

Regulating for Globalization

Trade, Labor and EU Law Perspectives

The Belt and Road Initiative at the Crossroads

Pratyush Nath Upreti (Sciences Po Law School, Paris) · Monday, May 20th, 2019

The recent second [Belt and Road Forum for International Cooperation \(BRI\)](#) in Beijing received overwhelming attention and participation from heads of States and governments from 37 countries representing Central Asia, South Asia, ASEAN, Europe, Central Asia, Africa, the Middle East, and South America. This overwhelming response came in spite of criticism from the US and a strong European reservation. It is [reported](#) that 150 countries have come on board, and that China has made overseas loans of over \$ 90 billion as a part of the Belt and Road Initiative (BRI). In a span of two years, China has built this regional project into a global one. Now, the challenges lie in making it inclusive and adhering sustainable development. These issues, summarized here, receive fuller treatment in a recent special Issue of the [Global Trade & Customs Journal](#).

During the first few years after the launch of the BRI, countries, in particular, the United States (US) and the European Union (EU), developed a narrative that the BRI was aimed to diversify China's trading partners to address its production capacity or even to create a dumping ground for Chinese products. They did not immediately recognize nor respond to the significance of the BRI. Meanwhile, China has quietly built a strategic plan to strengthen ties with countries at the individual level through aid, bilateral cooperation, and offers of friendship to earn collective support for the BRI. The success is evident from the initiative's increasing membership. Key international financial institutions (IFI), such as the [World Bank](#) and the [Asian Development Bank](#), have shown interest in and have provided technical assistance to China on the BRI.

The cumulative effect of these events, along with the rise of China as a global economic power, may have resulted in the US and EU to respond to the BRI. The US has announced its intent to invest in developing countries through recent legislation entitled, '[Better Utilization of Investments Leading to Development Act of 2018](#)' or, the [BUILD Act of 2018](#), although it has yet to be signed by the President. The law would establish 'the United States International Development Finance Corporation' (IDFC) to facilitate the participation of private sector capital and skills in the economic development of countries with low-or-lower middle-income economies, and countries transitioning from nonmarket to market economies to complement US assistance and foreign policy objectives'. Furthermore, the IDFC would be authorized to issue loans and loan guarantees, provide technical assistance among other measures. By increasing the lending capacity, the US appears to be offering an alternative to BRI to address the funding gap for infrastructure development in developing countries. The EU is not far behind. Last year the European Commission initiated the study on EU-Asia Connectivity titled, '[Elements for an EU Strategy on Connecting Europe and Asia](#)'. The aim of the study is to understand all modes of transport links, as well as digital and energy links in the Euro-Asian area. Moreover, initiative aims to achieve: (i)

enhanced governance for Euro-Asia connectivity; (ii) better availability and sustainability of finance; (iii) better market access and economic opportunity for European businesses; (iv) increased people-to-people activities, among others. In a nutshell, the EU initiative seems to be a vision of Europe for enhance its connectivity with Asia in the wake of the BRI.

One would be hard-pressed to precisely explain the BRI, accounting for its unstated membership, funding, geopolitics, and other aspects. However, the common and most pertinent question which academia, governments, development partners, and stakeholders are aiming to identify is what exactly BRI means to regional and international economic cooperation: is it a new model for regional and international economic cooperation? In addition, there is ongoing speculation about the aim, geopolitics, and ultimately the success of the BRI. Similarly, there are concerns over the funding of the initiative, in particular, the world's newest publicly-financed international financial institution, the Asian Infrastructure Investment Bank (AIIB), and its role in the BRI along with its commitment to the Sustainable Development Goals while implementing BRI related projects.

For more on this important topic, please consult the recent Special Issue of the [Global Trade and Customs Journal](#) on China's Belt and Road Initiative consisting of eight articles and an important contribution to the public debate on issues related to the BRI.

Pratyush is also a Member of the Editorial Board of *Global Trade & Customs Journal* and Guest Editor of 14 GTCJ Issue 14-5 (2019).

To make sure you do not miss out on regular updates from the Kluwer Regulating for Globalization Blog, please subscribe [here](#).

This entry was posted on Monday, May 20th, 2019 at 10:03 am and is filed under [China](#), [Global Trade and Customs Journal](#), [Trade Law](#)

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.