

# Chapter 4

## Risks and Controversies Surrounding China's Belt and Road (BRI)

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China is willing to work with all parties to build a closer “Belt and Road Initiative” partnership, adhere to the path of solidarity and cooperation, interconnection and common development, and jointly promote the construction of a human community of shared future.

(Xi Jinping, Asia and Pacific High-level Conference on Belt and Road Initiative)<sup>1</sup>

The epidemic has profoundly changed the world, but the demands for the Belt and Road Initiative by all parties remain unchanged, and China's determination to promote international cooperation under the Belt and Road Initiative remains unchanged.

(Wang Yi speaking at a press conference of the National People's Congress (NPC))<sup>2</sup>

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<sup>1</sup> “Xi Jinping Delivers a Written Speech at the Asia and Pacific High-level Conference on Belt and Road Initiative,” *Xinhua Net*, June 23, 2021, [http://www.xinhuanet.com/politics/leaders/2021-06/23/c\\_1127592047.htm](http://www.xinhuanet.com/politics/leaders/2021-06/23/c_1127592047.htm).

<sup>2</sup> “State Councilor and Foreign Minister Wang Yi Answers Questions from Chinese and Foreign Journalists on China's Foreign Policy and Foreign Relations,” *Ministry of Foreign Affairs of the People's Republic of China*, March 7, 2021, <https://www.fmprc.gov.cn/web/wjbjhd/t1859110.shtml>.

## I. Preface

It has been more than eight years since Xi Jinping announced the “Silk Road Economic Belt” in September 2013 in the Central Asian country of Kazakhstan and the 21st-century Maritime Silk Road in his speech in the Southeast Asian country of Indonesia in October 2013, the so-called “Belt and Road Initiative (hereinafter called BRI)” of large-scale political and economic planning projects. In October 2017, the CPC even included the Belt and Road Initiative in the Constitution of the Chinese Communist Party and the Constitution of the People’s Republic of China, elevating it to a higher level and turning the vision advocated by Xi Jinping into a goal that will be difficult for China to revoke in the future.

However, since the global outbreak of COVID-19 in 2020, it is inevitable that the promotion of the Belt and Road Initiative has also been affected, with restrictions on the transportation of engineering staff, disruption of the supply of raw materials from the China, and the imperative concentration of resources on epidemic prevention within the BRI recipient countries. Wang Xiaolong, Director of the Department of International Economic Affairs at China’s Ministry of Foreign Affairs of the People’s Republic of China, admitted last June that about 20 percent of Belt and Road Initiative projects have been severely affected by the epidemic, while 30 to 40 percent have been affected to some extent.<sup>3</sup>

However, the Chinese government has continued to promote the project. In June 2021, at the “Asia and Pacific High-level Conference on Belt and Road Initiative”, Xi Jinping announced that over the past eight years China had signed BRI cooperation agreements with 140 countries around the world, and insisted that the BRI would provide more “market opportunities, investment opportunities, and growth opportunities” for countries along the route.<sup>4</sup> According to Chu Shijia, Director of the Comprehensive Department, Ministry of Commerce, at the end

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<sup>3</sup> Bao Rong, “The COVID-19 outbreak Hits Belt and Road Initiative (BRI) Hard, but Xi Jinping will Still Insist on Implementing it,” *Voice of America*, December 25, 2020, <https://www.voachinese.com/a/one-belt-one-road-20201224/5712402.html>.

<sup>4</sup> “Xi Jinping Delivers a Written Speech at the Asia and Pacific High-level Conference on Belt and Road Initiative,” *Xinhua Net*, June 23, 2021, [http://www.xinhuanet.com/politics/leaders/2021-06/23/c\\_1127592047.htm](http://www.xinhuanet.com/politics/leaders/2021-06/23/c_1127592047.htm).

of January 2021, the CPC has signed 205 BRI cooperation documents had been signed with 171 countries and international organizations.<sup>5</sup>

However, in addition to the economic and development benefits claimed by the CPC government, the process of promoting the BRI has continued to create debt traps, loss of national sovereignty, environmental damage, and social disorder in the countries concerned, and has been widely criticized by the international community as irresponsible, suspecting China's real intention behind the BRI is no win-win situation for China and BRI recipient countries as claimed.

Since the United States and other major European countries such as the United Kingdom, Germany and France have shifted their foreign policy focus to the Indo-Pacific region and formulated related strategies, and even launched policies with implications of countering the BRI, this article aims to provide a brief overview and analysis of China's promotion of BRI in the Indo-Pacific in the past year.

## II. The Belt and Road Initiative (BRI) Promotion under the Epidemic

According to financial information provider "Refinitiv", as of last year, there were more than 2,600 BRI projects worldwide with a total value of about US\$3.7 trillion. In 2020, Chinese enterprises signed US\$255.54 billion in new contracts for international contracts association, of which 61 countries along the Belt and Road accounted for US\$141.46 billion, accounting for 55.4%.<sup>6</sup> In terms of trading, the State Council of China announced that China's total imports and exports to countries along the Belt and Road will reach RMB 9.37 trillion in 2020, accounting for a 1% increase.<sup>7</sup>

According to the Ministry of Commerce of the CPC, from January to July 2021,

<sup>5</sup> "China Has Signed 205 BRI Cooperation Documents," *Belt and Road Portal*, January 30, 2021, <https://www.yidaiyilu.gov.cn/xwzx/gnxw/163241.htm>.

<sup>6</sup> "China to Sign NT\$7 Trillion Contracts in 2020," *Central News Agency*, September 9, 2021, <https://www.cna.com.tw/news/acn/202109090393.aspx>.

<sup>7</sup> "China's Exports and Imports to Countries Along the BRI in 2020: RMB 9.37 Trillion," *Ministry of Commerce of the People's Republic of China*, February 18, 2021, <https://tinyurl.com/kukvpanw>.

non-financial outbound direct investment by Chinese enterprises in 56 countries along the BRI was US\$11.29 billion, an increase of 9.9% year-on-year, mainly in Vietnam, Laos, Thailand, Singapore, Indonesia, Malaysia, Bangladesh, Saudi Arabia and Kazakhstan. The contract value of off-shore outsourcing to countries along the BRI was US\$109.6 billion, and the execution value was US\$72.2 billion, representing a year-on-year increase of 46.1% and 29.7% respectively.<sup>8</sup>

Focusing on the Indo-Pacific region, a China-funded gigantic national stadium in Cambodia as a major BRI project in Southeast Asia, which seats 60,000 spectators and costs US\$150 million, was completed on September 12, 2021, and will be used for the 2023 Southeast Asian Games hosted by Cambodia.<sup>9</sup> The 146-meter long Pasig River Bridge in the Philippines was completed in late July 2021 under China's assistance, with President Rodrigo Duterte joining the opening ceremony.<sup>10</sup> In Laos, on August 19, 2021, the downstream hydropower station in Houay Lamphan River, Laos, built by the Communist Party of China Gezhouba Group Corporation, was handed over<sup>11</sup> In Thailand, the first phase of the China-Thailand railway project was signed in March 2021 and is scheduled to be completed and opened to traffic between late 2026 and early 2027. In Myanmar, the CPC is assisting Myanmar in the construction of the National Center of Disease Control (CDC) and Medical Training Center, including the construction of buildings and laboratory equipment, as well as the provision of related medical and technical staff, and the construction has begun on January 10, 2021.<sup>12</sup>

In South Asia, the Padma Bridge over the Padma River in Bangladesh is also a BRI project, which opened on August 27, 2021. The 6.15-kilometer-long bridge is

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<sup>8</sup> "Ministry of Commerce: China's Investment in Countries Along the BRI Continues to Grow," *People's Daily Online*, September 1, 2021, <http://finance.people.com.cn/BIG5/n1/2021/0901/c1004-32214279.html>.

<sup>9</sup> "China Gives Cambodia \$150 million Stadium as Part of The Belt and Road Initiative," *Radio Taiwan International*, September 13, 2021, <https://www.rti.org.tw/news/view/id/2111198>.

<sup>10</sup> Guan Xiangdong, "Chinese Government-assisted E-P Bridge Project over Philippines's Pasig River Completed and Opened to Traffic," *China Internet Information Center*, July 30, 2021, [http://news.china.com.cn/2021-07/30/content\\_77661334.htm](http://news.china.com.cn/2021-07/30/content_77661334.htm).

<sup>11</sup> Zhou Jiale, "Handover of the downstream hydropower station in Houay Lamphan River, Laos," *mpower.in-en.com*, August 25, 2021, <https://mpower.in-en.com/html/power-2395207.shtml>.

<sup>12</sup> "Zhang Dongqiang and Che Hongliang, China's Assistance to the Construction of the National CDC in Myanmar," *Xinhua Net*, January 10, 2021, <https://tinyurl.com/5tardt3a>.

a dual-use road and rail bridge.<sup>13</sup> In the Pacific Ocean region, Papua New Guinea joined the BRI project in 2018. The Papua New Guinea government and China signed a plan last November to build a comprehensive multifunctional fishery industrial park on Daru Island in western Papua New Guinea at a cost of US\$200 million.<sup>14</sup>

### **III. Risks and Controversies Arising from the Belt and Road Initiative (BRI)**

Except for a few advanced countries (e.g., Italy), most of the countries along the BRI are developing countries that are in urgent need of infrastructure development for socio-economic development. Further, the developing countries are pursuing “developmentalism”, where economic and people’s livelihood development is a priority issue of governance and an important source of governmental legitimacy. Therefore, when their own financial resources are insufficient, but the country urgently needs to strengthen its infrastructure, and the CPC is willing to provide financial support such as investment or financing, they tend to accept or even welcome it. However, while infrastructure is being developed, there are also international concerns about the compounded problems of debt trap, environmental damage and loss of national sovereignty caused by the projects to the countries along the route.

#### **1. Debt Trap and Sovereignty Loss**

To date, many policy institutes have warned that the BRI has triggered or deepened the debt of countries along the route. In this regard, a 2018 study by the U.S. Center for Global Development pointed out that the BRI has led to debt crises in 23 countries. According to the World Bank’s 2019 statistics, the ratio of foreign

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<sup>13</sup> “Padma Bridge in Bangladesh Built by Chinese Enterprises was Opened,” *Chinanews.com*, August 27, 2021, <https://finance.sina.com.cn/tech/2021-08-27/doc-ikqciyzm4014350.shtml>.

<sup>14</sup> Jamie Seidel, “China’s Bold New Fishing Plan on Australia’s Doorstep Increases Tensions,” *News.com.au*, December 13, 2020, <https://reurl.cc/vg0Aal>.

debt to gross national income (GNI) of a country is as high as 94.1% in Laos and 60% in Cambodia, both of which are over 50%; Indonesia and Thailand have 37% and 34.4% respectively, and the Philippines has the lowest ratio of 20%.<sup>15</sup>

Table 4-1 Ratio of External Debt to Gross National Income (GNI) in Southeast Asia

Country	Cambodia	Indonesia	Laos	Myanmar	Philippines	Thailand	Vietnam
Percentage	60%	37%	94.1%	15.2%	20.2%	34.4%	47.6%
Year	2019	2019	2019	2019	2019	2019	2019

Source: Statistics compiled by the author from the World Bank.

According to a study published in September 2021 by the AidData Research Office of the Reves Center for International Studies, College of William & Mary, half of the loans for projects between the CPC and 165 countries over the past 20 years have become implicit liabilities for the borrowing countries, trapping them in the CPC's debt trap.<sup>16</sup> Mohamed Nasheed, the speaker of parliament for the Indian Ocean island nation of Maldives, even confessed on his Twitter that the debt owed by Maldives to the CPC could not be repaid "Even if we sell our grandmother's jewelry, we won't be able to afford these repayments".<sup>17</sup>

It is worth noting that some countries along the BRI have so far been forced to transfer their strategically important domestic assets to the CPC in the form of leases, which is tantamount to exchanging national sovereignty for debt, due to their inability to repay their debts to the CPC. The most frequently discussed case in recent years is that of the 99-year-long right of management of the Hambantota Port in Sri Lanka by a CPC enterprise. Even Malaysian Prime Minister Mahathir Mohamad, during a visit to the Philippines in March 2019, reminded Philippine President Rodrigo Duterte to be careful not to fall into the CPC's debt trap and be

<sup>15</sup> External debt stocks (% of GNI), World Bank, <https://tinyurl.com/4a4zn976>.

<sup>16</sup> Ammar Malik, et al. *Banking on the Belt and Road: Insights from a new global dataset of 13,427 Chinese development projects*, AidData, September 29, 2021, <https://reurl.cc/957a3a>.

<sup>17</sup> "The Pro-Beijing Former President Borrowed a Huge Amount of Loans; Speaker of Parliament for Maldives: 'Even if We Sell Our Grandmother's Jewelry, We Won't be able to Afford These Repayments'," *Liberty Times*, November 19, 2021, <https://news.ltn.com.tw/news/world/breakingnews/3355971>.

forced to surrender the right of management of infrastructure to the CPC.<sup>18</sup>

## 2. Destruction of the Ecosystem and Environment

In addition to the debt and loss of national sovereignty problems at the national level, the BRI also brings ecological and environmental damage at the social level. As related projects are launched worldwide, related international exchanges of people and goods are also becoming increasing frequent. This process is accompanied by the invasion and spread of exotic species in countries along the route, ultimately affecting global biodiversity. According to an article in the 2019 international science journal "Current Biology", there are 14 hotspots of invasive exotic species across the globe and on all continents, many of which are along the "BRI" route.<sup>19</sup> A World Wildlife Fund survey found that the BRI overlaps with 265 habitats of endangered species and 1,739 important bird areas.<sup>20</sup> The aforementioned AidData survey also pointed out that 35% of the "BRI" projects have environmental damage and public protest problems.

In Indonesia, the Jakarta-Bandung HSR, a landmark "BRI" project linking Jakarta and Bandung, has cut off the flow of water to many villages in West Java, forcing residents to buy water for lack of natural water.<sup>21</sup> Laos and China Datang Corporation are building the US\$2 billion Sanakham Dam on the upper Mekong River, which is expected to be in operation by 2028 and is the sixth dam to be built by Laos on the upper Mekong River. Not only does the dam create a huge debt for Laos to China, but the Bangkok authorities are concerned about the environmental impact of the dam on the border, even threatening not to buy electricity generated by Laos in the future, as it is geographically located about 15 kilometers from

<sup>18</sup> Raul Dancel, "Beware of China 'Debt Trap', Malaysia's Mahathir Tells the Philippines," *Straits Times*, March 7, 2019, <https://reurl.cc/1o3qKX>.

<sup>19</sup> Xuan Liu, Tim M. Blackburn, Tianjian Song, Xianping Li, Cong Huang, Yiming Li "Risks of Biological Invasion on the Belt and Road," *Current Biology*, January 24, 2019, <https://reurl.cc/bnDAWY>.

<sup>20</sup> "WWF and Greening the Belt and Road Initiative," *World Wildlife Fund*, November 2, 2017, <https://tinyurl.com/d6hre4wc>.

<sup>21</sup> "BRI Indonesia Indicator / Jakarta-Bandung High-Speed Railway Tunnel Cuts off Mountain Springs, Forcing West Java People to Buy Water for 2 Years," *Central News Agency*, April 15, 2021, <https://www.cna.com.tw/news/firstnews/202104150042.aspx>.

Vientiane, the capital of Laos, but only 2 kilometers from the border with Laos in northeastern Thailand.<sup>22</sup> As a country located along the downstream of the Mekong River, Vietnam is concerned that the continued construction of dams in Laos will exacerbate the drought and soil salinization in Vietnam's lower Mekong River region, which will affect its agricultural operations.

In addition, many indigenous people and minority groups living in the area were forced to migrate for the construction of the dam, or the project impacted the local environment and affected the canals that had been used for fishing and farming, but in the end, they were not adequately compensated by the builders and the government.<sup>23</sup> It can be said that the "BRI" not only affects the environment and ecology, destroying the living space of animals, but also forcing humans to migrate.

### **3. Impact on Social Culture and Order**

A 2021 study by the Center for Advanced Defense Studies also noted that the China's construction of special economic zones in five Southeast Asian countries — Cambodia, Laos, Myanmar, Thailand, and Vietnam — under the BRI umbrella was originally intended to attract foreign investment and increase domestic employment, but turned out to be a breeding ground for corruption and crime. For example, the Dongmei Group, chaired by Wan Kuok-koi, a Chinese gangster from Macau who was blacklisted by the United States Department of the Treasury (December 2020) for his multiple criminal activities, is planning to invest in the development of the Saixigang industrial zone on the Thai-Myanmar border, which will be turned into a resort area.

The report also noted that the United States Department of the Treasury

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<sup>22</sup> Hydropower development is central to the Laos government's plan to export about 20,000 megawatts of electricity to neighboring countries by 2030. "Laos and China Spent \$56 Billion to Build Dams on the Mekong River, Raising Thailand's Hackles," *Liberty Times*, January 30, 2021, <https://ec.ltn.com.tw/article/breaking-news/3427489>.

<sup>23</sup> "Human Rights Watch: Chinese-financed Hydroelectric Dam in Northeastern Cambodia Undermined the Lives and Livelihoods of Thousands of Indigenous and Ethnic Minority People," *Voice of America*, August 1, 2021, <https://tinyurl.com/f4t6pz5r>.



has accused Zhao Wei, the Chinese chairman of the Golden Triangle Special Economic Zone in Laos, of using the zone for illegal activities such as trafficking in prostitutes, wildlife and drugs, and that the United Nations Office on Drugs and Crime (UNODC) has accused Zhao of treating the zone as his “private turf.”<sup>24</sup> In fact, Sihanoukville, Cambodia, has become a casino town under the development by Chinese developers, with over 80 casinos in the city, most of which are run by Chinese, and thus attracting Chinese tourists.

#### 4. Promoting Ideology

In addition to the negative impact of the “BRI” on the societies and cultures of the countries along the route, the Communist government has also been questioned for its attempts to promote ideology in Southeast Asian countries through the “BRI”. According to an Epoch Times coverage on November 15 last year, the CPC has established the “Lancang-Mekong Alliance for Vocational Education” at Yunnan Nationalities University as part of the “Lancang-Mekong River” cooperation, and has set up an educational alliance with the Mekong countries, including Vietnam, Laos, Cambodia, Thailand and Myanmar, for universities and colleges.

However, the Chinese side included “encouraging vocational and higher education to participate in the construction of the Belt and Road Initiative” as one of the goals of the alliance, and emphasized the need to “provide students with a better understanding of the Belt and Road Initiative”. In addition, the report also revealed that the CPC trained translators of these five countries to instill awareness of the policies and situations related to the BRI.<sup>25</sup>

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<sup>24</sup> “China’s Criminal Syndicate make Illegal Profits with The Belt and Road Initiative,” *Central News Agency*, June 24, 2021, <https://tinyurl.com/2p4adec3>; Husain Haider, “Police Launch Crackdown on China Project With Casino Raid Resulting in 15 Arrested and Two Extortion Victims Freed,” *Khmer Times*, September 11, 2021, <https://tinyurl.com/5w6t869a>.

<sup>25</sup> Gu Qinger, “[Insider] CPC’s Promotion of Ideology to Southeast Asian Countries,” *The Epoch Times*, November 15, 2020, <https://www.epochtimes.com/gb/20/11/12/n12542962.htm>.

## 5. Concealed Military Attempts

Despite the Chinese government's claim that the Belt and Road Initiative (BRI) aims to help countries along the route develop their infrastructure, the international community is questioning the true strategic objectives of the BRI plan and suspecting that military intentions lie behind it. In the "Military and Security Developments Involving the People's Republic of China 2019", the United States Department of Defense cites the African nation of Djibouti as an example of how the CPC is using the global push for the Belt and Road Initiative (BRI) to expand its military influence internationally by setting up overseas military bases under the pretext of protecting related projects.<sup>26</sup> In this regard, the first "China Military Power: Modernizing A Force to Fight and Win", published by the Defense Intelligence Agency of United States in April 2019, also warns that while the Belt and Road Initiative (BRI) is marketed as a means to promote trade and development, the People's Liberation Army (PLA) is benefiting from the use of foreign transportation systems as transportation is at the heart of the BRI.<sup>27</sup>

According to the report by the Center for Advanced Defense Studies, Cambodia allowed the CPC Navy to station at the Naval Base in Sihanoukville while demolishing the buildings funded by the United States.<sup>28</sup> In addition, the aforementioned cooperation between Papua New Guinea and the CPC to build a fishery park on Daru Island, which is geographically close to Australia, has led the Australian government to suspect that behind the cooperation are China's ambitions to covet Australia's sphere of influence – the Pacific Ocean island.

## 6. Concerns about "Hidden Military in Civilians"

So far, the BRI has met with strong opposition in some countries, including those that have undertaken anti-terrorism measures. Take Pakistan as an example. Pakistan is a beneficiary country of the China-Pakistan Economic Corridor project,

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<sup>26</sup> *Military and Security Developments Involving the People's Republic of China 2019*, U.S. Department of Defense, May 2, 2019, <https://reurl.cc/Q6Y2Rp>.

<sup>27</sup> *China Military Power: Modernizing A Force to Fight and Win*, Defense Intelligence Agency, U.S. Department of Defense, April, 2019, <https://tinyurl.com/4x7c2cwa>, p. 104.

<sup>28</sup> "China's Criminal Head Seeks Profit by Unlawful Use of Belt and Road Initiative," *Central News Agency*, June 24, 2021, <https://tinyurl.com/2p4adec3>.

and the Gwadar Port in the Province of Balochistan is an important part of the CPC's "String of Pearls" strategy in South Asia, for which it has acquired a 43-year lease. However, in recent years, there have been frequent attacks on Chinese by local separatism groups, including a suicide bomb attack on a vehicle carrying Chinese passengers in the Dalbandin area of the Province of Balochistan in August 2018, in which 3 Chinese were injured; and an attack by the extremist group "Balochistan Liberation Army" on a Chinese-owned hotel in the Gwadar Port in May 2019. On August 20, 2021, a vehicle carrying Chinese construction workers was attacked by suicide bombers in the City of Gwadar, resulting in 2 deaths and 3 injuries. Earlier, on April 21, an explosion at a hotel in the Province of Balochistan killed 4 and injured 10 people in what is believed to be an attack on a CPC group. On July 14, a bus exploded on its way to the Dasu Dam in the Province of Khyber Pakhtunkhwa, killing 13 people, including 9 Chinese engineers, and injuring 28 other Chinese, as part of the Belt and Road Initiative (BRI) project.<sup>29</sup>

In the face of ongoing attacks related to the Belt and Road Initiative (BRI), and the lack of effective protection by security personnel hired by local countries or companies, the CPC has taken the approach of placing civilian security at this stage. In this regard, PLA National Defence University professor Major General Zhu Chenghu has argued that the CPC should support the establishment of civilian security companies to protect the interests of the BRI,<sup>30</sup> and the "Asia Times" has revealed that many BRI projects rely on civilian security companies, many of which are staffed by PLA veterans.<sup>31</sup> In addition, the Center for Advanced Defense

<sup>29</sup> "Suicide Bomb Attack Against Chinese Workers in Pakistan Injures 6," *Radio France Internationale*, August 11, 2018, <https://tinyurl.com/yxsef8rr>; "Shooting at Pakistani Hotel 'Targeting Chinese'," *BBC Chinese*, May 11, 2019, <https://tinyurl.com/2hj7mm8y>; Li Bao, "Bomb Attack at a Pakistan Hotel Suspected of Targeting Chinese Delegation," *Voice of America*, April 22, 2021, <https://tinyurl.com/9mj7kffn>; "Chinese Engineers Killed in Pakistan Bus Blast," *BBC*, July 14, 2021, <https://tinyurl.com/9xazznvf>; "9 Chinese Engineers Killed, Bus Bombing in Pakistan Classified as Terrorist Attack," *World Journal*, July 17, 2021, <https://tinyurl.com/7kbumbdc>; "Bomb Attack on Pakistani Vehicle Full of Chinese, Foreign Media: This is Related to the Protest Against the BRI," *Liberty Times*, August 21, 2021, <https://tinyurl.com/3ynfntup>.

<sup>30</sup> "Civil Power' Becomes a New Backbone of Overseas Interest Protection – 56<sup>th</sup> Meeting of the Charhar Round Table and Seminar on 'BRI' and Overseas Interest Protection," *The Charhar Institute*, September 12, 2017, <https://tinyurl.com/uvmdfb2z>.

<sup>31</sup> Gordon Watts, "China's 'Private Army' prowls the 'New Silk Road'," *Asia Times*, August 20, 2018, <https://tinyurl.com/44a6mr23>.

Studies report also pointed out that the security company owned by Wan Kuok-koi, a Macau gangster, is chaired by retired PLA veterans and covers up the arms business of countries along the BRI project route.<sup>32</sup>

## 7. Potential Functions of United Front and Infiltration against Taiwan

For Taiwan, it is important to note the united front function of the Belt and Road Initiative. The CPC government has so far expressed its support for Taiwanese businessmen to join the Belt and Road Initiative, saying that it wants to further expand the scope for Taiwan-funded enterprises to participate in the Belt and Road Initiative and the country's regional development strategy, saying that it provides more opportunities for Taiwanese businessmen to develop in China.<sup>33</sup> As the Beijing Government continues to call on Taiwanese businessmen to join the BRI project, the aforementioned PLA veterans who joined the security company are more likely to have access to the Taiwanese businessmen involved in the project than the PLA soldiers in uniform. Accordingly, the BRI may be a good opportunity for the CPC to draw in Taiwanese businessmen for united front in the name of "protection" if they are in a volatile country.

In addition, on July 22, 2021, the Project 2049 Institute, a U.S. policy institute, released a report authored by its senior director, Ian Easton, warning that China Ocean Shipping (Group) Company, the main contractor of the BRI project, may have extended its influence into Taiwan's Port of Kaohsiung and taken control of the 6<sup>th</sup> Container Terminal, as well as Wharves No. 65-66, Port of Kaohsiung.<sup>34</sup> In other words, in addition to the opportunity for the BRI to become a united front for

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<sup>32</sup> "China's Criminal Head Seeks Profit by Unlawful Use of Belt and Road Initiative," *Central News Agency*, June 24, 2021, <https://www.cna.com.tw/news/aopl/202106240378.aspx>.

<sup>33</sup> "Seizing the 14th Five-Year Plan, Taiwanese Businessmen Have Great Opportunities," *Chinese Central Government's Official Web Portal*, April 5, 2021, [http://www.gov.cn/xinwen/2021-04/05/content\\_5597797.htm](http://www.gov.cn/xinwen/2021-04/05/content_5597797.htm).

<sup>34</sup> Ian Easton, "Hostile Harbors: Taiwan's Ports and PLA Invasion Plans," *Project 2019 Institute*, July 22, 2021, <https://tinyurl.com/2yjd5tt2>. According to the report, China Ocean Shipping (Group) Company and other Chinese companies established the Hong Kong Zheng Long Investment Company, which owns 30% of the shares of "Kao Ming Container Terminal" established by Yang Ming Marine Transport Corp., and "Kao Ming Container Terminal" has obtained the concession of the 6<sup>th</sup> Container Terminal in Kaohsiung. "LTN Economics", RBI Invades Kaohsiung Port, U.S. Policy Institute Warns," *Liberty Times*, August 30, 2021, <https://ec.ltn.com.tw/article/breakingnews/3652765>.

Taiwanese businessmen, Taiwan should also pay attention to the silent penetration of the BRI to the people of Taiwan when facing the issue.

#### **IV. The International Community's Rejection of Resistance to the BRI**

Recently, the attitude of the international community towards the BRI has been shifting slowly. The Italian government, which was the first in the G7 to sign the Belt and Road Initiative MoU with the CPC, not only rejected two investments from the CPC in 2021, but also supported the North Atlantic Treaty Organization Communique, criticizing "China's clear ambitions and arbitrary behavior is making a systemic challenge to the rules-based international order and NATO security-related areas".<sup>35</sup>

In the Indo-Pacific region, the attitude of some Southeast Asian countries has likewise turned lukewarm. In this regard, Husain Haqqani, a researcher at the Hudson Institute, a U.S. policy institute, points out that the Philippines has accepted the Belt and Road Initiative (BRI) project but has actually gained nothing.<sup>36</sup> Since China's BRI has already created many problems in the countries along the route and even brought challenges to their sustainable development, it is no wonder that the international community has become wary of the BRI actively promoted by the CPC, with rumors that some countries along the route have turned suspicious or rejected the BRI and some have even launched policies to counteract it.

##### **1. Rejection**

According to AidData research, Malaysia has cancelled US\$11.58 billion in

<sup>35</sup> "Once Signed BRI Agreement, Italy Now Cools Relation with China," *Central News Agency*, October 1, 2021, <https://www.cna.com.tw/news/firstnews/202110010359.aspx>.

<sup>36</sup> Ji Xi, "Betting on Beijing was 'a Mistake', Philippines Wants to Join U.S.-Philippines Alliance," *Voice of America*, July 24, 2021, <https://www.voachinese.com/a/US-China-Philippines-strategy-20210724/5977721.html>.

various projects between 2013 and 2021.<sup>37</sup> In the southern hemisphere, Australia was originally one of the key countries along the BRI, but on December 3, 2020 the Australian Parliament legislated to give the federal government the power to veto any agreements signed by Australian states, local councils and academic institutions with foreign governments.<sup>38</sup> Accordingly, the Australian Minister of Foreign Affairs, Marise Payne, announced on April 21, 2021, that the Federal Government would rescind the State Government of Victoria's decision to join the CPC's BRI Project.<sup>39</sup>

In the Pacific Ocean region, the island nation of Samoa has joined the BRI of the CPC, making the CPC the largest creditor nation in Samoa and accounting for about 40% of the country's foreign debt (about US\$160 million). But Fiaame Mataafa, the new prime minister elected in April 2021, decided that his country was already in debt and that port development under the Belt and Road Initiative (BRI) was not a priority for Samoa, and announced in July that he was canceling the US\$100 million development project at Vaiusu Bay, which was funded by the CPC.<sup>40</sup>

In South Asia, Nikkei Asia revealed on June 28, 2021 that the Office of Prime Minister of Bangladesh has proposed to reduce the budget of two "BRI" projects in the country. The report points out that one of the main reasons behind the proposal is that the CPC floated the cost by three times, while China previously warned Bangladesh not to join the Quadrilateral Security Dialogue (QUAD), which has

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<sup>37</sup> David Stanway, "China's Belt and Road Plans Losing Momentum as Opposition, Debt Mount-study," *Reuters*, September 29, 2021, <https://tinyurl.com/u7zhsn6s>.

<sup>38</sup> "Australia's Strike Back: Parliamentary Quasi Central Rejects Agreement with Beijing, China's Ambition to Bring BRI to Australia Failed," *CrederMedia*, December 3, 2020, <https://www.cmmedia.com.tw/home/articles/24678>.

<sup>39</sup> "Cancellation of the Belt and Road Initiative (BRI) Agreement between Victoria and China; Australia: Inconsistent with Foreign Policy," *Central News Agency*, April 21, 2021, <https://tinyurl.com/za237wn4>; "Australia Cancels the 'BRI'; German Media: a Big Embarrassment for Xi Jinping," *Liberty Times*, April 25, 2021, <https://tinyurl.com/yy3cvdn3>.

<sup>40</sup> "Belt and Road Initiative Rejected! Samoa Cancels CPC's Port Development Plan," *Liberty Times*, July 30, 2021, <https://tinyurl.com/8juc9493>.

long strained the relationship between China and Bangladesh.<sup>41</sup>

## 2. Counterbalance

One of the main reasons why the CPC's Belt and Road Initiative (BRI) project has continued to be promoted despite the risks associated with it is that no countermeasures have been proposed by other major countries and no alternatives are available to the countries along the route. The United States, Europe, and even Japan have finally come up with similar plans to counteract them.

### (1) *United States, Europe*

Following the establishment of the Blue Dot Network by the Trump administration with Japan and Australia in 2019, on June 12, 2021, the Biden administration announced that it would launch a global infrastructure program "Build Back Better World" with the G7, which envisages large-scale investment in infrastructure in developing countries and sets out principles such as emphasizing universal values and sound governance in recipient countries, focusing on environmental protection, and attracting private capital through development financing.<sup>42</sup> In this regard, Director for China of the National Security Council, United States, Rush Doshi advocates a multilateral and institutionalized approach to thwarting the CPC's political distortions in the Belt and Road Initiative (BRI) planning.<sup>43</sup>

In addition, on July 12, 2021, the European Union adopted the "A Globally Connected Europe" international infrastructure plan, which excludes the CPC from

<sup>41</sup> "BRI is Falling Apart! Bangladesh Cuts \$10 Billion Railroad Construction Budget, Chinese Enterprises Gone Mad and Pull out of Investment," *Liberty Times*, June 28, 2021, <https://tinyurl.com/63eembrs>; Zhang Yahan, "Opposing China's BRI Project, Samoa's First Female Prime Minister to Take Office," *Radio Taiwan International*, July 24, 2021, <https://tinyurl.com/7tjpe6t>.

<sup>42</sup> "U.S. Announces Blue Dot Network Plan to Counter China's Belt and Road Initiative (BRI)," *Central News Agency*, November 6, 2020, <https://reurl.cc/l5gAeE>; Fang Bing, "Counteracting the Belt and Road Initiative? Expert Reminds Biden to 'Build Back Better World,' Don't Race China in Spending Money," *Voice of America*, June 18, 2021, <https://reurl.cc/35793R>; "FACT SHEET: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership," *The White House*, June 12, 2021, <https://reurl.cc/bnDAEd>.

<sup>43</sup> Fang Bing, "Director for China of the White House's New Book Shows a Tougher U.S. Strategy Toward China," *Voice of America*, July 15, 2021, <https://tinyurl.com/pyd4p7zs>.

the list of partners and advocates a joint effort with the United States, and said it would be further discussed by spring 2022.<sup>44</sup> Furthermore, Ursula von der Leyen, President of the European Commission, announced on September 15, 2021, that he will promote a “Global Gateway” program to invest in quality infrastructure, link global goods and services, and ban the import of forced labor products into Europe, with an emphasis on “creating links and not dependencies”.<sup>45</sup> Although Ursula von der Leyen claimed that the program’s primary implementation area is Africa, it is believed that the program will also focus on the Indo-Pacific region as major European countries are paying close attention to it. In addition, although not discussed in this article, financial institutions in Germany, France and Italy are rumored to be working in 2021 to help Montenegro repay its debt to the CPC under the Belt and Road Initiative (BRI), suggesting that some major European countries are beginning to offer assistance to countries along the route so that they do not have to give in to the CPC due to the difficulties brought about by the BRI.<sup>46</sup>

## (2) Japan

In the face of the CPC’s push for the politically and economically risky Belt and Road Initiative (BRI), Japan in Northeast Asia has been relatively forward-looking, launching the “Partnership for Quality Infrastructure” program in 2015 as a counterbalance and promoting it to this day.<sup>47</sup> The “Free and Open Indo-Pacific” concept also emphasizes infrastructure support, and one of the “three pillars” of the concept is the “pursuit of economic prosperity,” and one of the “three links” it emphasizes is the “physical link,” which emphasizes quality infrastructure.

<sup>44</sup> “A Globally Connected Europe: Council approves conclusions,” *Council of the EU Press Release*, July 12, 2021, <https://reurl.cc/Gb4Oe3>; “EU’s International Infrastructure Program to Join Hands with U.S. to Counter China’s Belt and Road Initiative (BRI),” *Central News Agency*, August 4, 2021, <https://tinyurl.com/4z2m3vvz>; “Anti-BRI! European Union Launches Global Interconnection Plan with 8 Pages of Draft Strategy ‘Full of China’,” *Liberty Times*, July 16, 2021, <https://tinyurl.com/56zwt4x>.

<sup>45</sup> Stuart Lau and Hanne Cokelaere, “EU Launches ‘Global Gateway’ to Counter China’s Belt and Road,” *Politico*, September 15, 2021, <https://reurl.cc/pxrA6r>.

<sup>46</sup> “Europe Helps Montenegro Cut China’s Debt as Negotiations Enter Final Stage,” *Voice of America*, June 19, 2021, <https://reurl.cc/WXR7G5>.

<sup>47</sup> “「質の高いインフラパートナーシップ」の公表,” *Ministry of Foreign Affairs of Japan*, May 21, 2015, <https://tinyurl.com/u6txdyt>.



Japan has adopted a “whole-of-government” model in which different government ministries are responsible for supporting projects in their respective fields. For example, the Ministry of Foreign Affairs of Japan is responsible for projects such as the “ASEAN-Japan Economic Resilience Action Plan” and the “Financing of Network Communications Environment Improvement Projects in the Asia-Pacific Region;” the Ministry of Land, Infrastructure, Transport and Tourism is responsible for the “ASEAN-Japan Transport Partnership” project; and the Ministry of Economy, Trade and Industry and the Ministry of Finance are jointly promoting the “ASEAN Regional Energy Infrastructure Financial Assistance” project.<sup>48</sup>

### (3) *South Asia: India-Sri Lanka*

The expansion of the CPC's “BRI” in South Asia, including Pakistan, Bangladesh, Sri Lanka, and Maldives, is well known to the international community, and India, a regional powerhouse in South Asia, appears to be taking countermeasures against this development. The Adani Group has reportedly reached an agreement with Sri Lanka on September 30, 2021 to build another terminal adjacent to the Chinese-run Colombo International Container Terminals (CICT). Since the former is operated by the Chinese, the Indian project is seen as a counterbalance to China's expanding presence in Sri Lanka.<sup>49</sup>

## V. Conclusion

The CPC claims that the infrastructure construction facilitated by the “BRI” will create links between different regions and countries, promote trade, and enhance the economic livelihoods of developing countries. In fact, for the CPC, the “BRI” is a perfect opportunity to shift production capacity overseas and enhance the

<sup>48</sup> “第23回日ASEAN首脳会議,” *Ministry of Foreign Affairs of Japan*, November 12, 2020, <https://tinyurl.com/npf6e3sa>.

<sup>49</sup> “To Counteract China, Indian Companies Enter Into Terminal Contract with Sri Lanka,” *Radio Taiwan International*, October 1, 2021, <https://tinyurl.com/padkfv7w>.

internationalization of Chinese companies at a time when there is a surplus of domestic production capacity.

But in recent years, the international community has been realizing that the enormous debts induced by the “Belt and Road Initiative” have become a convenient and powerful diplomatic tool—”debt diplomacy”—for the CPC. As Scott Greytak, Director of Advocacy for the U.S. office of Transparency International, commented, “The Belt and Road Initiative is one of the main ways in which the CPC is strategically using corruption to expand its power and economic and political influence in key regions of the world”.<sup>50</sup> In this regard, the Joint Statement of the G20 Development Ministers Meeting in 2021 emphasizes the importance of transparency and accountability in the preparation of development funds. In addition, the international community is also concerned about the potential expansionist ambitions of the CPC behind the BRI, and the environmental and ecological havoc it will cause. Even if the BRI is an economic opportunity for Southeast Asia, the negative social and cultural impact on the countries along the route is more difficult to estimate.

Major countries such as the U.S. and Japan have proposed their own infrastructure-related policies in response to the various impacts of the “BRI” project. In the future, when the quality of the “BRI” project may be surpassed by the U.S. or European countries, it cannot be ruled out that the CPC will use political means to tighten the economic ties in order to continue to promote it. The competition between the CPC and the U.S. and European countries around infrastructure projects may turn fierce in the future, and it is worth keeping an eye on the relevant policies and reactions of the countries along the route.

For Taiwan, the exchange and trade between global regions not only brings about the problem of invasive species, but also increases the risk of disease transmission. As Beijing continues to promote the benefits for Taiwanese businessmen in the “BRI”, Taiwanese businessmen may gradually participate in the future. Since the countries along the BRI overlap with some of the countries

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<sup>50</sup> Yang Ming, “Lifting the Veil of Opacity to Reduce Misjudgment of Strategic Competition with China,” *Voice of America*, July 2, 2021, <https://reurl.cc/jg3o3L>.

targeted by Taiwan's "New Southbound Policy", Taiwan may be exposed to the same ecological and health risks as those participating in the BRI, even though Taiwan is not one of the BRI countries. With the cross-strait political relationship in the doldrums, we should still be concerned about Taiwanese businessmen's participation in the "BRI".

