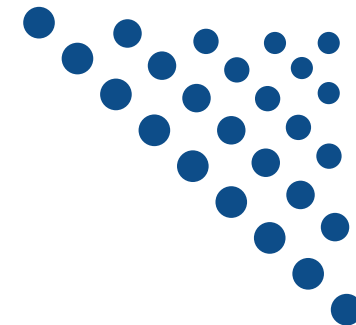


National Economic Education Delegation



- **Vision**

- One day, the public discussion of policy issues will be grounded in an accurate perception of the underlying economic principles and data.

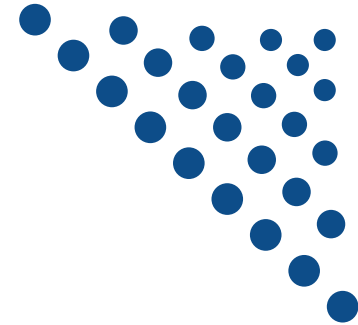
- **Mission**

- NEED unites the skills and knowledge of a vast network of professional economists to promote understanding of the economics of policy issues in the United States.

- **NEED Presentations**

- Are **nonpartisan** and intended to reflect the consensus of the economics profession.

China's Belt and Road Initiative: What is it? And is it good or bad for the United States?



Alan V. Deardorff
University of Michigan

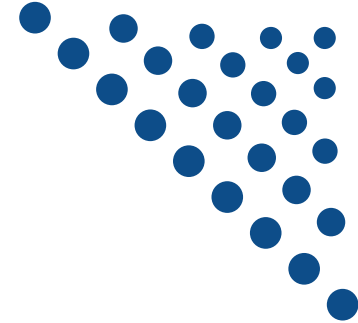
*For presentation at Adult Learning Institute
Oakland Community College
October 16, 2019*



Figure 1 The geographical coverage of the One Belt, One Road Initiative. Source: © The Economist Newspaper Limited, London (2 July 2016). Reproduced with permission. (Color figure available online.)



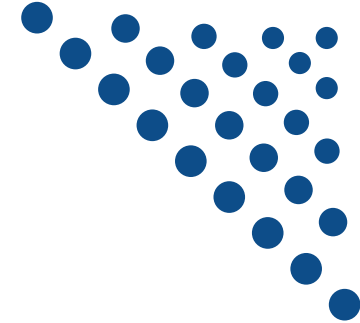
Outline: The Belt and Road Initiative



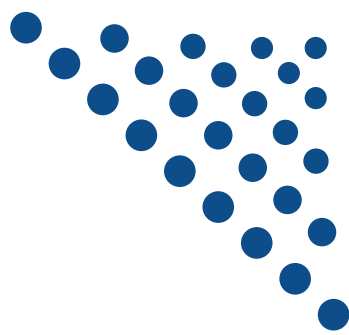
- What it is
- Projects
- History
- Before BRI
- Effects of BRI
- Pros and cons
- Implications for United States



BRI: What it is

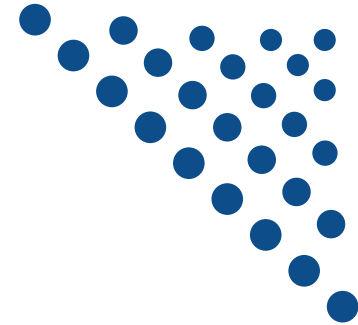


- **BRI is (from Deardorff's *Glossary of International Economics*)**
 - Initially called the One Belt, One Road Initiative,
 - this is a massive undertaking by the Chinese government to build infrastructure
 - on land (the belt), and
 - on sea (the road)
 - between China and
 - other parts of Asia,
 - Europe, and
 - Africa

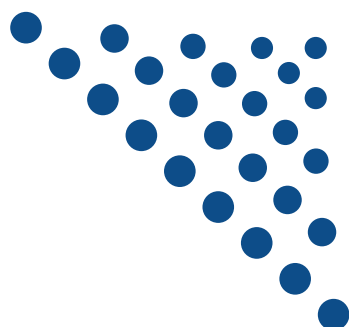


BRI: What it is

- **As stated by Cavanna 2018 BRI is**
 - “\$4 trillion of promised investments
 - in 65 countries representing
 - 70 percent of the world’s population,
 - 55 percent of its GNP, and
 - 75 percent of its energy resources?”



Projects of BRI



BRI: What it is

- **BRI infrastructure projects (BRI Website lists 118)**

- The “Belt”
 - Railroads
 - Light rail and mass transit
 - Roads
 - Airports
 - Dams
 - Gas pipelines
 - Fiber optics
 - Power plants (coal, gas, hydro, solar, wind)
 - Transmission lines
- The “Road”
 - Ports
 - Harbors

KAZAKHSTAN



One of the BRI key projects: The Khorgos Gateway in Kasakhstan
Picture Credit: Khorgos Gateway

China's Belt and Road Initiative forges intertwining economic, political, and security ties between Africa and China, advancing Beijing's geopolitical interests.



The Chinese-built Addis Ababa–Djibouti Railway. (Photo: [Skilla1st](#))

GEORGIA



A Chinese-style beach pavilion near the Anaklia Port. (Photo by Bradley Jardine)



▲ Belt and Road construction site at Colombo port, in Sri Lanka. Photograph: Xinhua / Barcroft Images



The land reclamation project in Colombo, Sri Lanka, jointly undertaken by China Communications Construction Co. Ltd. and the Sri Lankan Government under the Belt and Road Initiative. Completed on January 16, it reclaimed 269 hectares of land in less than three years (XINHUA)

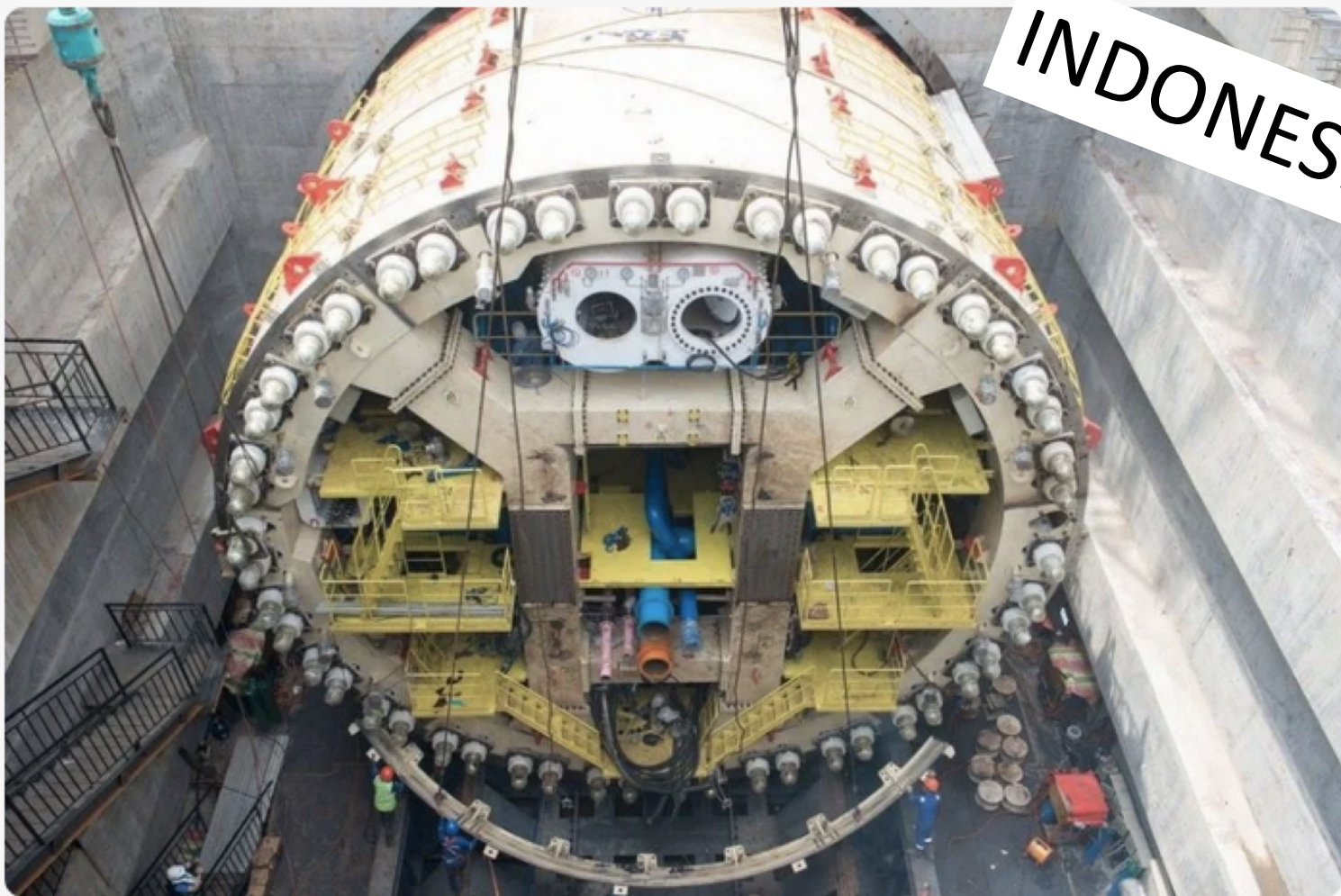
PANAMA



In this Dec. 3, 2018, photo, a Panama Canal worker docks the Chinese container ship Cosco at the Panama Canals' Cocoli Locks, in Panama City. China's expansion in Latin America of its Belt and Road initiative to build ports and other trade-related facilities is stirring anxiety in Washington. As American officials express alarm at Beijing's



The level-2 station of the Nam Ou project has been in operation since 2016. The project, with an installed capacity of 1,272 megawatts, is invested in and constructed by Power Construction Corp of China at a cost of \$2.73 billion. Provided to CHINA DAILY



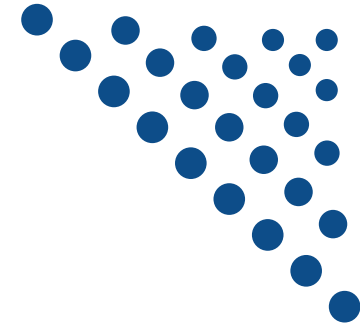
INDONESIA

Photo: (March 20, 2019) No 1 tunnel of Jakarta-Bandung High Speed Railway Station Halim, underway to assemble a huge Tunnel Boring Machine – Indonesia.

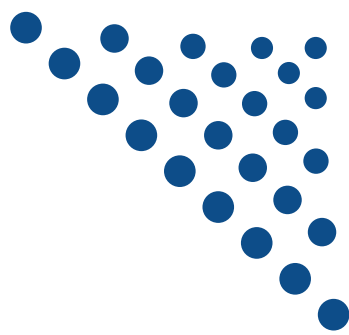
BANGLADESH



Photo: Padma Bridge (Under Construction), Padma River – Bangladesh.



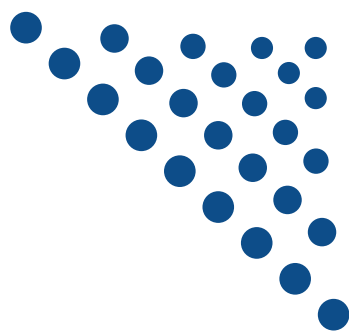
History



BRI: History

- **The Ancient Silk Road**

- A trade route from between
 - Asia (including East, South-East, and South Asia),
 - East Africa, and
 - Europe
- Opened in 130 BC, remained in use until 1453 AD
 - Closed by Ottoman Empire



BRI: History

• The Ancient Silk Road(s)

- Named for trade in silk, but also traded much more (per History.com) :
 - fruits and vegetables, livestock, grain, leather and hides, tools, religious objects, artwork, precious stones and metals
 - language, culture, religious beliefs, philosophy and science.
 - paper and gunpowder, both invented by the Chinese
- Name is recent, per UNESCO. It had no name when being used. Named in mid-19th century:
 - by German geologist, Baron Ferdinand von Richthofen,
 - *Die Seidenstrasse* (the Silk Road)

The Silk Roads

The Silk Roads are part of a vast region comprised of a network of maritime and land routes. They pass through South Asia and Southeast Asia, crossing the Central Asian subcontinent, the Russian steppes, the Iranian and Anatolian plateaus, and the Arabian Peninsula. They stretch across North Africa and North East Africa, from Tanzania to Morocco. Moreover, they extend through Eastern and Southern Europe, before linking France and Spain.

- Silk Roads
- Maritime Silk Roads (Spice Routes)
- Eurasian Steppe Routes
- Indian Routes
- Other Trade and Connecting Routes
- Secondary Trading Routes



Source: history.com



UPDATED: SEP 26, 2019 · ORIGINAL: NOV 3, 2017

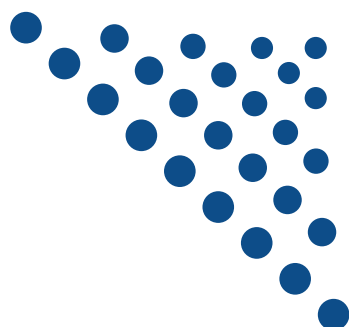
Silk Road

HISTORY.COM EDITORS

Source: History.com



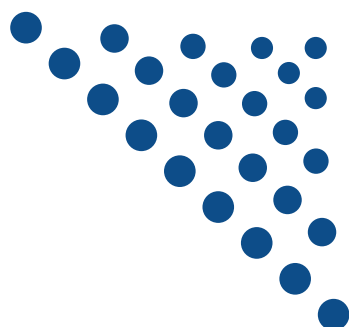
Figure 1 The geographical coverage of the One Belt, One Road Initiative. Source: © The Economist Newspaper Limited, London (2 July 2016). Reproduced with permission. (Color figure available online.)



BRI: History

- **The Belt and Road Initiative**

- Announced by China's President Xi Jinping, 2013
- Two prongs:
 - Overland Silk Road Economic Belt
 - Maritime Silk Road
- Purpose: To “break the bottleneck of Asian connectivity”
- Coverage: Over 60 countries have signed on or indicated interest
- Cost: Estimated to total \$1.2-1.3 trillion by 2027
- Motivation: Counter to the US “Pivot to Asia” under Obama

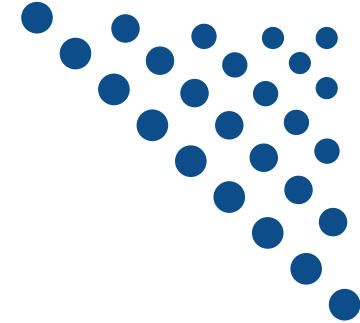


BRI: History

- **Additional BRI purposes**

- Help China be more assertive in world affairs
- New markets for China's consumer goods and excess industrial capacity
- Pushback against US influence
- Develop new investment opportunities
- Boost Chinese income and domestic consumption
- Shape international norms and institutions
- Improve China's image among its neighbors
- Boost links to historically neglected western regions of China
- Secure long-term energy supplies
- Restructure economy to avoid the “middle-income trap”

BRI: History



- **Countries pledging support for BRI:**

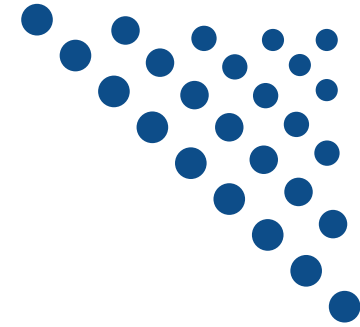
- (Incomplete list of MOUs and Joint Statements/Communiqués)

- **2014:** Thailand, Timor-Leste
- **2015:** Azerbaijan, Bulgaria, Czech Republic, Hungary, Indonesia, Kazakhstan, Poland, Romania, Serbia, Slovakia, South Africa, Turkey
- **2016:** Egypt, Latvia, Myanmar, Papua New Guinea
- **2017:** Albania, Bosnia & Herzegovina, Croatia, Finland, Israel, Lebanon, Madagascar, Maldives, Montenegro, Morocco, New Zealand, Panama, Philippines, UAE
- **2018:** Afghanistan, Algeria, Antigua & Barbuda, Bahrain, Bolivia, Cameroon, Chile, Costa Rica, Cote d'Ivoire, Ecuador, Ethiopia, Fiji, France, Ghana, Greece, Grenada, Guyana, Kenya, Libya, Malta, Nigeria, Niue, Oman, Pakistan, Portugal, Rwanda, Samoa, Senegal, Seychelles, Sierra Leone, Singapore, Somalia, Tonga, Trinidad & Tobago, Tunisia, Vanuatu
- **2019:** Barbados, Italy, Jamaica, Luxembourg

BRI: History

Many in Asia, but also

- Europe
- Middle East
- Africa
- Americas



- **Countries pledging support for BRI:**

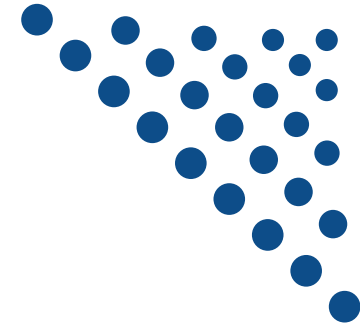
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- **2019:** Barbados, Italy, Jamaica, Luxembourg

BRI: History

Many in Asia, but also

- Europe
- Middle East
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- **Countries pledging support for BRI:**

- (Incomplete list of MOUs and Joint Statements/Communiqués)

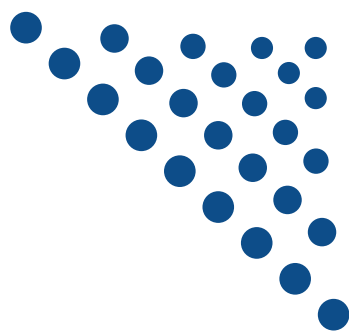
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- **2019:** Barbados, Italy, Jamaica, Luxembourg

EU countries that have endorsed China's Belt and Road Initiative



* Have signed a formal memorandum of understanding with China endorsing the Belt and Road Initiative

Source: Peel & Hornby, 2019

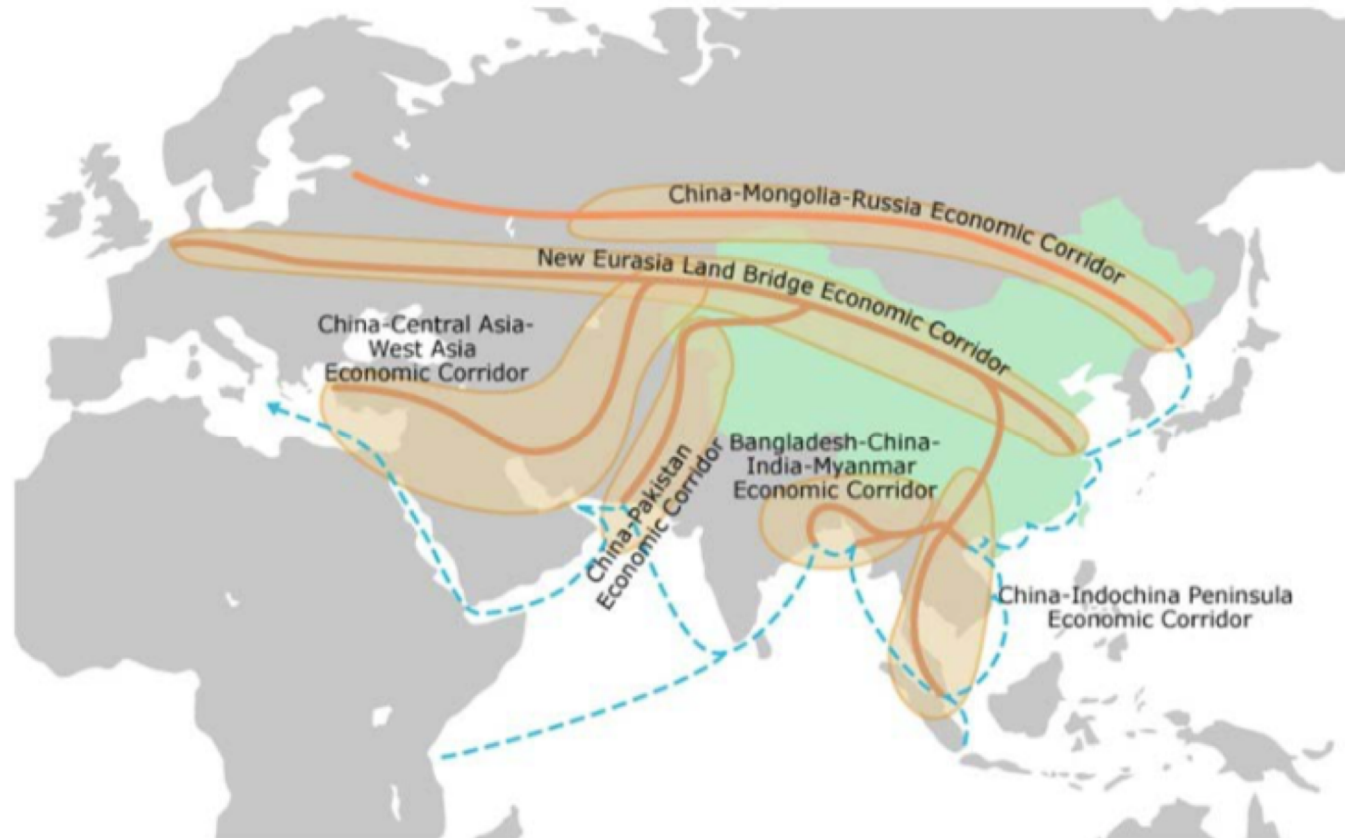


BRI Corridors

- **Land route (the “Belt”) will include six “corridors”**
 - China-Pakistan
 - Bangladesh-China-India-Myanmar
 - China-Central Asia-West Asia
 - China-Indochina Peninsula
 - China-Mongolia-Russia
 - New Eurasia Land Bridge

Figure 1: Roadmap for the Belt and Road initiative

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



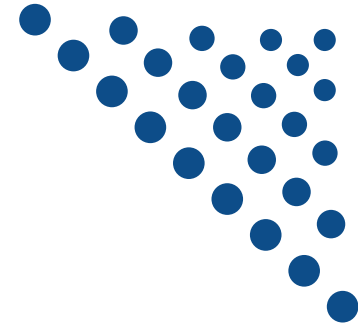
Source:
Garcia-
Herrero
& Xu,
2016

Source: HKTDC Research, <http://china-trade-research.hktdc.com/business-news/article/One-Belt-One-Road/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

China-Pakistan Economic Corridor (CPEC)	Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC)	China-Central Asia-West Asia Economic Corridor (CCWAEC)	China-Indochina Peninsula Economic Corridor (CICPEC)	China-Mongolia-Russia Economic Corridor (CMREC)	New Eurasia Land Bridge Economic Corridor (NELB)
Pakistan	Bangladesh	Iran	Cambodia	Mongolia	Belarus
	India	Kazakhstan	Laos	Russia	Czech Republic
	Myanmar	Kyrgyzstan	Malaysia		Kazakhstan
		Tajikistan	Myanmar		Poland
		Turkey	Thailand		Russia
		Turkmenistan	Vietnam		Germany*
		Uzbekistan			
*Not included within the geographic scope of the analysis					

Figure 3: Countries in the Belt and Road Corridors

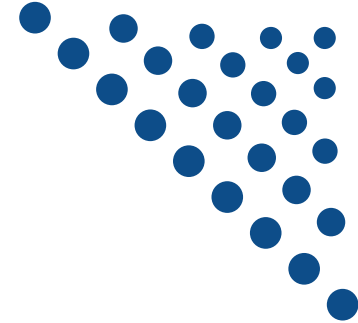
Source: Hillman, 2018



Before BRI



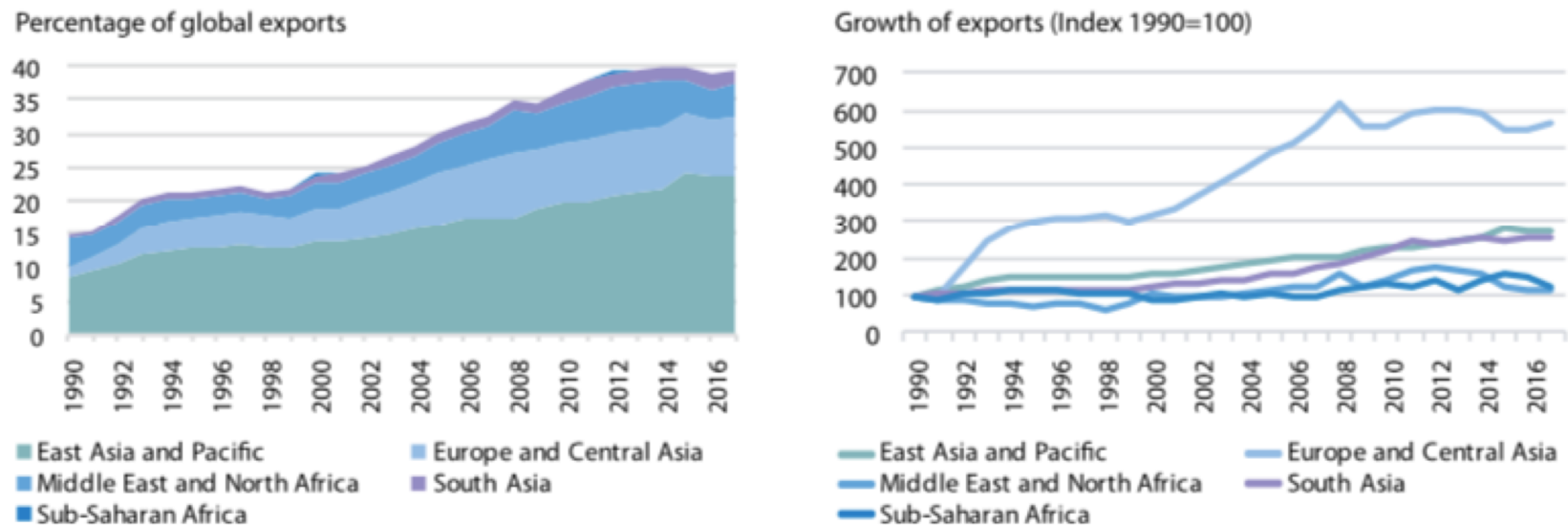
BRI: BRI Countries before BRI



- **Countries differed in**
 - Trade
 - Direct investment
 - Participation in global value chains
 - Time to trade
 - Rule of law
 - Time to start a business
- **Infrastructure investment needs**

Trade was growing, especially for East Asia.

Figure 1.1: Trade of Belt and Road corridor economies, by region, 1990-2016

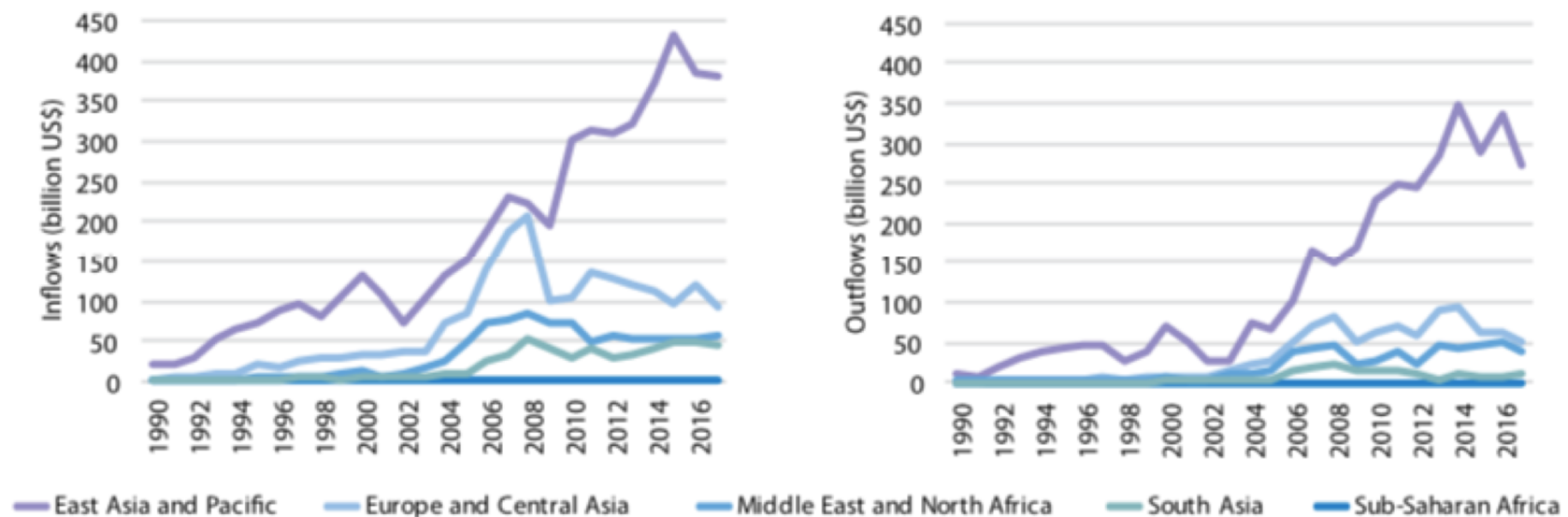


Source: IMF, Direction of Trade Statistics.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Investment was growing more recently, especially for East Asia.

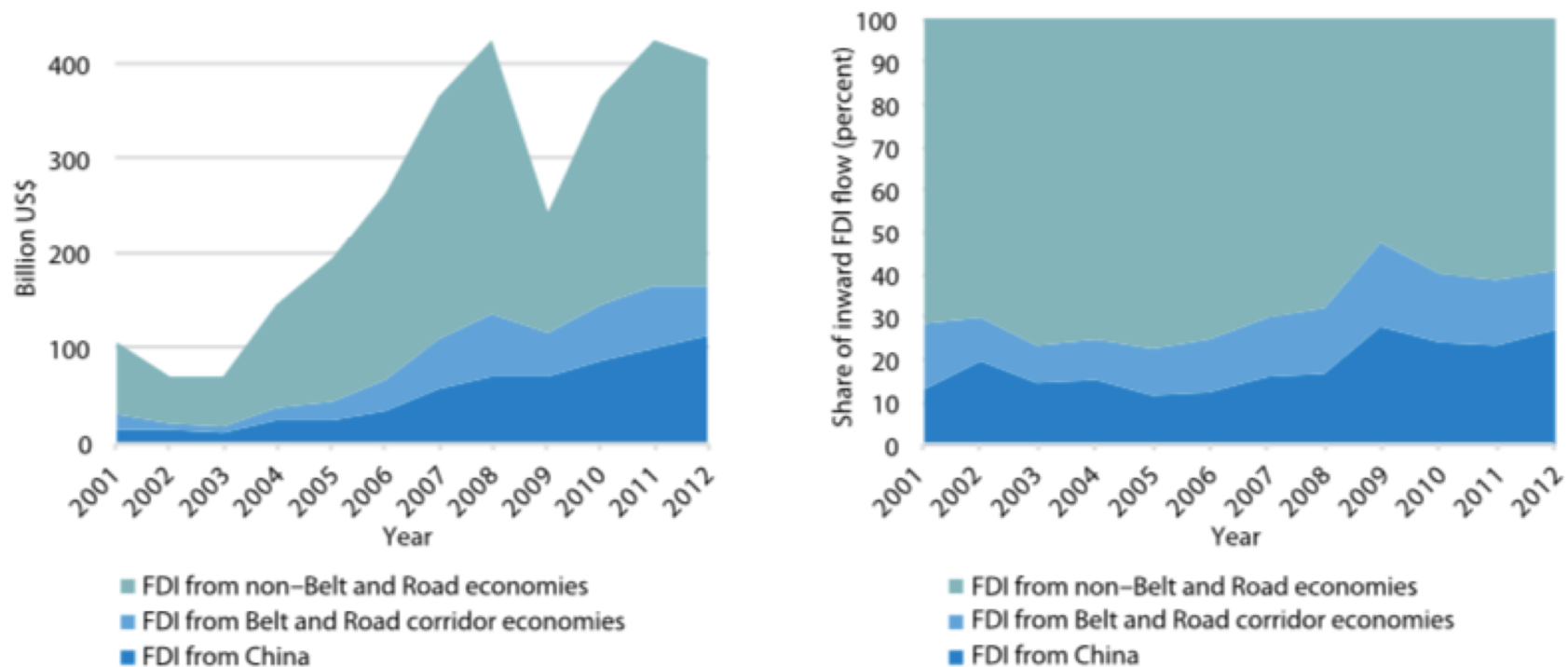
Figure 1.3: Belt and Road corridor economies' direct investment, by region



Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Investment was mostly from non-BRI countries.

Figure 1.4: Foreign direct investment in Belt and Road corridor economies, by source

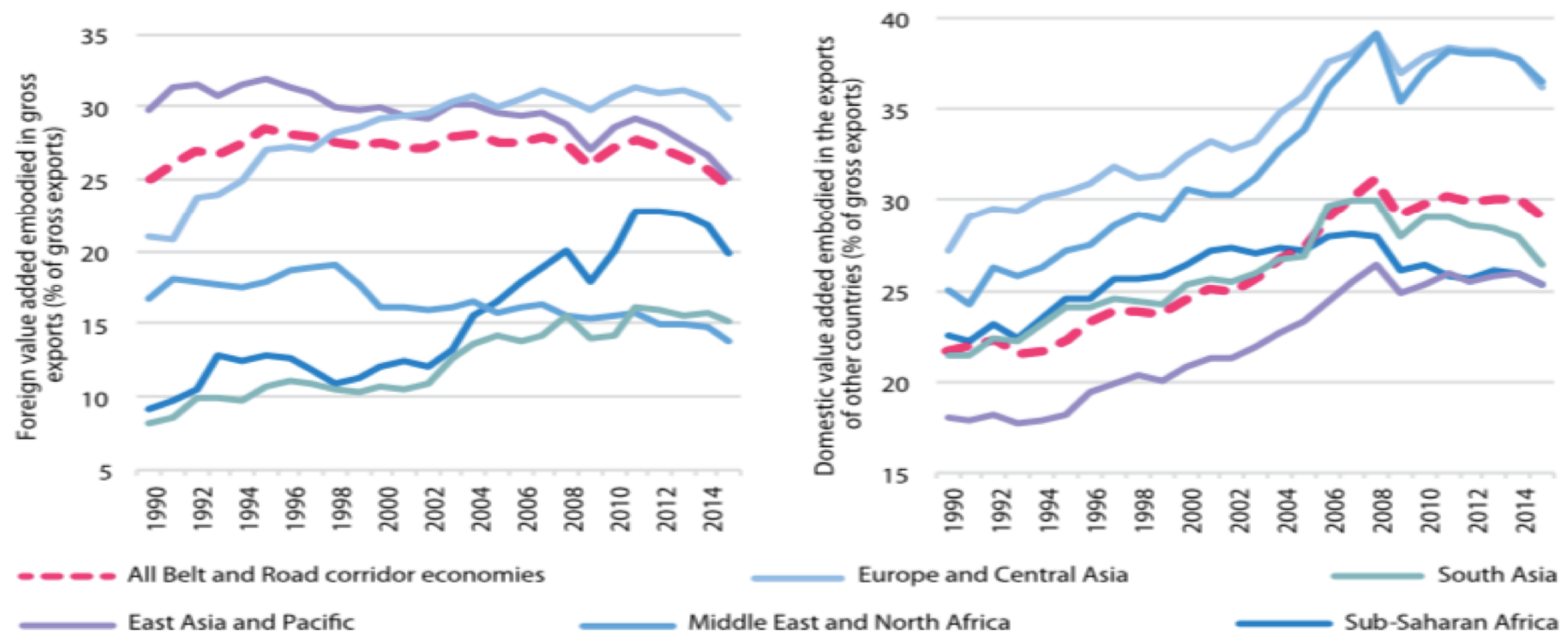


Source: Chen and Lin 2018.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Participation in Global Value Chains was moderate.

Figure 1.5: Belt and Road corridor economies' participation in GVCs, by region

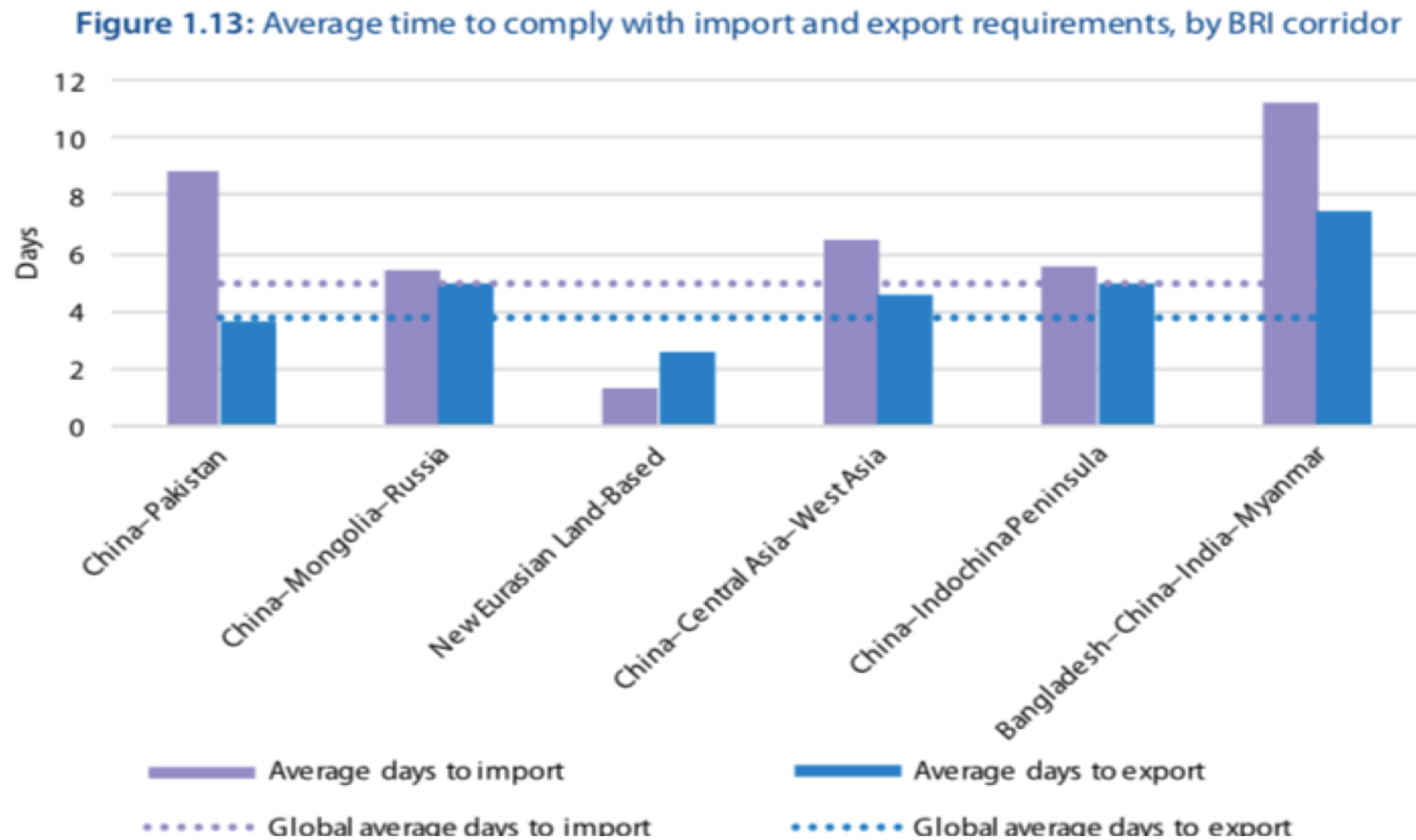


Source: Eora Multiregional Input-Output Table.

Note: Gross exports and backward and forward participation encompass both goods and services.

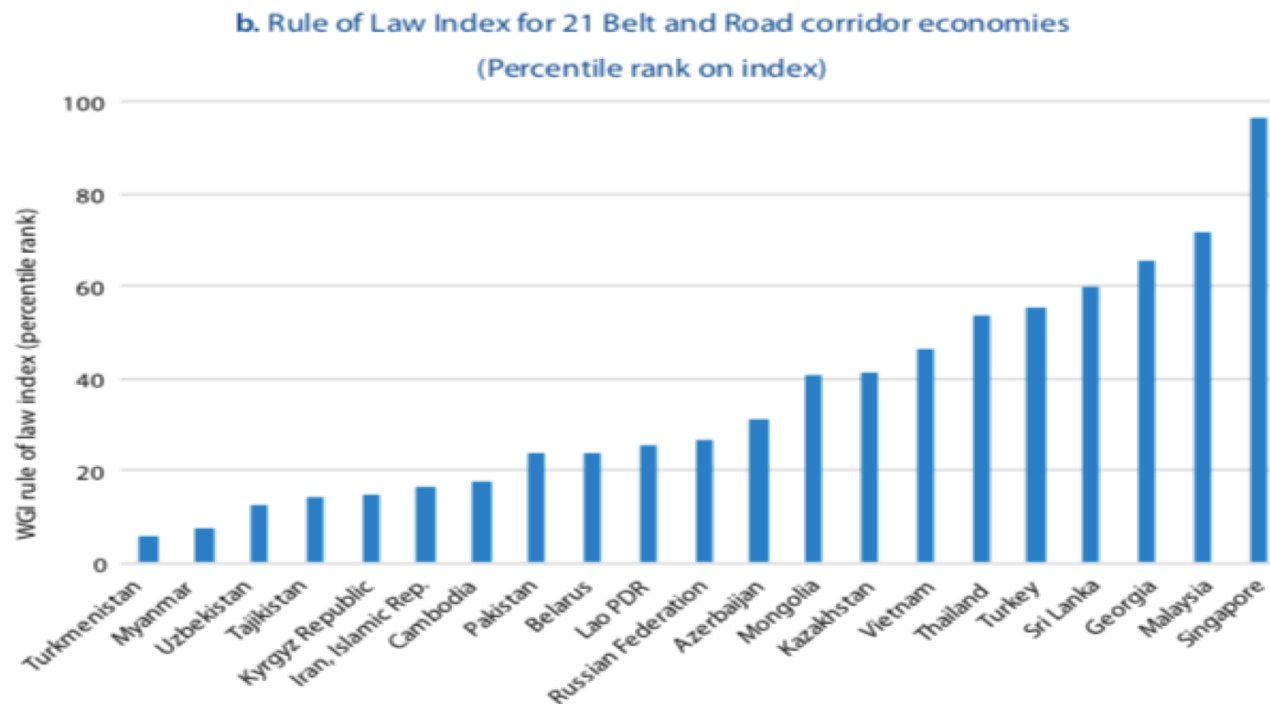
Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Time to trade was often excessive.



Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Many had weak Rule of Law.

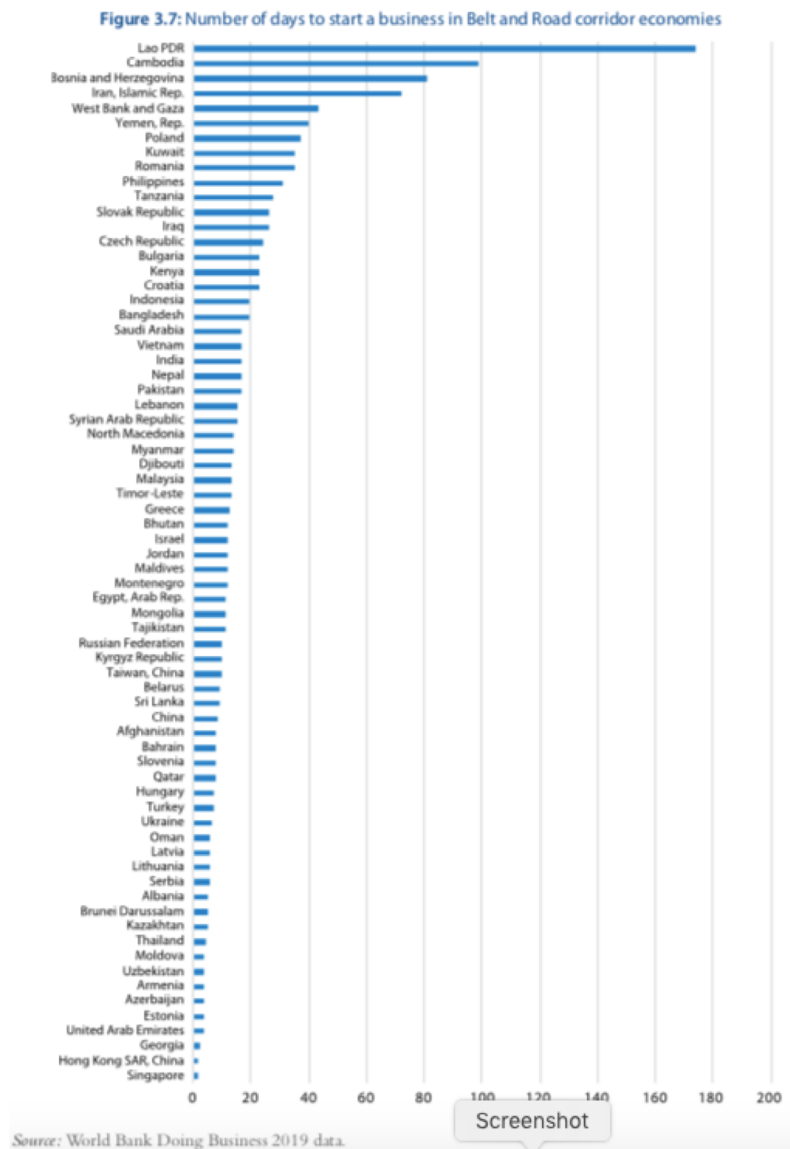


Source: a. Kher and Tran (2018), based on UNCTAD Investment Dispute Settlement Navigator. (<http://investmentpolicyhub.unctad.org/ISDS>). b. Kher and Tran (2018), based on World Bank World Governance Indicators. <http://info.worldbank.org/governance/wgi/#reports>.

Note: This index captures perceptions about the courts, judicial independence, the quality of contract enforcement, the fairness and speediness of judicial process, and the enforcement of property rights.

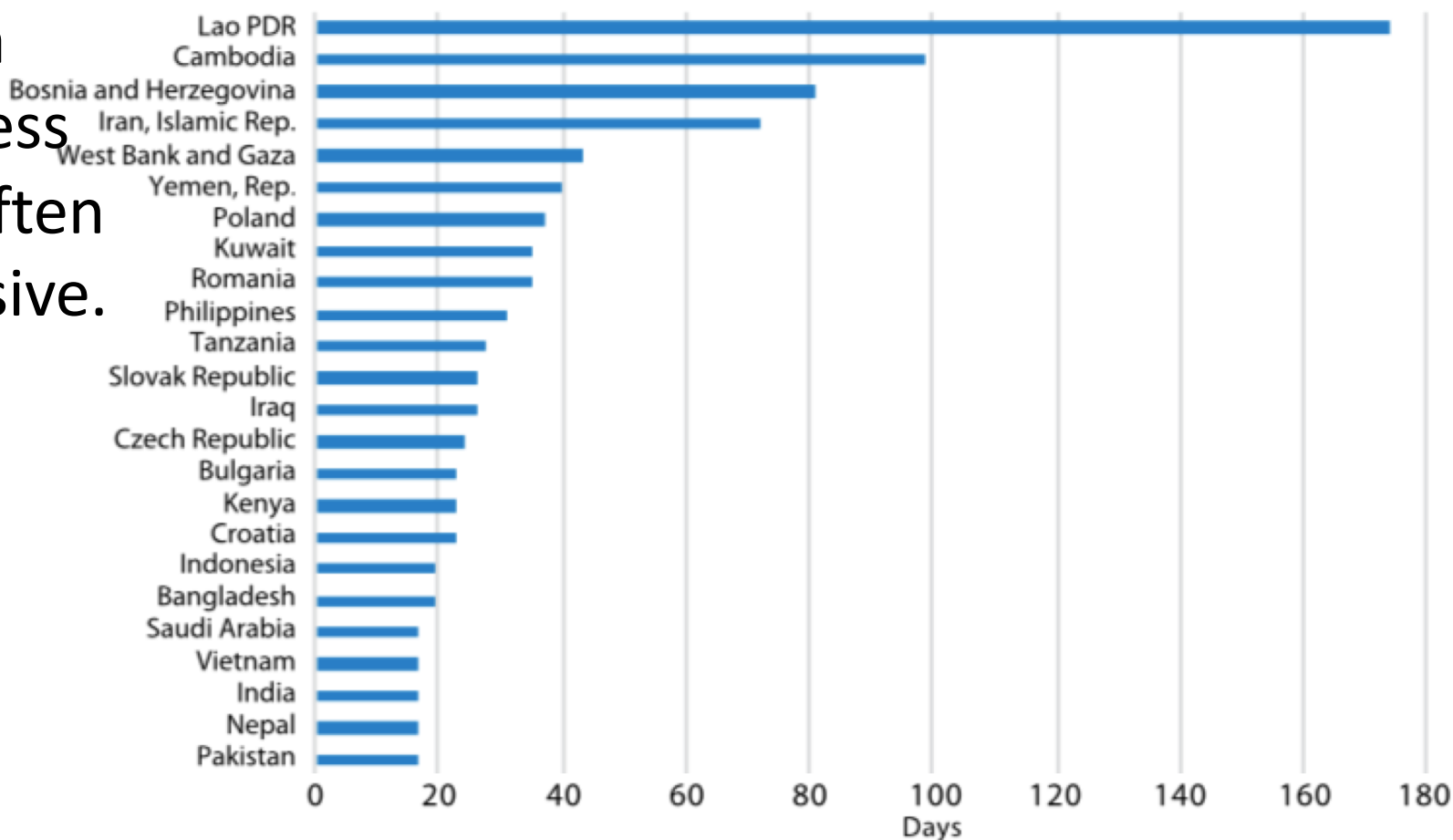
Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Days to
start a
business
was often
excessive.



Days to
start a
business
was often
excessive.

Figure 3.7: Number of days to start a business in Belt and Road corridor economies

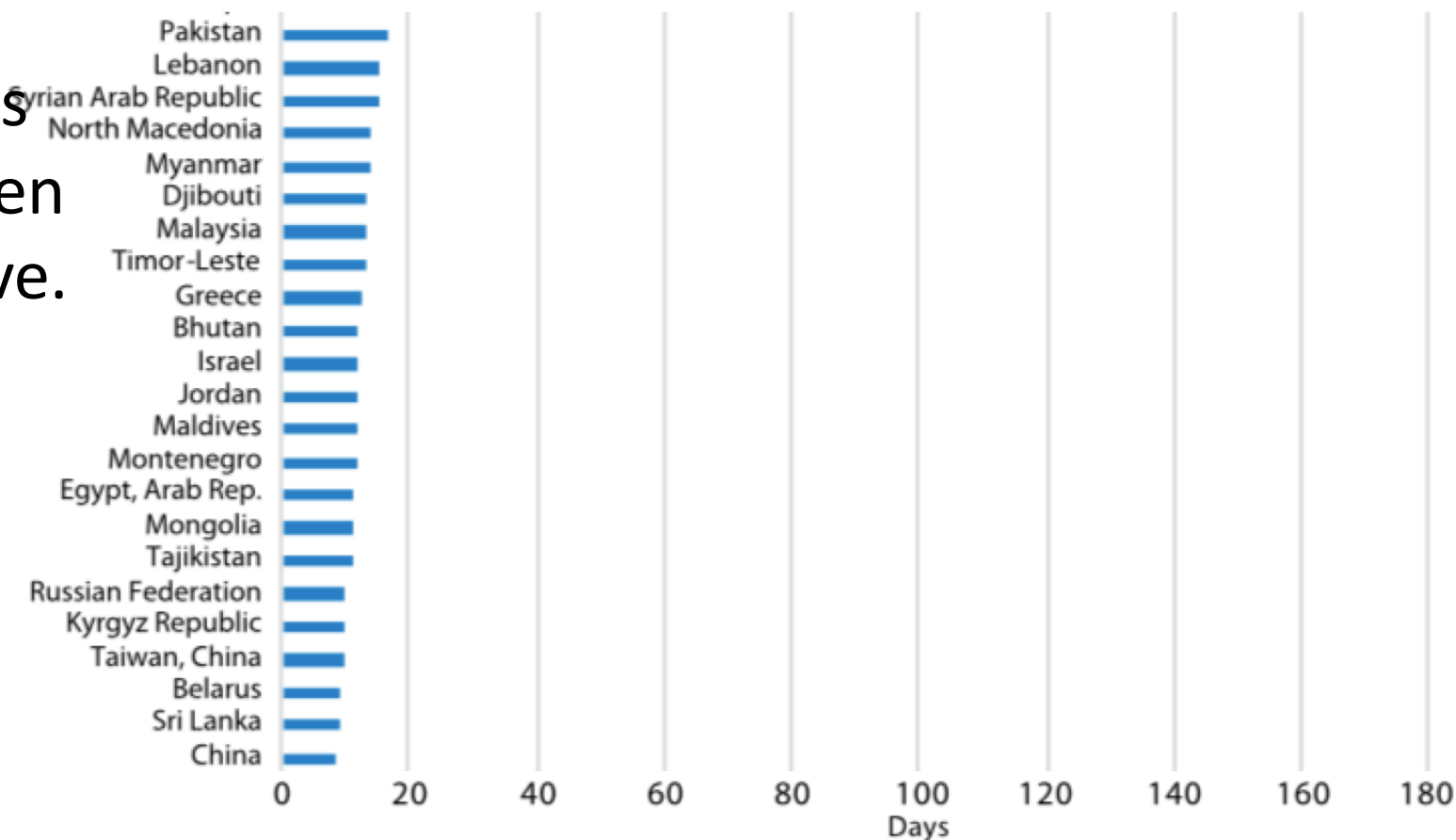


Source: World Bank Doing Business 2019 data.

Screenshot

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Figure 3.7: Number of days to start a business in Belt and Road corridor economies

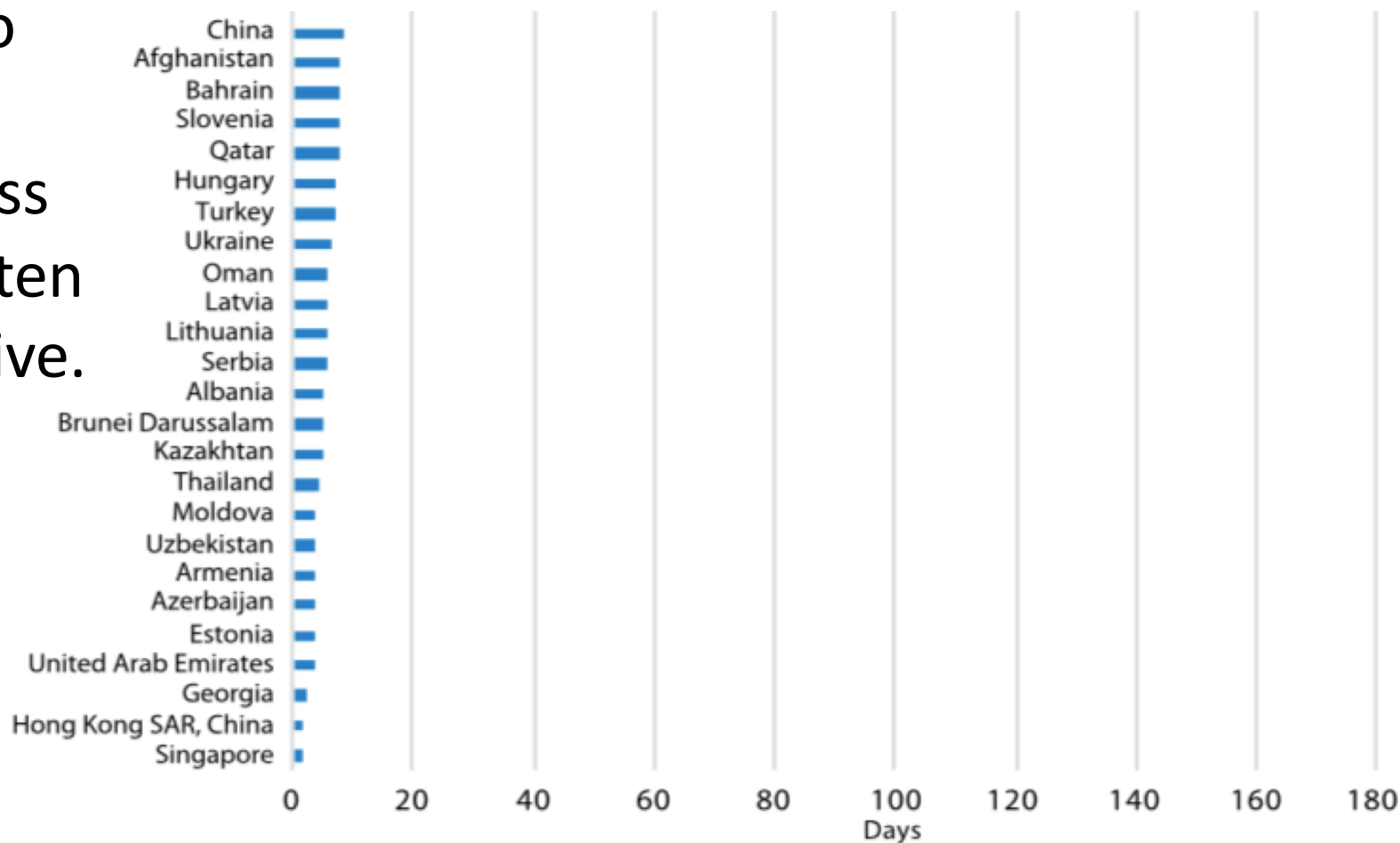


Source: World Bank Doing Business 2019 data.

Screenshot

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Figure 3.7: Number of days to start a business in Belt and Road corridor economies

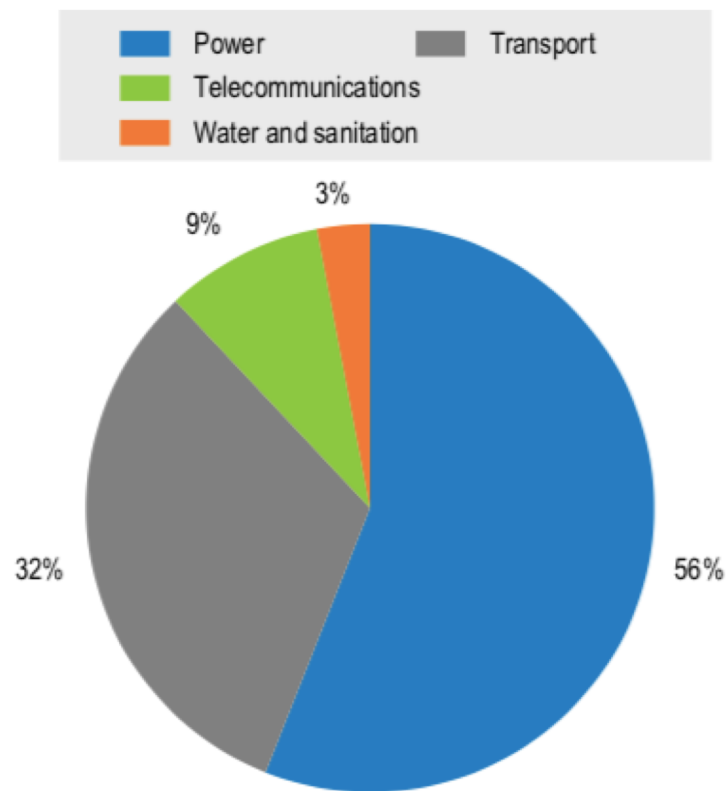


Source: World Bank Doing Business 2019 data.

Screenshot

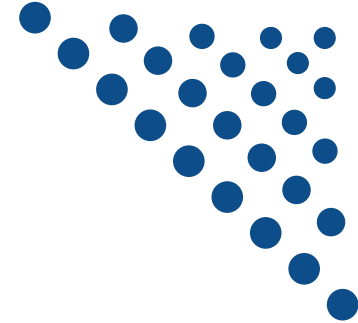
Infrastructure needs were greatest in Power and Transport

Figure 1. Infrastructure investment needs in Asia by sector, 2017

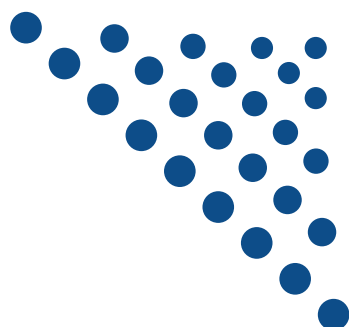


Source:
OECD
2018

Source: ADB, 2017.



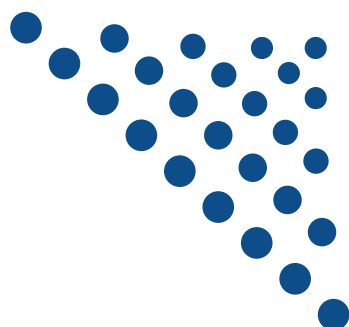
Effects of BRI



Effects of BRI

- Effects of BRI from several prospective studies

- World Bank 2019
 - World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*
- Bird et al. 2019
 - Bird, Julia, Mathilde Lebrand, and Anthony J. Venables, “The Belt and Road Initiative: Reshaping Economic Geography in Central Asia?” World Bank Group, Policy Research Working Paper, No. 8807, April 2019.
- de Soyres et al. 2019
 - de Soyres, Francois, Alen Mulabdic, and Michele Ruta, “Common transport infrastructure: Welfare effects of the Belt and Road Initiative,” VOX CEPR Policy Portal, July 12, 2019.



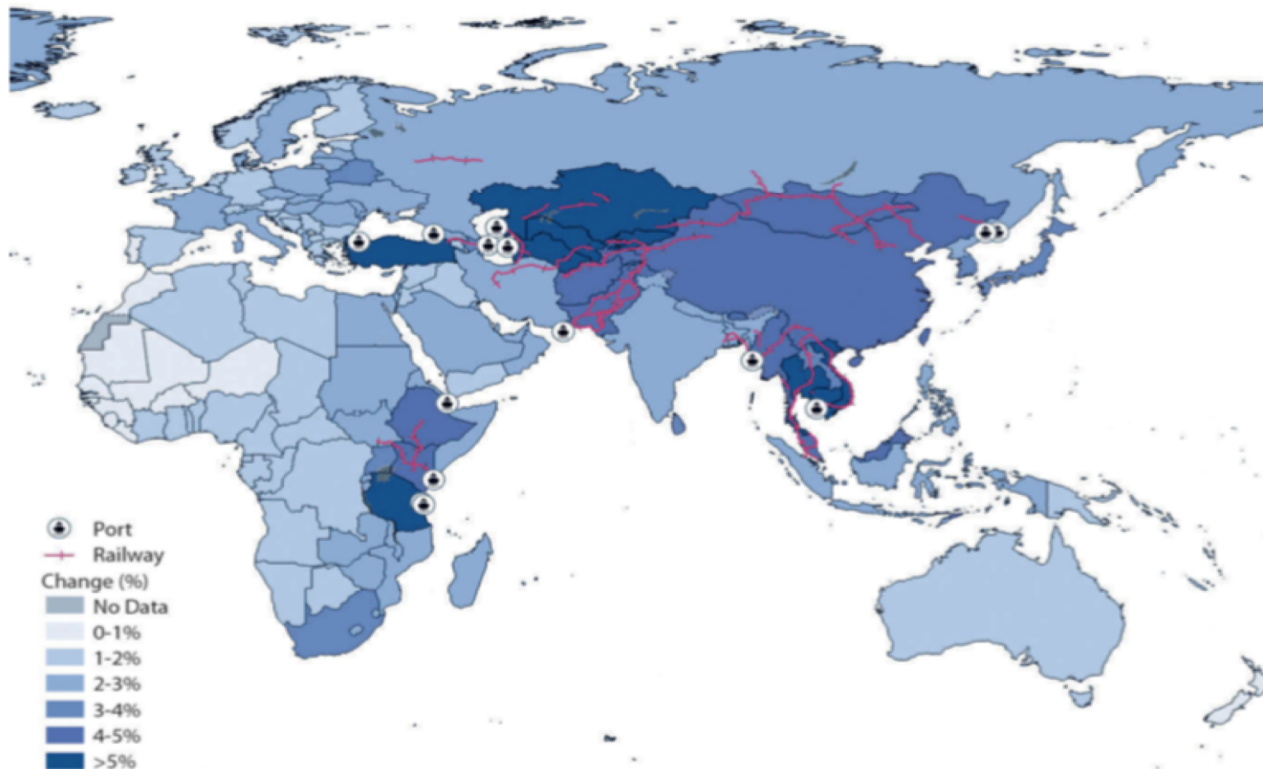
Effects of BRI

- **Effects from World Bank 2019**

- Shipping times
- Exports & FDI
- GDP
- Poverty
- Growth
- Debt

Shipping times will fall, some more than 5%

Figure 2.2: Average reduction in shipping times by economy

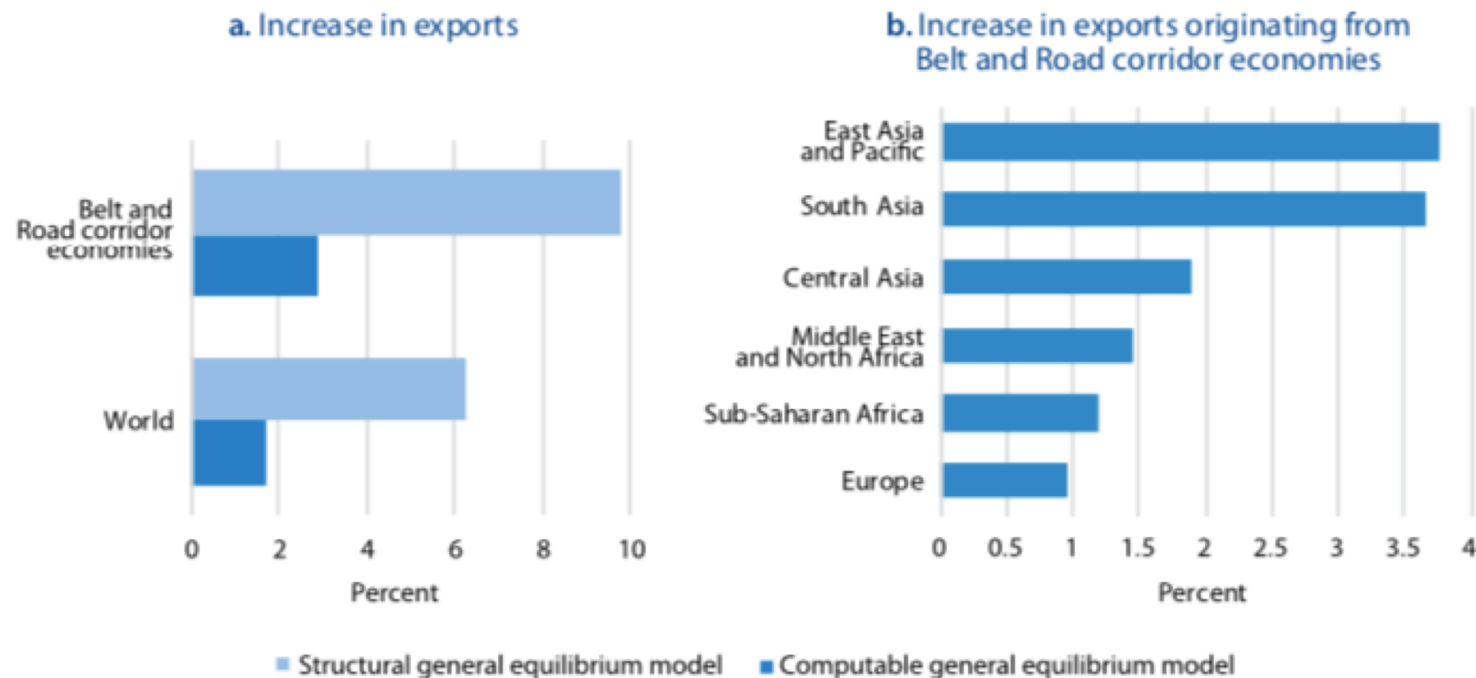


Source: de Soyres et al. 2018.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Exports will increase (amounts vary by place and model)

Figure 2.3: BRI infrastructure improvements will increase exports (CGE and SGE models)



Sources: Maliszewska and van der Mensbrugghe 2019; de Soyres, Mulabdic, and Ruta 2019.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Most trade flows will rise, but some will fall

Table 2.1: Changes in trade among Belt and Road corridor economies (CGE model)

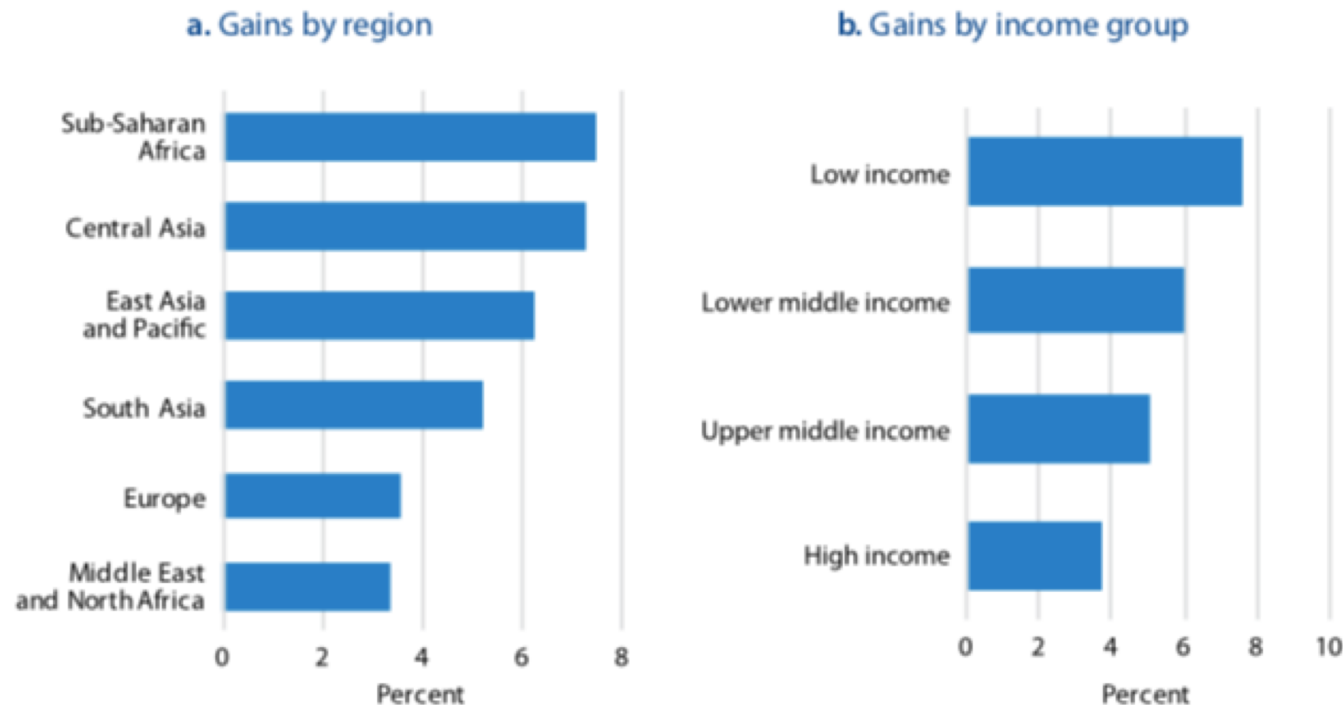
From BRI to BRI		Central Asia	East Asia and Pacific	Europe	Middle East and North Africa	South Asia	Sub-Saharan Africa	Non-Belt and Road corridor economies
Exporters	Central Asia	35.24	4.28	-1.97	1.77	-0.30	1.21	-1.08
	East Asia and Pacific	1.90	6.00	3.16	10.85	3.83	7.91	2.07
	Europe	-2.37	5.37	-0.60	4.50	6.03	8.29	-0.79
	Middle East and North Africa	1.66	7.04	7.59	-2.95	-0.67	-2.21	1.39
	South Asia	-2.32	9.35	2.92	-5.06	-3.20	-3.55	5.15
	Sub-Saharan Africa	21.20	10.98	-2.68	-2.06	6.30	5.59	-2.17

Source: Maliszewska and van der Mensbrugghe 2019.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Countries will get more foreign investment

Figure 2.4: Infrastructure improvements are projected to increase foreign direct investment

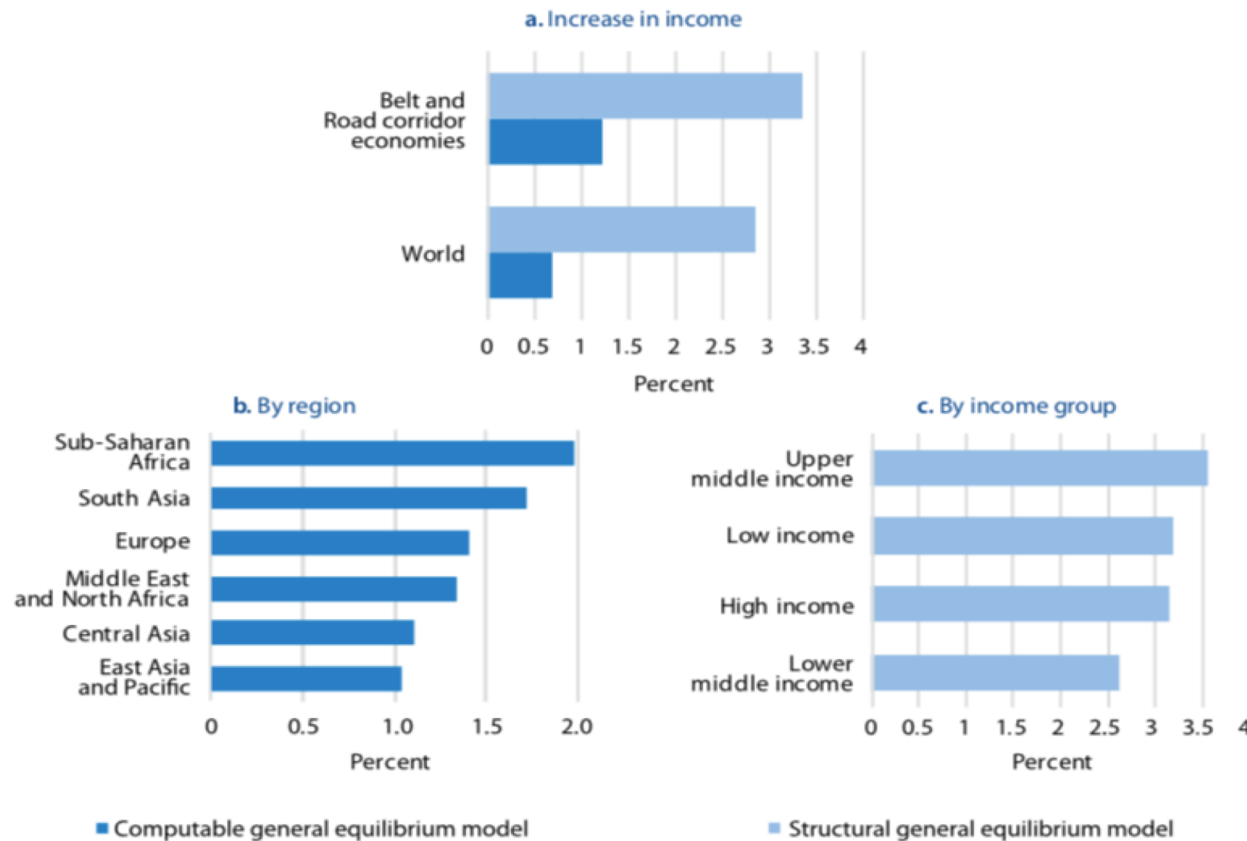


Source: Chen and Lin 2018.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Countries' GDP will rise (amounts vary by place and model)

Figure 2.5: Infrastructure improvements are projected to increase GDP (CGE and SGE models)



Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Poverty will fall faster than without BRI infrastructure

Table 2.3: Impact of the BRI on poverty
(Poverty headcount ratios, percent, PPP US\$1.90 a day)

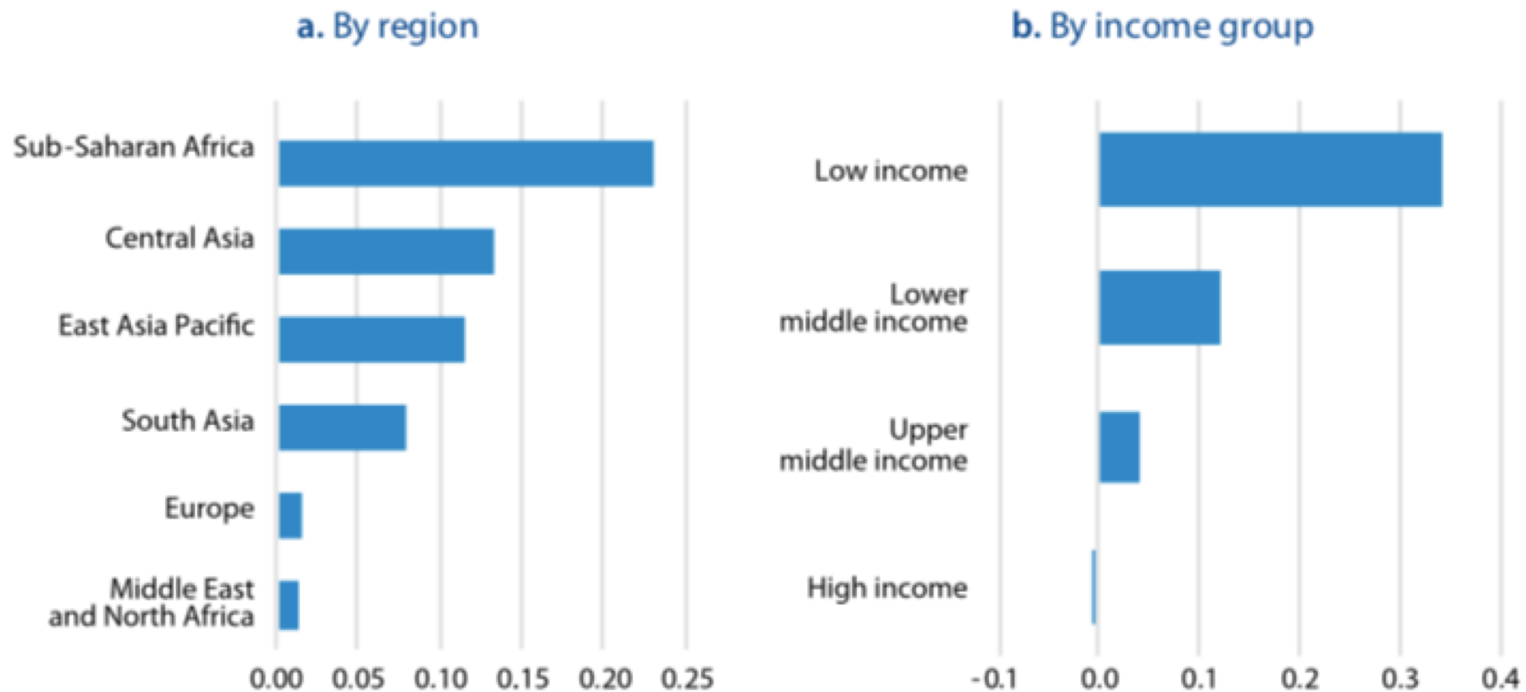
	Bangladesh			Kenya		
Scenario	2015	2030	Change	2015	2030	Change
Baseline	15.16	0.24		37.29	19.32	
New infrastructure	15.16	0.13	0.11	37.29	18.34	0.98
	Pakistan			Tanzania		
Scenario	2015	2030	Change	2015	2030	Change
Baseline	5.33	0.63		40.69	9.03	
New infrastructure	5.33	0.18	0.45	40.69	8.17	0.86

Source: Maliszewska and van der Mensbrugghe 2019.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Growth rates will rise slightly

Figure 2.6: The BRI transport network will increase GDP growth through foreign direct investment
(Percentage point increase in annual GDP growth)

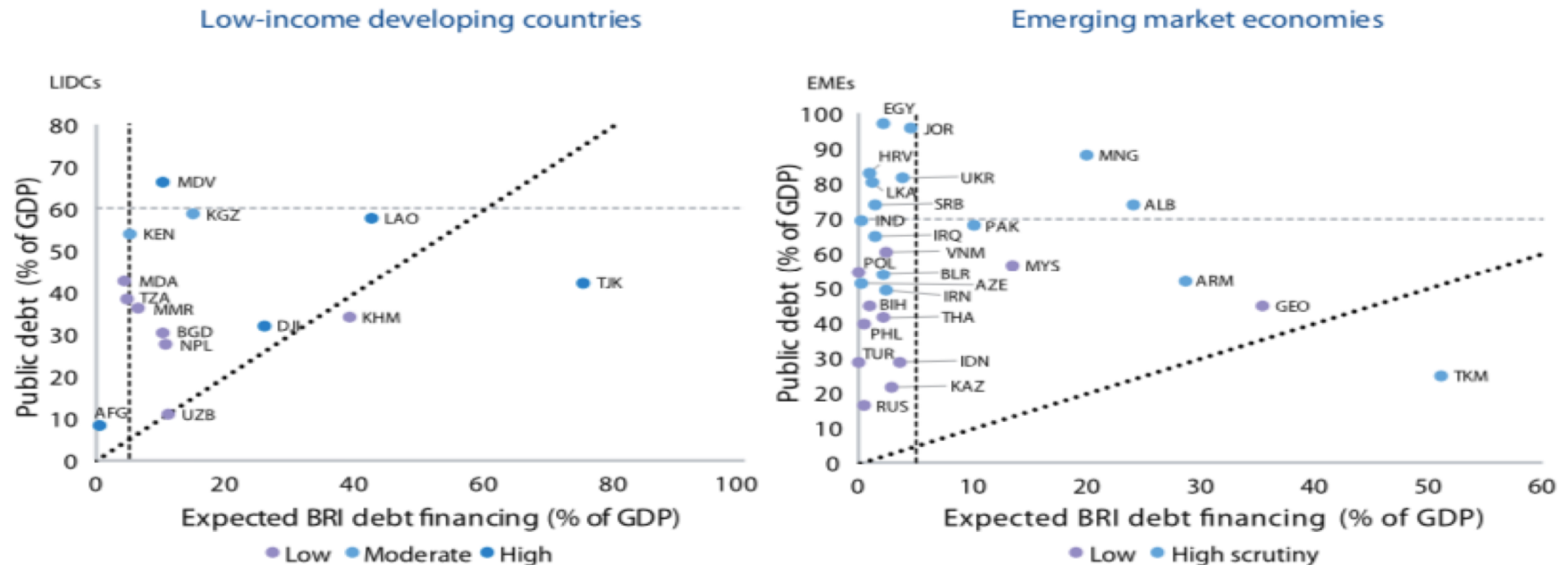


Source: Chen and Lin 2018.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

Public debt will increase, dangerously so in some countries

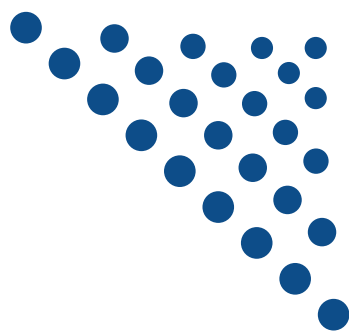
Figure 4.1: Public debt and expected BRI debt financing
(Percent of GDP)



Sources: WEO, WIND Database, LIC DSF DSAs, and MAC DSAs.

Note: Assumes that (1) only BRI investments identified from 2016 to 2018 as under construction and planned would result in additional debt financing and (2) debt financing would amount to 40 percent of the cost of investment in the power, electricity, and mining sectors and 80 percent of the cost of the investment in transport and all other sectors.

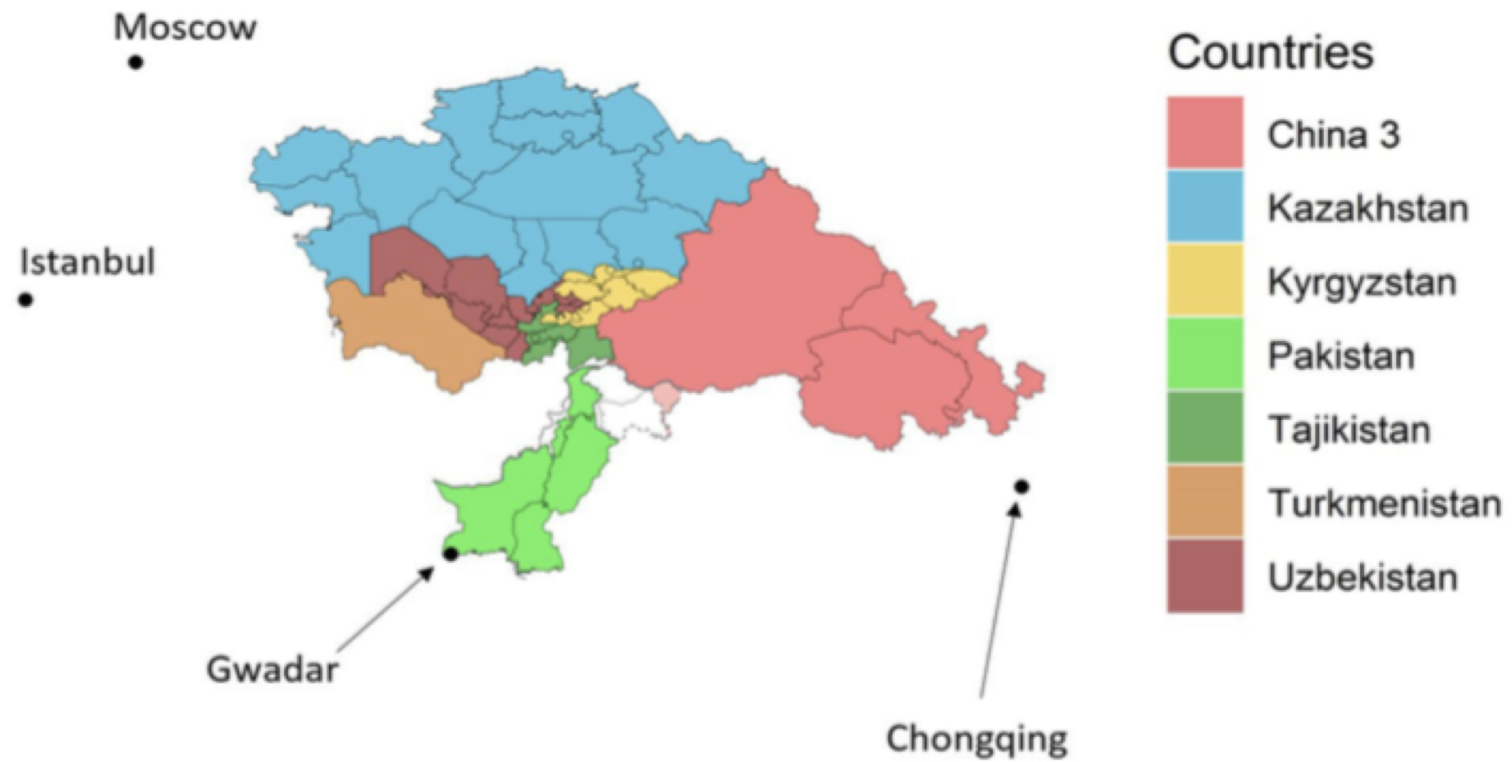
Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*



Effects of BRI

- **Effects from Bird et al.**
 - Sample countries and their data
 - Real income gains from BRI

Figure 1: Map of countries, cells, and access points



Source: Bird et al., 2019

Sample countries differ

Table 1: GDP and Population of sample countries.

	GDP (Billion USD)	GDP per capita (USD)	Population (Millions)
China-3	280.5	5066	55.4
Kazakhstan	135.0	7585	17.8
Kyrgyzstan	6.6	1101	6.0
Pakistan	282.5	1580	178.8
Tajikistan	7.0	796	8.7
Turkmenistan	36.2	6712	5.4
Uzbekistan	67.8	2128	31.9

Source: Bird et al., 2019

BRI will increase growth in real incomes

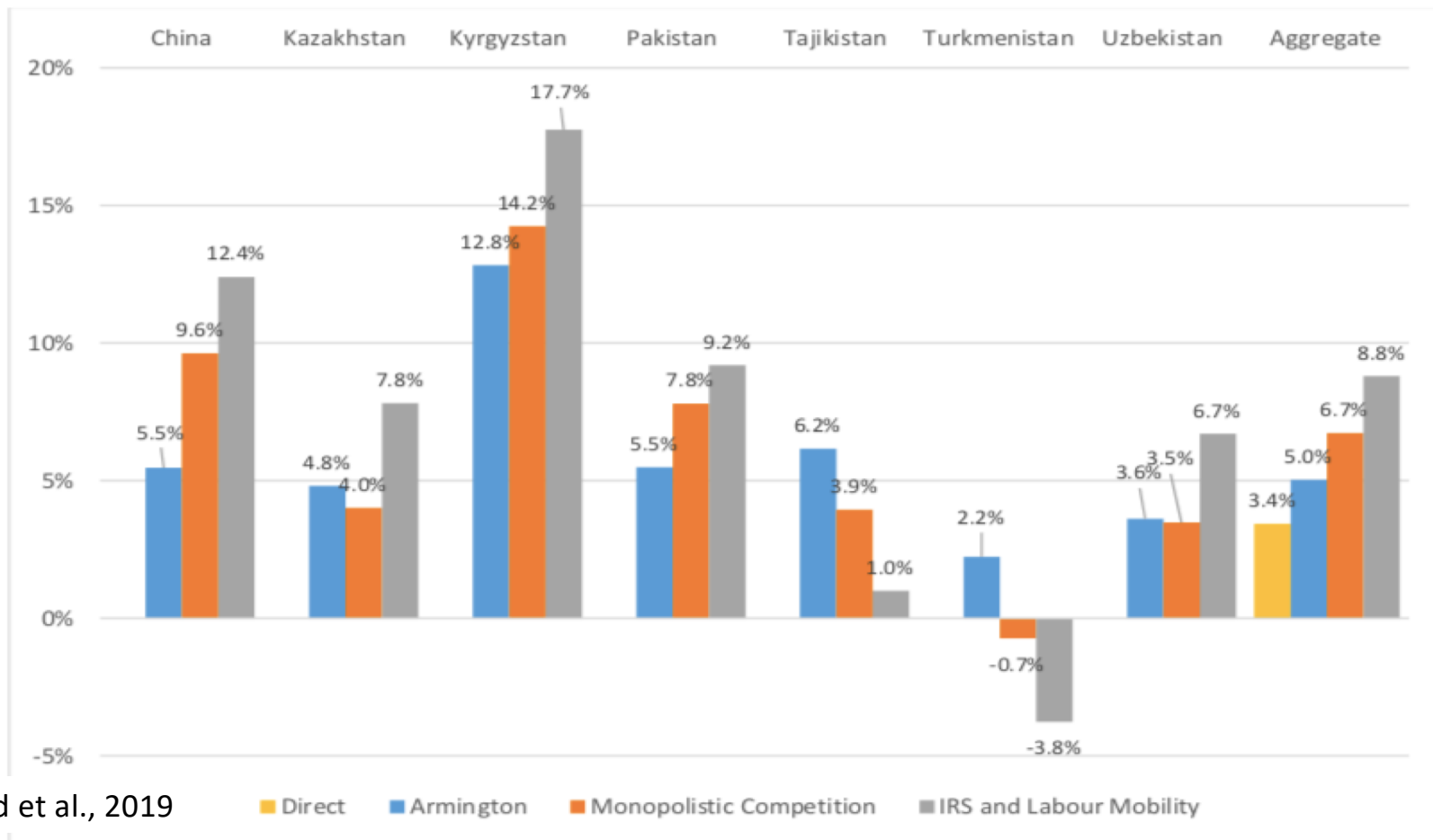
Table 5: Real income gains by country.

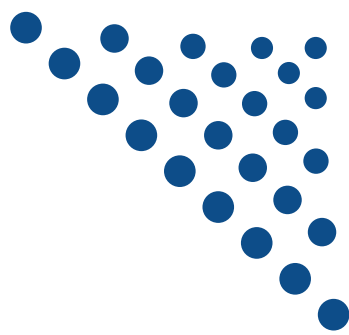
	Real Income Growth	
	Armington	Monopolistic Competition
	(1)	(2)
China-3	1.2%	2.0% M
Kazakhstan	1.6%	2.1% M
Kyrgyzstan	4.9%	4.4%
Pakistan	1.8%	2.3% M
Tajikistan	1.7%	1.5%
Turkmenistan	0.3%	0.0%
Uzbekistan	0.8%	1.0%
Aggregate	1.4%	1.9%

Source: Bird et al., 2019

Gains vary by country and model

Figure 8b: Real income gains by country; infrastructure improvements and border effects



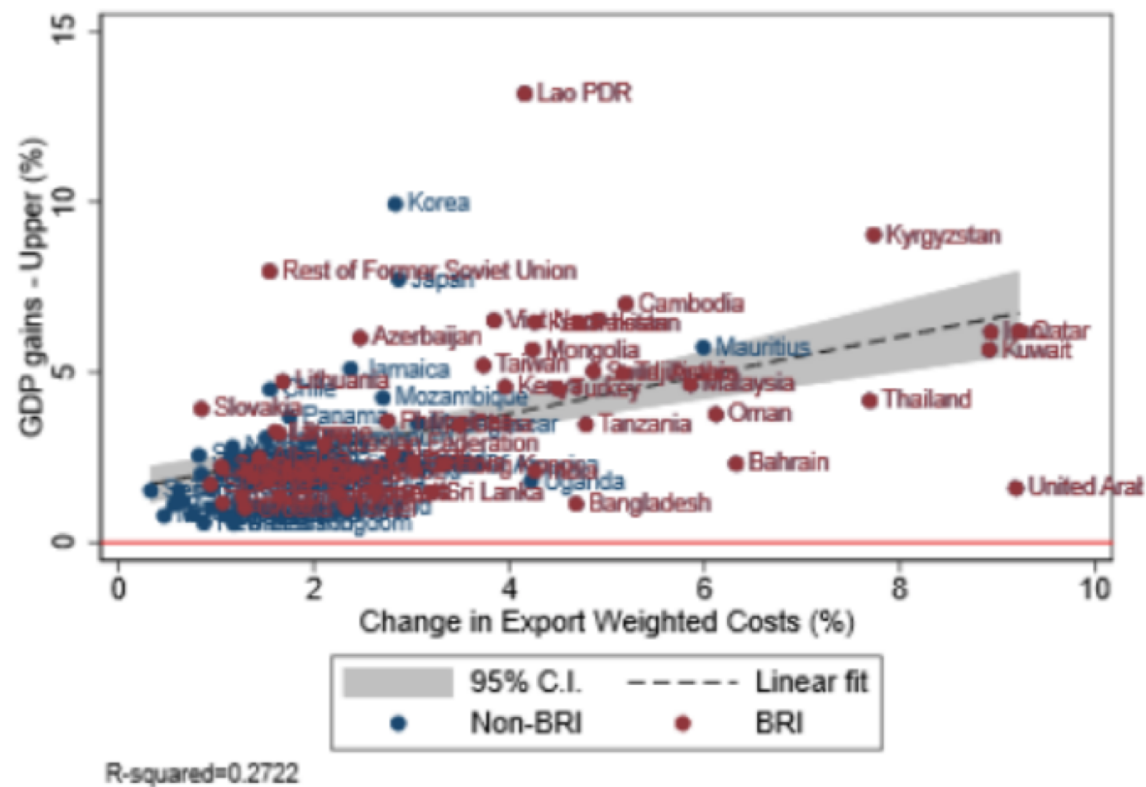


Effects of BRI

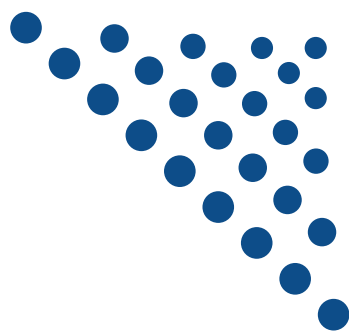
- **Effects from de Soyres et al., 2019**
 - GDP gains and changes in trade costs

Countries differ greatly in their ability to take advantage of reduced trade costs

Figure 2 GDP gains and changes in trade costs



Source:
de Soyres
et al.
2019



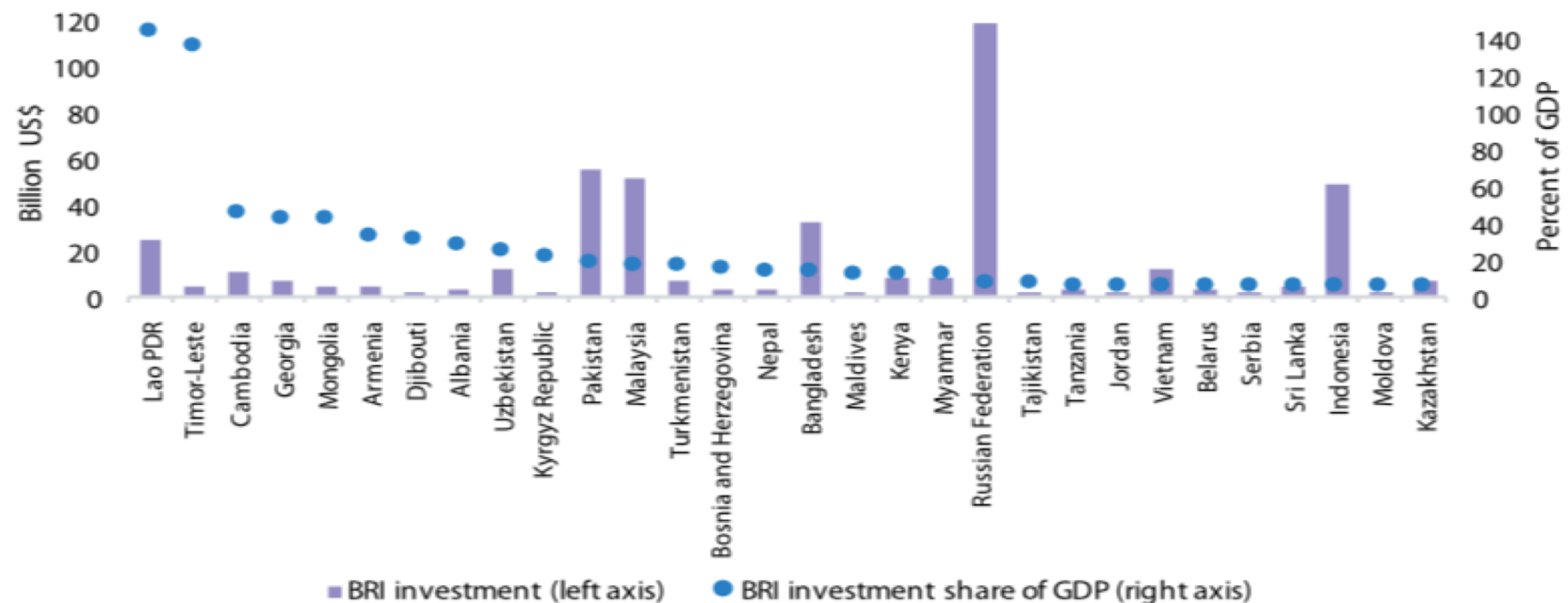
Effects of BRI

- **Other Effects**
 - Debt
 - Environment

BRI debts, and debt burdens, vary greatly

- Most \$ to Russia, Pakistan, Malaysia, Bangladesh, & Indonesia
- Most per GDP to Laos and Timor-Leste

Figure 1.18: BRI financing in Belt and Road corridor economies

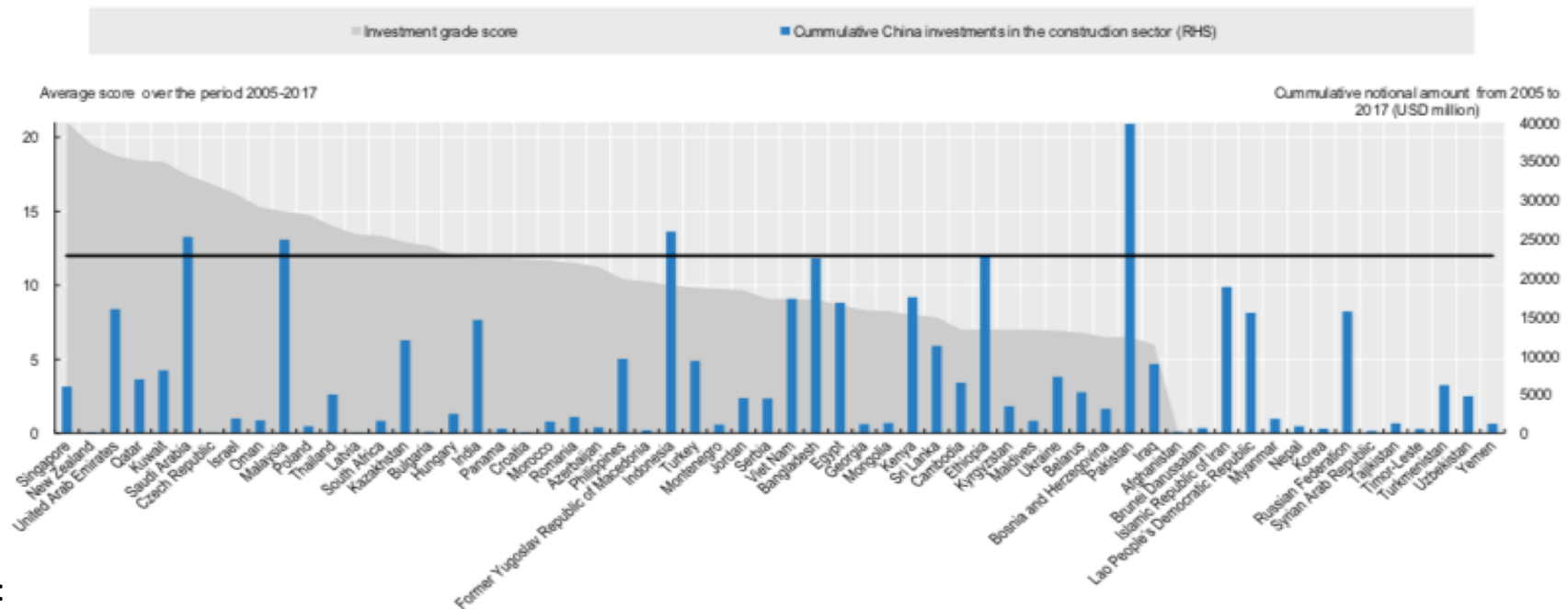


Source: WIND database and World Development Indicators.

Source: World Bank, 2019, *Belt and Road Economics: Opportunities and Risks of Transport Corridors*

BRI investment is only loosely related to credit scores

Figure 6. Credit rating score by BRI-participating economy versus construction project investment



Source:
OECD
2018

Source: S&P, Fitch, Moody's. AAA and Aaa are given a score of 21; AA+ and Aa1 are given a score of 20, and so on, down to 1 for D and C at the junk end. Investment grade ends at BBB-/Baa3 at a score of 12.

Some BRI
countries are
“dangerously
indebted”



The Economist

However, China is open to debt renegotiation.

Many have had their debts

- Written off
- Deferred
- Terms adjusted

Table 1: Summary of China's External Debt Renegotiations

Country	Year	Amount renegotiated	Outcome
Angola	2015	USD21.3bn	Refinancing; Terms renegotiated
	2018	Unclear	Ongoing
Botswana	2018	USD7.2mn	Write-off
Cambodia	2016	USD90mn	Write-off
Cameroon	2001	USD34mn	Write-off
	2007	USD32mn	Write-off
	2010	USD30mn	Write-off
	2019	USD78mn	Write-off
Congo	2019	Unclear	Ongoing
Cuba	2008	Unclear	Deferment
	2010	USD2.8bn	Write-off; Deferment
	2016	Unclear (Up to 3bn)	Write-off
Djibouti	2019	USD800mn	Ongoing
Ecuador	2017-2018	USD1bn	Terms renegotiated
Ethiopia	2018	USD3.3bn	Deferment
	2019	Unclear	Ongoing
Ghana	2002-2003	USD54mn	Write-off
	2007	USD126mn	Write-off
	2014-2015	USD1.5bn	Withheld further lending
Kazakhstan	2018	Unclear	Deferment
Lesotho	2018	USD10.6mn	Write-off
Maldives	2019	Unclear	Ongoing
Mongolia	2017	USD2.2bn	Refinancing; Deferment
Mozambique	2017	USD34mn	Write-off
	2018	Unclear	Deferment
Sudan	2017	USD160mn	Write-off
Sri Lanka	2012	USD307mn	Terms renegotiated
	2016-2018	Unclear (At least USD1.1bn)	Asset seizure; Write-off; Refinancing
	2019	USD1bn	Refinancing
Tajikistan	2011	Unclear	(Rumored) asset seizure
Tonga	2018	Unclear	Deferment
Ukraine	2014	USD3bn	Deferment
Vanuatu	2016-2017	USD5mn	Write-off
Venezuela	2015	Unclear	Withheld further lending
	2016	Unclear	Deferment; Terms renegotiated; Withheld further lending
	2018	Unclear	(Rumored) refinancing; Deferment
Zambia	2017	Unclear (Up to USD4.4bn)	Ongoing
Zimbabwe	2010	USD54mn	Deferment
	2015	USD40mn	Write-off
	2018	n/a	Withheld further lending

Source: Rhodium Group research.

Source: Kratz et al. 2019

Table I: Summary of China's External Debt Renegotiations

Country	Year	Amount renegotiated	Outcome
Angola	2015	USD21.3bn	Refinancing; Terms renegotiated
	2018	Unclear	Ongoing
Botswana	2018	USD7.2mn	Write-off
Cambodia	2016	USD90mn	Write-off
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	2007	USD32mn	Write-off
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Ghana	2002-2003	USD54mn	Write-off
	2007	USD126mn	Write-off
	2014-2015	USD1.5bn	Withheld further lending

Source:
Kratz et al.
2019

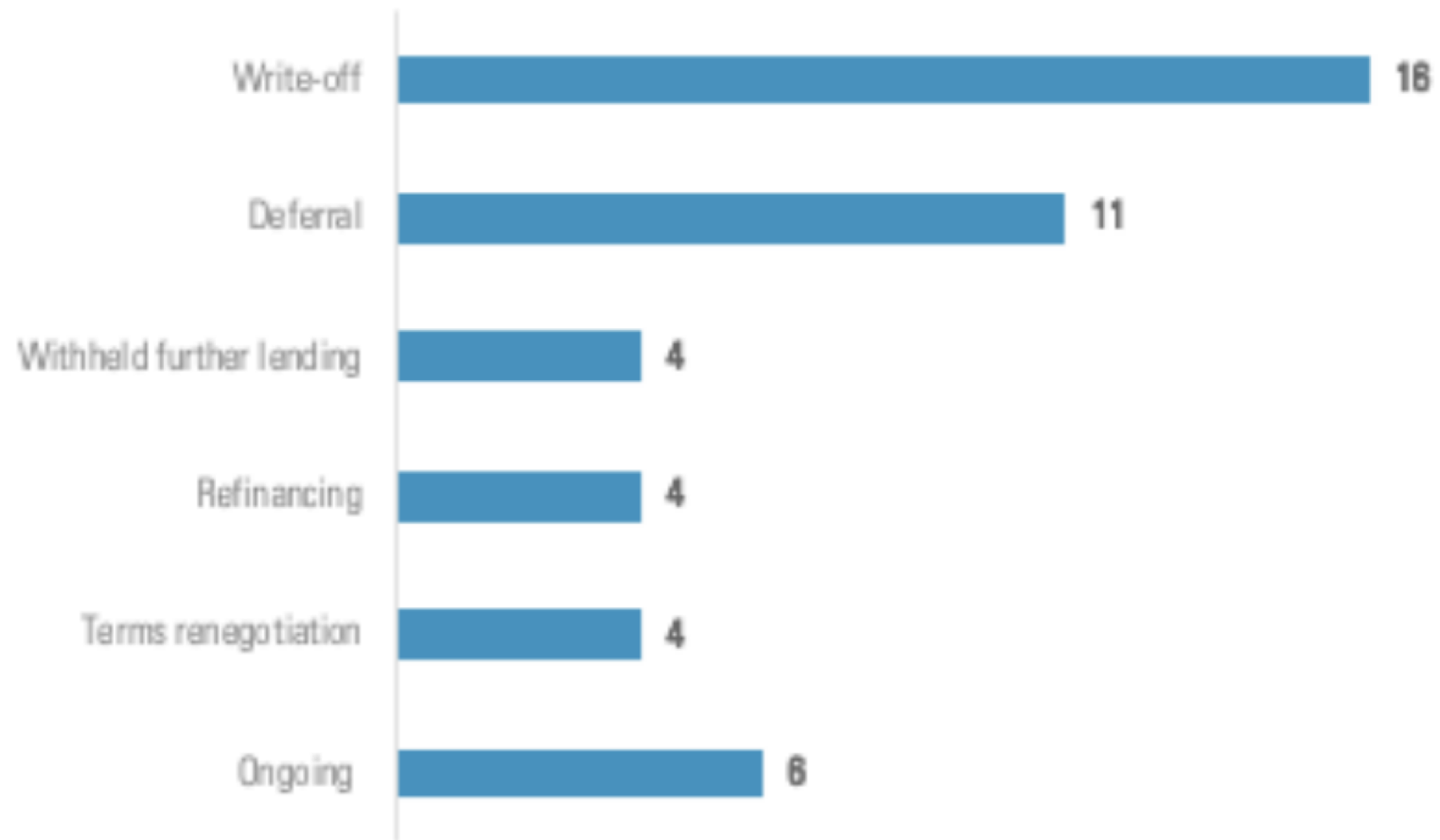
Table 1: Summary of China's External Debt Renegotiations

Kazakhstan	2018	Unclear	Deferment
Lesotho	2018	USD10.6mn	Write-off
Maldives	2019	Unclear	Ongoing
Mongolia	2017	USD2.2bn	Refinancing; Deferment
Mozambique	2017	USD34mn	Write-off
	2018	Unclear	Deferment
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	2015	USD40mn	Write-off
	2018	n/a	Withheld further lending

Source:
Kratz et al.
2019

Figure 1: Distribution of Debt Renegotiation Outcomes

Instances



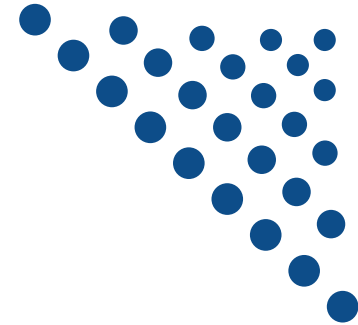
Source:
Kratz et al.
2019

Source: Rhodium Group research.

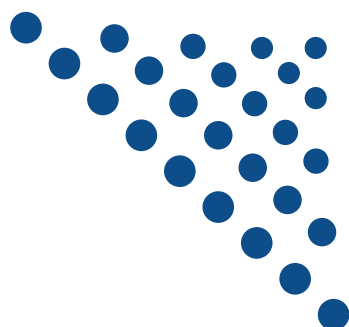
Environment effects



- **“Many of BRI’s major corridors are known to pass through ecologically sensitive areas.”**
 - Teese, Patrick, “Exploring the Environmental Repercussions of China’s Belt and Road Initiative,” EESI, October 30, 2018.
- **“Deforestation risks are especially high in Southeast Asia.”**
 - Losos, Elizabeth, Alexander Pfaff, and Lydia, “The Deforestation Risks of China’s Belt and Road Initiative,” Brookings, January 28, 2019.
- **“In 2018, over 40 percent of the BRI lending for the power sector was still in coal projects.”**
 - Nakano, Jane, “Greening or Greenwashing the Belt and Road Initiative?” Center for Strategic and International Studies, May 1, 2019.
- **“Much of the infrastructure China is planning and building through the BRI has cascading risk potential [for the environment].”**
 - Ewing,, Jackson, “Making the Belt and Road Environmentally Sustainable: ‘Greening’ the BRI is a two-way street that starts in Beijing,” *The Diplomat*, May 3, 2019.



Pros and Cons



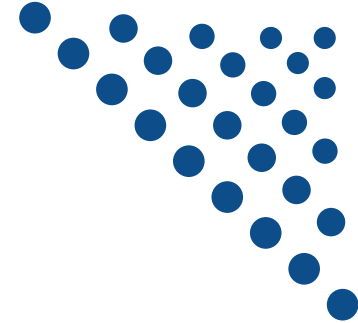
Pros and Cons of BRI

- **Pros**

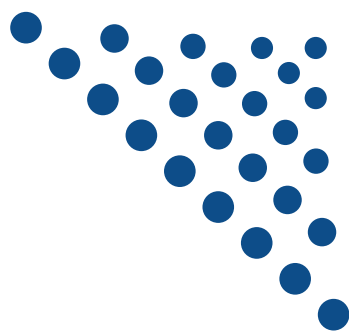
- These countries are poor and need infrastructure to develop
- Assistance from rich countries and World Bank comes with strings
- Gives China an outlet for its excess production

- **Cons**

- Debt to China may be hard to manage
- If countries default, China may take ownership
- China uses mostly its own firms and workers to build



Implications for US



Implications of BRI for US

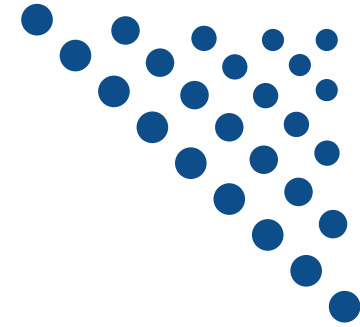
- **Implications for US**

- Direct effects: few
- US benefits from infrastructure built by China

- **But...**

- Chinese-built infrastructure may give China access and control
- China expands its sphere of influence
- China will “make the rules” of the future world economy
- It marginalizes the US geostrategic influence in Asia, Africa, and perhaps Europe

Thank you!



Thank you!
Any Questions?

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