MKI LONG BRIEF

BRI and Counter-BRIs – A Reality Check

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Introduction

In this study, we aim to examine the Chinese Belt and Road Initiative (BRI) from various perspectives. The prevailing attitude in the West interprets the BRI almost exclusively from a geopolitical standpoint, viewing it as a tool of China's power ambitions. The reality is far more complex; the BRI has numerous aspects and dimensions, and it is a concept that changes over time, as exemplified by the outcomes of the Third Belt and Road Forum in 2023. Below, we will explore the characteristics of the BRI not according to the mainstream interpretation but based on its different dimensions. We will discuss the external economic dimension, the domestic political dimension, and the strategic dimension of the BRI. We believe that this approach will provide a much more objective and realistic picture of the initiative. At the end of the study, we will present the responses of rival powers, which primarily focus on the strategic and geopolitical dimension of the BRI. In this section, we will introduce two initiatives that can be considered 'counter-BRIs' as case studies, and we will try to determine whether the parallel existence of various similar initiatives constitutes a zero-sum game or if they can complement each other.

As for the BRI, first of all, it is worth clarifying the terminology used for BRI. Often referred to in the Western press as the 'New Silk Road', the full name of the vision is the 'Silk Road Economic Belt and 21st Century Maritime Silk Road', the former referring to land corridors and the latter to maritime trade networks. The Chinese abbreviation for the program is *Yidai yilu,* or 'One Belt, One Road', which was for a long time used as a mirror translation in English texts (One Belt One Road, OBOR), but after a few years, realizing that it was unintelligible in Western languages, the Belt and Road Initiative (BRI) was adopted. Initially the idea was referred to as 'strategy', but to allay fears about the BRI, the more neutral word 'initiative' was used. Meanwhile, the Chinese name remained the same, meaning that the Chinese themselves did not perceive these changes.

It is important to note that the BRI is in fact an organic continuation of processes already underway under a new, umbrella name. Chinese companies had been investing abroad before the BRI was announced, and Chinese infrastructure projects were being built in other countries as a natural consequence of the growth of the Chinese economy. The novelty of the BRI is that it has elevated the partly spontaneous process to the level of a state vision, but there are no specific targets, central planning is still absent, the various projects are not coordinated and Chinese players are competing with each other.

In the following, we will try to define the BRI from an external economic, domestic policy and strategic perspective, but it must be stressed that these dimensions overlap, and that it is often impossible to separate the individual motivations and aspirations.

I. The external economic dimension

I.1. Lack of definition

The BRI is seen in Western analyses primarily as a vehicle for Chinese *economic expansion, and* the most important official Chinese statements on the BRI clearly show that the project was launched with a primarily economic focus. In his speech announcing the initiative in Kazakhstan in 2013, State Premier Xi Jinping explicitly referred to the BRI as an *economic* corridor (the Silk Road Economic Belt), and three of the five main pillars he listed (connecting transport infrastructure, promoting trade and investment, facilitating financial flows) also have a logistical-economic dimension. The strong economic focus is also reflected in the 2015 government strategy document for the BRI, describing the initiative as an 'ambitious economic vision'. The definition is not very precise, and other descriptions in the document are equally vague, as if to leave the choice and interpretation to the reader: 'a path of *win-win* cooperation towards friendship and peace', 'a systematic project to be built jointly through consultation', 'a common endeavor of the countries along its routes'. The same document is only one step clearer as regards the objective of the BRI: „to promote connectivity between Asia, Europe, Africa and the neighboring seas, to strengthen the partnership between the Belt and Road countries, to create multi-dimensional, multi-level and complex networks and to achieve diversified, independent, balanced and sustainable development in the countries concerned".

China has therefore failed to clearly define the BRI from the outset, with both positive and negative consequences for the country. In the absence of a clear framework, China has the flexibility to expand the project to new socio-economic segments and to involve more countries, which is an advantage in the light of China's global ambitions. On the other hand, the lack of clear objectives and a concrete timetable and plan for their implementation is a breeding ground for a wide variety of interpretations and myths, both exaggerated expectations and unreasonable criticism.

I.2. Lending

A good example of the above is the BRI-related *lending practices in* China, where misconceptions have been expressed both positively and negatively. In particular, in the years following the announcement of the BRI, there was a perception that China was an inexhaustible source of cheap financing, and then, as a counter-pole to this, voices accusing Beijing of 'debt colonization' or 'debt trap diplomacy' became increasingly strong. As for the source of cheap credit, the Chinese banks concerned mostly do not disclose the terms of their loans, and anecdotal reports and some IMF reports suggest that their loans range from interest-free to market rate loans. As for 'debt-trap diplomacy', it is worth quoting a policy analysis published by the Center for Global Development in March 2018, which concludes that the Belt and Road Initiative is not expected to cause systemic debt problems in the regions concerned. This does not mean, however, that there are not countries, typically small and relatively poor, that would face significantly increased debt risks if the planned BRI projects were to be implemented with Chinese borrowing.

I.3. Infrastructure development

It is also an exaggerated expectation that the BRI alone will solve the *infrastructure development* problems of the countries concerned . According to the Asian Development Bank, $26 trillion worth of infrastructure development would be needed in Asia alone between 2016 and 2030 to sustain economic growth, combat poverty and address the impacts of climate change. Such a demand dwarfs even the $1,000 billion figure most often quoted for the BRI, but also the extreme estimates of the size of the project. In this context, one of the most popular myths is that China is spending hundreds or thousands of billions of dollars to finance projects in the BRI countries. The truth is that no one - probably not even the Chinese themselves - can say how much has been spent on BRI projects, mainly because there is no official and clear criterion for what constitutes BRI investment. Typically, infrastructure investments in Belt and Road countries with Chinese involvement are automatically presented in the media as BRI projects. However, it is true that a significant proportion of these would be implemented without the BRI, simply because the demand (need for infrastructure development) meets the supply (China's financial resources and construction capacity). There is also a common misconception that *foreign direct investment (FDI) by* Chinese companies in Belt and Road countries is a BRI project. These projects are typically driven by market acquisition and corporate growth strategy rather than a continent-wide vision. A good example is the China Global Investment Tracker database, run by the American Enterprise Institute, which misidentifies as a BRI project a 2016 transaction in which Alibaba, the dominant player in the e-commerce sector, took control of a Southeast Asian competitor, Lazada, for $1 billion.

Infrastructure development under the BRI can contribute to the economic development of the participating countries, but it is not an automatic magic bullet. According to a study on Belt and Road Economics published by the World Bank Group, the development of BRI transport infrastructure could increase the real income of participating countries by 1.2% to 3.4%. However, the analysis suggests that Azerbaijan, Mongolia and Tajikistan could see a reduction in real income as the costs of investment outweigh the positive economic effects. The study also points out that the usefulness of some transport projects depends on the implementation of other BRI developments, as well as on the harmonization of standards and policy reform along the Belt and Road. Another misconception about the BRI is that 'those who are left out will be left behind', as the study cited suggests that countries not participating in the initiative will also benefit (albeit to a lesser extent) from the development of transport networks.

I.4. China's global influence and the BRI

Critics are fond of saying that China is rewriting the global economic order and balance of power through the BRI. In this context, it is important to stress that the shift in the balance of power is primarily due to China's *decades-long economic rise. Even* before the announcement of the BRI, China was expected to become the world's largest economy by 2030, but this does not automatically mean that it will take over the role of the US in the global economy. Moreover, the implementation of the BRI does not guarantee this. A good example of this is that the initiative has not enabled China to achieve a breakthrough in the internationalization of the yuan.

While not in itself an upset to the current global economic order, the BRI will help China to more quickly become an economy *that dictates international norms* and drives globalization. One of the dimensions of the BRI, the *Digital Silk Road (DSR),* which was added later, and is gaining prominence, is perhaps even more about norm creation and the spread of technological standards, given that this is the sector where China and the US are currently most spectacularly drifting apart. At the same time, in the ICT industry, it will be even harder to distinguish which of the investments by Chinese tech majors can be linked to the BRI and which can be considered as FDI projects as part of 'normal business'. It may well be that companies themselves will label their projects as DSR because of the pressure to comply with the political leadership.

I.5. The BRI as a brand

Beyond the misconceptions about it, the BRI can best be defined in economic terms as a brand name, a slogan that can be flexibly changed and interpreted, and to some extent filled with any content. A good example of this is that the development of Arctic shipping routes has also been given the label '*Polar Silk Road*' by China, even though the Arctic has little to do with the traditional historic Silk Road. As an extreme example, the BRI label is also used by fashion shows and marathon races.

However, the BRI is still primarily economic in content, which is in line with the Chinese leadership's vaguely formulated initial vision. In the period since its announcement, the BRI brand has been used mainly for transport and transport infrastructure projects, mostly in Asian countries. However, in order to define what is economically appropriate to be considered a BRI project, it is worthwhile to include developments that link transport and infocommunications networks in countries along the new Silk Roads, whether land, sea or Arctic. Clearly, the only way to put an end to flexible interpretations would be for the Chinese leadership to provide a more precise definition of what it considers a BRI project. There are reports that there is an effort to do so, but the outcome is not yet clear, leaving room for a wide variety of narratives on the BRI.

II. Internal policy dimension

II.1. The importance of internal aspects

When interpreting the decisions of Chinese leaders, a common mistake is that analysts automatically attribute foreign policy, strategic, geopolitical motivations to them, reflecting China's global power ambitions, when in fact Chinese decision-makers are essentially preoccupied with domestic issues. Their primary objective is to preserve the power of the Chinese Communist Party (CCP) and the stability of the system, and to do so they need to ensure economic growth, unity, order and security, which are the main sources of legitimacy for the regime. There are, of course, many foreign policy and foreign economic dimensions to all this, but the most important external aspirations (preventing Taiwan's secession, energy security, securing export markets and routes, keeping US influence at bay, etc.) are primarily *internal.* This is also true for the BRI, whose foreign economic and strategic dimensions, mentioned above and to be discussed later, are secondary to internal objectives. This is also reflected in the fact that

BRI projects are also running within the country's borders, and almost all provincial entities have their own BRI strategy.

The internal considerations taken into account in the design of the BRI can be divided into three categories: (domestic) economic, security and propaganda. All of them are closely related to regime security and stability, and can therefore be considered as domestic issues, directly or indirectly, and will be discussed here.

II.2. Internal economic aspects

II.2.1. Economic problems

Economic development is the main basis for the legitimacy of the Chinese regime, the hour of the late 1970s, when the policy of 'reform and opening up' was announced. The CCP has been able to survive the fall of the Soviet Union and the communist regimes in Eastern Europe by providing the population with the opportunity to prosper, with living standards rising steadily for four decades. However, economic growth slowed down in the early 2010s as the export-oriented model based on cheap wage labour faded, and China is now seriously threatened by the prospect of being trapped in the middle-income trap and unable to provide jobs for a significant proportion of its population. This poses a serious political threat because of the legitimacy factor mentioned above, since if the prospect of upward mobility is lost for large swathes of the population, the legitimacy of the system is called into question. Maintaining growth, or at least counteracting its slowdown, is therefore a political imperative. At the same time, it is clear that quantitative growth is no longer enough: a growing middle class is demanding qualitative progress, including a range of elements from digitization of the most diverse aspects of life to environmental protection. The BRI can be seen in part as an attempt to respond to these challenges.

Beyond the general imperative of economic growth and quality development, the BRI also contributes to solving a specific problem. In response to the global economic crisis of 2008, the Chinese government announced one of the largest economic stimulus packages in history, which succeeded in preventing the economy from stalling. However, much of the money earmarked to sustain growth has been spent on infrastructure and other investments with little or no return, creating huge excess capacity in Chinese industry (construction, cement, steel, glass, etc.) and leaving the large state-owned enterprises and local governments concerned heavily indebted.[1]

Uneven development is one of the biggest problems facing the Chinese economy and society. This is evident across sectors and social strata - China is one of the most unequal societies in the world in terms of income inequality - but also at regional level. The development gap between the interior western provinces and the eastern and south-eastern coastal areas is huge and has widened in the era of 'reform and opening-up'. This is not only an economic problem, but also a serious social and security threat, and therefore requires a political solution. For example, the rise of various separatist movements, Muslim fundamentalism or terrorism is, according to Chinese leaders, due to the underdevelopment and low living standards in the areas concerned. The Beijing government has been trying to narrow the East-West gap since the early 2000s through its 'Go West' policy, but these efforts have failed and the gap has not narrowed. The BRI is also trying to address this problem.

II.2.2. The BRI as a solution

Based on the above, the following economic objectives can be identified behind the announcement of the BRI:

- Exporting excess industrial capacity. China no longer needs as much concrete, steel, etc. as it can produce, but there is a great need for infrastructure development in neighboring countries and Africa, so Chinese production lines and technologies can continue to operate in factories that Chinese companies have moved abroad, and Chinese construction companies can survive on foreign orders. This is an opportunity for Chinese firms with currently under-utilized capacity, typically heavily indebted, to realise profits or at least reduce losses and, by extension, alleviate the debt crisis threatening the entire Chinese financial system due to the prevalence of bad loans.

[1] For example, China's annual steel production increased from 512 million tons in 2008 to 803 million tons in 2015, an increase of almost 300 million tons, which is itself larger than the combined steel production of the US and the EU.

It should be noted that China had already used this method in the first phase of 'reform and opening up', only then it was on the receiving end: it had bought production lines in Germany, Japan and Taiwan, which it had used since the late 1970s, and now it was transferring the experience it had gained to the less developed BRI countries.

- Opening new export markets for products from traditional industries. Although China has not built its economic growth in recent years on the export of low value-added products, typically light manufacturing, it still has significant capacity in this area, its own market has been 'outgrown' by Chinese industry, but there are still plenty of markets along the BRI corridors where such products can still be sold. The infrastructure built under the BRI will reduce transport costs, thus increasing the competitiveness of Chinese goods.
- High-tech exports. China has a clear objective to become a high-tech superpower. This ambition has been at the forefront of all development documents in recent years, from the Made in China 2025 program to the 14th Five-Year Plan. The primary objective is not to export products - which is certainly not negligible - but to increasingly set the standards for China in areas such as telecommunications, energy and transport. The BRI can help to ensure that Chinese standards become commonplace in the target countries through investments in Chinese participation, finance and technology, thus ensuring the long-term dominance of Chinese firms in their respective markets. This is the case, for example, in 5G technology, where Huawei, ZTE and China Mobile are particularly active, and in high-speed rail, where the Chinese are world leaders.
- Modernization of Chinese industry, restructuring of the economy. Increasing China's high-tech exports, international acceptance of Chinese standards and the exposure of Chinese firms to international competition can contribute to one of the country's key objectives of moving China up the technological ladder and making its economy innovation and R&D driven. Under this vision, China would move up the value chain

from being an exporter of products to becoming an exporter of technologies, standards and knowledge.

- The catching-up of areas in western China. The BRI can give a new impetus to the economic development of underdeveloped areas in the West and Southwest, both by directing BRI projects here and, more importantly, by linking these areas into cross-border trade networks. The border provincial entities can be placed at the center of a regional system rather than on the backward periphery of China, which can contribute to their development, thereby reducing inequalities and addressing security problems such as Uighur separatism in Xinjiang and drug trafficking in Yunnan.
- The internationalization of the renminbi. The BRI projects and the resulting increased Chinese presence in the BRI countries could help China move closer to achieving its long-standing goal of spreading the use of the Chinese currency in international transactions. This, alongside other factors such as easing dependence on the dollar, could also enhance the competitiveness of the Chinese economy.
- Easing US dependence. The US and its allies in the region (Japan, South Korea and Taiwan) are important import and export partners for China, but the political and security conflicts of recent years have led to a constant risk of China being cut off from these markets (see the Sino-US trade war). This would cause serious economic damage, unemployment and instability in the country, and therefore a diversification of relations is needed, which the BRI, which bypasses these countries, could provide. It is important to underline that the BRI was born after the Obama administration announced its overtly anti-China 'Pivot to Asia' policy and started preparing the Trans-Pacific Partnership (TPP), which excluded China (the latter of which President Trump later withdrew from) - developments that may have played a role in putting the China initiative on the agenda.

II.3. Safety aspects

In addition to the economic dimension, the BRI also has serious security implications. This is linked to the fact that, in contrast to the previous restrictive interpretation, China has also shifted in the Xi Jinping era to a complex approach to security issues, i.e. an approach in which national security is no longer primarily a military and law enforcement issue, but encompasses a range of issues from food security to cyberspace protection, epidemiology and environmental security. With this complex approach, the BRI has a number of security dimensions that are also linked to the legitimacy of the system . The most important of these are:

- Regional security. Problem states in China's neighborhood pose a constant security threat, for example, fundamentalist Islamist movements in the post-Soviet republics of Central Asia have played a major role in radicalizing some Uighurs; Afghanistan and the 'Golden Triangle' (bordering Thailand, Laos and Myanmar) are destabilizing factors through drug trafficking; and the Myanmar internal war is a risk for China in itself. Chinese leaders seem confident that if prosperity in these areas could be increased, this would automatically go hand in hand with a reduction in security problems and would improve China's internal security. A similar argument is made for the more distant regions: if the countries of the Middle East and Africa were to become part of the vast network that the BRI represents in the long term, the increase in prosperity and their interest in trade - and thus in peaceful relations - would stabilise these regions (and thus China's export and import markets here).
- Energy security. China is the world's largest energy importer, and unhindered access to hydrocarbons from the Middle East, Africa and Central Asia is essential for its economy. The maritime branch of the BRI can enhance the security of oil supplies, while the land branch can help solve the 'Malacca dilemma', i.e. Chinese oil supplies do not have to pass through the narrow and easily closed Malacca Strait, but can instead reach Western China by land pipeline from the Pakistani port of Gwadar. The BRI includes natural gas and oil pipelines that bring energy directly from Central Asian and Russian deposits to China, reducing exposure to sea routes. The BRI could also increase Chinese control over the South China Sea, which is important not only for the safety of shipments passing through but also for the natural gas deposits there.

- The diversification of economic links through the BRI contributes to increased economic security by reducing interdependencies in each relationship.

II.4. Propaganda aspects

Among the domestic policy considerations related to the BRI, it is important to highlight the initiative's potential for internal propaganda. During Xi Jinping's rise to power in 2012, the Chinese government's communication has focused on the 'great rejuvenation of the Chinese nation' as the country's main objective, a slogan that clearly suggests that China needs to regain the leadership role it has played in its own region for much of its history. The old Silk Road operated at a time when China was at the center of its own international system and when 'all roads led to China'. The BRI is promising the Chinese people that Xi Jinping and the CCP will put their country back at such a central role. This is the logical continuation of the official historical narrative so far. According to this narrative, China has been one of the world's major economic-cultural-political powers for most of its history, but lost this central role in the 'century of national shame' between the 19th and mid-20th centuries, thanks to Western and Japanese aggression. The CCP, however, put an end to the humiliation in 1949, laying the foundations for a historic comeback by restoring sovereignty under Mao, and then began to make up the economic lost ground with a policy of 'reform and opening up'. In the 2010s, China entered a 'new era of Chinese-style socialism', as it re-emerged as a global superpower and, with the BRI, began to build its own international order, which, of course, it is officially claimed, will be much more just than the previous one. The BRI therefore represents to the Chinese people that, under the CCP's leadership, China will regain its well-deserved place in the world. All this is linked to the personal ambitions of the BRI's mastermind, Xi Jinping, who clearly wants to go down in history as the architect of 'the great rejuvenation of the Chinese nation', and the BRI is one of the tools he has used to achieve this. This explains why, unusually for a foreign policy program, the BRI was included in the Chinese constitution in 2017, making it part of the country's long-term strategy.

The BRI will of course also play an important role in external communication, firstly, by demonstrating China's commitment to new, fairer international relations based on mutual respect and benefits for the countries that are receptive to it, especially developing countries, secondly, by legitimizing the Chinese system by presenting an alternative political-economic model to these same countries, and thirdly, by providing an opportunity to position itself as a champion of free trade, with the US turning inwards under Donald Trump.

III. The strategic dimension

III.1. The BRI in the international discourse

The aim of the Belt and Road Initiative (BRI) is not just foreign and domestic economic (and thus domestic political), but also international political and, some would argue, geopolitical. According to some observers, the BRI is in fact a recolonizing concept, aimed at 'breaking out' of China's enclosure, seen as a historical legacy of the 19th and 20th centuries. Others, however, argue that the objective is primarily economic, and that the geopolitical benefits are secondary even if it is implemented.

The BRI, as we have seen above, was essentially driven by domestic politics and was primarily an answer to domestic problems when it was announced as a theoretical framework in 2013. It is important to underline that since China's accession to the WTO in 2001, such programs, with their unspecified but memorable slogans, have been announced roughly every four years, and then suddenly lost their relevance. The BRI is different in that it has become a permanent feature of international political discourse. It is also more flexible, more inclusive and more marketable than its predecessors, and has become the flagship of Chinese political communication.

In what follows, we seek to dispel two common misconceptions about the BRI - one that it is a plan for world domination, the other that it is China's version of ethical economic construction - and then, by summarizing China's foreign policy priorities, attempt to clarify the true nature of the initiative.

III.2. The 'world domination plan' theory

There are two common interpretations of the BRI as a geopolitical concept. One of them is best characterized by Michael Pillsbury's book (*The Hundred-Year Marathon*), in which the author, referring to various documents of the Communist Party and the military, hypothesizes a one-hundred-year strategy, 1949-2049, by the Chinese to 'take over' the whole world. The Chinese, however, are not interested in any kind of aggressive expansion, but on the contrary are trying to keep their activities below the pendulum and to change the balance of power step by step in their favour in the current situation. What Pillsbury sees as a planned program and a rivalry between the Chinese 'hawks' and 'doves' is in fact probably a discursive difference between the more sedate and the more excitable Chinese. The Chinese view is that China is undoubtedly an exceptional country, which in the long run cannot be definitively subsumed into a kind of 'Western world order', since before the 19th century the world order was in a sense always determined from the Chinese capital. But this thesis is largely normative, and no practical conclusions can be drawn from it, so that, for all its mysticism, it has as much practical content as the Hungarian Kuruc mentality or Austrian neutrality. To ascribe too much importance to Chinese expansionism appealing to the 'Middle Kingdom' is in fact Western Orientalism based on romantic stereotypes of the Chinese ('wise Confucian, thinking a thousand years ahead'; 'shrewd advocates', etc.).

III.3. The 'ethical economy' theory

Another common perception is that the Chinese are seeking to 'unify Eurasia' by expanding trade, developing infrastructure and increasing connectivity. This new connectivity would not necessarily be under Chinese influence, but it would represent a shift from the previous transatlantic dominance of world politics, with a Eurasian side becoming significant alongside the transatlantic side. Russia and China would be part of this Eurasian space, but the United States would be part of it only indirectly. The organizing principle is *tianxia ('everything under heaven')*, unusual to the Western ear, based on the restoration of harmony between man and nature and man and man, a *win-win* game, and thus beneficial to all, according to those who see the BRI as a manifestation of the ethical economy, such as the Portuguese Bruno Maçais (*Belt and Road*). Many in the Western world see this concept as the right one because *1) it* is consistent with the 19th century. In the West, this concept is often seen as being in line with the thesis of classical geopolitics of the late 19th century, which was cautioned against by the geographers of the time (see Halford Mackinder's thesis on the consolidation of the 'core area'); *2)* it partly justifies the positive theories of globalization popular in the West (e.g. Parag Khanna's popular views on connectivity); and *3)* it can be interpreted in the light of the 'decline theories' (*declinism*, the 'twilight of the West', etc.) that also recur from time to time. A China consolidating the Eurasian 'core area' and taking the initiative in world politics thus fits in very well with the pessimistic scenarios of Western thought. The reality, however, seems to contradict all this: the BRI, as we have explained, was created essentially in response to domestic political stimuli and primarily with an economic content.

III.4. The BRI and Chinese foreign policy

As China's economic strategy of expansion (*China Goes Global*) took shape after 2008, a previously closed China has indeed become increasingly active in foreign policy. However, this role has been defined primarily by the long-term protection of its economic interests and by positioning itself in the relative weakness of other powers. Nor do some of the basic features of the BRI correspond to the long-term 'master plan' vision. Contrary to the idea of a century-long plan, the BRI is often seen as a *moving* concept, an 'ever-changing' vision, shaped not only by China's economic interests at the time, but also by the reactions and demands of other states. This changing nature of the initiative was shown at the Third Belt and Road Forum held in Beijing in 2023, which greatly modified the orientation of the BRI both geographically (focusing on the Global South instead of the developed West) and in content (introducing the idea of 'small, yet smart' projects.) In fact, the BRI concept *does not* fit in with the general characteristics of Chinese foreign policy either, as the latter is characterized by:

- it is primarily regional in focus: its traditional objective is to drive the United States and its allies out of the region, but especially out of the South China Sea;
- maintains a major naval build-up program to reduce the US role and is rapidly developing its state-of-the-art area denial weapons systems (A2/AD);
- China feels that its territorial integrity is constantly being violated (Hong Kong, Taiwan, Tibet) and, although it respects international conventions, it will seek to 'rectify' this situation;

- does not aim to upset the established order, of which it is one of the main beneficiaries (prosperous world economy; leaving maritime security challenges to the US, etc.);
- wants to shift the balance of power towards itself and become the shaper of the economic-political norms (but it wants to do this primarily within existing institutions, not by creating new ones);
- is stepping up its political presence essentially in areas where it feels that the traditional powers are currently expressing disinterest (in Africa, the former European powers; in Central Asia, Russia; in Oceania, Australia; in South-East Asia, Japan; and to a lesser extent in Eastern Europe, the EU);
- proceed in small steps to avoid breaching the stimulus threshold;
- sees the strengthening of centrifugal forces (Uighur issue, Hong Kong protests) as its main security challenge;
- as a result of communist and decolonization ideology, it does indeed respect the normative principles of the *Panchayat Shia, such as* the inviolability of territorial integrity or non-interference in internal affairs;
- deviates from these only if it has a direct vital interest or if the area in question is China on Beijing's mental map (e.g. Taiwan, Akshai Chin);
- China's foreign policy is under absolute central control, while the loose network of economic actions behind the BRI is characterized by a decentralized and imaginative development.

III.5. The BRI as a geopolitical concept

One of the strategic goals of the BRI is seen by some as a soft power dimension, i.e. an overarching narrative in which the principles of *pancha shila are* no longer seen as a 'third world leftist' discourse, but as a progressive, forward-looking policy that successfully points out the evils of the current international system and promises a more just system that benefits all, in the spirit of *tianxia.* In this sense, the BRI is really more about placing different economic projects in an appropriate *soft power* narrative.

Sometimes, of course, the BRI is seen by the Chinese themselves as a geopolitical or at least international political concept (especially by academics), but this is usually an expression of the need for a more equitable international relationship. Western public life and academia, however, is even more inclined to see the BRI as a geopolitical concept, as we have seen, partly because it plays on the existing ideological background of the decline of the West and the dangers of continental unification, but also because it can be associated with a positive conception of globalization. Accordingly, it can be said that the geopolitical concept of the BRI is popular in the Western world in the following intellectual milieus: anti-globalization 'anti-Westerners'; pro-globalization 'anti-Westerners'; and pro-globalization 'anti-Chinese'. In the latter group's view, the questionable practices of the Chinese (trade arrogance, persecution of domestic minorities, domestic governance at home; initial concealment of the reality of Covid-19 due to bureaucratic dynamics; artificial island-building policies; violent border tensions, etc.) are both reflected in the geopolitical dimensions of the BRI, and together the two can be more effectively channeled into some kind of general Western anti-China sentiment.

IV. Responses to the BRI and 'counter-BRIs'

External powers that primarily see China as a rival rather than a partner (Western countries, Japan, India) also primarily view the BRI as a geopolitical threat. China's foreign policy, sometimes described as 'increasingly assertive' has indeed been counterproductive in recent years, and has also contributed to the strengthening of the BRI's geopolitical image in the West. This has triggered reactions not only in the East Asian region (mainly naval development), but also in the US grand strategy. The US's response to the geopolitical concept of the BRI on the geopolitical level is the 'Free *and* Open *Indo-Pacific*' (FOIP), which was initiated in 2019. (The concept was originally conceived as a strategic idea by Japan and India in the early 2010s, but apart from a few local initiatives, it did not develop further until the US started to build a formal policy around it. The three-dimensional 'strategy' is based on defense policy, economic cooperation and the enforcement of state sovereignty as understood by the US. But the US 'counter-strategy' is just as much in need of fleshing out as the Chinese BRI, and perhaps even more so. The amount of money allocated to FOIP is an order of magnitude less than that allocated to the BRI development and cooperation projects; it is also a question of 're-labelling' existing cooperation, but much less; and the countries primarily concerned are only exceptionally willing to see it as a strongly anti-China strategy.

On a more concrete level, states suspicious about the BRI's purpose have announced multiple, superficially similar counter-initiatives (though usually avoiding direct comparisons). Opinions about the viability of such 'BRI alternatives' on the one hand and the complementarity of competing global infrastructure initiatives on the other hand vary greatly. Some argue there is considerable opportunity in co-operation or believe such initiatives force each other to adjust and offer better standards and solutions. Others warn that horizontal rivalry between state-driven initiatives undermines non-state initiatives and thereby actual regional connectivity.

'BRI alternatives' are numerous, so here we only focus on four such initiatives (or groups of initiatives): the Asia–Africa Growth Corridor put forward by Japan, India, and several African countries in 2017; the closely connected initiatives of Blue Dot Network, 'Build Back Better World', and Partnership for Global Infrastructure and Investment, launched by the United States and its Asia-Pacific and Trans-Atlantic allies; the European Union's Global Gateway; and the India–Middle East–Europe economic corridor, announced by India, Saudi Arabia, the United Arab Emirates, the EU, and the U.S.. As it will soon be apparent, none of this group of initiatives and programmes emulate the Belt and Road Initiative in every dimension from its global vision to its specific regional corridors to its elaborate network of financial tools and lending institutions and truly massive funding. Nevertheless, together they represent an alternative vision (or closely aligned alternative visions) for global and regional infrastructure investment that, with reputational challenges related to the BRI on the rise, may emerge as a viable alternative even in the realm of actual infrastructure financing. Evaluation of these alternatives may contribute to out understanding of the opportunities and challenges of global infrastructure development and to formulate a successful strategy for 'in-between' countries in this global competition.

IV.1. The Asia–Africa Growth Corridor (Japan and India)

India's deep suspicion towards China's regional connectivity plans is nothing new. It dates back at least to the start of Chinese works on the Pakistani port of Gwadar and the expansion of road connection between Pakistan and China. Merging these projects into the 'China–Pakistan Economic Corridor' (CPEC) and other deep water port development projects into the '21st Century Maritime Silk Road' while bringing all of them under the BRI framework have only exacerbated Indian fears of geo-economic isolation and strategic encirclement. In addition to the usual criticisms of China-centrism, insufficient multilateralism, lack of transparency, and disregard for sustainability, New Delhi's main objection to the BRI is the CPEC's crossing through what it claims as India's sovereign territory in Kashmir. Compared to India's vehement opposition, Japan was less openly confrontative about China's BRI. Nonetheless, in its 'Partnership for Quality Infrastructure' and 'Free and Open Indo-Pacific' concepts Tokyo has framed its own regional and global vision in direct opposition to what the BRI has often been portrayed to be by its critics.

The Asia–Africa Growth Corridor (AAGC) was announced in 2017 by Indian PM Narendra Modi at the 52nd meeting of the African Development Bank (AfDB) in Gujarat, India. Previously, in 2016 he and his Japanese colleague, Abe Shinzo, agreed to jointly build industrial corridors between Asia and Africa while capitalising on India and Japan's complementarities. Details of the plan were elaborated on in a 2017 Vision Document written by Indian, Japanese, and African think tanks.

Unlike China's BRI, the underlying geo-economic concept behind AAGC is not the connecting of a middle-income manufacturing hub to high-income markets, but the connecting of two major developing regions, Asia and Africa. The Corridor would be built through joint projects in the Indian Ocean Region from Southeast Asia to India to Africa's eastern coast, focusing on four areas: 'Development and Cooperation Projects' (e.g. agriculture, health and pharmaceuticals, manufacturing, etc.), 'Quality Infrastructure and Institutional Connectivity' (e.g. transportation, telecommunications, power grids, renewable energy), 'Enhancing Capacities and Skills' (education, digitalisation etc.), and 'People-to-People Partnership' (which should provide AAGC a unique character when compared with 'other' regional connectivity projects). Resonating with Project Mausam, an earlier (and mainly cultural) connectivity initiative of India, the Indian Ocean is portrayed as a link since time immemorial between the traders, peoples, and cultures of Asia and Africa.

In contrast to the BRI, no specific resources were allocated to the AAGC by its member nations; the question of what financial tools support the initiative was only addressed through the vague notion of the 'effective mobilisation of resources'. The Vision Document also made a commitment to high standards in environmental and social impact, economic efficiency and durability, inclusiveness, safety, disaster resilience, and sustainability. These goals are almost identical to the ones articulated in Japan's 'Partnership for Quality Infrastructure', which has put forward a 'high price, high quality' proposal against China's 'low cost, no strings attached' BRI pitch. While the substantive effect of declaring such principles may be questioned, they were soon embraced by fora and organisations like the World Bank, OECD, or the G20. It has even been argued that some financial institutions involved in the BRI, such as the Asian Infrastructure Investment Bank (AIIB), started behaving more prudently than expected in part because they felt the need to adjust their policies to Japan's 'Quality Infrastructure' concept. Specific criteria to meet these standards have, however, never been developed under the Asia–Africa Growth Corridor's framework.

While the AAGC has often been depicted as a mere reaction to (and sign of strategic anxiety about) China's Belt and Road Initiative, there is an underlying reality of aligned interests and synergies between Japan and India vis-à-vis the African continent. For example, multiple Japanese cars and consumer electronics manufacturers use their plants in India and India's south-south business networks as a springboard to Africa. Meanwhile, Japanese companies using India as a manufacturing base help establish India's role as a global manufacturing hub. These interests, however, have very little to do with some of the more ambitious and imaginative parts of the AAGC agenda, such as its major emphasis on people-to-people connection, healthcare, education, or environment.

The Asia–Africa Growth Corridor, indeed, saw little follow-up. Modi and Abe's 2018 summit did not even mention it by name, instead establishing a new 'Platform for Japan–India Business Cooperation in Asia-Africa Region'. Neither has any other event, policy paper, or specific project given sign of the AAGC's continued existence since 2018. The Asia–Africa Growth Corridor has stuck being a compelling vision that signalled existing alignment of interests but lacked a concrete implementation plan. Reinvigorating it may require toning down its overly ambitious human development agenda and pragmatically focusing on elements firmly rooted in Japan and India's common interests in Africa.

IV.2. The Blue Dot Network, the 'Build Back Better World', and the Partnership for Global Infrastructure and Investment (U.S. & Allies)

The 'Blue Dot Network' (BDN) was announced by the United States, Australia, and Japan in 2019 as an initiative of their respective international development agencies, and later was endorsed by or incorporated into treaties with partners like India, Taiwan, or the OECD. It aims at mobilising private capital into 'quality infrastructure' around the world through providing project assessment and certification on measures of financial transparency, environmental, financial, and social sustainability (including maintenance and operating costs throughout a project's whole life cycle), and impact on economic and social development. U.S. officials, quoted by the Indian Express, described the BDN as a 'Michelin Guide for infrastructure projects'. The Network has no clearly delimited geographical scope; it is aimed at all developing or emerging economies (indeed, U.S. officials are promoting it as far from Eurasia as Latin America, as do Chinese officials when it comes to the BRI). The BDN does not, however, include any funding mechanism, leaving financing entirely to willing private actors swayed to participate by the aforementioned standards.

The lack of financial resources behind the Blue Dot Network was partially addressed by a formally separate initiative that nonetheless heavily builds on the former's set of standards. The 'Build Back Better World' (B3W) design, approved at the G7's 2021 meeting in Cornwall and re-branded as the 'Partnership for Global Infrastructure and Investment' (PGII) in 2022, includes the $60 billion capital of the U.S. International Development Finance Corporation (DFC) to finance infrastructure development in low- and middle-income countries. Unlike its predecessor, the U.S. Overseas Private Investment Corporation (OPIC), DFC can not only lend but also take equity positions in infrastructure development projects. In contrast with the BRI's format) multilateralism is claimed to be a key characteristic of the B3W framework. Other than the U.S. DFC, the international development and developmental aid agencies of other G7 members also participate in PGII's collaborative efforts. It is hard to assess how much direct financing is actually attached to the initiative. Still, with the American pledge at $60 billion, it can safely be assumed that any conservative estimate of the BRI's financial scope will still dwarf the most optimistic expectations of B3W tools' total capitalisation.

Proponents of B3W and PGII claim this is not a shortcoming but the plan's by-design strength. Like the Blue Dot Network, the B3W still builds primarily on private capital, with the ambition of catalysing investment in the 'hundreds of billions of dollars' in the coming years. Western policy makers believe there is huge untapped potential in boosting these types of investments. Global private sector commitment to infrastructure was $96.7 billion in 2019 (and $45.7 billion in 2020 after a drastic drop during the first year of the COVID-19 pandemic). Private investment from G7 countries into developing countries' infrastructure reached only $22 billion during the 2015-2019 period, compared to $112.7 billion in public official development assistance or ODA.

The recipe of reducing private investors' anxiety about the risk of infrastructural projects in developing regions chiefly through rigorous standards was, however, met with some scepticism. A large chunk of the private capital that U.S. policy makers wish to channel into countering the BRI is in pension and insurance funds. Long-term return and low risk are paramount for these entities. Physical infrastructure is by default not a particularly attractive investment for private investors even in developed, let alone developing, regions. Risks related specifically to infrastructure as a unique asset class (e.g. long investment cycles, high risks, low returns, or uncertainties around public-private partnership contracts), barriers to infrastructure investment in a given country, and general 'country risks' all contribute to low private sector interest in such types of investment. While on a relatively small scale, the B3W plan would leverage the capabilities of national and multinational development banks and make equity contributions to address these issues and reduce investor risk. Another solution proposed by the literature, the standardisation of infrastructure as its own asset class which would allow investors to enter, exit, or repackage such assets more easily, remains a work in progress outside of the B3W's scope.

Practical problems with applying robust certification systems in developing regions may also arise. A certification process that would in meaningful ways sway private investors would have to be rigorous, complex, multidimensional, and likely not cheap. This, by ensuring higher project quality and financial sustainability, may result in lower operation and maintenance cost and an overall better cost-to-benefit ratio. However, despite these long-term benefits, higher direct project costs may still prove prohibitive for developing countries. While Chinese-built infrastructure is possibly less cost-effective in the longer run, their lower initial cost may still make them an attractive option to kick-start economic growth.

Overall, Chinese investors are usually regarded as less risk-averse than their Western counterparts. This, combined with China's willingness to directly finance infrastructure projects and not enforce demanding standards, has allowed several projects to take off – albeit fewer than expected, and including financially less than sound ones. While debacles of Hambantota's like may be unlikely to happen under the PGII, it is questionable whether Western investors would at all invest into most infrastructure items needed by low and middle-income countries, and whether a strict certification process tailored for the taste of an American domestic political audience would be a viable option for many countries to attract investors.

IV.2. The European Union's Global Gateway Initiative

While itself a part of PGII's framework, the European Union's Global Gateway initiative deserves a separate discussion, being one of the few 'counter-BRIs' with an actual budget and having been launched run by an organisation with actual experience in financing infrastructure development on a large stale in upper-middle income environments.

The Global Gateway was introduced by European Commission President Ursula von der Leyen on the 1st of December 2021, as the EU's connectivity strategy and contribution to the broader PGII strategy of the G7 club. The Commission's website describes the Global Gateway as a 'European strategy to boost smart, clean and secure connections in digital, energy and transport sectors, and to strengthen health, education and research systems across the world'. This initiative primarily focuses on physical infrastructure, aiming to strengthen digital, transport, and energy networks. Additionally, the Global Gateway seeks to create a conducive environment for investment and trade, improve regulatory convergence, standardization, financial services, and supply chain integration.

The priority areas of the Global Gateway investment initiative include digital, energy, and transport networks, as well as healthcare, education, and research. The specific inclusion of healthcare likely stems from the ongoing COVID-19 pandemic at the time of the strategy's formulation, highlighting the vulnerabilities in health supply chains. Therefore, the Global Gateway aims to reinforce these chains and develop local pharmaceutical manufacturing.

A key feature of the European Union's connectivity strategy is that, in addition to priority areas, it also outlines principles guiding the EU's network expansion efforts. Based on the aforementioned documents, these principles include adherence to democratic values, international law and standards, ensuring high levels of human rights, transparency, financial and environmental sustainability, a partnership approach, resilience, and encouraging private sector investments.

The Global Gateway would be implemented under the "Team Europe" setup, meaning that actual financing would be jointly coordinated by the EU, its member states, the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD). Geographically, the Global Gateway's activities can be divided into three macro-regions. As of December 2023, there are over 150 flagship projects in Latin America and the Caribbean, more than 120 in Africa, and 38 in Asia and the Pacific.

IV.2. The India–Middle East–Europe Corridor

The latest major international initiative that could conceivably be seen as a ‘counter-BRI’ is the India–Middle East–Europe Corridor (IMEC), announced at the 2023 G-20 summit in New Delhi by India, the United States, the European Union, Saudi Arabia, and the United Arab Emirates. Unlike the ‘BDN–B3W–PGII complex’ or the EU’s Global Gateway, the IMEC is comparable to the Belt and Road Initiative not as a global vision, but as a competitor to some of regional connectivity corridors outlined by BRI’s geographical design.

IMEC is not a general infrastructure financing strategy, but a geographically defined economic corridor linking India, a large and rapidly growing economy, the Middle East, a major energy exporter and geographical connector, and Southern Europe, the gateway to developed European markets. Within this corridor, plans include the development of rail connections, the expansion of ports, and the construction of new electricity and hydrogen pipelines. Although some of the planned railway projects are rebranded stalled projects, these investments are progressing, albeit slowly.

The previously dubious geopolitical viability of an India–Europe corridor through the Gulf region and the Levant has in recent years been seen as trending positively in the light of improved Arab–Israeli relations in the wake of the Abraham Accords of 2020. The Israel-Hamas war that broke out in October 2023 has, however, once again saw considerable pessimism about IMEC's future among the community of analysts. The announcement of IMEC was also met with some opposition from the region. Turkey has reacted angrily, feeling geographically bypassed and objecting to the corridor passing through waters involved in the Aegean Sea disputes between Greece and Turkey. Egypt could also potentially oppose IMEC if it offers an alternative to the Suez Canal.

However, such opposition and recent events in Gaza notwithstanding, the interests of all major partners are solidly in line with IMEC's fundamental concept. While Israel's War on Hamas has made long sought for Saudi-Israeli normalisation unlikely to be realised in the near future, the two countries are each other's reliable partners against Iran's geopolitical influence. Saudi Arabia also supports the corridor plan mainly to diversify its economy and reduce its dependence on oil exports. In this light, the House of Saud is not at all unlikely to put its geopolitical interests ahead of the pro-Palestinian popular sentiment once the outcry about Israel's military operations get less intense. Furthering this normalisation is also the primary consideration on the part of the U.S. From India's perspective, counterbalancing the Belt and Road Initiative, which encircles the country, might be a significant consideration, but strengthening westward connectivity has also long been a major Indian goal.

The IMEC would reach Europe through Greece, improving southeastern Europe's southern and eastern connectivity with India, a rapidly growing and increasingly influential emerging power in the coming decades. This also aligns with Hungary's interests and its strategy of multi-directional connectivity, even if the proposed corridor's volume falls short of Chinese-funded routes and is viable only as a complement to them.

V. Summary

As we have seen, the BRI does not operate purely according to the logic of Chinese foreign policy or geopolitics, its returns of this type are at best secondary. The BRI departs from the traditionally regional focus of Chinese foreign policy, and instead follows a pattern of economic investment seen in the past, whereby Chinese capital enters areas that are perceived to be devalued in recent decades. The long-term effects of the BRI once implemented may of course reshape the geopolitics of the Eurasian continent, but this is a matter to be understood in the context of a decade and is certainly not something that can be foreseen, even by Beijing. What is undeniable, however, is that for the ideological and social reasons listed above, the BRI is often given a certain geopolitical meaning, first in the West and then sometimes in China, and in response to this, regional moves and a US strategy with a similar structure have been made. At present, neither the BRI nor the FOIP or the two above BRI alternatives are an essential part of international politics, but if the current mutual perception continues to prevail and the Sino-US rivalry deepens into a ‘cold war’, all these strategies and initiatives could in future be imbued with real political substance (if not to the extent feared).

The counter-BRI initiatives analysed in this paper cannot and, indeed, aim not to compete with China’s Belt and Road Initiative in terms of allocating state-funded credit to infrastructure projects in developing countries. Catalysing private investment into such projects is therefore paramount for the success of any ‘BRI alternatives’ that Western liberal democracies or large but still developing economies like India have or conceivably can propose in the foreseeable future. At this point only the B3W promised to allocate actual resources to addressing private sector concerns about infrastructure development, but its planned financial capacity still falls far behind that of the BRI. At the same time, the very framing of the Blue Dot Network and B3W may raise questions about prioritisation from the perspective of developing countries. B3W's definition of 'infrastructure', with its emphasis on climate change, healthcare, digitised governance, and gender equity and equality, may reflect the priorities of the Biden Administration's domestic political audience. However, especially when compared with China's flexible approach, it may come through as being out of touch with and downplaying developing countries' actual need for paved roads and electricity in rural areas, clean water and affordable housing in urban slums, and ports and highways connecting local economies to the world market.

That having said, the massive global need for infrastructure investment makes the competition between established and emerging powers and their various financing models essentially non-zero-sum, at least on a global, and possibly even on regional level. Competition for individual projects and markets may turn zero-sum, but (apart from the technology sector) we are yet to see *individual* projects becoming flashpoints between competing visions for global infrastructure development. While Western alternatives at this point seem vague, it seems they put emphasis on different elements of infrastructure (that is, green and digital networks) than China's BRI (ports, railroads, highways, power plants etc.). Even within a specific geography the outcome of competition between such different sets of offers may be very hard to quantify.

In the meantime, there is some evidence that competing concepts may have an advantageous impact to the overall quality of global supply for infrastructure solutions. Some believe that Japan's 'Quality Infrastructure' approach has persuaded China to improve its own standards in infrastructure development. International criticisms about the financing of coal power plants by BRI entities has also led to China's vow to abandon coal projects abroad. Some even suggest that the BRI's moneyball approach is not entirely incompatible with the Blue Dot Network's emphasis on standards, and the former may effectively address some common criticisms by embracing the latter. It is suggested that this fusion may lead to the emerging of a 'Blue Dot *Market*', where countries could browse between infrastructure solutions vetted against the BDN standards. Considering that both sides *do* see each other's respective initiatives as a threat, this almost certainly will not happen. Yet their competition is unlikely to be upfront and on a project-by-project basis.

For ‘in-between’ countries, like Hungary, it is advisable to downplay the geopolitical aspects of the BRI and its alternatives, and to pragmatically approach all global and regional connectivity initiatives. Exclusive commitment for or demonstrative opposition towards any initiative has little benefit, and taking a hedging position is entirely possible given these programs are not formally framed as being mutually exclusive.