. Despite efforts, the US has not yet provided significant infrastructural schemes that provide alternatives to the BRI, hence allowing Chinese growth and influence in the world economy.

The BRI will play an undeniable role in increasing the importance of China in global trade markets, however, this does not mean that it must be viewed as an initiative with the sole intent to subdue a US-dominated economy. The concept of the 'China threat theory' has become an increasingly prevalent topic of discussion in the recent years. It describes the possibility of a switch in superpowers from US to Chinese domination through aggressive tactics (Scott, 2013). 'The hundred-year marathon': a book written by Michael Pillsbury, follows with similar allegations, theorising that, by 2049, China will have completed its plot to overthrow the US as world power (Pillsbury, 2015). These Western stances disregard the fact that the US are guilty of similar allegations to China: debt entrapment and exploitation of developing countries in order to maintain its stance as world power.

Historically, the Marshall Plan did nothing to hide its geopolitical motives of capitalist domination (Zhexin, 2018). Today, the International Monetary Fund

(IMF) continues the spread of Western ideologies globally, through its provision of loans in return for structural adjustment, with a prominent example being the IMF's involvement, or lack of, in Malaysia following the Asian financial crisis that begun in 1997. It was Prime minister Mahathir that believed, even with the country's economy in such a detrimental state, they would not resort to IMF loans. He stated how "the conditions imposed by the IMF will require us to open up our economy to foreigners", and that the New Economic Policy proposed by the IMF would be "an injustice, and unacceptable to [society's] liberal democracy" (Athukorala, cited in Buckley and Fitzgerald, 2004: p94). Mahathir recognised the danger of IMF loans, for they not only result in heavy debt-entrapments, but they enforce societal changes that restrict traditional culture by instead imposing a capitalist structure that mirrors the US's (Buckley and Fitzgerald, 2004). This reinforces the global hegemony and will therefore see the US and Western nations benefit more from the IMF than developing nations, despite it being marketed as the contrary (Mueller, 2010). When assessing China's neo-colonialism in the BRI, it is important to consider alternative initiatives. However, IMF and other Western policies convey how there are few programmes globally that allow for true altruistic development.

## **6. Conclusion**

The Belt and Road initiative demonstrates considerable neo-colonial methods for ensuring Chinese success in the world market. It may display altruistic promises of trade links and infrastructural development, however the disproportionate benefits that China can gain from the initiative portrays their hidden incentives to expand political control. However, to characterise the BRI as a tactic to overthrow the US for world domination is unjust (Zhexin, 2018). These neo-colonial development strategies are certainly not unique to China (Mueller, 2010). Instead, trade and development agreements are saturated with hidden political strategies, with the US often at the heart of it. The allegations from the US of Chinese neo-colonialism are largely driven by ideological differences (Jie, 2020), and fail to recognise that the BRI mirrors methods continually used by Western powers to control developing economies. Ultimately, there must be recognition that hidden imperialistic initiatives are a global problem, and not condense them to a method that China is using to gain political control.

## **7. Acknowledgements**

I would like to thank my human geography teacher, Mr Ruck, who gave me valuable feedback on my essay throughout the process.

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