

Impact of the Belt and Road Initiative on China and Related Countries and Regions

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Abstract: The Belt and Road Initiative (BRI), adopted by China, is a significant endeavour aimed at fostering global economic growth in the 21st century. This project has had a substantial economic influence on countries involved, propelling China and adjacent nations into a new age of swift development. As a significant economic measure, the Belt and Road initiative covers five continents of the world, ensuring to assist nations with poorer economic development and promote economic cooperation. This paper applies the literature review to analyse the articles written by previous scholars and determine the impact of the Belt and Road Initiative on the economies of different countries. The study aims to assess the current outcomes of the BRI cooperation between China and different countries and to provide specific recommendations on how to further enhance the building of the Belt and Road Initiative in the future.

Keywords: BRI, economic influence, regional development, cooperation

1. Introduction

The global development agenda in the twenty-first century has captured the interest of all individuals. The global effort to achieve the regionalization of development, a well-recognised and important technique for fostering growth, is currently being implemented in cooperation with adjacent countries. The Belt and Road Initiative (BRI) is a new development strategy proposed by China in response to the process of global internationalisation. The BRI is a strategic endeavour initiated by China to enhance its integration into the global economy, aiming to promote economic progress in least developed countries across Asia, Europe, and Africa [1] This region houses 64 percent of the global population and accounts for 30 percent of the world's GDP [2]. Launching an economic plan that can genuinely drive developing countries is rare in such an international context.

This essay will employ a combination of incorporating relevant literature and gathering data to analyze the policy changes and data on the advantages of the BRI development, and will provide the most compelling evidence of its positive effects. The article is significant since it verifies, by analyzing relevant policy literature and statistics, that the Belt and Road initiative has offered adjacent developing countries with opportunities. It further asserts that the Initiative is beneficial and that China perceives cooperation and development as mutually advantageous. Conversely, overseas Chinese people can also see the impacts of the Belt and Road initiative from the standpoint of European nations, who can also offer recommendations for the future advancement of the Belt

and Road. The author anticipates that the progress of the Belt and Road initiative will continue to improve steadily.

2. Review of the Belt and Road Initiative

2.1. The emergence and significance of the Belt and Road Initiative

The inception of the Belt and Road Initiative commenced in 2013. The term "Belt" alludes to the "overland silk road," alternatively known as the "Silk Road Economic Belt," which was introduced by Chinese President Xi Jinping at a speech at Nazarbayev University in Kazakhstan. The term "Road" pertains to the 21st Century Maritime Silk Road, a proposal made by President Xi in a speech to Indonesia's parliament one month later. The Belt and Road is a strategic endeavour initiated by China in response to the contemporary phase of worldwide integration. The concept of globalisation is a model that promotes economic, political, and intercultural cooperation. It encourages integration for mutual benefit and is considered a highly significant undertaking [1]. China faced numerous economic and industrial obstacles at a crucial point in its economic development. The implementation of the Belt and Road initiative signified a major achievement in China's worldwide integration and brought about mutual benefits for both China and its neighbouring countries in terms of progress. The impact of the Belt and Road Initiative spans across various regions, beginning with Southeast Asia and extending to the Eurasian and African continents. Furthermore, this aligns with the foreign policy of ancient China. Furthermore, China has placed great emphasis on infrastructure development in its collaboration with these countries, as seen by the establishment of the China-Laos Railway and the inaugural motorway in East Africa[3]. Some analysts perceive the Belt and Road initiative as primarily a defensive strategy that brings attention to these difficulties [4]. The Belt and Road policy has a significant element of promoting stability in adjacent nations. It functions as an instrument for fostering economic expansion and as a tactic for upholding stability in the area, offering developing countries fresh opportunities for cooperation and establishing pathways for global advancement in unexplored industries.

2.2. The Practice of the Belt and Road Initiative

China is presently engaging in the active integration of its economy with that of other nations. From the nearby region of South-East Asia to the faraway continent of Africa. China prioritises collaboration and mutual advancement. The objective of the Belt and Road Initiative is to realign global economic power and entice nations and enterprises to leverage China's influence more extensively[5]. The BRI is already yielding positive outcomes for the Asian area. The Belt and Road Initiative has made substantial progress in Southeast Asia in terms of regional trade and investment collaboration. China primarily invests in manufacturing, resources, heavy industry, and tertiary industry in Southeast Asia. Between 2013 and 2016, the leasing and business services industry experienced the highest growth rate of 186.31 percent, while the manufacturing industry achieved a significant growth rate of 181.43 percent. The wholesale and retail trade industry, although it was in close proximity, had a lower level of performance compared to the preceding two, with a value of only 103.43 [6]. These data clearly demonstrate China's substantial investment in Southeast Asia and its genuine commitment to improving economic ties with countries in the region.

In 2015, China established the Asian Development Bank (ADB) as a multilateral financial institution with a specific emphasis on funding infrastructure projects and promoting sustainable development. The ultimate objective of the ADB is to promote Asia's prosperity and economic growth of Asia [5].

China's collaboration with Southeast Asia encompasses infrastructure development, such as the China-Myanmar railway, the China-Laos railway, and the China-Myanmar gas and oil pipelines. These projects are currently being built as part of the Belt and Road initiative. Firstly, it enhances the connectivity between China and the respective nations, hence facilitating easier travel for the citizens of both countries. Furthermore, it greatly reduces China's dependence on foreign energy sources. China previously relied on the Strait of Malacca as a route to buy oil from Africa. However, the establishment of the China-Myanmar oil pipeline has lessened China's reliance on the Strait of Malacca [3]. These three components demonstrate the deliberate and interconnected nature of China's Belt and Road initiative. This is a genuine endeavour to establish a completely new economic community and disrupt the existing global economic structure in order to promote global economic growth.

3. The Influence of the Belt and Road Initiative

3.1. The Economic side

The Belt and Road plan has had a substantial impact on the economy from an economic standpoint. The trade of goods related to economic corridors has experienced a remarkable increase, with economies located along the Belt and Road representing almost 40 percent of global merchandise exports in 2017, which is roughly six times more than the amount in 2000 [7]. The execution of the BRI has unquestionably yielded significant advantages for the economies of the participating countries, resulting in great economic progress. Efficiently linking economic corridors is crucial for the prosperity of trade in goods. The China-Pakistan Economic Corridor (CPEC) is considered the central component of the Belt and Road initiative, representing its core essence. The Gwadar Port in Pakistan functions as the initial point of export for the China-Pakistan Economic Corridor. It offers great convenience for the transportation of Chinese agricultural products to be shipped to African nations. This directly affects the progress of Chinese trade. According to a report, agricultural products from China that are exported to the Middle East and African countries are now being transported through Gwadar port at a significantly faster pace [8]. Prior to the opening of the economic corridor, the proportion of agricultural products exported from China to the Middle East and African countries was only 3 percent and 4 percent, respectively. However, after the opening of the economic corridor, the share of the economy has experienced a rapid increase. The regions along the economic corridor saw significant economic development and achieved remarkable growth. According to a research, the government expenditure of the regions along the China-Pakistan Economic Corridor was initially projected to grow by 21 percent greater than the expenditure in other regions during the fiscal years 2012-2013 and 2013-2014. The government spending in the regions along the China-Pakistan Economic Corridor has witnessed a 20 percent increase in comparison to other regions [9]. The economic corridor possesses significant potential, and the mutually beneficial progress of China and Pakistan will yield huge benefits for both countries, with Africa and the Middle East also participating in this extensive economic phenomenon.

3.2. The political landscape

The Belt and Road Initiative has significantly influenced the political landscape. The BRI is enhancing stability in the surrounding regions of China. China's closest regional relationship is with South Asia, in terms of its neighbouring countries. The China-Pakistan Economic Corridor serves as the fundamental basis for the Belt and Road Initiative. China's steady and continuous development in South Asia is evident, but India, as the dominant power in the region, is aggressively engaging with this challenge. India's primary apprehension lies in the potential

encroachment upon their sovereignty posed by the Belt and Road Initiative [10]. The Initiative's impact on the South Asian region has been steadily increasing, and China has successfully cultivated positive relationships with the countries in South Asia. For instance, in the Maldives, an archipelago situated on the periphery of India's Exclusive Economic Zone, the Maldives' collaboration with China has transitioned from a commercial associate to a geopolitical ally [11]. The BRI has strengthened China's influence and injected considerable uncertainty into the political turmoil in the region. On one hand, it functions as a means of overseeing India and deterring the outbreak of violent hostilities. On the other hand, it improves China's ability to export globally.

China is increasingly establishing itself as a prominent leader in Southeast Asia, as seen from a Southeast Asian standpoint. Due to the inherent interests of a large number of Chinese expatriates and the unique geographic location of Southeast Asia [12], the implementation of the Belt and Road policy has expedited China's progress in the region, posing a threat to Japan's original development in the area. In accordance with the Belt and Road initiative, China has been aggressively supporting Southeast Asian countries in the development of railway infrastructure. The Jakarta-Bandung high-speed railway, which has recently been inaugurated, is a project wholly constructed by China. Some individuals express scepticism about the uneven economic dependence that leads to political advantages that serve China's geopolitical goals [13]. Hence, Southeast Asian nations exhibit caution towards this prospect, as they have concerns about the potential for economic reliance on China. ASEAN nations harbour concerns that China may transform Southeast Asia into a geopolitical arena, hence prompting them to collectively impede China's efforts to advance the Belt and Road initiative in the region. For example, in 2013, Cambodia, which has a close relationship with China, strengthened its cooperation with Japan [14]. This is an inherent consequence of the several unresolved issues that China must address in order to enhance its political sway in Southeast Asia via the Belt and Road initiative.

3.3. The infrastructure development

In terms of infrastructure development, the Belt and Road Initiative has undeniably incurred significant expenses. China has provided assistance to nearly all nations that are part of the Belt and Road economies. Infrastructure serves as the fundamental basis for economic corridors, and the establishment of infrastructure plays a significant role in fostering national progress. The Initiative has the potential to reduce transportation time for economies located along the route, particularly in regions situated along economic corridors. The average reduction in transport time in corridor economies is 3.2 percent compared to the global average, and 4 percent compared to other corridor economies[7]. Pakistan is undertaking initiatives to revitalise the Silk Road by constructing a 3,000-kilometre road network within its territory [10]. The decrease in travel time has led to a doubling of local benefits, and the transport sector's infrastructure development has greatly contributed to the welfare of the local community. China was making substantial investments in infrastructure development in South Asia. Moreover, China has made significant investments in Sri Lanka, particularly in major infrastructure ventures including the Colombo Port City project, the Colombo International Container Terminal, the international airport, the Hambantota deep seaport, and several highways[10]. The primary objective of constructing these facilities is to foster the growth of the local economy, so facilitating the advancement of the BRI in the region. Additionally, it will generate employment prospects for the region, thereby enhancing the welfare of the local population. China has established a significant energy partnership with Central Asia and other nations since 2018. This collaboration involves the supply of 38 billion cubic meters of natural gas per year from Russia's East Siberian gas reserves to China, and is expected to last for 30 years. Ensuring China's natural gas supply can mitigate reliance on Europe and the United States, hence

reducing the reliance. However, continuously seeking to provide the resources necessary by the government through the BRI is not recommended.

4. Discussion

In the wake of the outbreak, the Belt and Road Initiative is likely to encounter many new obstacles, first and foremost on economic issues. The question of nationalising the RMB in relation to economic matters requires attention. Due to commerce and the signing of investment agreements brought about by the RMB's internationalisation, every nation along the Belt and Road has already reaped significant gains from economic development [15]. The Belt and Road is based on China, so the use of RMB is also very common in the Belt and Road countries. However, at present, under the influence of the epidemic, the currency of RMB has continued to decline, which requires the countries of the Belt and Road to negotiate and solve the current situation. Trade and investment along the Belt and Road are made more convenient by the internationalisation of RMB, which also helps China and the participating nations avoid exchange rate losses during interaction. All of these benefits lower capital transaction costs, strengthen financial risk resistance, boost international competitiveness, and advance the Belt and Road Initiative. Enough fuel is provided by the promotion of the B&R construction process [16]. Among the existing challenges, the BRI is achieving remarkable success in South Asia and Africa.

The second is the development of colleges and universities under the Belt and Road strategy. As an important economic initiative, the Belt and Road strategy brings many opportunities to national universities. The construction of the Belt and Road requires a large number of high-end composite talents. In order to cultivate compound talents, it is necessary to carefully choose exceptional graduate students to engage in mandatory social practice in enterprises. This will allow for a broader and more diverse student group and target audience for 'Belt and Road' related courses, and will effectively promote progress in the entire region by focusing on specific areas [17]. For students to carry out exchanges abroad, due to the institutional differences between domestic and foreign universities, it leads to a great obstacle to students' learning motivation and hinders their development. The Belt and Road Initiative enhances the interconnectivity of education systems between countries, hence facilitating mutual advancement and growth.

5. Conclusion

The Belt and Road Initiative may face many new obstacles following the outbreak, but it is achieving significant progress in South Asia and Africa despite the prevailing challenges. The Initiative is a long-term and well-thought-out strategy. In the face of impending challenges, it is essential to thoroughly evaluate the appropriate path and actively strive to become a global economic centre in order to accelerate the advancement of other emerging countries. Presently, the most pressing requirement is to establish efficient cooperation with neighbouring countries. The BRI is poised to become one of the most momentous investment undertakings in the course of human history. China's current global contributions exceed any prior instances of selflessness. The international world is satisfied with China's welcoming attitude towards participating in global affairs. China really prioritises the welfare of other countries and earnestly seeks to offer assistance to any country in need.

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