



WHY AMERICA OPPOSES THE BELT AND ROAD INITIATIVE (BRI)?—A SECOND LOOK

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As US-China relations decline to their worst state in over 50 years, it's important that both sides understand fully the importance of their respective differences. US opposition to Xi Jinping's signature Belt and Road Initiative (BRI) is commonly understood in China and elsewhere as a competition between the two powers for economic advantage and accompanying international influence. This line of assessment is valid as far as it goes but gives little attention to a wide range of factors in the BRI—and related Chinese statecraft employed in support of the initiative—that Americans deem seriously objectionable.

Some of these factors concern newly prominent unconventional Chinese actions and levers of influence abroad that were heretofore disguised, hidden, denied, or otherwise neglected or unappreciated by foreign specialists assessing Chinese foreign relations. The unconventional Chinese actions and levers of influence have been featured in investigations carried out by US and other government agencies and respected US and foreign think tanks. What the investigations show is that the BRI, despite Chinese rhetoric to the contrary, is part of a wide-ranging effort by the Chinese government to undermine the many interests of the United States and its allies and partners who stand in the way of

China's determined international ascendance, under the rubric of the BRI and other means.

Those interests include a) the rule of law; b) the rights of small nations seeking to avoid dominance in contested issues with large nations; c) transparent, free, and fair economic dealings in line with accountable governance; and d) popular political rights, religious freedom, and non-discrimination against minorities.

BRI challenges America

Legitimizing China's growth model, Huawei expansion—Beijing has succeeded in having the BRI widely endorsed by, among others, the UN secretary general, playing a prominent role in the two China-hosted international forums on the BRI in 2017 and 2019, and by Italy becoming the first of the G7 countries to join BRI in 2019. Meanwhile, the most important Chinese company associated with the BRI, Huawei, is advancing from a strong base among developed countries, seeking a leading global position.

Such endorsements of the BRI and advancement of Huawei are major problems for Americans who target China's unfair economic practices. They aver that Beijing's surplus capital for financing BRI deals has come as a result of China's neo-mercantilist practices, marking the latest stage in a three-decade long effort using state-directed development policies which plunder foreign intellectual property rights and undermine international competitors. The profits flow into efforts to achieve dominance in major world industries, build military power, and support the BRI in order to secure China's dominance in Asia and world leadership. They support companies like Huawei in their attempt to dominate international communications enterprises.

Broader international endorsement of the BRI and the expansion of Huawei would legitimate the longstanding negative Chinese economic practices. They would make it even harder for the United States to counter the many negative features of Chinese practices for US interests in the existing international economic order. That order is viewed as under serious threat coming from determined Chinese efforts to

weaken and undermine restrictions on the egregiously mercantilist state-capitalism prevalent in China today.

BRI and corruption—The BRI is not a multilateral organization. Its basis is bilateral agreements between China—and Chinese firms—with various countries and their firms. These agreements are not transparent. Corruption is a serious problem in China, but it’s even worse in many developing countries. Chinese firms and supporting Chinese government representatives repeatedly work effectively with corrupt foreign leaders seeking mutual advantage, which comes at the expense of the country’s broad national interest.

A comprehensive study by the Asia Society of China’s BRI in Southeast Asia recalled the extraordinary scale of corruption in the Razak government in Malaysia making deals with enormous payoffs in very expensive Chinese projects in the country. It said the Malaysian case was an exception only in that corrupt practices were exposed, concluding “the pervasive use of bribery, cost padding, and kickbacks was also indicated in numerous other BRI projects in the region.” Studies by the International Republican Institute, the Center for American Progress, the Center for New American Security, the German Marshall Fund and many others came to the same conclusion in other parts of the world. Such practices undermine the international status quo, which have featured strong US-led efforts to reduce corrupt practices which weaken good governance and disadvantage the public interest.

The BRI supports authoritarian rule—Many corrupt cases in the BRI involve Chinese dealmakers and authoritarian “strong man” leaders seeking to advance authoritarian rule. Examples included Cambodia, Venezuela, many states in Central Asia and the Middle East, Sri Lanka, Montenegro, and arguably Serbia, the Maldives, Ecuador, the Philippines, and elsewhere. Such practices run against US interests in good governance with accountability to the people of the country. They promote an alternative international order that accommodates leaders who suppress the rights of their people for the sake of maintaining their power.

Authoritarian rulers often are keen on Huawei, Chinese communications and surveillance

technologies and related equipment for use in controlling their populations. Some also adopt Chinese journalistic practices that serve to influence their people to support authoritarian rule. China in turn benefits from the sales, and Chinese representatives also gain much greater access to and a degree of control over the communications, surveillance, and media of the recipient country. The situation provides opportunities for Chinese espionage.

BRI fosters dependency, leverage and control—Beijing commonly uses BRI agreements to build economic dependence. The Chinese agreements often result in unsustainable borrowing. Debtor countries are more accommodating regarding Chinese demands for equity (e.g., land, ports, and airfields) and/or Chinese requests for access to military facilities or other favors. Salient examples are Cambodia, Djibouti, Ecuador, Ethiopia, Laos, Malaysia, the Maldives, Myanmar, Pakistan, Serbia, Sri Lanka, and Venezuela. The disadvantages for the United States are that Chinese actions foster a world order at odds with prevailing rules, with China free to manipulate vulnerable states for its own advantage, leading to economic stalling of these countries that will require costly intervention by existing international economic institutions.

Other Chinese BRI leverage disadvantageous for the United States comes as BRI participant states often rely heavily on trade with China. They are well-aware they need to defer to China on sensitive issues given Beijing’s long record of putting aside or manipulating WTO norms to use trade dependence as leverage in order to compel the country to meet China’s demands on a variety of policy issues. Meanwhile, Huawei and other firms’ expensive and complicated communications and surveillance systems along with Chinese provided hydro-electric dams and port operations cause recipient countries to rely ever more on Chinese businesses for management and maintenance. Such connections make the Chinese ties difficult and expensive to replace by another provider, adding to reasons for recipient states to defer to China on sensitive issues.

Conclusion

The US opposition to the BRI reflects a substantial set of differences with China, not just an issue of economic competition. Yet, there is no easy answer for the United States in countering the Chinese challenges as Beijing's BRI advances its sway and finds welcome, notably from many authoritarian and/or corruptible leaders.

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