

Finding an alternative to the Belt Road Initiative

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Launched in 2013, with over 100 participating countries, the Belt and Road Initiative (BRI) is a development strategy that aims to connect China to Europe, by reviving historical trade routes. The strategy is to develop transport and trade infrastructure by providing loans and aid to certain developing countries, with less regard for the recipients' governance and democratic norms. Thus, China became a valuable partner for several poor and developing countries that were desperate for investment and loans.

Having borrowed more than they can repay, several of these states are now being dragged into the Chinese debt trap and sphere of influence. The global reach of these BRI projects, and their role in enhancing China's sphere of influence and material capabilities, and thereby its assertive foreign policy, has raised eyebrows of the West and other regional powers. Similar debt-trap diplomacy in India's neighbourhood, with projects running through Pakistan Occupied Kashmir has caused alarm in India.

Adding fuel to the fire, several normative threats from the BRI, such as the opaque, authoritative, and non-democratic way of lending, alongside environmentally less sustainable projects, are set to severely damage the prevalent world order. As a result, several Western and regional democratic powers intend to limit China and

counter its BRI projects. A similar intent unfolded in the recent G-7 meeting, where President Joe Biden introduced the “Build Back Better World” (B3W) initiative.

But this is not the first time that an alternative has been sought or planned against the BRI. Starting from 2007, the Indo-Pacific region is catching up with a new trend of minilateralism. This new phenomenon has emerged as a balance between bilateralism and multilateralism, where a small number (usually 3-4) of like-minded states address region-specific non-traditional threats, rather than creating a military alliance. A variety of these mini-laterals such as the Quadrilateral Security Dialogue (QUAD), U.S.–Japan–India trilateral, India-Japan-Australia trilateral etc. have emerged in recent years.

Rather than lending to the developing world like the BRI, the mini-laterals deal with a variety of issues, such as migration, maritime security, drug trafficking, cybercrime, climate change, humanitarian assistance and disaster relief, pandemics, information sharing, technology, infrastructure etc. Through this cooperation, the states avoid a direct confrontation with Beijing and bide their time for material and diplomatic empowerment. For instance, these states are keen to maintain maritime security in the Indian Ocean, as the ocean is projected to contribute over 20 per cent of the global GDP by 2025. Further, cooperation on connectivity, infrastructure, sustainability, and human security will contribute to building a people-centric “open and inclusive” regional order. Its spill-over effects will benefit several small and developing states and thus pressure China to embrace responsibility and democratic values in its investments and loans.

Another attempt put forth by India and Japan in 2017 was the Asia-Africa Growth Corridor (AAGC). This bilateral partnership intended to foster quality and sustainable (social and transport) infrastructure, development projects, and connectivity in Africa. The aim was to promote a “free and open” world order, while also providing an alternative to China’s increasing investments and influence in Africa. However, unlike the BRI, these investments are not mega-business projects and are issue and need specific investments. Its connectivity initiative is solely confined to maritime connectivity between Japan, India, and Africa. Further, the divergence of Indian and Japanese corporate and state interests has only led to limited coordination and success of the initiative.

Another attempt to counter the BRI was attempted by the US, Japan, and Australia through the Blue Dot Network. The initiative certified infrastructure projects that met high standards of transparency, sustainability, and developmental impact. This was intended to boost the confidence and image of private investors so that they could fulfil the global need for infrastructure, thus countering the non-democratic and opaque investments from China. However, by not being a lending and financing institution like the BRI, this initiative has had limited success and memberships.

Therewith, none of these initiatives has offered a democratic and transparent alternative to counter the opaque, coercive, and unsustainable BRI investments. It is in this context that Mr. Biden’s announcement of B3W at the recent G-7 summit must be read. The B3W initiative intends to muster support from the G-7 and other like-minded states to address the \$40 trillion infrastructure deficit within the developing world, through private sector investments. Presumed to be evaluated with the Blue

Dot Network, the recipient countries are promised transparent, democratic, sustainable, and long-term beneficial and impactful investments. This would act as an economic counter to the BRI, and also allow the West and regional powers to limit Chinese debt-trap diplomacy, political ambitions and assertiveness.

That being said, the initiative is not free of challenges either. The primary challenge for the US would be to muster support from the EU and the rest of the G-7 members for this fresh initiative. While the UK will continue rallying behind the US, a major challenge emerges from Germany and the EU continuing to see China as a vital trade partner. Further, Italy's simultaneous participation in the G-7 and the BRI complicates the unanimous support for the B3W.

The second challenge arises from the fact that most B3W investments would be from the private sector, intending to seek profits within new markets. It is therefore important to assess how these investments would seek to counter state-sponsored and supported BRI investments and loans.

The final challenge arises from the complicated history and identity of the West and the rest of the developing countries. The West's colonial history, neo-imperial tactics, and conditions of democratisation and transparency for economic assistance have continued to contribute sentiments of sovereign sensitivity within the developing world. This was the primary reason that attracted them to China's "no strings attached" funding and loans. The West has to therefore go a long way to win back the trust of their former colonies, for which mere apologies and reparations cannot suffice.

Despite these challenges, the B3W provides a great opportunity to counter the BRI, economically. This initiative when supplemented by other mini-lateral and AAGC initiatives, provides a great opportunity for the West and regional powers to enhance the material and diplomatic powers of the states, while also giving a normative counter to China's non-democratic values and order. It is therefore even in India's interests to join this initiative.

Joining the B3W will not only improve India's ties with the Quad, G-7, and other regional powers but, will also help it mitigate the effects of the Chinese debt trap and the string of pearls in its neighbourhood, including in Pakistan. Further, India's experience of being a traditional donor and investor in several African and Asian states can help the West with material investments and also deal with their sovereign sensitive sentiments.

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