OBOR Initiative: Critics and New Members

The second BRF-2019 Summit in Beijing became a landmark event that marked achievements of this infrastructure project, which, in 2016, changed its former name One Belt, One Road (OBOR) to Belt Road Initiative (BRI). The word 'Belt' refers to land routes, while 'Road' to maritime routes, the words "one, one" were removed from the name since numerous different side branches have been created.

As the host of the Summit, China presented substantive outcomes and a list of questions and proposals for discussion to the participants, which included 283 deliverables subdivided into 6 categories: 1) initiatives proposed or launched by China; 2) bilateral and multilateral documents signed immediately before or during the second BRF; 3) multilateral cooperation mechanisms under the BRF framework; 4) investment projects and project lists; 5) financing projects; and 6) projects by local authorities and enterprises. These agreements included Memoranda of Intent signed with Equatorial Guinea, Liberia, Luxembourg, Jamaica, Peru, Italy, Barbados, Cyprus, Yemen, and also Action Plans with Serbia, Djibouti, Papua New Guinea, the African Union, the UN Human Settlements Programme (UN-Habitat), the UN Economic Commission for Africa, and others. Clearly, such accomplishments can not fail to impress.

High level officials, starting with China’s President, all talked about successes (as if in unison). As highlighted in the previous article about OBOR in the New Eastern Outlook, Xi Jinping, in his speech, admitted for the first time that there were mistakes and risks associated with a number of projects, and promised to follow the "win-win" approach in the future. Similarly, the Minister of Foreign Affairs, Wang Yi, tried to persuade his audience that the BRI was
"not a 'debt trap' that countries may fall into, but an 'economic pie' that benefits locals". During the 2019 Summit Liu Kun, PRC's Minister of Finance, announced plans to build "a debt sustainability framework to prevent and resolve risks".

Undoubtedly, the driving force behind the initiative has always been China's propaganda machine, which Xi Jinping intends on boosting via global media outlets. For this very purpose, the Belt and Road News Network (BRNN) was established in 2017. It includes more than 182 print media from 86 countries. Their aim was to counter criticism, downplay inconvenient facts, raise the status of the initiative and publish positive news stories about it. In order to achieve this, journalists were invited for training in Beijing.

It was an apt measure, as there was no decline in numbers of people expressing their disapproval about the fact China brought its own equipment, materials and workers to other nations, and did not make use of local resources or create jobs. Similarly, standards for managing construction work and subsequently operating the sites were very low. In a number of cases, decent lands were confiscated from locals. Here and there, Beijing has made some concessions, i.e. after tough statements made by Prime Minister Mahathir Bin Mohamad, the cost of a large $14-billion project in Malaysia was slashed by one third. Agreements with Pakistan, Thailand, Laos, etc. have been renegotiated and measures to decrease debt levels have been taken.

President Xi Jinping hosted 37 foreign heads of state at the 2019 Summit, and anticipates that more will be in attendance at subsequent events. He also remained hopeful that out of all the nations, Japan would be the one to express its desire to join the BRI. In the meantime, strategists in Tokyo have mixed feelings about the BRI. One the other hand, the Belt and Road Initiative is viewed as a project that strengthens Beijing's global position at the expense of Japanese interests and those of its key ally, the United States. On the other hand, Japan is torn between two crucial partnerships: China is a key trade partner, while the USA is its crucial guarantor of security. Although officially Tokyo is not a part of the BRI, the long-established corporation Nissan launched an exploratory line of transportation goods in Europe together with the Chinese Sinotrans group in October 2018. There are quite a few examples of such cooperation. Japan, as well as other ally and partner nations of the United States, sees potential in the Eurasian integration efforts. Even India, which has consistently rejected the principles behind the BRI for quite some time, has taken out substantial loans from the Asian Infrastructure Investment Bank (AIIB), established by China.

At the second BRF, President Xi Jinping extended some of his warmest greetings to Italy, with which the "present-day Marco Polo" signed a Memorandum of Understanding and approximately 30 other different types of documents on 23 of March, in Rome. It became the first developed Western European country from the Group of Seven (G7) to officially support China's megaproject. As Italy continues its diplomatic efforts to prepare agreements, it has already managed to upend the established order (according to commentators), which could have a "domino effect" on its neighbors on the continent. Ironically, a day earlier (on 22 March), the European Council (EC) met to discuss EU's overall strategy towards China. And in the new European Union (EU) approach, for the first time, Beijing was mentioned as a "systemic rival" of Europe. And this occurred, despite the fact that trade volumes between China and the three European nations of Germany, France and the UK increased perceptibly. According to Eurostat data, Germany exported 93.8 billion euros worth ($106 billion) of goods to China in 2018, the UK's exports amounted to 23.4 billion euros, France's to 20.8 billion euros, and Italy's to $13.17 billion euros (in 4th place only).

While the EU was formulating its various outlooks to replace its outdated 2016 Strategy on China, the PRC "slowly penetrated the 'softer' Central and Southern periphery of the EU". And, starting in 2012, it garnered support from 11 new EU member states and 5 potential EU candidates via its "16+1" platform. Later on, Greece (August 2018) and Portugal (January 2019) became a part of the BRI.

In what ways does Italy expect to benefit from the BRI? The ambitious Memorandum of Understanding outlined Italy's and China's intentions to deepen cooperation in the areas of logistics, transportation infrastructure, humanitarian exchange, lowering of trade barriers, environmental protection, finances, removal of investment barriers, etc. In the framework of PRC's Maritime Silk Road initiative (an integral part of the BRI), Italy represents an important strategic partner for China in Europe. According to the "Five Ports" concept, which was conceived a long time ago and is being implemented at present, Beijing will establish ties with Venice, Trieste, Ravenna, as well as Koper in Slovenia and Rijeka (formerly Fiume) in Croatia via the Northern Adriatic Ports Association.

Italy, which has had a fairly sluggish economic growth in recent years, anticipates that its trade with China will increase, thanks to its membership in the BRI. As a result, it should be able to catch up with the previously mentioned European nations, and to improve its opportunities for attracting investments to its port infrastructure,
for example, in Trieste, which expects to receive hundreds of millions of dollars from large Chinese conglomerates. China, in turn, hopes to gain access to other leading Western European countries via Italy with time.

Deputy Prime Minister, Matteo Salvini, highlighted that the Italian government would be tough when negotiating terms and conditions of any agreements with Beijing (perhaps because he remembers the criticism levelled against the BRI). He said “We’re ready to talk to anyone, but we’re absolutely not ready to do so if it’s a question of foreign companies colonizing Italy”. Matteo Salvini warned that it was important to monitor spheres that would receive investments to ensure that strategically important sectors would not be compromised, i.e. “Italians’ sensitive data must remain in Italian hands”.

Washington did not miss the opportunity to discourage Italy from becoming a part of China’s large-scale project, which would become its financial and debt “trap”. Similar warnings followed from the capitals of Europe to reminded Rome that pursuing closer ties with Beijing was only possible via the framework of the European Union (in accordance with the EU’s 2016 Strategy on China if nothing else). However, according to the Italian political scientist Valbona Zeneli, the Chair of the Strategic Initiatives Department at the George C. Marshall European Center for Security Studies, "Italy is among the most important economic and political players in Europe, and any EU response that excludes Italy would be incomplete and unsuccessful". And it would be reasonable to share her opinion.

Rome has chosen to ignore the warnings about its fate from across the ocean and from Europe. We could, therefore, view this outcome as 1) a score of 1 - 0 in the football match China vs. USA; 2) a "slap on the wrist" from Italy, or 3) an effective indicator that it is dangerous not to move with the times in the current world order.

Even the expert community in the USA has begun to grasp this trend. A comprehensive study, conducted by analysts at the RAND Corporation and called “China Belt and Road Initiative: Measuring the impact of improving transport connectivity on international trade" (August 2018), literally echoed Xi Jinping’ words about the increasing impact of the project on this sector of the global economy during BRF-2019. Another well-known U.S. institution, the Citigroup GPS, published the "China's Belt and Road at Five" progress report in December 2018. The document outlined, with the aid of written information and various figures and graphs, how the Belt and Road Initiative had gradually transformed from the PRC-centric of ‘one-to-many’ model into a more multi-faceted and inclusive ‘many-to-many’ one.

Officially, as during his speech at the APEC Summit in November 2018, U.S. Vice President Mike Pence (among others) continued to propagate the view that the United States offered a "better path" than China. He briefly outlined this alternative by saying that American companies were creating jobs, and that the high-tech sector would bring prosperity to the regions. Still, it looks as if millions and millions of people in Asia actually need physical infrastructure and not just verbal promises.

Hence, the Belt and Road Initiative remains a topical, interesting and controversial issue. However, it is hard not to admit that, although the tendency to separate supporters of the initiative from its detractors still exists, there are fewer and fewer sceptics nowadays and the number of participants keeps increasing.

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