



RESEARCH PAPER

Belt and Road Initiative: A Step towards Shared Economic Growth

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PAPER INFO	ABSTRACT
Received: July 03, 2021	Belt and road initiative is strategic economic program that will enhance the economic growth of countries by facilitating through infrastructures development and ease in trading procedures. The case studies discussed in this article from Pakistan, Malaysia and Kazakhstan concluded that these countries have witnessed significant positive changes due to the participation in the belt and road. The GDPs have improved and the influx of foreign direct investment has increased that signifies the growth of a country, thus it can be concluded that belt and road initiative is a step towards shared economic growth and development through economic integration. The policies under BRI would be beneficial for all the countries involved in it to create paths for the mutual growth and development that support the progress in world economy.
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Introduction

In 2013 an international project has been introduced by the Chinese president Xi Jinping elected in 2012. The project is about the transformation of the Silk road and to create new trade routes between the Asia, Africa and Europe. When the Chinese leaders found that their economic growth has slowed down they look for the solution and in result the Xi Jinping announced a model for the regional cooperation named as "Silk Road Economic Belt" and proposed the formation of "Maritime Silk Road". These two proposal collectively termed as the "One Belt and One Road Initiative" (OBOR) or the "Belt and Rad Initiative" (BRI). The project has helped China in tapping the new markets as well as make it easy to reach the old markets and to create and enhance its financial and physical influence in the international community. The Xi Jinping has introduced the project stating it a win-win collaboration for the countries involved in it.

There is mixed view observed in the international community about the belt and road initiative started by China. The first school of thought is of the view that the Belt and Road initiative is similar to the Marshal plan that was launched by the America after the world war 2, that was considered as an international aid but the other school of thought is of the view that this project is a cooperation between the participation countries, that is for the benefit of all and it's a step towards shared and mutual growth, rather than an aid program. It is also said that this initiative by the China is the reflection of China's struggle to overcome the American influence on the international economy.

Literature Review

The different scholars have viewed the China's project of "Belt and Road Initiative" through different perspectives some thought of it as an opportunity for the share development and growth whereas other seem it as a debt trap and a trap that would make the participating countries dependent on China. The article has reviewed various researches to find the answers to the research questions and summed up the conducted review from the scholarly work to make valuable and useful discussion.

A research concludes that the China's Belt and road initiative that includes over 70 countries which would be able to integrate economically and would enhance their economic and regional integration is a good initiative in terms of enhancing connectivity and paving ways for more investments, trade and shared interest between the countries. The study has briefly focused on evaluating the impact of enhancement in infrastructures through Belt and Road Initiative on the rate of development, growth and reduction in poverty and comparing these countries with the ones which haven't involved in Belt and Road Initiative (Maliszewska & Van Der Mensbrugge, 2019).

A paper explores the impact of Belt and Road Initiative on the economies of the countries involved in it through the quantitative evaluation and also examine the influence of this initiative on the Chinese industries. The findings of researcher revealed that unimpeded trade has a positive relationship with the foreign trade and as the imports and exports are the drivers of growth and development thus it can be safe to say the trade liberalization has a positive influence in boosting the regional economy. The paper suggests that the BRI has positively influenced the Chinese external trade due to the advancement and enhancement of logistics and a noticeable increase in trade with Russia, Europe and Central Asia has been observed (Cui & Song, 2019).

Considering the economic perspective an article states that Asia is the prosperous region having an inconsistent distribution of socioeconomic development. These heterogeneous distributions may be due to the heterogeneity in the infrastructure of different regions that has to play a vital role in driving the development and growth. Need of huge financing is the biggest barrier in the way of infrastructure development by China has participated very proactively in providing a handsome solution in the form of Belt and Road Initiative. China has enabled cross-

border economies to grow by providing them proper channels and infrastructure facility. International experiences have revealed that the Developing Financing Institutes (DFIs) has a major to play in the enhancement of infrastructure as they provide innovative and advanced financing facilities that made the countries able to plan and execute projects that can drive their economies on the road of progress and development. BRI has contributed in sustainable development as through the practices and strategies that have provided win-win situation for the countries involved. The integration plan of BRI is fully in compliance with the 2030 agenda of sustainable development (Cao & Gong, 2016).

An article conducted the analysis of the countries taking part in this initiative and its findings suggest that belt and road project has participated a lot in foresting sustainable development by joining and enhancing cooperation between the key areas. It has also aid in forming development strategies through enhanced integration for the benefit of all. It has been found that the introduction BRI has boost the development in the economy, infrastructure, society and environment (Xiao, Cheng, & Wang, 2018).

A study states that Belt and road project has opened ways for international trading and investment opportunities through facilitating connectivity through sea ways and land channels. The article justifies that belt and road is contributing in shared growth and development by connecting economic area of Eastern Europe to the economic area o Asian Pacific region through the maritime routes and that are aimed at enhancing mutual cooperation, foreign investments and mutual efforts to make developments and to improve standard of living in the countries that are along the belt and road and to generate new opportunities (Tambo et al., 2019).

It's been argued in the article that the Pakistan China Economic Corridor has paved the ways for economic integration and economic growth in Pakistan. It has a major role in enhancing Foreign Direct Investment in Pakistan by providing proper channels and well-designed infrastructure. Also it is said that this projects aid in boosting the performance and completion of already in progress programs. Study concluded that CPEC will be beneficial if it would help Pakistan in reducing poverty and proofs as a driver of economic growth and industrialization and there should be a win-win situation for both the countries and their interest must be secured (Suleri, 2018).

Through BRI, China will be able to trade with the Eurasian countries without any trade disruption as it will reduce the over dependency of China's trade on Malacca Strait. Secondly, the initiative also helps in boosting growth in some of the China's undeveloped regions such as Xinjiang Uighur Autonomous Region where disposable income of people is even less than 25% of China's average income level (Average Annual Wages in China from 1990 to 2020, 2021). Moreover, it costs high to China to excessively export steel, aluminum, glass or cement etc. for its overseas operations while this initiative may reduce this cost as it enables the country to set up its plants outside China, for instance, China has already established its cement manufacturing

plants in two Central Asian countries Kyrgyzstan and Tajikistan (Meltzer, 2017). Lastly, the alternative development model of BRI unlike the West development models will reduce the overall transaction cost which will benefit both China and host countries. It may lead to a novel globalization era but it may lessen economic globalization (Chandy & Seidel, 2016).

The Belt and Road Initiative and Maritime Silk Road is the point of attention for all the economists and politicians. The article has discussed the speeches of the politicians that examining that how the infrastructural projects are expected to influence the “borders”, “contacts” and “communalities” among the countries participating in the project. These three aspects are chosen because borders determine the nations that subsequently depicts the group of individuals having common interests and objectives. Secondly the presence of borders made the nation and help in contrasting with the outsiders of nations (Arnason, 1990). The nations are the anticipated group of people having common interests (Anderson’s, 2006). The article has examined the borders of Belt and Road considering the speeches by the Chinese president Xi Jinping. Also what are the causes of importance behind choosing the regions for the Belt and Road. Whether there is any thought of sociocultural consistency in the belt and road and if it does exist.

It is described in a book that the China’s BRI as the economic driver and effort top boot the world economy. The author has stated the Belt and Road Initiative as the Chinese version of Marshal Plan and said that after the world war 2 the way Marshal Plan helped the European region to rebuilt their economy and rehabilitate the region by providing grants and opportunities like ways the Belt and Road is a platform that brings opportunities and ways to lead towards success. The book suggests that global recognition of BRI is because of the vision of China behind it to use infrastructural investment as the driver of world economy and shouldering the responsibility of the progress and development of world economy (Feng & Liang, 2019).

Theoretical Framework

The BRI follows principles of “Openness, inclusiveness, equality and mutual benefit”. Currently the arena of international relation studies is dominated by two school of thoughts i.e realism and liberalism, each of these schools have further offshoots in the form of neo-liberalism and neo-realism. Neo-Realism believes in maximizing national interest while neo-liberalism believes in co-operation, collectiveness and economic interdependency. The idea of shared economic growth has its roots in neoliberalist approach. Since 1970’s the neo-liberalist school of thought has been dominated by Western values of capitalism. Although neo-liberalism gave rise to economic globalization, but at the same time it has created economic disparity among different countries of the world. The world has been divided into 2 blocks of core and periphery. The core countries are enjoying all the perks of economic globalization while the periphery ones are lagging behind due to domination of capitalist system. In this piece of literature an effort will be made to analyze BRI under the concept of “**Inclusive Globalization** (Liu, Dunford, & Gao, 2018).

This idea focuses on improving living standards of people across the globe through the notion of shared economic growth. The focus must be on the uplifting of under developed countries. “The Joint Communiqué of the Leaders Roundtable of the Belt and Road Forum for International Cooperation” has put special emphasis on the development of the countries which have not been able to get benefits of economic globalization. They have some commonalities with economic globalization along with few core differences. In terms of technology driven globalization aspect both these concepts find common ground. They generally differ over the role of capitalism and free market economy in the process of globalization. According to scholars the concept of inclusive globalization is actually the product of neo-liberalism but it is free from domination by western values. Instead of making countries dependent on aid the investment shall be made in their critical infra structure which can have reasonable turn over and create new job opportunities for local population. The infrastructure plays key role in regional and global connectivity which in turn is inevitable for economic co-operation and integration. Instead of western model of investing in small scale projects this idea believes in large scale projects like dams and highways that can benefit the states in long run. It follows the principle of openness as every country shall have opportunity to join development process as can be seen in the case of BRI on equal footing. US along with its western allies have tried to impart their set of values across different countries and have linked their economic co-operation with it. In concept of inclusive globalization there shall be no compulsion of following any standard model of governance rather countries shall decide their course of action as per their ground realities and value system. BRI has involved range of countries where different types of governance system are in place and China never tried to force regime change in any of those states.

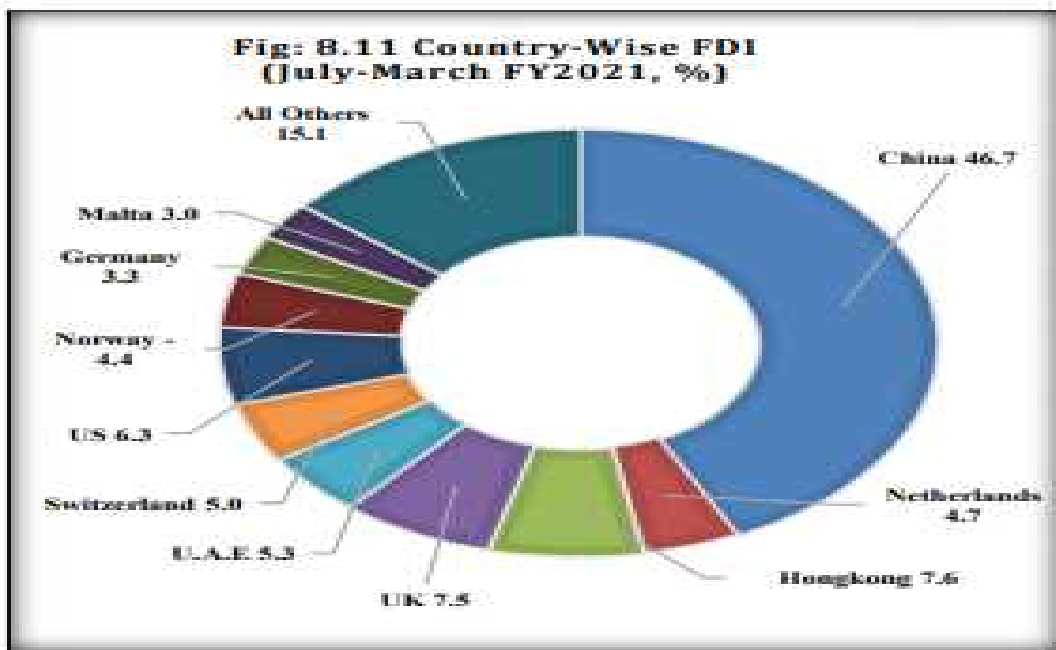
Discussion and Analysis

The article has analyzed the data based on facts and figures by explaining the case studies from Pakistan, Malaysia and Kazakhstan. In Pakistan, China Pakistan Economic Corridor (CPEC) is an infrastructural plan and a facet of belt and road initiative. Official statics have revealed that 20% of total financing in CPEC project is debt based and 80% involved the joint venturers and other investments. Thus it can be said that with respect to the investment perspective the investments made through CPEC under belt and road is not debt trap but its healthier investments in the form of joint ventures and foreign direct investments. CPEC is not only an infrastructural plan but it also aims at facilitating different industries of Pakistan such as Energy sector statics from Electric Power Regulatory Authority (NEPRA) stated that about US\$33.79 billion of investment under CPEC is directed towards the power projects that will enhance the energy production to the extent of 17045 MW. These energy projects alone have raised thirty thousand of the job opportunities in Pakistan that is a positive signal towards the growth and development. These energy project will increase the energy supply in Pakistan and expected to raise 2.5% of the GDP of Pakistan supporting the growth of 7.5%. Thus the growth in GDP is a signal towards prosperity and

development as it would raise the purchasing power and living standard of the people in the country that will contribute in boosting the economic growth of the country.

According to the Asim Saleem Bajwa, the chairman of CPEC states that 88 percent of the work have been completed on the Karot Hydro Power project and it is expected that its construction would be completed in April 2022 and would made functional, it is built on the Jhelum river and the only hydro power project of its kind. The project involves the investment of about \$1,780 millions and has raised about the 5000 employment opportunities for the local people of Pakistan thus along with the importance of resolving the issues related to energy crisis the CPEC projects are proved also significant in regard of creating employment opportunities for the locals.

Foreign Direct Investments (FDI) have an important role to play in the progress and growth of the country and according to the statics it has been analyzed that the CPEC has a major role in enhancing the amount of foreign direct investments in the country. According to the data provided by the Economic survey of 2020-2021 there is a significant increase in foreign direct investments have been observed and the country wise FDI data signifies that the China has the highest share of about 46.7% percent in the total foreign direct Investments in Pakistan that is a major portion and Pakistani economy has benefited a lot from these investments. The major part of Chinese FDI is in the energy sector. The inflows in Pakistan have been increased from China by 1.9 percent and reached to US \$962.4 million that was about US \$ 944.5 million last years during the same period. The data from state bank of Pakistan regarding the foreign direct investments is as follows:



The Foreign direct investment by China in Pakistan is divided in to two facets. The one is the investments made in the long term projects such as the infrastructural and energy based projects the outcomes from these projects are not immediate but still

the significance of these projects can never be denied in long run. The second is the investments made through the small and medium enterprises (SMEs). These SMEs have a major role in various industries to promote growth and development by the share of knowledge and technical expertise.

Malaysia is a pioneer of southeastern countries in regard of starting diplomatic relations with China and its showing the dedication towards availing the opportunities arising from belt and road. Though the belt and road is in its initial stages in Malaysia still China and Malaysia are reaping the benefit from the project. The SMEs in Malaysia have a believe that this initiative will bring new opportunities for the growth in various industries through developing infrastructure and facilities in Malaysia. The findings forecast that these projects started in Malaysia under belt and road will enhance the living standards of the locals and will make favorable business environment for the domestic firms in Malaysia and as well as for the Chinese firms. Belt and road will provide enormous opportunities to the business to go global by facilitating trade activities. Thus from the case study of Malaysia it can be concluded that belt and road have more benefits and it is favorable for the growth and development of Malaysian industrial sector that will subsequently bring prosperity on individual and national level. The growth of SMEs in Malaysia is a good signal in terms of increasing GDP of the country, favorable balance of payment by increasing exports, enhancing purchasing power through creating more job opportunities.

Malaysia has find it very difficult to attract foreign direct investments from the conventional ways but through the belt and road China has contributed a lot in the Malaysian economy in the form of heavy foreign direct investments. The data has revealed that now China is the biggest investor in terms of making investments in form of FDI in Malaysia. Statics shows that China has made FDI of about US \$ 1.6 billion that made the 17.5% of the total inflow of the country.

The other main region that is participating in belt and road with China is Central Asian region. Kazakhstan and Tajikistan are the states that are mainly involved in belt and road in central Asian region. Belt and road seems very promising for these states as the infrastructural projects are much needed there because trade form these regions is very difficult due to their geological position thus the infrastructural planning and execution is the most crucial step that is needed to be taken in order to grow their economies and enhance their trade volumes.

The ties between Kazakhstan and Beijing have become strengthen in 2019, from then both the countries built strong bilateral relations for mutual benefits. When the China introduced belt and road initiative in Kazakhstan, to make sure its full participation in BRI, China has introduced various tools ranging from making high amount of foreign direct investments in energy sector and infrastructure to starting technological cooperation with Kazakhstan to make their relation strong for mutual growth and development. Thus the main focus of China is to bring prosperity in the region by making strong bilateral relations through the projects that will contribute for the mutual growth and development. China and Kazakhstan have started many

joint ventures in collaboration to drive technological advancements in Kazakhstan that is a good signal for its growth and development. China has also made investments in the agricultural sector and has collaborated with the Kazakhstan in about 19 projects that amounts the investment of 1.7 billions of dollars in the agriculture sector alone. Thus all the projects including infrastructural programs, technological collaborations, investments in agricultural sectors and joint ventures by China in Kazakhstan under belt and road are the sign of their mutual growth and development that was direly needed by the Kazakhstan thus belt and road is considered as a promising project for Kazakhstan.

Conclusion

Belt and road initiative is strategic economic program that will aid in enhancing economic growth of countries by facilitating through infrastructures development and ease in trading procedures. The case studies discussed above from Pakistan, Malaysia and Kazakhstan concluded that these countries have witnessed significant positive changes due to the participation in the belt and road. The GDPs have improved and the influx of foreign direct investment has increased that signifies the growth of a country, thus it can be concluded that belt and road initiative is a step towards shared economic growth and development through economic integration. Having said that there are multiple road blocks in the path of successful implementation of BRI and untapping of its full potential. The participation of local population in these projects under the umbrella of BRI must be increased. The development in under developed areas like Balochistan will help in addressing the economic grievances of local population which in turn will improve overall stability in the region and protect local people from becoming a tool in the hand of foreign hostile agencies. Thus it can be stated that made policies under BRI that would be beneficial for all the countries involved in it to create paths for the mutual growth and development and to enhance economic integrations that supports the progress in world economy.

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