

In Xi'an, BRI's city of hope

A visit to China last September for a BRICS NGO meeting turned out to be the perfect opportunity to gain insight into the country's frantic diplomatic, economic and military investments in the Belt and Road Initiative (BRI). Stops at Beijing, Shanghai and Xi'an showcased China's economic and social development, including industrial developments in Pharmaceuticals and IT.

Among the powerhouses of China's development story, it is Xi'an in Shaanxi that stands out as the birthplace of China's Silk Road initiative. An otherwise small and sleepy city of the Qin dynasty's Terracota army, Xi'an is among the largest hi-tech industrial parks in the world and now has a population exceeding eight million.

Named Silk Road Industrial Park, it does not hide its ambition to be the production centre for the supply of goods and materials funnelled through the BRI project to the rest of the world. When I was visiting, it was still under construction as a mini city encompassing houses, schools, private colleges, hospitals and all the green and modern amenities.

At the macro level, the project seeks to establish trade links between China and 68 partner countries, bolstered by a trillion dollars in investment. There are plans to restore the trade routes of the old days and for Chinese products and soft power to reach new territories.

But this story is less about the massive industrial parks in Xi'an and more about the hidden costs of its economic success. This was discernible during the hour-long drive from the city to the industrial park. Miles-long empty shells of residential buildings along the way hinted at the desperation of the psyche behind the project. These tall towers with hundreds of thousands of houses reflected the expectation of the Chinese industrial lobby that one day these concrete carcasses will be alive with people looking for the economic opportunities that the BRI promised.

At its heart, the BRI was envisioned to achieve and absorb excess production by Chinese industries and bolster China's economy, a foundation that stood on the country's presumed access to international markets.

Yet, seeing the vast tracts of unoccupied tenements littering the road to Xi'an, it was hard not to draw parallels between this scene and the housing bubble that burst in 2008 and overwhelmed numerous Western economies, with a global ripple effect.

Given the deep interconnectedness of the BRI initiative to the domestic economy and international trade system, its success could breathe a fresh lease of life into China's moderating economic growth, or its failure could herald a new era of economic agony for the country, which would also have consequences in the broader global arena.

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