COVID-19 Pandemic and PRC’s Global Plans

There is not a single area of world politics or economy that the COVID-19 pandemic, which started at the end of 2019, has not had an effect on either directly or indirectly. Unsurprisingly, the outbreak has had an impact on China’s global development strategy Belt and Road Initiative (BRI). The aim of the project is to extend, bifurcate and then unite key transportation routes in Eurasia, Africa and even the entire planet if possible, into one system, and to also integrate economies of nations linked by these networks in order to increase movement of goods (first and foremost, those that are manufactured in China) and raise levels of international trade to new heights.

The work on this initiative began a long time ago. And while in some countries that agreed to be a part of the BRI, construction of the necessary infrastructure, i.e. railways, roads, power lines, ports, airports, etc., (which typically involves Chinese funds, equipment and supervision by PRC experts) is ongoing, in and through other nations there is already a considerable flow of goods.

Since the BRI’s main aim is to facilitate movement of people and products with the aid of Chinese citizens, i.e. laborers, engineers, etc. working abroad, the closing of borders and restrictions on travel, imposed out of necessity throughout the world on account of the pandemic, dealt a serious blow to the project.

It is common knowledge that the COVID-19 epidemic first started in China, thus countries closed their frontiers to
arrivals from the PRC first and foremost in order to protect their own citizens from the outbreak. The restrictions also applied to individuals who were essential for the successful completion of projects that are part of the BRI. Even Chinese citizens who had been working on various sites abroad for a long time and had returned home temporarily were not able to go back to their work places. By the end of March 2020, more than 130 nations had imposed restrictions on entry of Chinese citizens for the time being. Another unfortunate circumstance for the BRI projects was the fact that the start of the outbreak and the closing of borders to arrivals from the PRC occurred during the first months of the year when the Chinese New Year was being celebrated. The 15 day festivities include a long-term tradition: the reunion dinner attended by an entire family in China that many citizens of the PRC working abroad returned home for. But afterwards they were unable to go back to their work places.

As a result, a number of projects were “put on hold”. The work on the China–Pakistan Economic Corridor and on a Special Economic Zone in Cambodia stopped. Building of railways in Nigeria and Indonesia was halted, and the launch of one of the biggest rail bridges in Bangladesh, worth more than $1 billion, was postponed. Construction work at various sites in Malaysia, Myanmar, Kazakhstan, Tajikistan, etc. stopped too.

When COVID-19 started spreading all over the world, China also took measures to protect its citizens working abroad by repatriating many of them. For instance, numerous Chinese workers in Iran were flown back home, which is why Chinese-Iranian initiatives were also halted.

Every single day of such a shutdown results in losses, especially for Chinese companies financing the projects in question. And the longer this crisis lasts, the higher are the chances that a number of initiatives will be cancelled while some others that are ongoing will simply be left unfinished and abandoned.

China is doing everything in its power to keep its projects abroad going. For instance, the China Development Bank, a state entity that finances the government’s infrastructure initiatives, is planning on offering businesses that are a part of the BRI low-interest loans. However, the PRC itself is experiencing economic difficulties, thus it will probably be unable to help all the companies involved. Some believe that only the projects that will, upon implementation, benefit the Chinese economy can survive the crisis. They are primarily initiatives sponsored by the PRC’s private sector. Aside from them, there are a number of other projects that, from an economic standpoint, are not commercially viable, and are not essential for China’s strategic interests, i.e. to increase its presence and influence in any given nation. Such initiatives financed by the government are loss-making propositions and their future, considering the economic crisis that is about to start in the PRC and the rest of the world, is uncertain.

The current developments are perceived with a certain amount of “Schadenfreude” by PRC’s opponents in the East as well as the West. Some nations in the region, such as India and Japan, viewed the BRI as a Chinese plot to establish control over the nations that are a part of the initiative without resorting to arms and even over the entire Indo-Pacific. All of these concerns were shared by the United States, a nation that is engaged in a geopolitical confrontation with China primarily over the Indo-Pacific region. The pandemic has noticeably slowed China down, and nowadays, some experts have been opining that COVID-19 has pretty much ruined PRC’s plans to become the most powerful nation in the world.

China has denied having such intentions but, in reality, its influence in the Indo Pacific region and in the entire world has waned to some extent. Perhaps the current crisis will result in some changes to PRC’s foreign policy.

But even Western experts do not believe that the pandemic will put an end to the BRI for good. The Coronavirus will, however, slow the project down but once the outbreak is over the work on it will gradually restart. And the BRI may “free itself” of any political aspects for the time being and focus, as a priority, on its economic side, i.e. imports of food and energy resources required by China and exports of PRC’s manufactured goods. As a result, the structure and scope of the BRI could change, and out of the numerous projects, which are part of the Belt and Road Initiative, only the ones that could help China resolve its current economic issues will remain the nation’s main focus, while others tied to PRC’s long-term political goals may be put on hold or cancelled. This could possibly even benefit China because such developments will ease the tensions felt by opponents to the BRI in the Indo-Pacific region where the climate had been fairly strained before the start of the pandemic. Perhaps the PRC and its rivals could use the current situation as an opportunity to “re-set” their relations ensuring they focus on benefiting everyone involved.

_Dmitry Bokarev, political observer, exclusively for the online magazine “New Eastern Outlook”._