

BRI HAS ENTERED A NEW ERA OF TRANSPARENCY: XI

Relevant for: International Relations | Topic: India - China

President Xi Jinping proposing a toast during the welcome banquet for leaders attending the Belt and Road Forum. AFP/NICOLAS ASFOURI

China on Friday announced that the financial model for funding projects under its flagship Belt and Road Initiative (BRI) had been revamped, countering criticism that its mega-connectivity undertaking was opening “debt traps” for enhancing its geopolitical influence.

“We have also formulated guiding principles of financing the development of the Belt and Road and published debt sustainability framework for participating countries to provide guidance for BRI financing cooperation,” Chinese President Xi Jinping said in his keynote address at the second Belt and Road Forum (BRF).

Mr. Xi’s opening remarks highlighted the subtext of rivalry with the U.S. in setting the global agenda. In the presence of 37 country heads, chief of the International Monetary Fund Christine Lagarde and Secretary-General of the UN Antonio Guterres, as well as representatives of scores of nations, he docked the BRI with a new phase of globalisation, anchored by China and its partners.

India has decided to skip the BRF in opposition to the BRI’s China-Pakistan Economic Corridor (CPEC). New Delhi has noted that it is an infringement of its sovereignty.

Mr. Xi stressed that China “will work with others” to write new rules of international trade within the framework of the World Trade Organization (WTO). “Rules and credibility underpin the effective functioning of the international governance system. China is an active supporter and participant of the WTO and will work with others to develop international economic and trade rules of higher standard.”

China has been accused of funding unsustainable projects under BRI, which could be leveraged for extending Beijing’s political influence in geopolitically sensitive countries such as Sri Lanka and the Maldives, which skirt important shipping lanes of the Indian Ocean.

Zero tolerance

But countering the charge of China having a hidden agenda, Mr. Xi said: “In pursuing Belt and Road cooperation, everything should be done in a transparent way. We should have zero tolerance for corruption”.

He added: “We also need to ensure the commercial and fiscal sustainability of all projects so that they will achieve the intended goals as planned.”

Mr. Xi stressed that the BRI projects would encourage participation by multilateral and national financial institutions and encourage joint ventures in third countries. They would seek the involvement of “multiple stake holders”, for projects pursuing a “people-centered” approach focused on “job creation” and countering poverty.

Lending scheme

"We will continue to make a good use of the Belt and Road special lending scheme, the Silk Road Fund and various special investment funds, develop Silk Road themed bonds and support the multilateral cooperation centre for development finance in its operation," he said.

The BRI, he said, would pursue "high quality" schemes attuned to "international rules and standards" covering the procurement, tendering and bidding processes.

Unveiled in 2013, the BRI is a giant land and maritime connectivity project, driven to revive the Ancient Silk Road. It covers Eurasia and Africa, building a network of expressways. Ahead of the BRF, Italy has become the first G-7 country to formally join the BRI.

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