

## China's Belt and Road Initiative: Debt Trap or Soft Power Catalyst?

Written by Daniele Carminati

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DANIELE CARMINATI, SEP 1 2019

The Belt and Road Initiative (BRI), announced in 2013 and formerly known as the 'One Belt, One Road', is arguably Xi Jinping's flagship project to cement his name and ambitions in China's history, while rebalancing the global order towards the Middle Kingdom. Many argue that this colossal endeavor could make or break China's future, at least from a foreign policy perspective, but domestic skepticism seems to be already present. The scale is unprecedented, as much as the inclusion of a multitude of countries all around the globe, with more expected to join. The stakes are high, and the attention that this project has been receiving drew visionary praise as much as harsh criticism and dismissal. While praises are sparse and varied, coming from pundits, ministers, and heads of states who claim that their country is already benefiting from the initiative, the criticism –ranging from inefficiency to plain corruption– has eventually converged into one precise term: 'Debt Trap'. The number of articles mentioning this concept in relation to China's foreign policy, as much as the effects in the receiving countries, have skyrocketed in the past few years. At first, most articles might have originated from the so-called 'Western media'. Yet the trend quickly caught the attention of countries involved in the BRI. An often-cited example of the 'debt-trap diplomacy' is the case of Hambantota in Sri Lanka, where the local "government was forced to sign the port away on a 99-year lease after failing to repay Chinese loans". A statement that has later been confuted, but the news had already spread widely by then.

More recently, due to growing international pressure, China attempted to address this concern and accusation in multiple ways. First, in the national media, then Xi Jinping reached directly to global leaders, and later also through the official Second Belt and Road Forum, which took place in July 2019. One of the most recent developments corroborated the fears of a debt trap, but with a twist: China could eventually be the one facing the consequences of this growing debt, instead of some less powerful countries that embraced the initiative. More precisely, the author refers to the 'obsolescing bargain model' in which the more China invests in a host country, the less bargaining power, and demands for renegotiation will increase. Eventually, this will further reduce the already limited prospects of profitability. While this whole project is still slowly unraveling and it may be too early to draw hastily conclusions, there are already a few instances which can exemplify the many difficulties experienced by China, but also the willingness from the receiving parties to make it work.

The examples I am referring to are located in Southeast Asia –due to my current research focus– but more can probably be found in Africa as much as in Latin America and some parts of Europe and beyond. Although it has been argued that 'democracies are turning against' the BRI, at least a few Southeast Asian 'flawed' democracies are showing positive outcomes, but not without controversies. I am trying to observe how the BRI is received by broader audiences, beyond the sole government and the elites who are likely to have strong economic interests in the projects. But what about the opinion of people who might indirectly benefit from increased connectivity and people-to-people interaction, or even suffer from the intervening dynamics brought by this influx of investments and infrastructure? Even though several Southeast Asian countries are ruled by assertive 'strongmen', common citizens could still have a say in how their country should deal with this neighboring juggernaut. For instance, some anti-China movements are becoming more vocal. The actions of a country and how they are interpreted and received by the receiving audience could result in a better image, an attractive and legitimate one. These perceptions could gradually improve the overall reputation and, in turn, create goodwill towards even greater collaboration and stronger bilateral

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relations. When non-coercive methods are implemented, as opposed to the use of force and bribery, soft power is at work.

One topical case involved Mahathir Bin Mohamad, Malaysia's prime minister. While several observers immediately picked up Mahathir's warnings on a "new version of colonialism" as a clear opposition to the BRI and China, he promptly rejected these speculations, expressing instead support to the initiative. In April 2019, the stalled mega-projects were eventually renegotiated and expected to resume soon after, and additional ones were being considered. However, the leader's view might not be reflected by common citizens.

In January 2019, the ASEAN Studies Centre at ISEAS-Yusof Ishak Institute published The State of Southeast Asia: 2019 Survey Report. In the report, Southeast Asian experts ranging from political scientists and media pundits to businesspeople were invited to express their opinions towards several matters affecting the region. One question asked: "What is your perception of the Chinese-led Belt and Road Initiative (BRI)?" Almost one third of the respondents believed that the BRI "will benefit regional economic development and enhance ASEAN-China relations". 35% acknowledged that the BRI will fulfill the "needed infrastructure funding for countries in the region". Almost 50% recognized that ASEAN countries will be brought closer to China's orbit, or sphere of influence. Only 16% did not see any major advantage brought by the initiative claiming that it "will not succeed as most of its projects provide little benefit to local communities". Another questions asked: "In light of the experiences in Sri Lanka (Hambantota Port) and Malaysia (East Coast Rail Link), what is your view of BRI proposals in your country?" 70% of the respondents demanded caution to their respective governments when negotiating with China. Just below 25% expressed a positive or somehow positive view, while 6.6% believed that the avoidance of any BRI involvement was the right path. Within ASEAN, the countries with more favorable views were Brunei Darussalam and Laos, followed by Cambodia. The country with the least favorable views was Malaysia. Even in this case, the opinion of experts in the field may not reflect the one of the broader population but, in the case of Malaysia, it is already fairly distant from the one of their political leader. Yet it should be noted that this survey was conducted before April's renegotiation of the Malaysian mega-projects.

A Bruegel's working paper from February 2019, similarly, tried to assess the BRI perceptions in 130 countries using big data. One inquiry considered the media sentiment towards the BRI, which might still not be representative of the broader population. The results showed that Laos' media had an overall positive view, followed by Indonesia, Vietnam, Brunei, Cambodia, Myanmar, and Singapore. Views in Thailand, Malaysia, and the Philippines were also positive, but only by a small extent. Tellingly, in relation to soft power and infrastructure, the most frequent and positive aspect mentioned in the survey was that "connectivity is benefi[cial] to socio-economic development."

One more report from the Center for Strategic and International Studies (CSIS), published in mid-2019, covered more granularly the several aspects to be considered when assessing the BRI in Indonesia. The main focus was the interaction between strategic and economic issues, but the sociocultural aspect was also considered when addressing the influx of foreign workers from China, and how this can affect the local population.

That said, there seem to be a limited amount of research covering the relation and mutual influence between soft and economic power. While the ongoing trade war between the US and China is drawing the attention to hard power struggles, China and most ASEAN countries are still striving to fuel their growth in the hope to evade major concerns such as the middle-income trap. Collaboration between these countries is likely to be supported by 'soft strategies' to improve the national image and reputation, which could eventually result in tangible economic benefits and long-term cooperation.

There is little doubt that the Chinese market and its economic might can be ignored, but it is equally unlikely that Southeast Asian populations will all bend to the will of their powerful neighbor. If China truly believes in a win-win scenario, a 'peaceful development', greater efforts in developing soft power through attractive features and legitimate actions across the region (and beyond) are necessary. For instance, the idea of connecting physically –through infrastructure– and socioculturally –through people-to-people interaction– ought to be implemented in a concerted and coherent manner to avoid overall resentment and fears such as locals' feeling of being ignored, if not exploited. Similarly, in another blog post from Bruegel, the authors argue that the "worsening image of BRI is definitely a wake-

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up call for China in its pursuit of a successful strategy to increase soft power globally". The post also corroborates part of my reasoning about the connection between soft and economic power when claiming that "[f]rom a more economic-oriented goal of facilitating export of China's excess capacity through increased trade connectivity, [the BRI] has become a soft power tool with a large part of the infrastructure projects considered strategic".

I have already written about China trying to push the boundaries of soft power, and whether the country's attempts will result in being an outlier with limited success, or an 'exceptional' pioneer in strategies of attraction in international relations. Similar general observations and suggestions mentioned in those articles are also applicable to the BRI which, as of today, virtually encompasses every aspect of China's foreign policy. The government is well-aware of the multipronged potential of the BRI, but it is also aware of the many difficulties along the way. In my research, I argue that a major growing power should pursue strategies to develop a positive image and reputation, while also building up legitimacy to counter skepticism and hegemonic fears. This can only be achieved if the words and conduct of a country support each other towards long-lasting attractiveness and credibility. The BRI has the potential to carry and convey all the above soft power features, but the mixed and incoherent signals so far have been counterproductive. A reassessment of how China wants to present itself to the world should come sooner than later, as it takes a long time to build a trustworthy reputation and much less time to tarnish it. China's spotlight is now; how long it will last is yet to be determined.

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### About the author:

**Daniele Carminati** is a lecturer in International Relations and Diplomacy at the Beijing Foreign Studies University and holds a PhD in International Relations from the City University of Hong Kong. His research interest revolves around the sociocultural, economic, and political implications of globalization in East and Southeast Asia with a particular focus on soft power dynamics. Daniele is also a former commissioning editor at E-International Relations.