



A counter strategy called B3W

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(Mains GS 2 : Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.)

Context:

G-7 leaders finally came around with the proposed Build Back Better World (B3W) to counter China's rising influence across 100-plus countries through Belt Road Initiative (BRI) projects.

Address infrastructure deficit:

- The proposal aims to address the infrastructure investment deficit in developing and lower income countries — the space which has been increasingly captured by China through 2,600 BRI projects with trillions of dollars of investment.
- BRI projects are perceived as corrosive tactics or debt traps laid by China for its strategic dominance in trade, foreign policy and geopolitics in the world. So B3W is a welcome step but late.

Aggressive investment by China:

- The counter-strategy is necessary to bring down Chinese leverage.
- A macro view of BRI projects across geography — quantum and pattern of investment — clearly reflects the motive of China-centric international economic integration, production networks, hegemony in the Asia-Pacific region and, eventually, the global economy.
- Since the inception of the BRI in 2013, outward investment by Beijing has been aggressive as China's FDI outflow to inflow ratio increased to 1 from around 0.34 during 2001-10.

- In volume terms, the FDI outflow increased to an average of \$140 billion in 2016-19 from an annual average \$25 billion during 2001-10.
- China's share of FDI outflows increased from 2.3 per cent during 2001-10 to 10.7 per cent during 2016-2019.

BRI project offers investment and construction:

- China had an overall exposure of around \$750 billion between 2013 to mid-2020.
- After BRI, there is a sudden increase in investment — around \$40 billion annually during 2013-19 — in BRI countries, though investment has slowed down due to the pandemic.
- Since the onset of BRI, China has signed diverse projects worth \$548.4 billion, including four-fifths in the BRI participating countries (\$461 billion).
- Post 2013, there was a sudden rise in infrastructure investment in BRI projects compared to investment in non-BRI projects.

BRI cover different regions:

Africa:

- Since 2013 to mid-2020, China has an exposure of vast contracts worth around \$123 billion in SSA, mainly with Nigeria, Zambia, Ethiopia, Angola, Tanzania and Kenya, mostly focusing on hydro and oil energy, shipping and rail transport.
- China has strategically made Kenya the African hub and plans to connect it with other land-locked countries in the region, including Uganda, South Sudan, Rwanda, etc.

Central, South and West Asia:

- Central, South and West Asia is China's second preferred region under the BRI as construction contracts worth \$110 billion are under way, and 80 per cent contracts are concentrated in Pakistan, Bangladesh, Russia, Iran and Kazakhstan.
- The China-Pakistan Economic Corridor (CPEC), the Bangladesh-China, India, the Myanmar Economic Corridor (BCIM) and the Colombo Port City Project in Sri Lanka, amongst others, are important BRI projects.
- China has a plan to complete 4,000 km of railways and 10,000 km of highways within the Central Asian region as part of BRI, with an estimated cost of \$16 billion.
- Some of the major projects include freight trains between China, Turkey and Kazakhstan, and gas pipelines (Siberia and Altai) for production and transportation of oil and natural gas.
- China has signed construction contracts worth around \$96 billion under BRI, largely focusing on Saudi Arabia, UAE and Egypt, with 70 per cent allocation of total regional contract agreements.
- China is investing in Africa to lay a comprehensive transportation network.

East Asian region:

- Since the launch of BRI, China has signed various contracts worth \$90 billion with the East Asian region.
- The biggest contracts have been with Indonesia, Malaysia and Laos worth \$18.5 billion, \$17.1 billion and \$11.2 billion respectively, mostly focusing on transportation, railways, roadways and waterways, for better integration between China and ASEAN countries.

Exposure of China with Europe:

- Since the onset of the BRI, the total exposure of China with Europe stood at around \$23 billion by mid-2020.
- Major projects include a freight train project from Ukraine to Kazakhstan through Georgia, Azerbaijan, Kazakhstan and, eventually, China, covering a distance of 5,475 km.
- The Greek port Pireaus, the China-Belarus Industrial Park, and the Green Ecological Silk Road Investment Fund are other major projects.
- These initiatives would help trade facilitation for China and better delivery of goods and services.

BRI project and India's objection:

- The BRI projects broadly aim to facilitate cross-border transportation of goods, access to energy, creating demand for existing excess capacity in Chinese industries.
- Though the objectives of the projects undertaken in different countries vary, the overall focus is on developing transportation, logistics and communications.
- This would reduce trade and transaction costs for China's trade, give more market access to Chinese markets and ensure stable supply of energy and other resources.
- Many countries, including India, would see an adverse trade impact on their products' competitiveness, market access, resource extraction etc. due to Chinese competition.

China raised acceptance of BRI:

- China is focussed on its agenda and far ahead through different strategies and investment.
- It has also tried to rope in more countries and raised the acceptance level of BRI over time through the BRI summit, Boao Forum for Asia, China-Central and Eastern Europe (CEE), Belt and Road Forum, etc.

Conclusion:

- The counter proposal of B3W is certainly a welcome step to contain the adverse implications of a Chinese mega plan.
- However, B3W lacks coherent thoughts and proper planning at this stage; however, it is better late than never.

- Moreover, it remains to be seen what role India will play in B3W since it has been a strong opponent of China's BRI.