

## BELT AND ROAD 2.0

Relevant for: International Relations | Topic: India - China

Six years after it was unveiled, [China's Belt and Road Initiative](#) (BRI) assumes another avatar. In its initial form, it was all things to all people, a catch-all for China's international engagement. But in fact it had multiple, layered objectives. The first concerned domestic economics: exporting surplus industrial capacity and cash reserves overseas to keep China's economy humming, its industrial output flowing, and its employment levels high. The second concerned domestic politics: a signature foreign initiative to associate with Chinese President Xi Jinping. The third concerned security: stabilising Western provinces and the Eurasian hinterland. And the fourth concerned strategy: leveraging China's new-found economic heft for political objectives in Asia, Africa, Europe, and the Indian and Pacific Oceans, and creating new standards and institutions in a bid to challenge U.S. leadership.

An image makeover of the Belt and Road Initiative

But Beijing may have moved too soon and too quickly. As the second Belt and Road Forum (BRF) concludes, a paradox has become apparent at the heart of its ambitious initiative. On the one hand, there has been a strong backlash. The economic viability of Chinese projects is now viewed with considerable scrutiny. In capitals around the world, the port of Hambantota in Sri Lanka is being described as a warning sign. The BRI's sustainability is called further into question as Chinese debt, especially that held by state-owned enterprises, mounts. Additionally, security concerns have begun to predominate as far afield as in the European Union, the South Pacific and Canada. The role of China's state in its business dealings is being deliberated openly. China's military base at Djibouti has injected an overtly military element to its external engagement. And political pushback to Beijing is also discernible, whether in Zambia, the Maldives or Brazil.

Yet, despite these obvious deficiencies, the allure of the BRI remains strong. Many countries still see China as an attractive alternative to slow-moving democratic bureaucracies and tedious lending institutions. There are also political motivations at play: a minor agreement on the BRI is a useful tool for Italy's Eurosceptic government to send a strong political message to the EU. Beijing has also become more flexible, the tone of this year's BRF less triumphalist. Chinese overseas financial flows have slowed since 2017, and the focus has shifted away from massive infrastructure projects to realms such as digital technology.

Given these contrasting trends, the future of the BRI is more uncertain than ever. For India, which boycotted the BRF for the second time on grounds of both sovereignty (the China-Pakistan Economic Corridor traverses Pakistan-occupied Kashmir) and unsustainability (particularly in the Indian Ocean), it means continuing to monitor China's international engagement closely.

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