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CHINA'S PRIORITY IN THE BELT AND ROAD INITIATIVE

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ABSTRACT

The paper seeks to examine what china targets to achieve in its Belt and Road Initiative. The paper also analyses the problems (challenges) and risks of the Belt and Road Initiative. The paper adopts the secondary instrument of data collection where it discovered that, the strategic importance of BRI for China can be gauged from a generous allocation of US $1 trillion for the project as seed money in 2013. The initiative has already attracted an additional US $8 trillion to facilitate infrastructural development across BRI countries, particularly in Asia. In late 2017, China also enshrined BRI into its Communist Party constitution to seek further international acceptance. The paper concludes that the future of the BRI and China's interactions with recipient countries and its response to critical opinions has a significant impact on the future advancement of the BRI. The paper recommends that China should as a matter of fact make sure that the less advanced countries of Asia, Africa and Latin America benefit from the OBOR projects, and countries from the above mentioned continents should also ensure that they also invest in the Belt and Road initiative so that they can also gain from the benefits of the projects.

***Keywords:* China; Belt and Road; Priority; Africa; Asia; Latin America**

INTRODUCTION

China's Belt and Road Initiative (BRI) is a cornucopia of international projects that offer mammoth opportunities for more economic cooperation and deeper regional integration primarily among emerging economies. BRI is providing new drivers of sustainable economic growth in China and of cross-border trade, along with the remained land and "Maritime Silk Road". The initiative focuses on restoring global balance and on expanding universally beneficial and inclusive relationships. This article argues that the forces of globalization are so pivotal to Eurasia, where development opportunities can propel the region toward a more comprehensive socioeconomic integration that governments in that region need to provide more support that ensures the continuing success of BRI. In essence, BRI is a critical tool for peaceful development that is resulting in massive investments in infrastructure, that is facilitating economic development, and that is promoting shared governance. This article provides theoretical perspectives on BRI as a beachhead for sustainable regional development. It also highlights BRI programs and projects that have emerged as an internal and external policy framework for an openly inclusive "win–win" cooperation model based on shared development and on communities of shared interests.

The political values and economic norms of the international system are in flux. Arguably, after the Cold War era, the global financial crisis (GFC) led to the resurgence of nationalism and protectionism in global politics. Political developments in the United Kingdom that led to Brexit and those from President Donald Trump's anti-globalization rhetoric, "America First", are evidence. That globalization is being overrun by nationalism, protectionism, and isolationism in the West (Honald, 2020). Some argue that globalization is heading toward extinction (Tolu, 2021). Globalization has reached its zenith and is in the process of moving toward reverse globalization. Many Western countries increasingly acknowledge that the standard practices associated with globalization have lost traction in the wake of the GFC. Therefore, Western powers, particularly the United States, are erecting more tariffs to protect their domestic industries with the result that "international trade is in its worst period in 30 years" (Holand, 2020). Meanwhile, China's worldviews on the free flow of commerce remain unencumbered, but the status quo is no longer consistent with U.S. and the European Union trade and political preferences. Their commitments to the free flow of trade have pivoted toward self-serving impulses in the form of trade protectionism (Honald, 2020)

In some quarters, globalization is viewed as an antithesis to sustainability, in light of growing populism and of trade protectionism in the West. But hallmarks of shared globalization are emerging in Asia. The Western and particularly the U.S. unilateral policies to protect U.S. interests first prompted China to marshal its resources to revamp and reconstruct the world order in an attempt to contain U.S. hegemony or to make it more difficult to execute (Honald, 2020). China has effectively responded to neoliberalism's crises and took effective measures to redefine and reorient globalizing practices by, among other things, providing a new alternative model of shared development for mutual benefits through its Belt and Road Initiative (BRI). Many believe that BRI is a gigantic effort to provide an alternative pathway for growth in developing nations, which are searching assiduously for strategies and models to develop their economies while securing and protecting their sovereignty, their political choice and their way of life in a widely hegemonic, Western-centric world (Kent, 2019). Today, the global power dynamic is changing in response to the resurgence of a new multipolar world order (James, 2019). Thus, the U.S. "unipolar moment" is being diminished and its clout as a global superpower is being challenged. For example, Ferguson (2019) noted that the increasing dominance of the East in the 21st Century has replaced the Western-oriented world order as we observe "the descent of the West" and "a reorientation of the world" toward the East (Claude, 2020).

China's peaceful rise in the East and its robust economic growth make it the next global superpower (Youlde, 2019). The era of U.S.-led globalization is heading to its logical end. "Anglobalization" was replaced by "Ameriglobalization" and the United States took over global leadership from the United Kingdom during the last century. Now China is poised to take over that "mantle of global leadership" as its robust economic performance has become a source of inspiration to developing economies worldwide (Mane, 2020). With a population of nearly 1.4 billion people, China has the world's second-largest economy, accounting for the largest part of global growth since the GFC in 2009 (Ink, 2018). Through its expanding influence on global economic organizations (e.g., the International Monetary Fund (IMF), World Bank, Asian Development Bank), China is asserting its global economic vision by building institutions and supporting initiatives such as the Asian Infrastructure Investment Bank (AIIB); Shanghai Cooperation Organization (SCO); and BRICS (Brazil, Russia, India, China, and South Africa). It is also participating actively in existing global institutions such as the World Trade Organization (WTO), the IMF, and the United Nations Security Council (UNSC) to better safeguard its national interests (John, 2019).

China's commitment to assuming responsibility for institution building (e.g., setting up a multilateral bank, AIIB, to secure and provide funding for BRI projects undertaken in collaboration with U.S. allies (i.e., UK, Australia, Israel, and South Korea) indicates its readiness to provide alternative resources to needy nations and to nudge the World Bank toward investing more in infrastructural projects, well beyond the quotidian endorsement of institutional-reform agendas (Youndem 2022). AIIB is a channel for delivering BRI's capital and technical services for implementing infrastructural projects in the region. Therefore, BRI, along with other key international groups or projects such as BRICS, New Development Bank (NDB), AIIB, SCO and the National Silk Road Fund (NSRF), could usher a "new era of globalization" that might create opportunities for joint economic cooperation, sustainable development and a deeper regional integration that could lead further to a new era of a shared development model of globalization (Ottie, 2019)

The purpose of this article is to provide a theoretical understanding of China's motivations for developing Belt and Road Operations, which is emerging as an internal and external policy framework for an inclusive and openly "win–win" cooperative, global-development model based on shared interests

LITERATURE REVIEW

Belt and Road Initiative (BRI) is a major strategic component of China's "go global" policy announced by the President Xi Jinping in 2013. The initiative has its roots in the ancient Chinese philosophy of "Silk Road Spirit", which advocates promoting peace, cooperation, openness, inclusiveness, mutual learning, and mutual benefit among all civilizations (Dimeji, 2019) BRI is often considered a game-changer that will connect the land-locked economies of Asia, Europe, and Africa. The "Belt" consists of vibrant networks of roads and railways that will connect the Western part of China to Western Europe via Central Asia, Iran, Turkey, Russia, the Caucasus, and the Balkans. Besides, linking Eurasia by land, the "21st Century Maritime Silk Road" is proposed to connect China with South Asia, Southeast Asia, the Middle East, Africa, and Europe through a strip of seaports through the South China Sea, the Indian Ocean, and the Mediterranean Sea (Olamide, 2019).

The Chinese government is committed to developing six economic corridors: China–Pakistan Economic Corridor, China–Indochina Peninsula Economic Corridor, Bangladesh–China–India–Myanmar Economic Corridor, China–Mongolia–Russia Economic Corridor, China-Central and West Asia Economic Corridor, and the New Eurasian Land Bridge along with parallel networks of oil and gas pipelines, telecommunication links, and high-speed fiber optic cables for better transportation and connectivity among trans-regional nations (Kinew, 2019). Chinese authorities believe that transportation infrastructure is "the first step in creating an economic corridor that will integrate the landlocked economies of the Eurasian hinterland and tie them more tightly to China" (Kinew, 2019). The strategic importance of BRI for China can be gauged from a generous allocation of US $1 trillion for the project as seed money in 2013. The initiative has already attracted an additional US $8 trillion to facilitate infrastructural development across BRI countries, particularly in Asia. In late 2017, China also enshrined BRI into its Communist Party constitution to seek further international acceptance (Ilang, 2020). Chinese scholars argue that BRI is not only limited to infrastructural development; it will also generate policy and cultural dialogues among nations. It will promote infrastructural connectivity, facilitate unimpeded trade, and ease financial support to the developing world that would eventually promote China's image as a new responsible global power (Kande, 2019). In fact, China is developing a comprehensive strategy of communication and connectivity, "ranging from politics to finance, from infrastructure and trade to culture and religion to construct zones of economic cooperation and centers of cultural exchanges" (Kande, 2019).

Belt and Road Initiative is a long-term commitment that needs collaborative efforts from all participating countries to work together for a more inclusive, balanced development. The developing countries lack financial capital as well as the infrastructure, which are prerequisites for economic and industrial development (Jonag, 2019). China possesses both the financial resources of more than US $3.5 trillion in foreign exchange reserves and a vast experience in infrastructural development. Therefore, Belt and Road Initiative promises massive infrastructural development that provides the bases for economic and industrial prosperity in the region (Jonag, 2019). BRI-related projects involve 70% of the global population, 75% of its known energy reserves and territory, 25% of global trade, and 55% of global GDP (Jonag, 2019). However, there is a need to evaluate China's discourses on win–win outcomes and mutual benefits for all. This paper analyzes critically the BRI framework and provides useful policy guidelines toward making it a win–win outcome under the broader concept of shared globalization.

The origins of the BRI can be traced back to 2012, when overcapacity emerged as a serious challenge to China's industrial and economic structure (Xinhua, 2012). The huge stimulus package adopted in 2008 has created and exacerbated the existing issue of excess capacity, although it helped sustain the country's economic growth through the global financial crisis. During the period of 2008–2012, Chinese economists (National Business Daily, 2009; Jin, 2012; Bao, 2012) talked about a new Marshall Plan or a Chinese version of the Marshall Plan—a global infrastructure investment proposal in which China can actively participate and help boost the world economy and take a lead in infrastructure investment in developing countries while providing a solution to its domestic overcapacity. The new Party chief, Xi Jinping, listed overcapacity as the top priority for strategic economic restructuring (Xinhua, 2012) at the first Central Economic Work Conference in December 2012, two months after the Party's 18th National Congress was held.

The idea of a Chinese version of the Marshall Plan only gained momentum when it was combined with the strategic changes in China's opening-up policy and foreign policy, as well as the existing domestic development project, the Western Development Strategy. Wang Jisi's 2012 article was the first to combine the concerns of domestic economic growth and national security into one strategic move by suggesting China "march westward" to address both concerns (Wang, 2012). The idea expressed in this article was regarded as the academic source for the ideas of the Silk Road Economic Belt and the 21st Century Maritime Silk Road proposed in the following year.

Reform and opening up have been China's fundamental national policy since the end of the 1970s, with its priority of opening up to developed economies to gain access to export markets, technology and investment. Opening economically and strategically toward its western border was a revolutionary change in China's foreign economic policy and global strategy when China became the world's second-largest economy in 2010, with excess capacity and capital. The focus of the opening-up policy on the bordering countries in Central Asia, South Asia and Southeast Asia aligns with China's goals of outward investment, capacity export, "good neighbor" foreign policy and the Western Development Strategy.

The performance of the Western Development Strategy, announced in 1999 when China's top leaders began to push the country's backward remote regions to catch up economically with its developed coastal areas, had not been impressive. Under the changed circumstances, the western development program was resurrected in the name of advancing an all-around opening-up policy and became the domestic component of the new Silk Road plan aiming to develop the western region of China, which lagged behind the rest of the country, as a solution to the imbalanced economic development. China's new Silk Road plan also takes into account the efforts to ensure national security and energy supply security. Maintaining stability and security in Xinjiang and guaranteeing oil and gas supply security from Central Asia have long been two priorities in China's policy in this area.

Since 2009, the security situation in Xinjiang has been deteriorating, with growing radicalization and national separatism among the majority Muslim population there. Anti-national separatism and upholding national unity have become the ongoing top priority in Xinjiang since then. A series of violent attacks in Xinjiang in April and June 2013, just three months before President Xi proposed the new Silk Road plan in September in Kazakhstan, caused extreme concern for top Chinese leaders about the stability and security in Xinjiang (Xinhua, 2013a). In December 2013, Xi convened the second Politburo Standing Committee (PBSC) exclusive meeting on Xinjiang issues after two more violent attacks happened in Xinjiang (Ta Kung Pao, 2014). Xinjiang was designated as the core region for the Silk Road Economic Belt, and Xinjiang's development was integrated into this national strategy after Xi paid a visit to Xinjiang in April 2014. During his visit, Xi called for the whole Party and state to support Xinjiang's development and stability. Xi and other Chinese senior leaders believed that being underdeveloped is the biggest potential threat to stability and security.1 They maintained that the new Silk Road plan would be beneficial to the stability and security in Xinjiang by promoting economic growth and integration with its bordering Central Asia countries (People's Daily, 2014).

The Silk Road plan was expected to integrate the elements of investment, trade, energy and national security into one project to meet all goals. The Western Development Strategy contains elements of addressing the security and stability in Xinjiang through infrastructure investment and economic growth. The Silk Road plan also overlaps with the crucial routes and energy pipelines to guarantee China's energy supply in Central Asia, in particular, Kazakhstan and Turkmenistan. Since it shares geographical borders with Central Asian countries, Xinjiang is a key region in guaranteeing the smooth operation of these pipelines and energy transport routes for shipping oil and gas into China. A Chinese version of the Marshall Plan as China's overseas infrastructure plan was not built from nothing. Through its rapid increase of investments in energy- and resource-rich countries in Central Asia, the Middle East and Africa, the existing "going-out" strategy since the beginning of the twenty-first century had already laid a solid foundation for China's new Silk Road plan, which could be a version 2.0 of the outward investment strategy.

The idea of a new Silk Road plan was believed to be an adjustment of China's grand strategy in foreign policy in response to the US "pivot to Asia" policy since 2010. The United States proposed a new Silk Road plan for strategically important Central Asia in fall 2011, and US Secretary of State Hillary Clinton had actively advocated for the US version of the Silk Road plan. Under pressure both from the US pivot to Asia policy and the Trans-Pacific Partnership initiative, as well as the direct impact of the United States' new Silk Road plan, Chinese policy-makers needed to think of ways to respond strategically. The Ministry of Foreign Affairs invited scholars to discuss how to respond to the US new Silk Road plan in 2012. A meaningful adjustment in China's foreign policy to devote more attention to its peripheral diplomacy and build what President Xi described as community diplomacy among China's neighboring countries in Central Asia, South Asia and Southeast Asia is believed to have inspired the proposal of the new Silk Road plan. It does not seem a coincidence that President Xi proposed the new Silk Road plan in September and early October of 2013 and then unprecedentedly convened China's first high-level meeting on peripheral diplomacy at the end of October. The adjustment demonstrated Xi's strategic pivot to China's Asian neighbors, forging an Asian community based on connectivity in infrastructure, trade, currency, policy coordination and cultural exchanges. This policy pivot was expected to ease neighboring countries' worries and fears of China's rise and help China promote regional economic integration with neighboring nations.

All things considered, the proposal of the new Silk Road plan represented a significant rise in the importance of peripheral diplomacy in China's foreign policy and constituted an important part of its domestic economic growth strategy. The new Silk Road plan eventually evolved into a significant foreign economic policy and grand strategy, i.e., the BRI in 2015, and many other factors and elements were added to the initial ideas of the new Silk Road plan in the following years. The years 2013 to 2015 were the key period to observe how the initial Chinese-version Marshall Plan evolved into Xi's grand outward investment plan to address both economic growth and national**.**

THEORETICAL FRAMEWORK

The theory of International Development Cooperation is being adopted to provide a scientific backing to this paper. The theory was first developed by Lauri (1990) and later developed by Sheriff and Bibi (2020). The major argument of the theory is that development cooperation of any kind may be developed by bilateral, trilateral or multilateral institutions. The China's belt and road initiative refers to the multilateral project that allows states to integrate, invest, cooperate and harness together the benefits of economic investment and infrastructure development. In the discourses of development cooperation, Sheriff and Bibi (2020) believe that, there are two major variables that affect cooperation which are: In cooperation, there is a common goal, toward which the interaction is oriented, and which is shared by the actors. In assistance, there may be common goals, but the very action of giving aid is oriented towards helping the other party to realize his/her own goals. China's Belt and Road Initiative is clearly meant to benefit the world and by extension for Chinese companies also benefit in investment in infrastructure across the world.

FINDINGS AND DISCUSSION

President Xi Jinping proposed the idea of the Silk Road Economic Belt in a speech in Kazakhstan on September 7, 2013. Less than one month later, Xi raised the idea of the 21st Century Maritime Silk Road in Indonesia when attending the Asia-Pacific Economic Cooperation meeting on October 3, 2013. In hindsight, Kazakhstan—a typical country on the Belt—and Indonesia—a symbolic nation for the Road—were purposely chosen prior to announcing China's ambitious Silk Road plan. One month later, the Silk Road Economic Belt and the 21st Century Maritime Silk Road were written into the Decision of the Third Plenary Session of the 18th Party Congress (Xinhua, 2013b), Xi's economic growth blueprint since he assumed the presidency of China in March 2013, meaning that the Silk Road plan became the party's official policy. This demonstrated that the initial idea of the BRI was an approach to China's close relations with its neighboring countries via close economic connections and marked the beginning of the Silk Road plan's evolution into President Xi's signature foreign policy in the coming years.

On November 6, 2014, the Central Leading Group on Financial and Economic Affairs, the highest body in China's economic policy-making and headed by President Xi, convened a meeting on the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund was declared at the meeting. This meeting at the highest level used the name "One Belt and One Road" instead of Silk Road, indicating that the BRI had evolved into China's new grand plan and included goals in both economic integration and foreign policy adjustment with countries along the Belt and Road (Xinhua, 2014).

Noticeably, at the meeting Xi described the AIIB as a multilateral bank to finance the infrastructure in countries in the BRI and the Silk Road Fund as China's direct financial support for the BRI. It turned out, however, that the establishment of the two financial institutions was more symbolic for BRI financing. They only accounted for a small part of the financial resources supporting BRI projects in the following years. The China Development Bank (CDB) and Exim Bank of China became the major financing sources for the BRI, together with the support from the other four big state-owned commercial banks, in particular the Bank of China and the Industrial and Commercial Bank of China (ICBC).

The following year, the party's highest executive agency of the BRI was set up and the road map for the BRI was announced. On February 1, 2015, the establishment of the Central Leading Group for Advancing the Development of the BRI was announced. Headed by Vice Premier Zhang Gaoli and including three other members of the PBSC, the leading group was to implement the BRI by serving as the coordinating mechanism. The office of the leading group was established at the National Development and Reform Commission (NDRC) and four working groups were established under it. On March 28, 2015, the NDRC, the Ministry of Foreign Affairs and the Ministry of Commerce, with State Council authorization, announced the official road map of the BRI: "The Vision and Proposed Actions Outlined on Jointly Building Silk Road Economic Belt and 21stCentury Maritime Silk Road".

In 2016, the BRI was further integrated into China's national economic blueprint. It was designated as the leading program for the new vision of China's opening-up policy outlined in China's 13th Five-Year Plan (2016–2020) in March. There is one chapter in the plan that exclusively focuses on the BRI (NDRC, 2016). Four months after the first BRF was held in May 2017, the BRI was written into the constitution of the Communist Party of China at the Party's 19th Congress in October. This action implied that the BRI is one of the key foreign policies in the Party's long-term grand plan, and that politically it will be carried out even after President Xi is no longer in power.

During a government reshuffle in March 2018, a new ministerial-level agency, the China International Development Cooperation Agency, was established, with implementing the BRI as one of its goals. This development indicates that the BRI was further established as a part of China's grand plan of global governance and is a key component of China's efforts to contribute to international development.

PROBLEMS AND RISKS FACING THE BELT AND ROAD OPERATIONS

Debt-trap diplomacy has become a common accusation against China's BRI since 2017, when Indian scholar Brahma (2017) first linked the BRI with being a debt trap. It has become a buzzword among China bashers in political, business, media and academic circles around the world in the past two years. However, the allegation that the Chinese government deliberately put countries in the BRI into a debt trap is not based on solid evidence. Academic studies on China's overseas lending by three institutions have provided data that suggests this claim may be inaccurate. The Center for Global Development finds that the "BRI is unlikely to cause a systemic debt problem in the regions of the initiative's focus" (Hurley et al., 2018, p. 5). The data from the China-Africa Research Initiative at Johns Hopkins University shows that non-Chinese lenders still held the majority of the debt in 17 countries that the International Monetary Fund (IMF) identified as in or at risk of "debt distress" (Brautigam, 2019). Based on their studies of China's investments in Latin America and the Caribbean, researchers at the Global Development Policy Center concluded that Chinese loans alone did not cause these countries to go above the IMF's debt-sustainability thresholds. Venezuela is the only exceptional case (Ray and Wang, 2019).

Venezuela, however, is a case that proves that China does not want to put countries in the BRI into a debt crisis.12 As a result of its unwise decision to invest heavily in Venezuela, China became a victim of its misjudgment and fanciful strategic thinking in making Venezuela the country's major alternative oil supplier in the future. It is reasonable for China to expect Venezuela to resolve the debt crisis and pay China back sooner. The case of Sri Lanka is often cited to epitomize China's debt-trap diplomacy. However, a close look at China's investment in Sri Lanka tells a different story. The case study of Sri Lanka in Box 1 shows that there are insufficient grounds for the intentional debt-trap allegation against China.

The debt-trap accusation fails to understand the essential part of why China's investments in BRI projects caused debt distress, as it is based on a misreading of China's BRI. The problems and risks in BRI projects originated in China's long-established overseas investment model, in which the NDRC takes charge of project approval, the central government-owned SOEs are responsible for implementing projects and state-owned policy banks and commercial banks provide financial support. Most of the investments usually go to huge projects on transport, energy and other resources, and the Chinese government provides high-level policy communication with the governments in receiving countries to smooth the process of investment. This model is inherited from China's long-standing domestic practices of state-driven investment. It is basically an upper level route instead of a grassroots-level, market-oriented way of investment, which typically can lead to many problems and risks, including non-transparency, corruption, lower economic efficiency, a lower degree of localization and the lack of participation by the private sector and international investors, where lack of transparency in bidding, financing and effective dispute settlement are the problems that are immediately generated by the state-driven investment model. Projects that follow this model will certainly experience local dissatisfaction and resistance because of wide criticisms on corruption, negligence of environmental sustainability, the lack of local participation and the lack of matched social projects for an inclusive development goal. As the case of Sri Lanka showed, a transparent process of Chinese investment under the BRI could have benefited both the receiving countries and China itself. Being transparent in project selection, bidding and financing is an effective way to avoid over-lending and thus prevent aggravating debt distress in the receiving countries, in particular those that are already heavily indebted. In this way, the receiving countries could avoid unwise large investments, thereby staying away from a debt crisis, and Chinese SOEs and banks could take a more cautious approach and circumvent risky investments that would not profit for years, thus helping to improve the financial sustainability for the BRI as a whole. Low economic efficiency and debt risks for the Chinese SOEs and state-owned banks that dominated the investments are inherently caused by soft budget constraints and guaranteed government bail-out, the long-existing unsolved problems of SOEs and state-owned banks.

As a result, the economic returns and debt sustainability of the investments are not the top priorities for the SOEs and state-owned banks. For officials in the government, SOEs and banks, treating the BRI as a political task is the most important thing, and the unwritten principle for BRI decision making and implementing involves political considerations. In other words, the essential goal for these officials is pleasing China's paramount leader with their records of contribution to the BRI and increasing their chances for promotion. An unfavorable investment environment in most of the BRI countries further put China's investments in a disadvantageous position, with a higher political and economic costs and thus exacerbating the problems of low economic efficiency and debt unsustainability. Low sovereign credit ratings, poor performance in domestic governance and an unstable political environment underline the adverse investment environment in most of the BRI countries. The majority of the BRI countries have a sovereign credit rating of highly speculative grade, non-investment grade and lower-medium grade, ranging from B to triple B categories.

These countries run a high risk of default. To make it worse, Chinese banks did not show a convincing record that they have adequate capacity to identify profitable projects and manage risks. For the purpose of winning contracts when facing competition from other international investors, Chinese investors would drop some necessary requirements, which added extra risks to Chinese investments. For example, Chinese enterprises gave up the protection of government guarantee from the receiving countries for their investments in high-speed rail projects in Malaysia, Thailand and Indonesia in order to win contracts over highly competitive Japanese companies. The majority of projects are invested by SOEs and financed by state-owned banks, which makes the BRI appear to be an official aid from China and explains the weak or infrequent participation of the private sector and the small portion of funding from international development financing institutions.

The asymmetric structure between the size of China's huge economy and the smaller economies in most of the receiving countries along the BRI, makes the latter vulnerable to problems such as debt distress. Plus, the rapid growth of China's investments in BRI projects over a short period of time further intensified the accumulation of debt problems. Some receiving countries, such as Malaysia and Sri Lanka, simply could not absorb the huge amount of Chinese loans and investments over a short span of time, which led to debt problems.

CONCLUSION AND RECOMMENDATIONS

The future of the BRI and China's interactions with recipient countries and its response to critical opinions has a significant impact on the future advancement of the BRI. The accusation of debt-trap diplomacy, although it is not based on solid proof, has contributed to serious concerns over debt sustainability in BRI countries around the world. China has denied that it has ever intentionally set a debt trap in any of the BRI countries, and there is no evidence to prove it did so. The Sri Lanka case study showed that the Chinese did not use debt-trap diplomacy to get control of Hambantota Port.

However, debt sustainability remains a crucial problem in China's investments in BRI projects. The debt problem exists widely in developing countries in their endeavor for a stable and sustainable economic growth. The huge number of Chinese investments in a short period of time did increase the risk for debt distress in some of the BRI countries, including, but not limited to, Sri Lanka, Malaysia, Cambodia, Bangladesh, Nepal, Indonesia, the Maldives, Pakistan, Ethiopia and Kenya, where China invested a lot under the BRI. These countries generally do not have many options when provided with a large sum of Chinese capital as their governments have long been preoccupied with serious economic, political, social and environmental problems. If China failed to pay enough attention to the problem of debt sustainability when investing in large projects, its huge number of investments could push these countries closer to the brink of a debt crisis.

China has realized the importance of debt sustainability and responded with measures to improve it in the receiving countries. As one of the key measures to mitigate the debt risks, the MoF, based on the analysis by the IMF and the World Bank on the debt sustainability of low-income economies, has worked on developing the Debt Sustainability Framework for Participating Countries of the BRI since 2017 and eventually released it in April 2019. Together with the cooperation of its counterparts from 28 partner countries, China tried to improve the quality of decision-making concerning investment and financing, as well as debt management for a high-quality, high-standard and sustainable system for financing. The MoF led the establishment of the Multilateral Cooperation Center for Development Financing as well, together with eight multilateral development banks and financial institutions. As a coordination mechanism, the Center is expected to improve project financing through information sharing, project preparation and capacity building.

Seen from a domestic perspective, China's financial sustainability for the BRI has emerged as the fundamental concern among all the problems and risks facing the BRI. Apparently, the model for Chinese investment in BRI projects, which relies heavily on government financing, faces great challenges in keeping the initiative financially sustainable. Among these challenges, the low economic efficiency and debt risks facing Chinese SOEs and state-owned banks that invested heavily in the BRI countries pose potentially the greatest risk to financial sustainability. If things continue this way, low economic efficiency would hurt China's capacity for BRI financing, which is highly dependent on loans from the CDB and Exim Bank of China, as well as other state-owned commercial banks. China's foreign reserves are important sources of capital in the CDB and Exim Bank, and the decline of foreign reserves in recent years indicates the unsustainability facing the current model of BRI financing.

Domestic constraints on financing and investment, together with criticisms on debt sustainability from both outside and within China, will push China to seek cooperation with foreign companies, international organizations and foreign capital and substantial support from multilateral financial institutions to sustain BRI projects in the coming years. This has the potential to create win-win cooperation on the BRI between China and other developed economies. Diversifying the means of BRI financing for stable and sustainable financing arrangements has been under way in recent years. China's capital market has provided about $71.4 billion for enterprises via equity financing, and panda bonds in China's capital market issued by countries and enterprises along the Belt and Road amount to $9.3 billion (Shanghai Securities News, 2019). But still, the majority of BRI financing is provided by China's state-owned policy and commercial banks. The ever-expanding themes for the BRI have already attracted strong suspicion from the United States and most of its major Western allies on China's geopolitical and geo-economical strategies to reshape the world economic and political order. China continues to deny that its geopolitical strategy is to overthrow the existing global economic and political order.

The advancement of the BRI, with its huge investments, however, will certainly allow China to have profound impacts on the current global economic order by setting the rules and standards in infrastructure and many other sectors and providing public goods to countries along the Belt and Road. Furthermore, defining the BRI as the road map for building a community of a shared future for mankind, Xi's idea on global governance, has strengthened this suspicion instead of easing it. In any case, the BRI represents an alternative model for development across the world, a path of state-driven investment and development. The BRI constitutes China's idea and practices to promote world economic growth through state-dominated investments in infrastructure connectivity and trade promotion, which is different from the Western or American way of liberal democracy and free-market economy. In the eyes of the Western established powers, the state-driven model of development China provided to advance the economic growth in emerging markets and underdeveloped economies should be scrutinized carefully for its potential risks and problems.

The real challenge to China's measures to improve debt sustainability lies in whether China would make the BRI a true multilateral arrangement. China has opaquely been advocating the principle of achieving shared growth through discussion and collaboration on China's investments in BRI projects. Basically, the principle means China would welcome the involvement of multilateral institutions and other relevant countries and would share the decision making with them through discussion and consensus. But China would not cede control of the final say to the multilateral institutions or the receiving countries on decision making in terms of BRI projects. In China's view, the BRI is a China-dominated multilateral network that is based on bilateral cooperation between China and other receiving countries. In this respect, the best-case scenario would be the AIIB, which provides a good example of China's cooperation with international organizations and other countries in financing the BRI projects. China initiated the AIIB and has remained the largest donor; the AIIB has developed a good reputation as a high-standard multilateral development institution.

The BRI is, however, not the AIIB. Whether China's measures to mitigate debt distress and improve debt sustainability for BRI projects would make any difference remains to be seen. The key issue is how much China can change its state-driven model of investment in the BRI—i.e., how serious the promises by China are on mitigating debt distress and improving debt sustainability for BRI projects, and perhaps most importantly, how these promises could be implemented in practice. What is certain is that it is not going to be a smooth process, given the many political considerations in the BRI and the soft budget constraints and the guaranteed government bail-out for Chinese SOEs and state-owned banks. These factors could create insurmountable difficulties for the efforts to improve the financial sustainability of China's BRI investments and the debt sustainability in the receiving countries.

China should as a matter of fact make sure that the less advanced countries of Asia, Africa and Latin America benefit from the OBOR projects, and countries from the above mentioned continents should also ensure that they also invest in the Belt and Road initiative so that they can also gain from the benefits of the projects.

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