CASE STUDY

China's economic connectivity to the world economy [version 1; peer review: awaiting peer review]

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\textbf{Abstract}

The ambition of the Belt and Road Initiative (BRI) is to revive the silk road of Roman times which was used by merchants to carry trade across Eurasia. China's proclaimed aspiration is to reconnect to the world through its ancient trade corridors, and to emphasize its role as a world trade power. Should the BRI or “new silk road” be understood as efforts from President Xi Jinping to project China's power into both Eurasia and at the global level? Should it moreover be understood as China's step forward to fill the leadership vacuum left by a perceived weakening USA in terms of international relations? The present economic climate is characterised by uncertainty and turbulence at the global level, with some economies shifting towards protectionist practices, and others, such as the United Kingdom, trying to regain some international recognition outside the EU. This turbulent climate appears to benefit Beijing who can position itself as a new leader in the global political economy, notably through its BRI. The article discusses the issues raised by China's ambition to shape the current international economic order.

\textbf{Keywords}

Economic Connectivity; Belt Road Initiative, China, Economic Transition, Global Economy, International Economic Order
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Introduction
As one of the oldest civilisations in the world, with substantial contributions in terms of philosophy, culture and science (Lu, 2004; Swaine, 2014), China has been able to position itself as the world's second largest economy in a relatively short period of time. Its quasi-autarkic model prevailing after the proclamation of the PRC (People's Republic of China) in 1949, led to slow growth, poverty and technological marginalisation. It should be noted that throughout history, the country underwent many cycles of prosperity and decline. For example, during the height of the Ming dynasty (1368-1644), China was considered as a powerful regional centre, with neighbouring states such as Korea paying tribute to the Kingdom, so that they could enjoy trading rights and economic and social benefits (Kupchan, 2014; Soon, 1994; Sunoo, 1994). In the year 1971, China's desire to be a leading actor in the global order took stance once again, when the country implemented its first steps to open up its economy with cooperation opportunities developed with the USA, leading to President Nixon's visit in Beijing. The Chinese leaders identified the USA as both a lucrative market for exports, and as a source of FDI (foreign direct investment) and technological knowledge that could eventually help the country to grow and develop. At the Third Plenum of the Eleventh Central Committee in 1978, Deng Xiaoping initiated his well-known reforms and Open Door Policy that was described as “China’s second revolution”; this stressed the need for grounding China’s foreign policy into two key points: i) support world peace (the so-called “soft power” approach) and ii) develop economic relations or embrace economic connectivity all over the world (Nie, 2016). However, the Tiananmen Square event put the relationship into strain, and it had a complex impact upon China’s foreign policy that lasted several years and that revealed major weaknesses in the China-USA relationship. China's military response to the students' protest resulted in a temporary breakdown of the USA-China relationship, as the USA imposed economic sanctions and an arms embargo for an indefinite period of time. As the years went by, the relationship between the two countries became further complicated, but through different compromises, communiqué and times, the relationship eventually improved. This reached a high point in the 2000s, with China joining the World Trade Organisation (in 2001); this was followed by strong economic growth patterns until the year 2008, when the world economy was badly hit by the Global Economic and Financial Crisis (GEFC) with ramifications effects in China; this showed that China was definitely new part of the global trading system.

With the spread of the SARS CoV2 virus from Wuhan, China in 2019 and 2020, the global economy has been facing times of unprecedented significant uncertainty and hostility. The fact that China has been relatively resilient to this new health/economic crisis (Su, 2022) might lead to question the status quo. Already the year 2008 could be identified as a critical juncture in terms of global affairs and global economic relations. That year had exposed significant weaknesses in the international economic order prevailing at the time and it highlighted major challenges ahead. In such a complex environment, China aspires at identifying an economic model that sustains growth, economic stability and sustainability in the region and further afield with China leading the way. As such, this research paper seeks to offer a critical assessment of China’s efforts in terms of economic connectivity through its Belt Road Initiative (BRI). This paper also aims to analyse how economic connectivity can help China meet its developmental needs and strengthen its regional and global role given the perceived weakening West (and particularly USA). The suggested critical assessment is grounded in economic integration theory. Ultimately, the question arises as to whether China can successfully guide and shape the current international economic order. Historical links going back to the Silk Road will be examined with the aim of understanding the objectives behind the BRI initiative. Some criticisms have been raised regarding the initiative viewed by some as a self-promoting strategy to position China’s interests (Ohashi, 2018; Yu, 2018). As such, it is envisioned that the initiative will have a limited impact due to paramount issues in terms of cooperation and lack of development along the corridor countries.

The structure of the paper is delineated by the following logical steps: as a preamble, the first section briefly discusses China’s current ambition to rise economically. The second section highlights some key elements of the ancient “silk road”. The third section briefly presents the main ambition of the BRI, and the fourth section analyses the meaningfulness of the BRI to China and in terms of the international economic order.

China's economic rise – connectivity: past and present
Modern economic connectivity is epitomised by post WWII economic globalisation, enabling countries to grow at fast rates. But, simultaneously the world economy has become more complex and international relationships have led to a fierce competition among countries that seek to position themselves in the global economy and to take the lead. Starting from the seminal work on Customs Union theory by Jacob Viner (1950), a plethora of studies have shown how cooperation through trade agreements, and later, the exchange of financial resources, talent, innovation and knowledge sharing practices have all benefited countries (McKinsey Global Institute, 2019; World Bank Group, 2019). Equally abundant is the literature highlighting how globalisation has also contributed to increased levels of inequality and social disintegration, two phenomena that were painfully exposed by the outburst of the Global Economic and Financial Crisis and reinforced by the impact of COVID-19 (SDG Watch Europe, 2019; UN, 2021). Economic crises have occurred at a regular pace and the ensuing social dissatisfaction with the ruling political classes has led to the development of inward-looking sentiments such as in the cases of the USA with the election of Donald Trump in 2015 and of the UK deciding to leave the European Union after more than 45 years of membership. Comparatively, China has been able to continue on its economic and geo-political ascending path, and its confidence as a regional and global power increased; this is mirrored by the rise of Chinese rising interests in the Asian region and at the global level. The Chinese economy has played a significant role by becoming a powerful force.
stimulating the world economy, but since the 2008 Global Financial Crisis, Chinese growth has shown signs of fatigue with rates slowing down significantly, putting into question the chosen economic growth model (Fabre, 2013; Zheng & Jia, 2017). In its quest to find a new economic model that brings back sustainable growth rates, China has been looking at solutions so as to adjust to its new reality coined as China’s “new normal” (Radziyevska et al., 2017; Solmecke, 2016). A new vision to invigorate China’s economic growth was therefore needed so as to ensure that the middle-income trap would be avoided and that the country would embark upon economic growth and development on a sustainable manner. With the Doha multilateral round of the World Trade Organisation (WTO) negotiations at a standstill, the proliferation of regional and bilateral preferential agreements allowed China to explore new avenues for international economic cooperation. In this regard, China has reconsidered its historical Silk Road, by presenting a very ambitious plan to the world in 2013 - the “One Belt and One Road Initiative” or “the Belt Road Initiative.” (Das, 2017).

In the background of a sluggish economy that needs to be reactivated, plans to integrate China’s inland, north-western and north-eastern regions into a framework of opening, and to shift China’s overproduction capacity to countries along the BRI, could be seen as a way of reactivating its economy (Huang, 2016). However, to be able to sustain and fuel its economic growth, China also needs to be able to stimulate domestic consumption as a new driver of economic growth and to deal with the need to preserve its environment and ecosystem; more than in any other sizeable country, pollution affects the Chinese citizens’ health and life expectancy. While China is rich in natural and mineral resources (CIA, 2016), it relies heavily on imports of renewable and non-renewable energy resources that support its production and processing facilities. As such, the country will need to increase its imports of energy and natural resources (fossil fuels, wood and wood products, fish and seafood products) (China Power, 2021; Tracy et al., 2017). China has implemented a change of strategy by switching from a “bringing-in” strategy to a “going-out” strategy seeking to reallocate resource processing facilities (traditionally, low value-added) to neighbouring countries under the rubric of “capacity cooperation.” By increasing business activities seeking to acquire foreign companies, and by providing tied loans, China is able to secure access to resources and processing facilities abroad thereby reducing the need for high import levels of resources (Hu, 2015 and Lu, 2016).

Since 2010, China has been working on the New Silk Road idea, seeking to develop connectivity and cooperation projects across Eurasia, the Middle East, South-East Asia and part of East Africa; this new connectivity strategy involves more than sixty countries, and is based on the idea of keeping a global free trade regime and an open world economy. The slowdown in the Chinese economy has materialised as being a serious issue of domestic production overcapacity affecting China’s heavy industries - steel, solar panels, cement and construction, coal, railway equipment and port infrastructure (Chen, 2014; Garcia Herrero & Ng, 2015). Furthermore, China’s huge foreign exchange reserves—representing over thirty percent of total global official reserves – are not generating the required revenues and they could be allocated to projects that will generate higher returns than those earned from USA Treasury bonds (Callaghan & Hubbard, 2016; Chan, 2016). The new strategy unveiled by president Xi Jinping in 2013 was followed by the vision and actions that were released in 2015 highlighting five priority areas: i) policy coordination, ii) facilitating connectivity, iii) unimpeded trade, iv) financial integration and iv) people-to-people bonds. Additionally, six economic corridors enabling the envisioned actions were identified: 1. Bangladesh-China-India-Myanmar Corridor (cooperation in transportation infrastructure, investment and commercial circulation and people to people connectivity); 2. China-Indochina Peninsula Corridor (transportation network and industrial cooperation, financing and sustainable coordinated socio-economic development); 3. China-Central-West Asia Economic Corridor (cooperation in trade, investment, finance, transport and communication); 4. New Eurasian Land Bridge (transport network); 5. China-Mongolia-Russia Economic Corridor (transport, constructions and customs); 6. China-Pakistan Economic Corridor (transport, economic zone and fibre optic network). The idea behind the BRI revolves around the lack of economic connectivity through terrestrial routes and the lack of regional integration that is perceived as a main barrier to economic development in Eurasia; the implementation of the different projects would bring investment and connect countries. Inhibiting growth factors such as corruption, inefficiency, lack of functioning legal systems, internal strife and violence, and insecurity in general are major sources of internal conflicts. These sources of conflict need to be addressed first, as they pose serious threats to the successful implementation of such an ambitious endeavour (Cooley, 2015). Pan et al. (2020) argue that the development of the BRI can nevertheless have a positive institutional impact on some of the countries of the BRI.

China’s model is heavily dominated by a centralized financial system and by the involvement of State-Owned Enterprises (SOEs) in inefficient and low-return projects in high risk countries (Godement, 2015). Moreover, SOEs are heavily burdened with huge debt as well as unsustainable and slowing growth. Since the “go global” strategy of the early 2000s, the novel model has been seeking to promote Chinese geopolitical and commercial interests and to consolidate the country’s trade relationship with BRI countries so that they expand their ability to spend Chinese manufacturing money (Wang 2013; Wang, 2015).

However, the initiative is nevertheless surrounded by concerns and by suspicions on the real intentions behind such an ambitious plan. China seeks to lock up some global resources and markets that ensure growth opportunities with the support of trade flows (Bardal, 2018). Before we discuss these concerns, we briefly highlight some key elements of the ancient “silk road” that are relevant to the understanding of modern connectivity.

**Tracing China’s economic connections to the world**

The Silk Road was an ancient network of trade with origins in the Pax Romana and involving Emperor Wu Di (141-87 BC) of the Han Dynasty, when Europe and Asia became connected...
through significant commercial routes. At the time, silk was considered as a major trade item that was frequently used for royal gifts and for paying tributes. Silk became a valuable commodity that was commonly used in transactions, since it played the role of a medium of exchange like gold; farmers paid their taxes in silk and civil servants received their salaries in silk (Hansen, 2005). In 1877, the German 19th century geographer and traveller, Ferdinand von Richthofen designated the routes as the silk routes. The Silk Road name origins can be traced to the popularity of Chinese silk with the west, and especially with Rome. The routes stretched from China through India, Asia Minor, up through Mesopotamia, Egypt, the African continent, Greece, Rome and Britain. The network was regularly used from 130 BCE, when the Han Dynasty opened trade with the west, but in 1453 CE the routes were closed by the Ottoman Empire. Among the legacy of the Silk Road trade, one can note the exchange of precious and rare goods such as silk, paper and gunpowder, but also of ideas, culture, art, religion, philosophy, technology, language, science, and architecture. The closing of the Silk Road by the Ottomans forced the merchants to take to the sea to ply their trade, thus contributing to a new Age of Discovery, which led to world-wide interaction and the beginning of the global community. It is understood that the Silk Road established the groundwork for the development of the modern world (Mark, 2018). Figure 1 and Figure 2 below offer a highlight on the Ancient Silk Road and the New Vision proposed by President Xi Jinping that seeks to expand through Asia, Africa and the European continents.

More than 2000 years after the opening of the Silk Road during the times of the Roman Empire, China has been leading the efforts to create a world economic platform that connects China to the world. The main ambition of the BRI is to create the world’s largest platform for economic cooperation, by including policy coordination, trade and financing collaboration as well as social and cultural exchanges; six land corridors would reconnect China to the World as illustrated in Figure 2 below. The city of Quanzhou is found at the centre of China’s global connections. Historically, Quanzhou was considered as the hub of a thriving trade route between China and the rest of the world. Nowadays, Quanzhou is one of the main pilot areas that introduced comprehensive financial reforms and the city has been chosen as the starting point of the Maritime Silk Route that ambitiously repositions China as a global economic player in the years to come (Li et al., 2016; Lin, 2015). The city is very well renowned for its historical, cultural and social significance that dates from the Xian Qin Dystastic period, representing more than 1750 years of history; it was also a trade centre during the Song Dynasty. Marco Polo referred to the city as “one of the largest and most commodious ports in the world” (Polo, 1948).

Quanzhou is nevertheless experiencing significant challenges, as very high levels of pollution by heavy metal industries are causing serious threats to the environment (Yu, 2017; Yu et al., 2008; Zhao et al., 2012). As such, the challenge for the city (as well as for many other Chinese cities) is to move away from heavy polluting industries to those that are compatible with sustainable growth. This is an aspect that raises major concerns, as China might consider relocating its polluting industries in less developed economies along the BRI corridor; this move would end up creating further damage to the environment, without nevertheless solving the problem.

Enhancing modern economic connectivity through the BRI

The original Silk Road brought significant innovations and cultural influence on the cities spread along its winding path that were able to flourish into cosmopolitan centres of Central Asia. Taking stock of its past and since President Xi’s ascension to power, China’s foreign policy has moved more decisively away

![Figure 1. The Ancient Silk Road. Source: World History Encyclopaedia (2018) Silk Road.](image-url)
from the two-decade old taoguang yanghui (keeping a low profile) to fenfa youwei (striving for achievement) that seeks to put China back as a key player in both the regional and global markets. President Xi has sent signs of cooperation towards the countries of Southeast Asia, by proposing the “Silk Road Economic Belt” and the “Twenty-first Century Maritime Silk Road” announced in October 2013 and that together became known as the “One Belt, One Road” (OBOR) initiative (Ploberger, 2017). Through the BRI initiative, China seeks to promote joint development, common prosperity and cooperation with many countries across Asia. The initiative aims to reorient China’s domestic economic structure by enhancing connectivity and cooperation between China and the rest of Eurasia.

The proposition of the BRI in October 2013 has been supported by a clear strategy that integrates concrete steps that settle the foundations to bring this massive enterprise to realisation. The BRI is considered as a titanic project that aims to build roads, bridges, and railroads to connect China with Eurasia, the Middle East, Europe and Africa over a period of more than 50 years, with President Xi Jinping’s ambition to bring radical changes to China’s foreign policy and to strengthen China’s position as an economic superpower (Chaisse & Matsushita, 2018). The “belt” of the new Silk Road consists of a network of routes and power grids that seek to bring together China, central Asia, Russia and Europe, linking China and the Indian Ocean with the Persian Gulf with the Mediterranean Sea through central Asia (Astrid & Weissmann, 2018). More specifically, the “belt” refers to overland routes and railways, an oil and natural gas pipeline and power grids, while the “road” refers to the Twenty-first Century Maritime Silk Road, that consists of a network of ports and other coastal infrastructure projects. As an example, we can consider how in the year 2014 tasks have intensified to plan for and to build the “Silk Road Economic Belt” and the “Twenty-first Century Maritime Silk Road” and the promotion of the Bangladesh-China-India-Myanmar Economic Corridor, as well as the China-Pakistan Economic corridor. Until now, the BRI initiative has advanced in a significant manner as it has benefited from strong support from top leadership that perceive the initiative as a feasible and practical plan, with a result-oriented strategy moving away from the political sphere. The BRI is primarily conceived as an economic initiative, but the initiative has clear ramifications into the political arena and its strategic significance cannot be ignored. Chinese leaders have significant ambitious expectations in that the BRI will help them strengthen China’s influence in both global economic and political affairs. The proposition of the BRI demonstrates that the Chinese authorities seek to place
China in a more proactive role in the regional and global context, by reshaping the economic architecture of the Asia-Pacific region and its global governance structures. Some scholars have described the BRI as a “new round of opening up to the world” and they have highlighted the Chinese authorities’ efforts to communicate their own views regarding the international order (Ohashi, 2018).

At the centre of China’s BRI ambitions, we find the financial pillar, as finance is considered as the lifeblood of a modern economy, and as such China needs to articulate a solid financial system that offers support to its initiative if it wishes to succeed. The Asian Infrastructure Investment Bank (AIIB) is a financial institution that aims to provide the much needed finance for the realisation of the BRI. It supplies funds to any useful Asian projects that align with the mission and objectives of the BRI. Other financial institutions have also been created such as the Silk Road Fund, the Shanghai Cooperative Organisation Development Bank (SCO), and the New Development Bank. The launch of these financial institutions positions China as a global decision-maker in the allocation of financial resources for large-scale economic developments (Tracy et al., 2017). Not surprisingly, officials from the US and Japanese governments have been raising concerns regarding the AIIB governance standards and about how these standards would align to those of both the World Bank and the Asian Development Bank (ADB). Despite the US and Japanese concerns, by May 2018, the AIIB had 42 regional members, 22 non-regional members and another 22 prospective members indicating the capacity of China to drive major multilateral initiatives. As of January 2021, membership had increased to 103 members. In contrast, the IMF and the World Bank have 119 member countries (CRS, 2021). Table 1 below presents the AIIB top contributors organised by their total subscriptions;

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<th>Table 1. Asian Infrastructure Investment Bank members.</th>
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*Source: AIIB (2021). The authors have presented the top contributors to the AIIB organised by their total subscriptions and differentiating between regional and non-regional members.
China is the major contributor to the bank holding 26.57% of the voting power. Germany emerges as the top contributor from the non-regional members holding 4.16% voting power.

China’s past economic growth model relied heavily on infrastructural investment and the BRI network hopes to address the problem of China’s excess industrial capacity; at the same time, it aims at transferring labour-intensive industries to developing economies, as China’s comparative advantages have been changing due to the rise of domestic production costs. The following four international economic objectives enshrined in Chinese economic policy show how the BRI is perfectly drafted with these objectives in mind.

1. There is a need for an efficient strategy that deals with the excessive holding of foreign reserves. Infrastructural investment abroad is viewed as a good option to allocate resources with higher yields than those currently obtained from investing in American Treasury Bills. At the same time, China would be able to increase its economic influence.

2. There are significant concerns around the country’s energy dependency. China is a net importer of oil and of many kinds of mineral resources. The BRI initiative seeks to create the necessary cooperation that consolidates China’s energy supply routes and that contributes to diversify energy supply.

3. Within China, there is a historical worrying imbalance between the different provinces, especially the Western parts. Investment in infrastructure has been seen as a way to stimulate industrial and commercial development in the Chinese western provinces, by developing and consolidating the national industrial capacity in the West.

4. The need for creating a robust financial system that supports the development of projects associated with the BRI.

All these elements suggest that the BRI initiative can be used to promote China’s economic advancement; it can also lead to a rebalancing through further integration and cooperation with neighbouring countries paving the way towards a more influential regional role. The question remains thus; whether this new connectivity strategy suits other partners and countries in the world, and/or whether China’s hidden ambition is simply to fill the leadership vacuum left by a perceived weakening of the West, and in particular of both the USA and European Union.

Connectivity, BRI and China in the international economic order

China’s phenomenal economic growth since the early 1980s has transformed the country into the world’s second largest economy, making it increasingly “proactive” or “assertive” in foreign policy affairs. This raises great concerns in Western countries due to potential adverse consequences in terms of hegemonic competition between the USA and a rising China (Zhang, 2017). This section will discuss these concerns in terms of an International Economic Order, after a brief analysis of how the BRI can promote China’s economic advancement in terms of economic integration.

After three decades of fast economic growth, China’s economic model has shown acute signs of fatigue, indicating the beginning of a phase of contraction and stagnation. New policies have been proffered so as to revive growth. In particular, and since 2013, the People’s Republic of China (PRC) appears to be shifting its foreign policy towards its immediate neighbours in Asia and to move away from its previous focus on the USA and Europe. Connectivity with the Asian region allows China’s dream to build a “community of shared destiny” through clear regional connotations and global implications. As explained by Wang (2012) since the USA was boxing in the PRC to the maritime East with its “Asian pivot”, China should “march West” to expand economic and security ties with neighbours in Central Asia with the idea of building strategic mutual trust because of the US and Chinese shared interests in continental Eurasia. President Xi decided therefore to pursue both the continental and maritime strategies and his BRI vision is rooted in his understanding of China’s historical destiny to become a global power with a regional dominant and influential role (Zhang, 2015). Moreover, President Xi’s speech to the World Economic Forum in Davos in January 2017 emphasised China’s commitment to promote orderly a free and smooth flow of economic activity, a highly efficient allocation of resources and a deep integration of markets, as China enters a new stage of development. Under the wings of the BRI, China seeks to become an active player in the negotiations between countries and regions in the framework of the Initiative. A critical item in the agenda is the importance of developing free trade areas offering clear signs of President Xi’s eagerness to take on new levels of leadership while being aware of worries among leaders of developed economies. Astrid & Weissmann (2018) examine how the BRI is understood by the Chinese elite as “the essence of the realisation of the Chinese dream and rejuvenation of our nation... It is the framework for foreign policy in the decades to come”.

Partly through the AIIB and the Silk Road Fund, China aims to achieve its ambitious goals that would contribute to integrate Eurasia, the South Pacific, and Eastern Africa into a Sino-centric “community of shared interests, destiny and responsibility” (Caixin, 2015; NDRC, 2015; Wong, 2013). There are growing expectations that over the next decade China’s FDI approach will lead to the development of critical infrastructure projects that will have a direct impact on trade flows for the participant markets (Lim, 2016). Additional factors that need to be considered relate to China’s heavy presence in Western economies through its investments in financial markets, technologies and real estate ventures. According to a report from the State Council (2015), regulations over China’s outward FDI has been updated and new ones introduced. The aim has been focused on removing approval requirements for most FDI projects of less than USD$1 billion, while delegating administrative authority over most FDI projects of less than USD $300 million.
to competent provincial government agencies (State Council, 2015; Tracy et al., 2017). It is expected that the introduced changes will have a global impact due to the level of China’s overseas investments and the global reach of Chinese economic interests. In the year 2016, China became a net exporter of financial capital, registering a significant increase on outbound investment in comparison with inbound investments. Furthermore, and according to the Ministry of Foreign Affairs of China (2015), the introduction of the Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road was critical to help expand infrastructural development and to introduce free trade agreements that facilitated the creation of new industrial parks. There is a vision of integrating seven core fronts: transport, energy, trade, information, research and development, agriculture, and tourism (Tracy et al., 2017). Additional changes have been introduced with the aim of supporting Chinese companies to move their excess capacity abroad. In this regard, the countries along the Silk Road have been identified as suitable destinations for the reallocation. Lu (2016) argues that the introduced changes in regulation will contribute to the creation of some important foundations to transfer low-value added labour-intensive industries from China to the region.

It can therefore be inferred that the BRI is a key tool allowing China’s ambition to shape the new International Economic Order through greater connectivity. Some argue that this is because America’s unipolar moment has passed, and because we are consequently amid a grand shift of power from the West to the East (Callahan, 2016). This is partly due to the image that the USA has been portraying of itself, particularly under the Trump Administration: the image of a USA that has been distancing itself from Europe and Asia, judging by its protectionism moves vis-à-vis China more specifically. With the Trump administration, the USA has indeed been pursuing a strategy focused on protecting America’s interests first implying a retrenchment in global economic affairs through a mercantilist approach. In addition, the European Union’s continuous internal problems (such as slow growth, BREXIT, debt and euro currency problems, migrants’ crisis, and finally COVID-19 crisis) allow China to take a stance and to lead the way. China’s empowerment at the world level has therefore been facilitated by high levels of uncertainty, ambiguity and weakening among the world leading economies.

As a result, European, Asian and other economies have all been left in a position of uncertainty making them reconsider their economic future and look more favourably towards China. As a result, more than sixty countries across the Eurasian region were eager to become a partner in the Chinese BRI programme. However, it is not very clear so far what exactly such “partnering” is about (Astrid & Weissmann, 2018). As such, two main lines of thought around the BRI initiative have been identified.

1. An economic argument can clearly be identified, and it connects to views of a capitalist approach with a clear focus on protecting Chinese interests. Within this context, a strategy that seeks to enrich Chinese stakeholders emerges from the initiative; this raises criticisms about the implications for partner countries and regarding its efficiency when considering sustainable and continued GDP growth for China. As argued earlier, the initiative is associated with five main priorities that involve policy coordination, connectivity, unimpeded trade, financial integration and people-to-people bonds. This is very much founded on China’s material gains, Chinese exporting congestion and the need to move towards an economic model that targets the development of China’s western regions. Core economic drivers are identified, in particular the necessity to create new markets for Chinese companies with the aim of addressing challenges faced by the Chinese economy such as industrial overcapacity and excessive holdings of US dollars.

2. A strategic argument that claims that China seeks to become the leader of a Sinocentric Asian order that would lead to a better world. This line of thought is prominent among scholars working in the area of national identity and also among those who are thinking about a balance of power in national zero-sum terms. The contributions by Callahan (2011; 2013) point to a model where China is the central player and where other countries are peripheral and marginal players. China will be guiding the regional order through a planned regional reconstitution based on new governance ideas, norms and rules that eventually have a global impact. Callahan (2016) points out that economic activities are leveraged to build a “community of shared destiny” in Asia. Within this context, China will take a leadership role in reshaping normative agendas and outlining the rules of the game for global governance. An active geopolitical and diplomatic agenda seeks to extend China’s political power and influence by strategic investments that would trigger constraints around policy choices available to the receivers of Chinese capitals.

Understandably, these economic and strategic arguments are raising serious concerns among the countries that have held a position of control in terms of international affairs and that are consequently questioning China’s real and hidden objectives in terms of global leadership. More specifically, there is increasing doubt as to whether the Chinese new governance ideas, norms and rules can successfully be imported into Western countries (Nordin & Weissmann, 2018), although many of the Covid-19 policy responses in Western countries (systematic tracing, green pass, prolonged closure of small businesses and increasing market concentration, isolation of individuals) do resemble a prelude to what these norms could be. It is precisely because these policies have been leading to unimpressive economic results, have been met with much resistance and have been perceived as a fundamental breach to inalienable rights, that it is doubtful whether contemporary Chinese norms, rules and governance can satisfactorily guide the regional and world orders. In the same vein, it can be argued that protectionist policies under the Trump administration were merely a response to China’s awkward dealing with policies such
as competition policy, industrial policy and monetary policy (Kajit et al., 2016; Laurens & Maino, 2007). Moreover, the shift of China’s production facilities is raising serious concerns as China might become an exporter of pollution by shifting heavy polluting production practices to outbound development partners that would have a more vulnerable position through the global production chain and that would end up having major implications in terms of regional environment (Caceres & Ear, 2013; Miao & Lang, 2015; Munson & Ronghui, 2012). Furthermore, the imbalance in terms of economic and financial development among participating countries can bring further challenges. Political risks and terrorism are factors that can contribute to a failure in establishing the required stability so as to ensure the needed international order. Another aspect that needs to be considered carefully relates to the cultural differences among countries that can bring additional challenges to the projects implementation and to their operation leading to significant delays and cost overruns. Finally, securing the resources for China’s continued industrial expansion requires domestic reforms that include the development of backward peripheral regions of the countries, while improving the productive and efficient capacity of its gigantic state-owned enterprises (Uberoi, 2016).

As a result, the BRI initiative can be considered as a very long-term project with unclear points that will need to be addressed as the project evolves. Furthermore, it will need to deal with sub-regional and regional issues that will challenge potential opportunistic goals hidden behind the initiative. For the initiative to be successful, there is a need for greater levels of coordination among countries to reduce scepticism and suspicion regarding China’s main goals that raise concerns regarding its geopolitical positioning and strategic interests. Ultimately, this depends upon the type of governance in place in China itself.

**Conclusion**

The global financial crisis was a turning point for Chinese economic development as it led to a “new normal” in terms of economic growth, leaving Beijing in need of a new approach to its economic model. In October 2013, China unveiled the BRI initiative as a new way of stimulating economic growth through connectivity; the project would mirror China’s ascendance in the global arena, economically, politically and strategically (Yu, 2017). The BRI connects to the historic Silk Road that formed an extensive network of maritime and land routes for trade, communication and cultural exchanges that linked China with countries of Asia, the Middle East, Africa and Europe. The initiative is quite remarkable as it connects positive features of the past (the Silk Road Spirit) with the present, as well as with the future. Its ambition is to reshape international relations and global economic development.

The BRI initiative is undoubtedly very beneficial to China, but it is unclear whether the gains will be shared by other developing and transition economies along the Belt and Road, although China’s ambition is to facilitate regional partnerships. Economic, strategic and commercial drivers are aspects that are primarily identified as sources of concern as they point to the creation of new markets to the benefit of Chinese companies so as to address the challenges regarding industrial over-capacity, polluting activities and the excessive holding of US dollars. However, the economic benefits for the partner countries and regions along the belt and road are unclear. China seeks to enhance its power relationship in the Asian region and further afield bringing new elements to the EU-China relationship (Summers, 2016). For example, it seeks to fill the perceived vacuum left by a weakening European Union. Summers (2016) argues that China’s intentions behind the BRI are dual; with hidden views pointing towards political goals. This implies an effort to extend China’s political power and influence through investment which will constrain the policy choices of the receiving countries. This is a crucial issue and this relates to the question as to whether China’s growth as a global hegemon will threaten the global economic order and the governance equilibrium? The emergence of China as a global power challenges the context of Western countries accommodated to the idea that their values, institutions and ways of engaging with the global community are universal.

It is extremely doubtful whether China’s dream of becoming the leader of a Sinocentric Asian order contributing to a better world can come true, given the current state of norms, rules and in short, of governance, in contemporary China. It is feasible only with a substantially reformed governance system in China. It is only with such governance reforms that China will be able to project itself as a main actor in the international economic order.

**Data availability**

No data are associated with this article.

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