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**Section I.**

**Research Papers**

## ***OBOR, Iran-China Trade Relations: Sanctions and Cooperation***

***Farzaneh NAGHDI\****

### ***Abstract***

*Since 2013, concurrent with the increasing rate of growth in China's Gross Domestic Product, which brought about economic growth and development for the country and helped it surpass the world's economies with great speed to gain the position of the second largest economy in the world, the One Belt One Road (OBOR) initiative was introduced.*

*Having land borders with 15 countries, China proposed OBOR to strengthen its periphery diplomacy on the one hand and stretch its soft power across several regions and countries on the other hand, particularly in terms of economy and technology. Considering the geographical features, the OBOR initiative will incorporate various regions, i.e., South-East Asia, Central Asia, South Asia, the Persian Gulf, the Horn of Africa, Central/Eastern Europe, etc. For that reason, China has signed several contracts and memoranda of understanding with more than 140 different regional/international organizations and countries.*

*Most studies insist on the Persian Gulf as one of the most important partner regions in OBOR, owing to its oil resources, which are essential to China's energy needs. Accordingly, this article scrutinizes the cooperation and interactions as well as advantages and challenges in the relations between the People's Republic of China and the Islamic Republic of Iran, as a leading player in the Persian Gulf.*

***Keywords:*** OBOR, sanctions, FATF, General License, Iran-China Business Relations.

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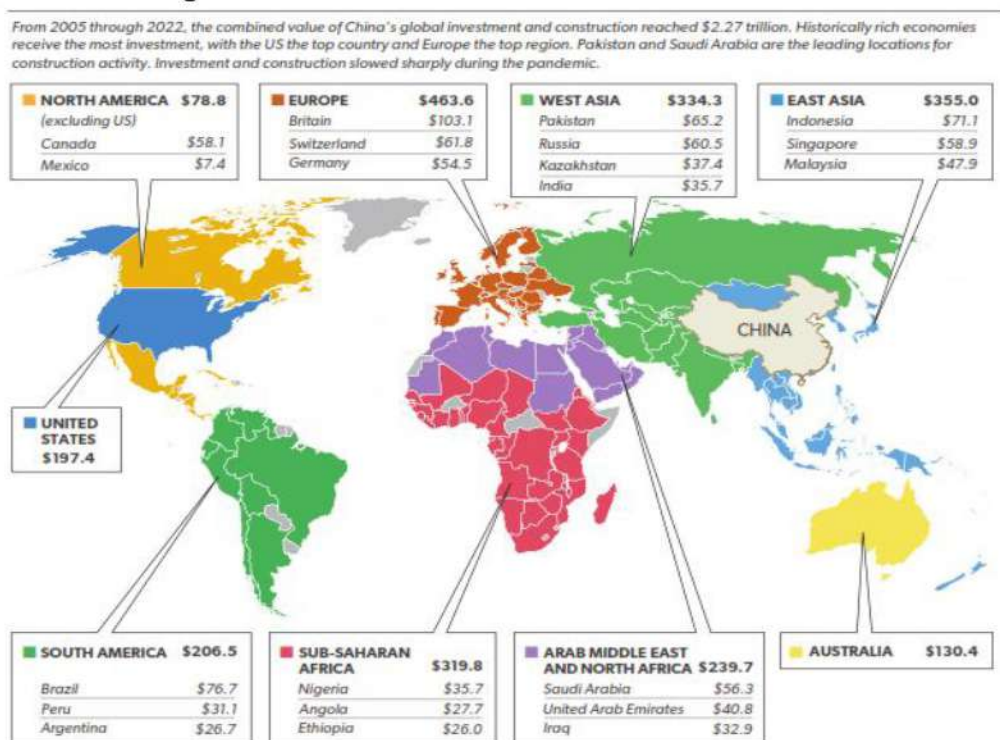
## Introduction

In the late 1970's, under the leadership of Deng Xiaoping, China began development-oriented reforms on all social, political, and economic grounds. Such reforms comprise adopting the policy of open doors, open economy, and free market along with promoting free trade zones and offering efficient and low-cost labor market to the world's businesses, which assisted Chinese leaders to successfully attract foreign investment as well as the technology needed for development into the country and subsequently brought about the improvement of living standards in addition to political and economic growth and development in China (Habibi, 2020; 1).

Such reform measures have progressively continued over the past 40 years and promoted the country to the position of the second largest economy of the world in the 2000's. Throughout the years of economic development, while expanding its international cooperation by joining to many regional and international organizations such as the WTO (at 2001), Chinese statesmen played a pivotal role in setting up some financial regional and international institutions such as the Asian Infrastructure Investment Bank, BRICS New Development Bank, Silk Road Fund, and Shanghai Cooperation Organization Development Bank to fund and watch over OBOR projects (Fulton, 2016: 43).

According to Fortune's Global 500 list of the world's largest corporations 2023, a total of 135 Chinese companies, almost equal to the number of American companies (136), were listed among the top 500 largest companies of the world, most of which work in giant industries such as aviation, energy, defense, construction, and technology ("Fortune Media IP Limited", 2024). The Figure 1 shows the volume and distribution of Chinese investment in different countries and regions from 2005 to 2021.

**Figure 1. China's Worldwide Reach Us Dollars**



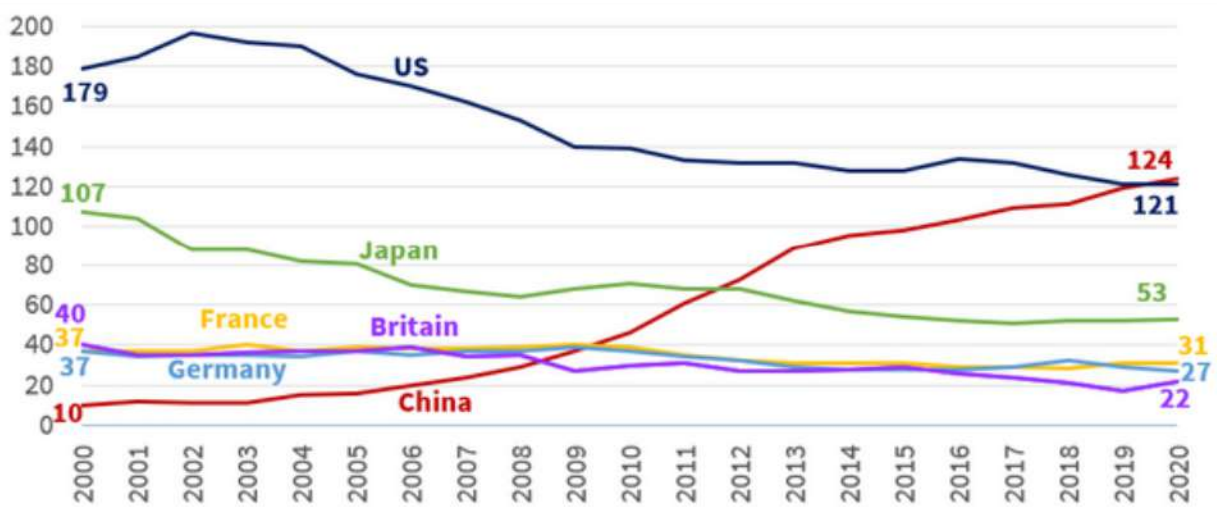
Source: (Scissors, 2023; 7)

Correspondingly, the Figure 2 shows the total income of Chinese companies in comparison with other companies worldwide. As illustrated, their income has sharply increased compared to that of 2008 to reach nearly 29% of the total annual income of the Global 500 list in 2019 (Iran Chamber of Commerce Industries Mines and Agriculture, 2024). This number increases every year. The total sum of Chinese investment abroad has been estimated at roughly seven trillion dollars so far, which puts emphasis on the influential role of China’s economy on the world’s economic growth or slump.

Among China’s noticeable measures taken to promote world economic interactions and international cooperation, the One Belt One Road plan is the most significant initiative. It was introduced in 2013 by President Xi and in 2017 expanded to take a dominant role in the Chinese national constitution and foreign policy.

Several studies were conducted on the impact of OBOR on the policies, cooperation, and relation models of the regional countries involved in the initiative as well as the relations of such

**Figure 2. Fortune Global 500 Companies, 2000-2020**



Source: (Kennedy, 2023)

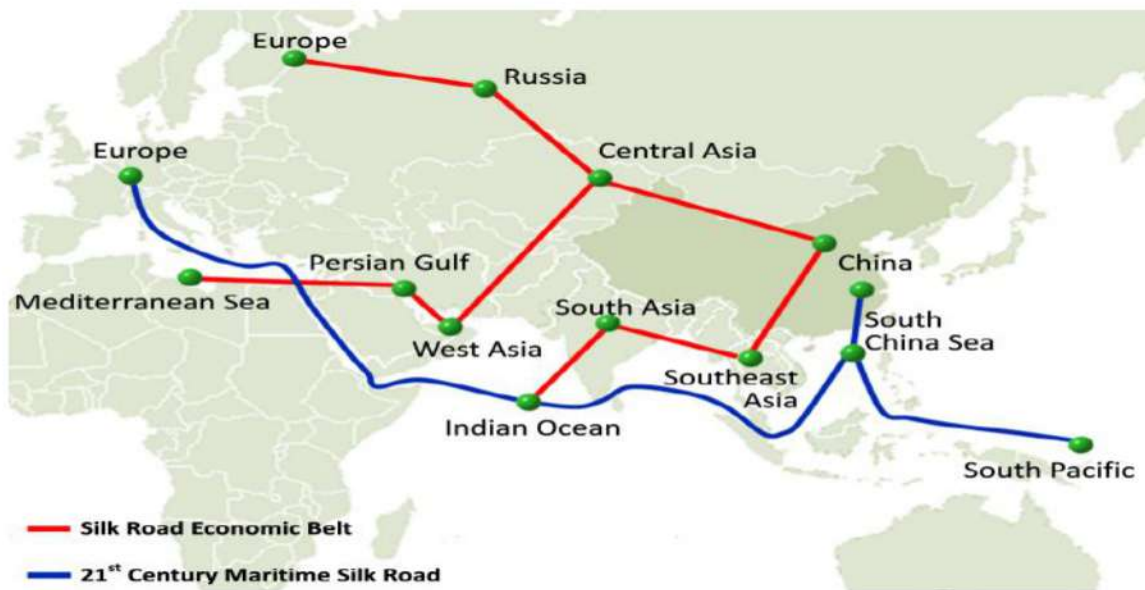
countries with the U.S., mostly based on Buzan and Waever’s Theory of Regional Security Complexes (Buzan, 2012; 1-2).

Some researchers consider the initiative as a great opportunity for China to expand its political, economic, and high-tech power. While supporting the above viewpoints, the author believes that the Belt and Road Initiative (BRI) is capable of playing a major role in the global supply chain. Because of the geographical setting of this initiative, more than 150 entities from various regions, institutions, and countries from Africa to Europe, the Caucasus to Central Asia are included in this plan. Figure 3 shows the original map of Silk Road (in red line) in combination with sea connections (blue line).

Furthermore, accounting for 90% of China’s foreign trade, shipping is of special importance to the country. Iron ore, crude oil, coal, etc. are transported through the four important waterways of Malacca: the Strait of Hormuz, the Strait of Bab al-Mandeb, and the Suez Canal (Camille Lons, Fulton, Sun, & Al-Tamimi, 2019; 1-2).



Figure 3. China's OBOR



Source: (Kari, 2015)

Therefore, China requires extending its relations with related countries, namely India and the Middle Eastern countries, to meet its needs and initiative's requirements. It is said that China intends to invest its engineering capacities as well as financial resources in the industrial potentials of developing countries that are capable of becoming its economic partners.

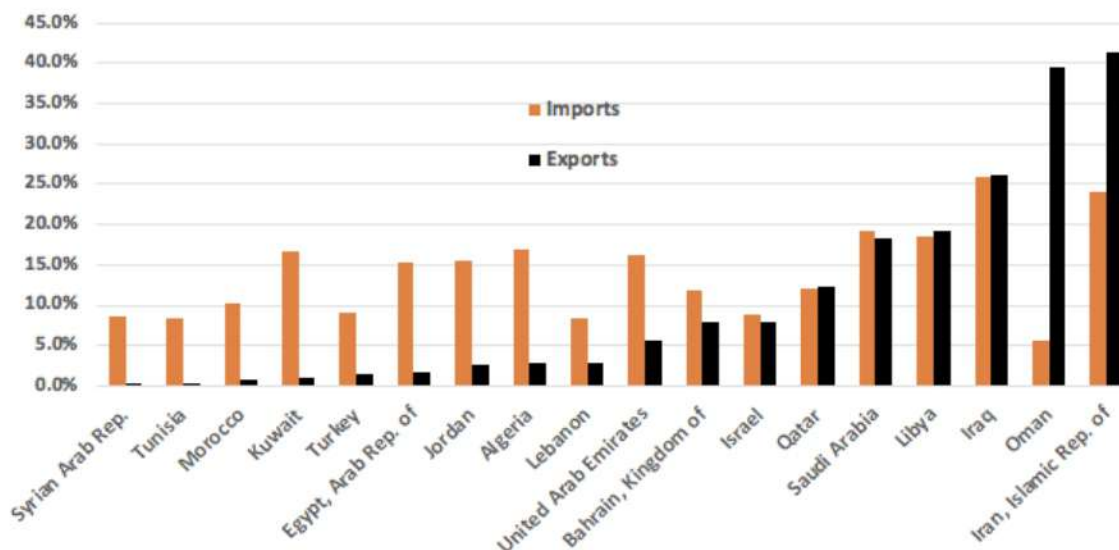
Among the regions foreseen in this plan, many studies point out the Middle East and its focal role in China's initiative. The Middle East's geostrategic location and its oil resources contribute to this. Even though the non-oil trade relationship between China and Middle Eastern countries hardly reaches 5%, the need for energy, communication, and technology is an irreplaceable priority in expanding China's power and influence in the world (Gharayagh-zandi & Abbasi, 2021; 507-509).

On the other hand, MENA countries have the energy and ambition to expand bilateral cooperation with China and sign collaborative agreements with entities relevant to the One Belt One Road initiative. For instance, at the end of 2020 Turkey, Iran, and Pakistan agreed to relaunch the Istanbul-Tehran-Islamabad railway, initially to provide container transport. At present, five countries in MENA, including the UAE, Saudi Arabia, and Iran, have already signed comprehensive strategic partnership agreements with China. That indicates that China is a priority for them (Moore & Kordvani, 2021; 15 & 41). Such collaborations bring benefits for Middle Eastern countries through increased investment flows and joint ventures in sectors where China has adequate funding, technology, and a global vision (Habibi, 2023).

Likewise, China's share of exports and imports in the Middle East (Figure 4) shows a remarkable proportion of transactions in countries of the Persian Gulf, including the Gulf Cooperation Council (GCC) countries plus Iran and Iraq. That means among Middle East countries, those located in the Persian Gulf hold a prominent position in Chinese trade and economic plan and play a key role in the Belt and Road initiative. Particularly, because the region is situated in the area where the three continents of Asia, Africa, and Europe, the five seas (the Mediterranean, Red Sea,

Arabian Sea, Caspian Sea, and Black Sea) and the four maritime strategic channels of the Bosphorus, Dardanelles, Mandeb, and Hormuz are converged (Li & Zesheng, 2017).

**Figure 4. China’s share in total Exports & Imports of The Middle Eastern Counties in 2019**



Source: (Habibi, 2020; 2)

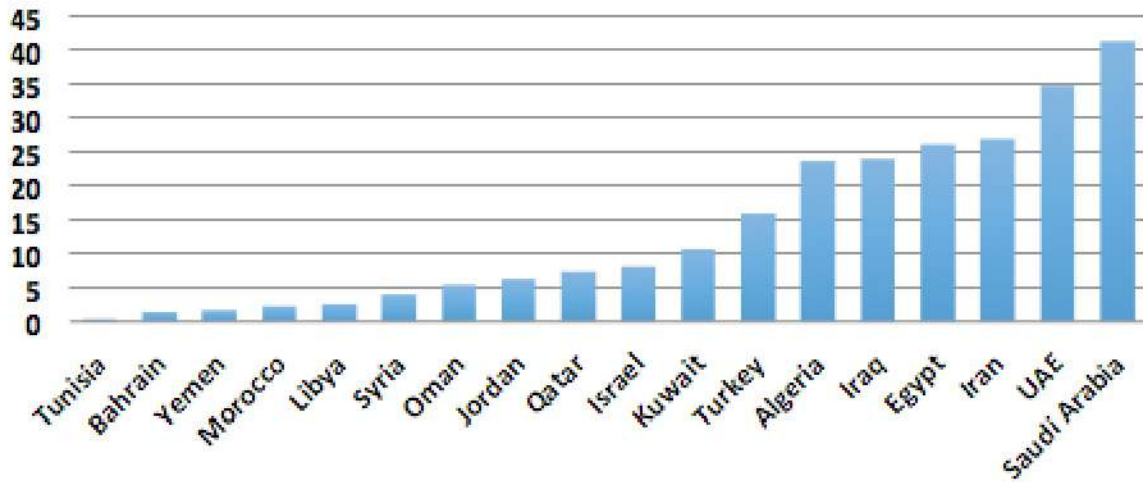
Needless to say that the Persian Gulf is the main source of energy and oil for China, and statements’ need to guarantee energy security in the country evidently explain the strategic relations between China and the Persian Gulf’s countries. With a population of over 300 million, a strategic location, and abundant energy resources, the Persian Gulf not only supplies nearly 40% of China’s energy needs but also serves as a significant consumer market, investment destination, labor market, and source of trade for Chinese statesmen (Sazmand & Ramezani, 2021; 85). Within the past 3 decades, China has turned into the eighth largest trading partner of the states of the Persian Gulf. The supreme enthusiasm of the states of the region for development put them on the path of industrialization and regional cooperation in order to take an effective part in world globalization. To follow such a mission, they need to attract foreign investment, particularly for the purpose of their countries’ infrastructure improvements. Considering the above, energy security, industrial cooperation, infrastructure construction, and financial cooperation are four major areas that are most promising for the China-Persian Gulf joint building of the Belt and Road Initiative.

Given that Saudi Arabia and Iran are regional powers of the region, most Chinese state-owned companies are involved in upstream projects in the mentioned countries plus Iraq. The Figure 5 shows the Chinese investment trend in the Middle East from 2006 to 2019; according to this data, China has invested more significantly in the UAE, Saudi Arabia, and Iran, which are known as Persian Gulf oil-exporting countries.

China’s relations with each of the countries of the Persian Gulf need to be studied from different points of view and considerations; from the political and trade aspects between the two countries, the regional position of the target country, the country’s geopolitical and geostrategic as well as their interaction with the United States and West are of considerable importance and need deep investigations in order to define a comprehensive model of cooperation between China and the target

country, considering all the capacities, expectations, and challenges happening in the relations between the two sides. This article examines the relationship between the Islamic Republic of Iran and China, focusing on the challenges and opportunities associated with their cooperation.

**Figure 5. China’s \$242 billion investment in the Middle East, 2006-2019**



Source: (Habibi, 2020)

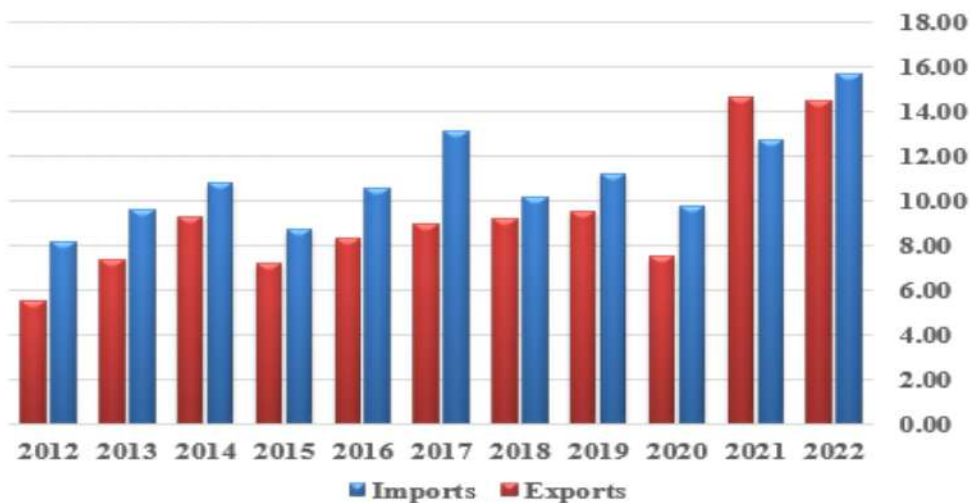
### History of Iran-China relations

Since the Iranian Islamic Revolution in early 1979 and the termination of political relations between Iran and the U.S. and its allies on one side and the growth of China on the other side, Iranian statesmen have shown a gradual inclination towards the Eastern countries, so that under the leadership of Ayatollah Ali Khamenei since 1989, the “look East” strategy has been instituted in Iranian foreign policy strategy. In the 1990s, the Chinese engineering team played crucial technical roles in Tehran’s metro system, strengthening the relationship between the two countries. Besides, China is looking for bilateral trade and investment relations with the powers of the Persian Gulf, principally because Islamic Republic of Iran is not holding friendly political relations with the United States, as the dominant external power in West Asia and the Persian Gulf.

The China National Petroleum Corporation is on the frontlines of the energy partnership, not only to invest in Iran’s oil, gas, and petrochemical industries but also to forge ties in the development of renewables in Iran and the extension of east-west pipelines from the Caspian region to western China. Unquestionably, Iran’s large and relatively untapped market of over 80 million people, its vast natural resource base, and its young and highly educated workforce make it an attractive economy to engage with (Ehteshami, 2023: 9-12).

According to the Figure 6, China has been Iran’s largest trade partner for 10 consecutive years from 2012 to 2022. Iran and China agreed on a 25-year Cooperation Programme, in which China agreed to invest \$400 billion in Iran over the next 25 years. The agreement covers cooperation in the fields of energy, infrastructure, banking, military security, telecommunications, transportation, information technology, tourism, agriculture. Also more than 20 agreements on different projects in various industries have been signed between the two countries. On April 20<sup>th</sup>, 2023 Iran joined the Shanghai Cooperation Organization.

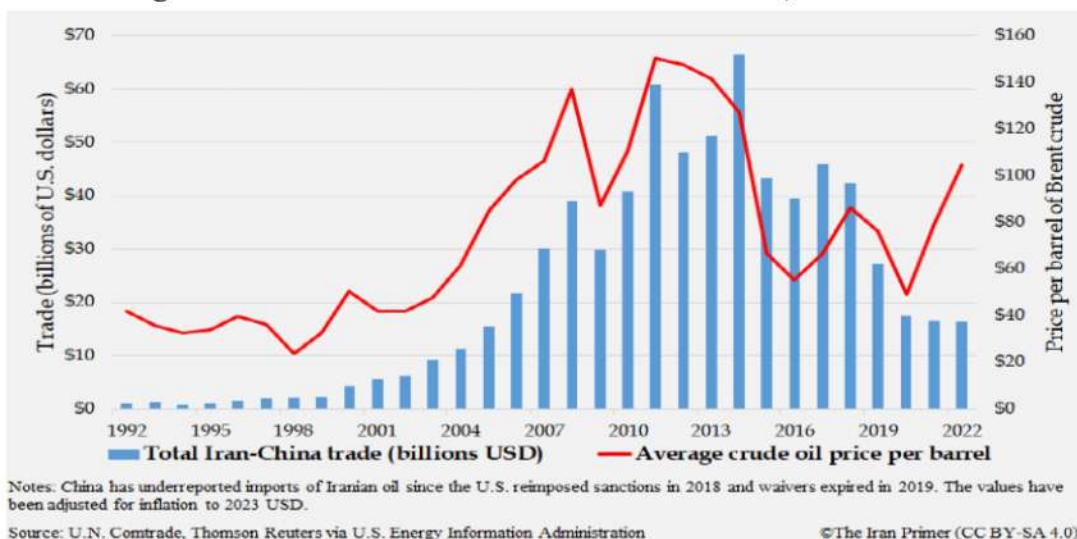
Figure 6. Iran-China Export/Import in Billion \$



Source: prepared by author based on data from the Tehran Chamber of Commerce

Iran and China enjoy bilateral trade relations in different fields. Iran imports many different consumer goods from China, including clothing, vehicles, electronics, chemicals, household appliances, and telecommunications equipment, and exports oil, gas, and other petroleum products to China. As shown in the Figure 7, China’s oil trade with Iran has dramatically increased within the last 3 decades (1992-2022) from less than 20 billion dollars in 1992 to roughly 65 billion dollars in 2014, corresponding to the oil global price and sanctions against Iran. Explicitly, the data shows the highest volume of oil trade between Iran and China in 2014, when group 5+1 and Islamic Republic of Iran agreed primarily on a nuclear Joint Plan of Action (JPOA, 2014), which later expanded to a Comprehensive Joint Plan of Action (JCPOA, initialized in January 2016). The trade then dropped sharply in 2019 and 2020 due to the termination of SRE (Significant Reduction Exemption) in 2019 and prevalent banking sanctions against Iranian banks during Trump’s state.

Figure 7. Iran-China Trade and Global Oil Prices; 1992-2022



Source: (The Iran Primer, 2023)

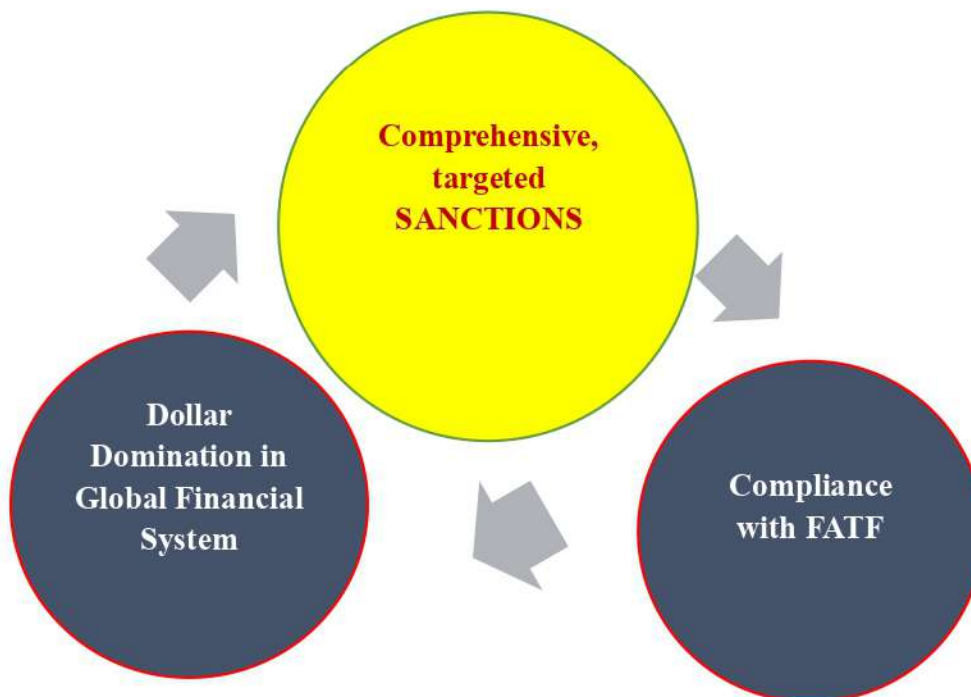
Iran holds significant importance for China's initiative due to its large consumer market of over 85 million people, its rich mineral resources such as energy, copper, and steel, its geographical position as a transit between West Asia and Europe, the East-West and Northeast-Northwest regions, and its sea access, with over 1000 km of sea border in the Persian Gulf and the Strait of Hormuz, North-South (Sazmand & Ramezani, 2021:100). Furthermore, trade between Iran and China is conducted in the Chinese renminbi, and overall, these two countries enjoy bilateral trade relations. However, the U.S. sanctions have so far hampered Iran's high capacity to play its desired role in BRI.

Bearing in mind that in relations between the countries worldwide, the international rules and regulations need to be observed to assure the other parties of a relevant business, the next part is providing some clarifying information about international impeding instructions against Iran's trade and business with its partners.

### Challenges of Iranian Business Worldwide

As shown in the Figure 8, the main challenging issues with Iranian trade consist of the U.S. sanctions, domination of U.S. dollar currency in global trade, and FATF<sup>1</sup> recommendations.

Figure 8. Concerns & Challenges



1) Dollar domination in global transactions. Due to the hostile relations between the U.S. and Iran, the U.S. government has prohibited dollar transactions for Iranian institutions since 2008, implemented the U-Turn monetary rule, and threatened third-party countries and institutions that handle dollar transactions with Iran. Since then, Iran has stopped holding U.S. dollar correspondent

<sup>1</sup> The Financial Action Task Force (FATF)

accounts with banks worldwide and replaced dollar currency with Euro. Subsequently, monetary agreements between Iran and its trading partners substituted and settlement of business occurred in local currencies such as RUB, INR, and CNY. For the time being, the trade settlement between Iran and China is proceeding smoothly in Chinese renminbi.

2) FATF recommendations and instructions. “The FATF Recommendations, as amended in November 2023, set out a comprehensive and consistent framework of measures which countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction” (The FATF, 2023).

When a country is listed as a high-risk country, each transaction needs to be monitored precisely and, in case needed, reported in terms of compliance with standardized regulations of Know Your Customer (KYC), Anti-money Laundering (AML), and Counter Terrorist Financing (CTF), in line with Recommendation 19 of FATF. However, the trade between Iran and China is mainly consisting of humanitarian transactions for the needs of Iranian citizens and compliant with international rules and regulations in terms of KYC/AML/CTF.

3) Sanctions. Sanctions against Iranian entities and, in particular, industries are the main impeding challenge for Iranian transactions as they threaten the trading third party of the secondary sanctions. Defining sanctions shortly, many studies believe that it was invented to prevent the bloody and destructive damages of the World Wars I and II (1914 and 1948) and the Cold War (1991) to reduce the harm, cost, and injuries imposed on innocent unarmed citizens.

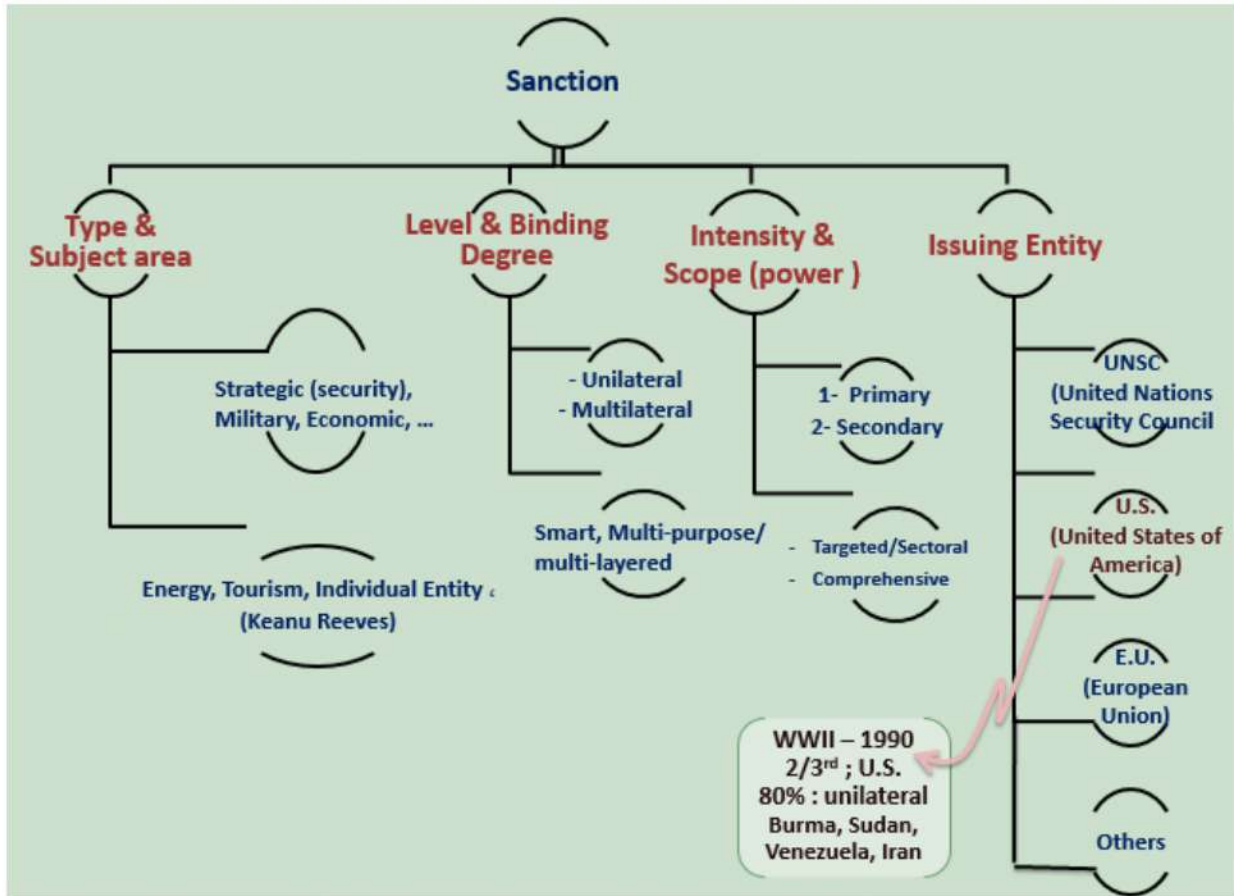
Sanctions are a set of targeted programs, imposing certain costs on the target country by depriving it of the resources it needs and forcing it to follow certain principles and norms approved by the sanctioning country in order to achieve certain goals. Despite the purpose of sanctions to stop the fatality and losses caused to ordinary people, many studies concluded that sanctions lack moral legitimacy and violate human rights, indeed, by causing direct damage to essential needs of human beings (Tsebelis, 1990: 5).

As shown in the Figure 9 below, sanctions have been enhanced in complexity and can be classified in several different groups in terms of Type and Subject, Level and Binding Degree, Intensity and Scope (power), and Issuing Entity. Surfing related articles on the internet, you may find other different classifications as well. In terms of the issuing entity, investigations show that the majority of sanctions (namely 80%) were imposed by the U.S. Treasury, known as the Office of Foreign Assets Control (OFAC), in different periods on several countries, from Cuba to Russia and Iran, two thirds of which were imposed unilaterally.

In terms of structure and the intensity of effect, OFAC sanctions are classified as Primary or Secondary Sanctions. Primary sanctions ban only American entities from doing business with those on such a list.

Secondary sanctions ban both Americans and third parties in other countries from doing business with those in such list; exposing them to the U.S. sanctions.

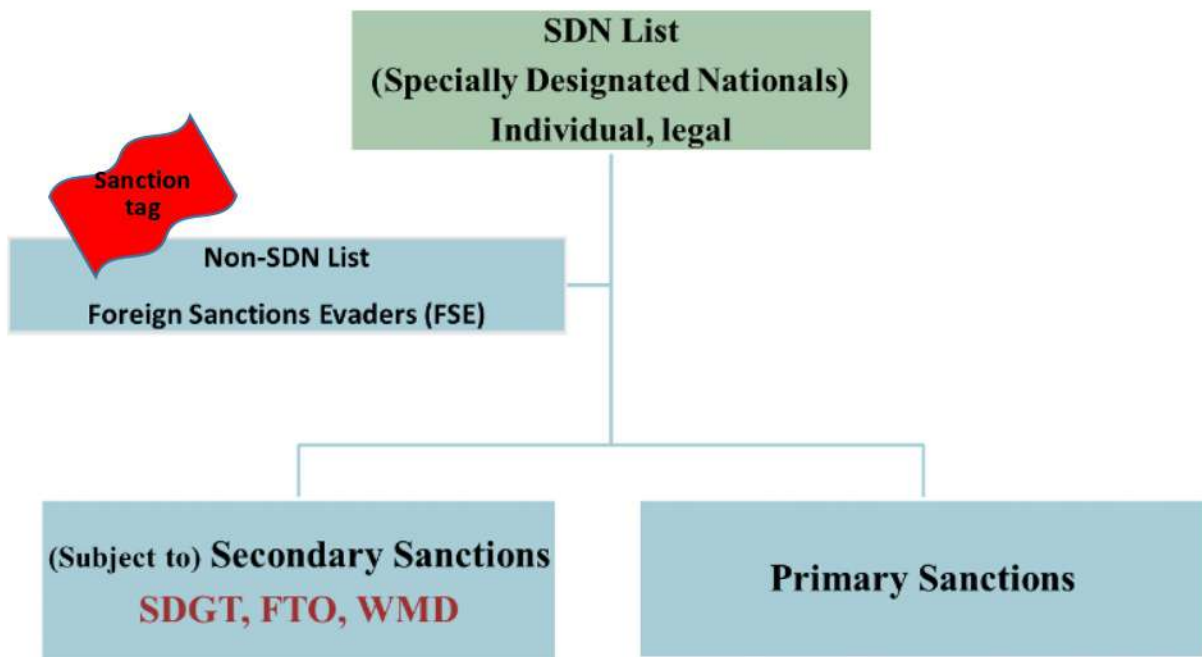
Figure 9. Classification of Sanctions



Source: information collected and presented by the author

Secondary sanctions normally go with a sanction tag, i.e., SDGT, FTO (Figure 10), which is linked with a U.S. sanction law or President’s executive order.

Figure 10. OFAC Sanctions’ Structure



Source: information collected and presented by the author

Likewise, there are some other General Licenses as well as waivers (which can be investigated through the Code of Federal Regulations (CFR)), that allow some humanitarian transactions between Iranian and third-party countries/institutes without any exposure to sanctions<sup>2</sup>. Such General Licenses and waivers allow further humanitarian transactions in fields of education, sport, etc. (Table 1).

*Table 1. Example of OFAC General License*

<p><b>GENERAL LICENSE</b>  <b>EO.13902, GLL</b>  <b>12 Iranian Banks- Humanitarian Transactions</b></p>	
<p style="text-align: center;"><b>GENERAL LICENSE L</b></p> <p style="text-align: center;"><b>Authorizing Certain Transactions                  Involving Iranian Financial Institutions Blocked Pursuant to Executive Order 13902</b></p> <p>(a) Except as provided in paragraph (b) of this general license, transactions and activities that are authorized, exempt, or otherwise not prohibited under the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR), involving Iranian financial institutions blocked pursuant to Executive Order (E.O.) 13902 are authorized, including transactions and activities authorized by a general or specific license issued pursuant to the ITSR.</p> <p>(b) This general license does not authorize any transactions or activities that are otherwise prohibited by the ITSR, E.O. 13902, or any other part of 31 C.F.R. chapter V.</p> <p><b>Note to General License L:</b> Pursuant to Section 11 of E.O. 13902, the prohibitions of E.O. 13902 do not apply with respect to any person for conducting or facilitating a transaction for the provision (including any sale) of agricultural commodities, food, medicine, or medical devices to Iran.</p>	<p>14 valid GL in different fields of IT, Sport, Education , ..                  Eg.:</p> <ul style="list-style-type: none"> <li>❖ <b>GLM:</b>                      September 1, 2021                      Online university courses in U.S.A.</li> <li>❖ <b>GLL- E.O 13902-</b>                      Oct. 08 . 2020                      (Bank Keshavarzi)</li> <li>❖ <b>GL8A:</b>                      June 17, 2022                      Utilization of NIOC /CBI fund for humanitarian transaction, despite of their sanction tags.</li> </ul>
<p><b>Note to General License L:</b> Pursuant to Section 11 of E.O. 13902, the prohibitions of E.O. 13902 do not apply with respect to any person for conducting or facilitating a transaction for the provision (including any sale) of agricultural commodities, food, medicine, or medical devices to Iran.</p>	

*Source:* information collected and presented by the author

**Conclusion**

To embrace its constant economic growth and development, China needs the precise implementation of the OBOR Initiative through collaborative agreements with several different regions and countries that provide Chinese authorities with access to land, sea, and energy capacities. China’s OBOR initiative agreements will be boosted by securing the continuous flow of energy supplies in the Persian Gulf. China needs to establish cooperative relations with regional powers such as Iran, which is a reliable source of energy and a promising investment destination, while also paying attention to the U.S. presence in the region and its relations with the countries there.

The trade between Iran and China has also provided an opportunity for China to make the Gulf region an important “experimental zone” for the Renminbi’s internationalization.

<sup>2</sup> For Iran’s waivers search through CFR535, 560, 561, and 562.



On the other hand, the eagerness and mission of Iranian leaders to follow the development vision for the country put emphasis on the need for improvement of the infrastructure of the country. Such a vision necessitates foreign investment, which is currently facing sanction challenges, and requires the Iranian government to further expand its relations and foreign policy with world powers. The OBOR initiative, along with cooperation with participating regions and countries in multilateral agreements, presents Iran with an opportunity to participate in regional financial organizations.

Both China and Iran are encouraged to expand areas of cooperation in infrastructural projects in different fields of industrial, IT & technological, logistics, and energy sectors and enjoy multilateral benefits as well as risk-sharing through joint investment and cooperation with multinational institutions such as SCO, AIIB, and BRICS and contribute to the regional and international cooperation worldwide.

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## ***The Soft (Power) Side of the Belt and Road Initiative: Connecting Southeast Asia***

***Daniele CARMINATI\****

### ***Abstract***

*China's Belt and Road Initiative (BRI) has been described in a variety of ways, such as a grand strategy or a geopolitical endeavor to (re)position China at the centre of the Eurasian landmass and beyond. It is undeniable that the initiative can also be understood as an ambitious connectivity masterplan, but of what type of connectivity? Although geoeconomic implications are often found in the literature, the soft (power) side of the BRI is generally downplayed. However, this paper argues that, whether deliberate or not, a soft-economic blend of strategies is increasingly evident and relatively successful. Connectivity developments across Southeast Asia, including but not limited to long-awaited railways, are a prime example of this unraveling phenomenon. By investigating the interaction between the multiple dimensions of connectivity – physical, digital, and sociocultural – it is possible to appreciate the complex dynamics of attraction and inducement arising from BRI-related efforts, and what it means for the future of the region and the initiative itself.*

***Keywords:*** *soft power, China, Belt and Road, Southeast Asia, connectivity.*

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## **Introduction: Ten Years of Belt and Road and Counting**

More than a decade has passed since the introduction of China's Belt and Road Initiative (BRI), initially called the One Belt, One Road initiative. Despite concerns and criticism, Beijing's endeavour has proved itself to be resilient, managing to adapt to a fast-evolving geopolitical landscape, while also diversifying its offer, such as through the Digital, the Health, and the Green Silk Road, each focused on a specific subdomain. Many questions about this connectivity masterplan linger, such as its underlying original intents, its current drivers – geopolitics or geoeconomics first? – to what extent it can be deemed successful, and certainly what could be next? Some of these questions may have a partial answer already, and will be addressed in this paper, but for the most part, a decade may not be enough to draw conclusions about such a grand project. If anything, the persistent coverage by researchers, think tank analysts, and the media alike shows the enduring interest and fascination for this evocative New Silk Road. Beyond that, the relative success of the Belt and Road Forums, the third of which took place in late 2023 (Baxter et al., 2023), and the inclusion in the Communist Party of China's (CPC) Constitution are prominent signals that the BRI is here to stay ("Belt and Road" incorporated into CPC Constitution, 2017).

Returning to criticism, to some observers, the BRI was doomed from the start, and it is a "road to nowhere" (Lu, 2023) or a "road to ruin" (Bennon et al., 2023). A report from late 2023 based on an extensive dataset contributed to debunking claims of a downfall, revealing instead that the BRI "remains the world's single largest official source of international development finance" (Parks et al., 2023). A prominent stream of criticism focused instead not on its demise but on its allegedly nefarious effects on the receiving countries, burdened by the BRI as a deliberate 'debt trap.' For the most part, these accusations have been demystified (see Jones & Hameiri, 2020; Brautigam & Rithmire, 2021). After all, projects on such a scale all incur such risks, and, if anything, it could be seen as a "double-edged trap" (Nishizawa, 2023) in which all involved parties, including Chinese companies, face risks of indebtedness.

That said, there are specific trends worth noticing, such as that China has "reoriented its trade patterns towards less geopolitically distant countries, at the expense of increasing its rift with liberal democracies" (Paterson, 2024). A prominent example is the impact of the BRI across Southeast Asia, albeit not uniform, and how this specific region could be seen as a successful example of soft-economic power strategies at work. As highlighted by Carminati (2022), globalization and increasing complex interdependence between nations resulted in a growing number of connectivity channels through which soft power strategies of attraction could be cultivated and enhanced thanks to enticing economic incentives. China's BRI could be seen as a prominent manifestation of this development, especially across Southeast Asia.

This paper will first outline the conceptual and theoretical framework, combining work on complex interdependence and soft power, while keeping in mind the potential dark side, in the form of "weaponized interdependence" (Farrell et al., 2019). These dynamics will be investigated through select case studies across Southeast Asia, namely Laos, Indonesia, and Thailand. The findings will then be combined and discussed in a dedicated section while also speculating on

broader implications for the region and beyond. The conclusion pinpoints and summarizes the main takeaways while suggesting future research avenues.

### **Soft Power, Interdependence, and the Multiple Dimensions of Connectivity**

Before delving into specific, practical case studies highlighting the impact of China's connectivity masterplan across Southeast Asia on its image, it is necessary to investigate and establish a conceptual and theoretical framework connecting this softer form of power to the realm of connectivity in international relations.

To begin with, soft power – a term initially introduced by Joseph Nye in the late 1980s to describe how American power extended beyond its army and economic might – is described as “the ability to obtain preferred outcomes by attraction rather than coercion or payment” (Nye, 2017, 1). Generally, the three main resources of soft power are a country's foreign policy, when perceived as benign by the target audience, its political values, when cherished by said audience, and its culture, when recognized as appealing (Nye, 2017, 2-3). As further elaborated through the case studies, a comprehensive connectivity initiative such as the BRI can touch upon all of these resources. The initiative itself could be seen as a foreign policy grand strategy on its own (Andomino, 2017). The BRI is often used to showcase China's understanding of international relations through its ‘peaceful development’ and ‘win-win’ rhetoric (Zeng et al., 2021), as much as its values, in contrast with Western, ‘universal’ ones (Kallio, 2023). The evocative link to the ancient Silk Road and the inclusion of the people-to-people dimension are aimed instead at showcasing China's rich cultural heritage to foreign audiences (Winter, 2021). Soft power is recognized as the slow cultivation of a country's positive image abroad, which should eventually lead to a more welcoming attitude towards said country's policies and proposals without the need for coercion.

The development of a multitude of connectivity channels could be understood, at least partly, through the theory of “complex interdependence”, which envisions “a world in which security and force matter less and countries are connected by multiple social and political relationships” (Keohane & Nye, 1998, 83), although China may be pushing the boundaries of such understanding in a multitude of ways, as this paper aims to explain. Moreover, interdependence should not be seen as an inherently benign development, as it can be abused and ‘weaponized’ when “some states are able to leverage interdependent relations to coerce others” (Farrell et al., 2019, 45) – potentially resulting in the opposite outcome: soft power disempowerment (Brannagan et al., 2018). The extent to which this may be happening will be discussed in a later section.

Although Nye's triad of soft power resources can provide a comprehensive overview of a country's potential appeal, it may not be as valuable when assessing the nexus between the power of attraction and connectivity, due to the specificities of these interactions and the need to observe these resources in action as the negotiation between the involved actors. More specifically, the BRI aims at connecting countries and regions through physical infrastructure, such as via railways, roads, bridges, and ports; through digital infrastructure and standards, such as through the provision of advanced telecommunications (e.g., 5G and beyond) and the technologies to power ‘smart cities;’

and through people-to-people interactions, such as through cultural, educational, and professional exchanges, often promoted via Confucius Institutes and partnerships with universities and the private sector (Pan, 2013). When observing these dynamics in practice, it is noticeable that these connectivity dimensions are more closely intertwined than operating separately. For instance, although there is arguably nothing soft about the asphalt and iron needed to build a road or a railway, the symbolic and reputational significance of its successful completion, the ensuing potential recognition of people from the benefitting country who may now take a much shorter time to reach a destination; the growing cultural, educational, and certainly business and investment opportunities that are expected to arise directly or indirectly along such a prominent infrastructure project can all lead to soft power gains across the board and overall improved relations (Carminati, 2022, 14-16). This may all sound speculative, but these observations are mainly taken from Laos, a case study that will be explored further in the following section. That said, due to the scale and impact of such massive projects, concerns and opposition are present, and this is why these initiatives need to be closely scrutinized to inform practice in addition to advancing theoretical claims.

Investigating the intersection between the development of connectivity channels and soft power should allow us to evaluate what works –the best practices– what does not, and under which circumstances, such as to what extent it depends on the cultural and political affinity of the involved actors, or the pragmatic interaction between soft attraction and economic enticement, as this paper argues.

Most research dealing with soft power focuses on its conceptual, theoretical, and methodological pitfalls, such as its fuzziness and lack of clarity (Hall, 2010), the intricacies of how it works – often referred to as the conversion process from resources to outcomes (Ohnesorge, 2020) – or how to measure its impact (Seong-Hun, 2018). A variety of more practical case studies also exist, trying to inspect the workings of soft power in a multitude of settings, but often focusing on narrow and hardly representative dynamics. When observing soft power at work, contextualization should be key (Carminati, 2021) but attempts to de-fuzz and clarify the concept should also be undertaken. Soft power strategies are hardly successful on their own, and more often than not, they are closely interrelated with economic considerations (Carminati, 2022). Although some studies have related China's BRI to soft power (Sharma et al., 2019; Voon et al., 2020; Miao, 2021), less attention has been given to the initiative as a prominent example of the soft-economic power nexus, a subtler but no-less-impactful phenomenon.

In order to do so, an overview of relevant literature combining soft power, interdependence, and connectivity will be applied to a selection of case studies across Southeast Asia to examine and test the soft-economic power nexus hypothesis, while also speculating on other less-successful endeavours from the region. While doing so, it should be kept in mind that China's BRI may be the most covered and researched connectivity masterplan, but competition is present, and Beijing's achievements may depend on its own efforts and decisions as much as on how other competitors respond to it in a variety of ways, discussed in a dedicated section following the case studies. The paper will mainly employ qualitative resources, but quantitative insights are also embedded in the form of reputable third-party surveys (e.g., ISEAS State of Southeast Asia Survey) to further

strengthen and validate claims whether pertinent.

### **The Relevance of Southeast Asia: Selected Case Studies Across the Region**

In its initial status, as One Belt One Road, Southeast Asia was not prominently featured, but fast forward a decade, and some of the most noteworthy BRI-related achievements have been reached in the region. This section highlights three topical case studies in which major connectivity projects have been completed – Laos and Indonesia – or are proceeding in a promising way, Thailand, and how the surrounding soft-economic dynamics at various stages have affected the image and reputation of China in a beneficial way for the most part. Less successful cases, such as the Philippines, will also be mentioned when concluding while speculating about what went wrong in those instances.

In late 2023, the *Carnegie Endowment for International Peace* asked scholars across the region “How Has China’s Belt and Road Initiative Impacted Southeast Asian Countries?” (Busbarat et al., 2023). The respondents from Laos and Cambodia acknowledged a “very positive” impact. Their counterparts from Thailand, Indonesia, and Malaysia had a “positive” opinion. The ones from Myanmar and Vietnam a “neutral” one, and only for the Philippines the impact was perceived as “negative”. Singapore and Brunei were not included in the Q&A. The reasons vary considerably, but they can be summarized as a blend of overall trust (or lack thereof), recognition for help and assistance, and expectations for shared economic prosperity between China and their respective countries. These clearly reflect the soft-economic blend defined by genuine attraction supported by financial incentives, which will be further investigated through the case studies.

#### *Laos: From Landlocked to Land-linked*

Laos has been described as “the most accommodating country in Southeast Asia to support China’s Belt and Road Initiative (BRI)” (Ploberger, 2021, 14), because of aligned views in terms of development with China and the sheer need for capital and investment. Geographically, Laos is a landlocked country with limited modern infrastructure and ensuing slow travel times, hence the country’s “enthusiastic embrace” of the BRI (Kuik, 2021). The completion of the railway in late 2021, connecting the capital Vientiane with the border town of Boten and the existing Chinese network via Kunming, could be seen as a historical achievement, one for which the country and its people may be grateful to Beijing. The reality is more nuanced, as there have been concerns and accusations about it being a potential “debt trap” for Laos, one through which China could impose its will on the country. Although some concerns linger, due to the massive scale of such a project for a less-developed country like Laos, most accusations have been debunked, and if anything, the trap could be seen as double-edged, resulting in financial troubles both for Laos and China (Nishizawa, 2023). So far, however, the line has been gathering headline after headline, mostly positive ones. In spite of lingering concerns over financial viability, the railway has been praised for its inherent long-term value and operational efficiency, while also increasing considerably the volume of cargo and people traveling through the country, without even mentioning the indirect benefits for the areas

surrounding intermediate stations (Thongnoi, 2024).

Beyond the railway, Sino-Lao's BRI cooperation includes special economic zones and various hydropower, mining, and agricultural projects. Thanks to all these initiatives combined, and despite "power asymmetry [...] apprehensions, the Lao ruling elites [managed] to downplay anxieties and instead highlight the benefits of the China-financed projects" (Kuik, 2021, 735). Their efforts might have been repaid, or acknowledged at least, as a sentiment analysis of global media reports conducted between 2017 and 2022 by *Bruegel*, showed that Laos had among the most positive "tones" in the coverage (García-Herrero et al., 2023, 9).

How does this reflect the soft-economic power nexus? When covering the economics of the railway, *The Economist* highlighted that "connectivity matters" ("The economics of a new China-Laos train line", 2021). China did not promise 'free money' to Lao people, but it enabled the means to provide for themselves, it multiplied the opportunities towards a more prosperous future through the multiple dimensions of connectivity. Would Beijing gain some political leverage from this? Quite possibly, but it will be a win if this leverage results from co-optation and genuine appreciation, and not from a coercive sense of obligation, let alone servitude, which causes resentment in the long-term and may not be sustainable.

Soft power can attract on its own in optimal scenarios where concerns and obstacles are absent or limited, but if supported by tangible incentives, its chances of resulting in the benefiting country wanting what you want – hence aligning with your policies – are higher. This is especially true for developing countries that do not want to be patronised but helped to stand on their own, and long-term recognition would be granted as long as sovereignty is respected. China's rhetoric advocates for the above, and in spite of criticism and concerns over hidden agendas, it delivered. Overall, Laos could represent one of the most evident cases of win-win outcomes, even if not a perfectly distributed 50/50 one, but that is a reality of how international relations work.

#### *Indonesia: Whooshing into a Faster Future*

The case of Indonesia shows some similarities with Laos, such as the need to develop and modernize its infrastructure towards greater connectivity and the ensuing economic opportunities. Yet, it is unquestionable that the country's potential and standing – if only considering its demographics, territory, and economy – is much greater than Laos, and the archipelago does not share any borders with China, except for maritime ones. Historical relations also play a part, and one that can be seen as an obstacle more than an enabling factor, as it could be for Thailand and other ASEAN members with a sizeable presence of citizens of Chinese descent. Due to ethnic clashes in the not-so-distant past, Beijing had to tread more carefully with Jakarta while evading accusations of new forms of colonization or economic dominance (Nugroho, 2023). In line with this, Indonesia's responses to the BRI were described as "ambivalent" (Sugiono, 2021, 345), as the need to develop infrastructure is as evident as the widespread skepticism towards embracing China too openly. The latter could not only clash with the need to preserve "equidistance" from competing major powers, such as the US, but it would also undermine Indonesia's own leading role within ASEAN (Sugiono, 2021, 354).



Against the odds, the first truly high-speed railway in Southeast Asia connecting Jakarta to Bandung was inaugurated in October 2023, but not without delays and cost overruns. The line was named ‘Whoosh’, an Indonesian-language “acronym that translates to time-saving and reliable” (Cai, 2023). As for the Laos railway, concerns over long-term financial viability have been raised, but – as for the Laos one too – media coverage reflecting the opinions of locals has been mainly positive, and the qualities highlighted by the acronym seem to fulfill and even exceed expectations (Jennings, 2024). Although this railway cannot be seen as much as a ‘game changer’ as for its Lao counterpart, there are already talks about extending it across the whole length of Java – the main and most populated island of the Indonesian archipelago (Shibata et al., 2024). Such a feat would instead be a ‘game changer’ for the country, benefitting both locals and visitors alike, reducing travel time by a wide margin, while granting a variety of economic opportunities for the surrounding areas.

As for Laos, the railway is not the only BRI-related project, and Indonesia is seeking to establish industrial zones towards greater public-private cooperation, while also developing energy and food production initiatives (Tritto et al., 2021). Moreover, and unlike Laos, Indonesia is a maritime power, and one eager to exploit sea connectivity through ports and hubs, drawing upon the Global Maritime Fulcrum (GMF) plan. Yet, experts warned that although the GMF and the BRI “seem to be like a perfect match, bilateral relations have always been complicated by being entangled with Indonesian domestic politics” (Lalisang et al., 2020).

In early 2023 – even before the railway was inaugurated – Yuen Yee (2023, 21) claimed that “ten years after Xi launched the Maritime Silk Road in Indonesia, Jakarta’s commitment to Beijing’s Belt and Road Initiative is steadfast”. However, although nearly all the benefits deriving from the multiple dimensions of connectivity highlighted for Laos can also apply to Indonesia, even in an even grander and more impactful way, “the government’s optimism toward the BRI underestimates the divide between elite and public attitudes in Indonesia on the initiative” (Yuen Yee, 2023, 21).

Economic incentives and promises can only go so far if trust is not present. Welcoming investments without long-term careful consideration may result in patterns of soft power disempowerment (Brannagan et al., 2018), in which Beijing would be frustrated by a lack of recognition for its efforts, while Indonesian citizens may blame their government for making risky decisions that could potentially affect their independence and sovereignty. Due to lingering ethnic wariness, the path towards greater trust is expected to be long and tortuous, but not impossible, and Whoosh may be the first major step in the right direction.

#### *Thailand: The Long-awaited Missing Link*

Thailand’s engagement with the BRI is not unlike its Southeast Asian counterparts: a high-speed railway built by China could vastly improve its role as a connectivity hub, but with the substantial difference that this all-important step towards linking the whole peninsula north-to-south is missing and nowhere near to be completed. If for this type of ambitious project delays and mounting costs are to be expected, the Thai government – or governments, due to frequent political

changes – has been extremely cautious in how it approached a potential railway connecting the now-completed Lao section to the capital Bangkok and ideally to Malaysia and Singapore (Sawasdipakdi, 2021). As of mid-2024, it seems that most major obstacles have been overtaken, and although it may take a while to see tangible signs of its construction, the involved parties are optimistic, and the completion is expected by 2030 (Suriya: Thai-Chinese high-speed railway on track to open in 2030, 2024).

In spite of promising official claims, Kuik (2022, 221) described BRI-centred Sino-Thai interactions as “protracted, partial, and puzzlingly uneven”. To begin with, Thailand is more wary of being in control, while also ensuring it will share the benefits with its people, not allowing foreign (i.e., Chinese) workers. This move could be seen as a sensible one, to avoid accusations of economic interference while limiting both domestic and international concerns, and it could eventually benefit China as well, which had to deal with similar complaints (Huang, 2023).

Beyond the troubled railway, Sino-Thai cooperation extends into a variety of Industry 4.0 projects, such as the development of smart cities within and beyond the Eastern Economic Corridor (EEC), a prominent industrial area of Thailand (Ngampramuan, 2021). Considering the economic headwinds that the domestic manufacturing sector is experiencing, and related employment and competitiveness anxieties, mutually beneficial cooperation with foreign actors is welcome, and China seems to be well aware of this, to harness goodwill and improve its reputation.

As Zawacki (2021) noted, the BRI’s relationship with Thai civil society is “a varied, nuanced, and evolving picture”, and the Thai government should navigate carefully any major step that can be easily politicised, while alienating not only its own citizens but also attracting unwanted attention from international media. For the time being, the gradual return of Chinese tourists after the pandemic has been welcomed, although diversification should be pursued. Beyond that, the mainly positive coverage of the railways in Laos and Indonesia – especially the former, since it will be directly linked to the Thai section – might have provided the needed boost for the involved parties to push forward. It is undeniable that, although caution is warranted for such impactful megaprojects, Thailand may be missing out on protracted delays, especially in economic terms, where both goods and people would flow more easily, even across borders, as is happening in Laos (Thongnoi, 2024).

Overall, Thailand is well-positioned geographically as the central link of peninsular Southeast Asia, both north-to-south but also east-to-west, whenever the situation in Myanmar would allow it. The country also hosts a sizeable presence of well-integrated ethnic Chinese, some of whom may be eager to rediscover their own heritage, potentially leading to a more welcoming but not subservient posture towards a more powerful China in the hope of a shared prosperous future. A beloved Sinophile royal figure, Princess Sirindhorn, eager to further improve bilateral relations, paired with the fact that Thailand hosts most Confucius Cultural Institutes in the region, show that soft power channels through people-to-people connectivity are already open, with potential to widen further through other dimensions, such as the long-awaited railway.

The completion of major infrastructure projects in the region could potentially result in a positive domino effect, albeit a slow one due to the scale of such endeavours. That said, beyond

China's rhetoric and attitude, domestic political factors seem to be the main 'wild card.' For instance, BRI-related projects have been substantially reduced, if not halted, in Myanmar, following the civil war's re-ignition in mid-2021. In the Philippines, instead, a pushback started after the election of Marcos Jr, in 2022, resulting in a rebalancing that was in stark contrast to its China-friendly predecessor, Duterte. That said, the BRI and more generally connectivity channels can outlast a crisis or a presidency, as they are often cultivated across longer periods and at multiple levels, not only towards leaders. More broadly, soft power strategies are known to be slower at resulting in the favoured outcomes, but genuine connections are expected to be long-lasting. In line with Beijing's long-term vision, its 'charm offensives' across the region and beyond are expected to persevere.

### **Responses and Future Implications in the Region and Beyond**

China could be seen as the most prominent actor trying to develop and cultivate multiple connectivity channels in the region, towards better relations and a more welcoming environment to advance its policies and interests. This does not mean that other actors have not tried, at least on paper, to respond to China's connectivity strategies, but as of mid-2024, tangible results are lacking. A variety of initiatives have been announced by the US and the EU, such as the "Build Back Better World" and the "Global Gateway" initiative. Yet, it seems that the "West is good at launching and naming plans to rival Belt and Road, [but] the big question is whether it can ever seriously challenge China on the ground" (Moens et al., 2022). After several, arguably lackluster attempts, experts suggested that perhaps "America Shouldn't Copy China's Belt and Road Initiative" (Kenny et al., 2022) and should focus on multilateral institutions instead of infrastructure.

As an infrastructure leader, Japan could also be seen as a capable competitor, whether on its own or cooperating with its Western allies. Initially, Japan did not embrace the Belt and Road, although both China and Japan were not outright opposed to some potential complementarity with Tokyo's Free and Open Indo-Pacific (FOIP). That said, Insisa and Pugliese (2022, 557) observed that, "outside of the East Asian spotlight, Sino-Japanese geo-economic competition continues in South Asia and the Mekong subregion [i.e., peninsular Southeast Asia], fueled by power politics and a mutual distrust of each other's initiatives". For the time being, however, China seems to be the favored choice, perhaps because of less stringent requirements than its counterpart, and in addition to Thailand, Vietnam has been seeking China's assistance to build its high-speed railway (Nguyen, 2024).

Beyond external competition, it is important to acknowledge that Southeast Asian countries are not passive receivers with no say, both individually and as a regional bloc. For instance, the BRI is closely aligned with the ASEAN Connectivity Masterplan 2025, which "encompasses the physical (e.g., transport, ICT, and energy), institutional (e.g., trade, investment, and services liberalisation), and people-to-people linkages (e.g., education, culture, and tourism)" (Regional Efforts Related to ASEAN Connectivity, 2016). Virtually all these connectivity dimensions and related intents overlap with the BRI and carry the potential of becoming soft power channels of attraction and influence.

Referring to the physical, digital, and sociocultural dimensions outlined in the previous section, as of mid-2024, physical infrastructure is – or seems to be – dominated by China, if only for the sheer media coverage and expert attention that it receives, particularly surrounding the completion of the Lao and Indonesian railways and the ensuing milestones. Developing countries are in dire need of better, modern infrastructure, and if China manages to navigate politicization and accusations while keeping on delivering and showing a plausible, win-win, mutually beneficial outcome, external accusations will be less and less credible, hence ineffective. In such a scenario, recognition of Beijing’s efforts and achievements could and should more smoothly lead to a better reputation – a founding pillar of soft power – and one that is expected to last.

For the digital dimension, which also includes the chance to establish technological standards, the outlook could be seen as a ‘mixed bag’ so far. Western powers, especially but not only the US through its still-dominant ‘tech giants’ (e.g., Microsoft, Apple, Facebook), have strong leverage. However, recognition should also ensue if China manages to build smart cities reliant on China-companies provided 5/6G networks, while also further integrating valuable applications and financial services, such as payments across the region, spurred by flows of Chinese tourists to Southeast Asia and vice versa. Consumers in the region are also buying more Chinese products, no longer seen as cheap and unreliable, resulting in greater familiarity and an overall improved opinion of the country’s advanced manufacturing capabilities. For the time being, it does not seem that Chinese smartphones or (electric) cars carry the same appeal as their Western or East Asian counterparts, but companies such as Huawei, Xiaomi, and BYD are ‘up for the challenge,’ and competitive strategies and affordable prices can play in their favour.

The people-to-people dimension could be more difficult to assess due to its volatility, depending on a myriad of factors, such as historical relations and the potential presence of animosity and stereotypes, prominent scandals of a varied nature, the behaviour of tourists or immigrants, and the efficacy of Beijing’s (public) diplomacy paired with consistency between words and actions, among others. Yet, greater interest in China across the board is undeniable, if only for its sheer gravitational pull originating from its economic and demographic size. Surely, the latter could be a double-edged sword, as it can entice and attract as much as overwhelm and frustrate. These complex dynamics have been closely investigated by Han (2024), who described the phenomenon as a “ripple effect” across the region characterized by a hardly-predictable blend of deliberate (i.e., government-sought) and unforeseen developments of China’s presence in the region in its multiple forms: political, economic, and sociocultural. These dynamics are ever-evolving and often beyond the Chinese government’s control or any government’s control, but they constitute instead a continuous negotiation between a multitude of local and international actors.

In the foreseeable future, the most problematic countries in the region are likely to remain Myanmar, because of the unresolved civil unrest, and the Philippines, which has taken a stronger stance vis-à-vis China after Marcos Jr.’s election. Yet, although both situations can potentially escalate and require greater ASEAN involvement, that does not need to happen, and the two settings are relatively marginal when compared to other countries, like Thailand, without which connecting the peninsula will not be feasibly possible. In addition to Vietnam, China is also expected to assist

Cambodia in building the Funan Techo Canal, and, as discussed, Thailand's first high-speed railway, among other projects. In the meantime, although opinions from political leaders, expert observers, the media, and the general public may vary considerably, countries like "Indonesia, Laos, and Malaysia, which have benefitted significantly from China's Belt and Road Initiative (BRI) and robust trade and investment relations, witnessed a markable increase of more than 20 percentage points in their preference for China compared to 2023" (Seah et al., 2024, 48). The BRI, when 'done well', appears to be an effective soft power catalyst across the region.

### **Conclusion**

In an ambitious attempt to uncover the underpinnings of contemporary international relations, Khanna (2016, 6) claims not only that "competitive connectivity is the arms race of the twenty-first century", but also that this type of competition "is by its nature less violent than international border conflicts, providing an escape hatch from historical cycles of great power conflict". Although the author draws a parallel with an 'arms race', he also emphasizes that connectivity is by definition more constructive than destructive. Time and money – plenty of both – are needed to complete successfully and maintain efficiently these macro projects, which are hoped to last for decades or longer. If not wars, incompetence could also 'destroy' or constrain them, but if done properly, they literally build bridges and links through a variety of tangible and intangible dimensions, like the ones covered in this paper. Surely, these same projects can be abused, leading to exploitation or even weaponization (Farrell & Newman, 2019), but such behaviour would likely result in resentment and patterns of soft power disempowerment. Trust would be breached, both locally and internationally, especially if the matter is widely covered by the media and resonates abroad.

From both theoretical and practical perspectives, it is important to ask and investigate to what extent China is pursuing a more geopolitically-centred strategy, or a geoeconomic one, through its connectivity masterplan. Although the need to securitize these expensive projects has to be expected, militarization of the BRI would be a risky move. Conversely, a blend of soft and economic attempts that revolve around a win-win narrative while delivering on its promises of shared prosperity is a safer and more welcome approach. Southeast Asia could be seen as a prominent example of these strategies, whether entirely deliberate or not. Developing countries need infrastructure and are eager to modernize through external cooperation, but they do not want to be patronized and told how to deal with their domestic politics and overall national interests. These countries are also willing to diversify, but so far China is the one delivering (not without obstacles), and it also happens to be a powerful rising neighbour, one that cannot be ignored no matter what. Although some issues and misunderstandings may arise between Beijing and Southeast Asian countries or ASEAN as a whole (e.g., the South China Sea dispute), it is a reasonable and pragmatic decision to seek cooperation through shared interests through ambitious initiatives such as the BRI, and most actors in the region seem to agree.

Quoting a sensible and still-relevant comment from Cox (2018, 2) – one that applies to Southeast Asia and beyond: "[i]t must be in everybody's interest—including China's– [...] to ensure that the BRI does not just become a win for one country, but instead a success for all". Ultimately,

only through tangible and repeated evidence of win-win outcomes, the BRI would be a true win for all the involved parties, and perhaps also a nod to pragmatism over the hypocrisy of some of its detractors.

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## ***Belt And Road Initiative as a Catalyst for International Cooperation***

***Khalid Taimur AKRAM \****

### ***Abstract***

*The Belt and Road Initiative, commonly referred to as BRI, has significantly contributed to tremendous economic growth, integration of the regions, and shifting of geographical politics through infrastructure projects. This research examines the economic, environmental, and social impacts of two significant BRI projects: CPEC and the Djibouti Port. There are two major cases, where OBOR bypasses China's economy. The China-Pakistan Economic Corridor (CPEC) is the first example of the OBOR, in which China completely avoids its economy and directly connects the Chinese new city of Gwadar to the Persian Gulf through the Karakoram Highway. The two projects have led to economic growth, improving the connectivity of regions as well as fostering the frameworks of strategic cooperation. However, in terms of limitation, they also harbour certain problems regarding funding, environmental impacts, social displacement, political and governance questions, social equity and income, security questions. This is why the mentioned challenges should be solved to achieve the desired success and sustainable development of the BRI. From this research, the following key areas deserve special consideration: adequate and sound financial management structures; environmental and social risk management policies; governance structures; development policies and plans that are sensitive to people's needs; adequate security and sound environmental legislation. In this regard, the BRI can foster sustainable and inclusive development involving the countries in the realization of the plan by integrating economic development with environmental conservation, social equity, and sound governance frameworks.*

***Keywords:*** *Belt and Road Initiative, international cooperation, economic integration, infrastructure development and multilateral engagement.*

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## Introduction

The Belt and Road Initiative (BRI), which China promulgated in 2013, is a concept that stands out as the most groundbreaking and extensive in the contemporary geopolitical context. It is designed as a global development strategy that aims to promote regional integration in terms of connectivity, as well as actively endorse interstate economic partnerships in a multinational context. BRI calls for huge connectivity infrastructure systems of rail, roads, sea, and power grid for exports-imports, growth, and diplomacy for interconnected countries. Thus, this introduction will briefly discuss how the BRI has assumed manifold roles in stimulating forms of international cooperation and encouragement of economic integration in the hope of offering a roadmap of analysis to consider the extent of the BRI's transformative effects fully.

The BRI, at first, envisioned as the Silk Road Economic Belt and the 21st Century Maritime Silk Road, is named after the historic Silk Road trade bonds connecting China and Europe, the Middle East, and Africa (Zeng, 2019). This strategic vision aims to modernize these routes through significant infrastructure investments, thereby reducing the volatility of trade flows. According to Li (2018), the broad aim of the BRI is to integrate Asia, Europe, and Africa together into a single economic track and solidify China's political and economic power.

The BRI's agenda must also incorporate the removal of trade barriers and the enhancement of the global supply chain. Therefore, by endorsing critical infrastructure projects, the initiative aims to enhance connections and reduce obstacles to a more efficient supply chain. Huang (2016) observes that with better transport facilities brought out by BRI, cost and time of delivery have come down and are known to boost the economies of the participating countries. For example, in the case of China-Pakistan Economic Corridor (CPEC), one of the BRI's trade enablers, not only have the transportation structures between China and Pakistan been enhanced, but the process of industrialization along with the trade between two countries has also expanded (Javaid, 2016).

The primary component of the Belt and Road Initiative is spending, which aims to significantly enhance the construction and improvement of the transportation system, energy pipelines, and maritime ports. These projects are very crucial in connecting fragmented areas with the world market, hence opening the regions for integration into the world economy. Thus, objective analysis of the results of the observational and comparative nature shows that the BRI-related investments in infrastructure contribute to the increase in economic growth rates in developing countries, which indicates the development role of the initiative (Zhang, 2020). The Port of Djibouti, located at the border of Africa and Asia, presents an example of how improved maritime connections elicit improved economic activity and regional trade (He, 2017).

At the same time, the BRI itself is used as a tool to seek bilateral and multilateral cooperation in different fields of activity. As it promotes the common economic values and falls for identifying cooperative solutions, the initiative unites the governments, private sectors, and international organizations to solve common problems. One of the features is that the BRI involves many actors to create multilateral institutions like AIIB, whose role is to finance the BRI projects besides advancing sustainable development (Wilson, 2017). Such multilateral participation shows the BRI's

promising ability at fostering the right global climate for creating sustained relations and order.

This research analyzes specific cases, such as the CPEC and the port of Djibouti, to shed light on the topic of the Belt and Road Initiative. This work is about how through CPEC, a BRI flagship project, infrastructure realignment can spur economic progress and foster more entwined relations. Apart from acting as a link between China and Pakistan to promote trade, it has also promoted foreign investment, thereby enhancing the growth of the Pakistani economy (Ali, 2019). Likewise, the Port of Djibouti shows the BRI's function to improve the maritime connection and to increase the trade volume of a region. The natural endowment accompanying the port modernisation has leveled the port to head and has made it serve as a bridge between Africa and Asia, hence promoting regional economic integration and development as pointed out by Sun (2018).

Also, apart from the gains in the economic aspect, the BRI also tackles issues of world concern such as development, security, and climate change. The BRI also ensures the incorporation of sustainability in the projects, hence encouraging environmentally friendly infrastructure and going further in supporting the UN-SDGs (Zhou, 2021). Further, it enables a forum, in which the actors can discuss regional security problems, and act accordingly on counterterrorism, maritime security, and disaster response. It therefore underlines the BRI as a global profound strategy of solving multi-faceted socio-political and economic issues for the maintenance of stability and further development of the favorable world order.

Therefore, this study measures the impact of BRI using qualitative case analysis. Case studies on projects such as CPEC and the Port of Djibouti present a rich analysis of the changes BRI investments bring to trade patterns and the recipient countries' economies.

## **Literature Review**

The fundamental ideas for the BRI are now derived from the theories of international politics, economic integration, and development. Zeng (2019) explains that the BRI and its historical connection to China's Silk Road aim to reopen a historical and ancient trading corridor for the current socio-economic cultural exchange. It is also considered in relation to globalization, although other scholars like Li (2018) have described the BRI as a phase in a new globalization of emergent economies.

It can be utterly seen that BRI has been started originally from the strategic economic policies of China. This is in line with China's 'Going Out' policy of increasing that country's stakes overseas and using exports and imports to boost the supply of infrastructure globally (Huang, 2016). This strategy proves that the Chinese leadership of the nation seeks to transition from a regional powerhouse to a world economy goliath, using its technological strength to build intercontinental relationships.

A vast amount of literature is devoted to the analysis of the role and effects of the BRI in the context of economic globalization and trade liberalization. This has been viewed as a fundamental reason why infrastructure development is the key focus on spending within the participating countries. Zhang (2020) also empirically shows that BRI infrastructure investment leads to sharp

improvements in emerging economies' economic growth rate. Better access to transport also reduces haulage costs, leading to an improvement in trade liberalization and thereby encouraging trading activity around the globe.

CPEC (China-Pakistan Economic Corridor) can be cited as one of the most prominent examples of such financial strategies. According to Javaid (2016), the recent infrastructure of CPEC has changed the economic structure of Pakistan by improving connectivity and invoking foreign investors. The implementation of infrastructure projects along this corridor – road networks, railways, and energy pipeline - has enhanced the business corridors' trade facilitation and industrialization. In equal measure, the Port of Djibouti stands testimony to how BRI seeks to develop maritime connections. Taking his (2017) argument into consideration, the port has significant strategic value, coupled with upgraded facilities, to foster economic integration between the African and Asian countries by enhancing export revenues.

We are going to discuss the geopolitical strategies that are associated with BRI. Experts state that the program is actually one of the ways through which China tries to advance its geopolitical influence and solidify its alliances. Wilson (2017) explains that the initiate of the Asian Infrastructure Investment Bank (AIIB), which is involved in BRI financing, also pushes for the Chinese Argentinian vision of sustainable development. This shows that with the creation of the new institution, such as the AIIB, China has been seeking a way of developing new lenders that are different from the western-dominated ones like the World Bank and the IMF.

Thus, the security aspect of the BRI reflects its geopolitical underpinnings as directly as do its economic aspects. According to Sun (2018), the multilateral security initiative enables collaboration in security areas including counterterrorism and maritime security. Due to its impact in fostering regional economic growth, the BRI helps in setting the stability environment for dealing with security hurdles. This aspect is appropriate to regions like Central Asia or the Middle East, where the economic insecurity and security threats are closely interconnected.

Another concern of the many academics analyzing the BRI is its relation to multilateralism and bilateral relationships. The fact that it brought together the different tiers of governments, the private sector and international organizations as implementers of this initiative is another strength. Zhou (2021) also supports the view that reads the BRI as an avenue for the development of multilateralism, claiming that it promotes the construction of a cooperative international order. The AIIB and the Silk Road Fund exemplify the intentions of the initiative, which is to cooperate in establishing multilateral solutions for addressing economic problems for common benefits.

Overall, in terms of bilateral relations, the BRI has somewhat affected China's relations with the participating countries. In his article titled "CPEC: Economic Corridor and Sino-Pakistan Relations" published in the *Journal of Asia*, Ali (2019) pointed out that CPEC has strengthened China-Pakistan relations and also stimulated cross-country economic cooperation. As per the BRI policies, China focuses on the mutual welfare model of cooperation, where the working relationship between China and a partner nation proves beneficial for both sides economically and in terms of development.

There is an increasing interest in understanding the sustainability considerations of the BRI

projects, particularly in relation to the sustainable development goals. Authors are focusing on how it supports programs that integrate sustainability into their projects to help implement green infrastructure. Another author, Huang Yachen, in their article breaks down how the BRI is beneficial for the United Nations Sustainable Development Goals (2016), specifically in areas of energy and transportation. This is because the proposed initiative has an aspect of green infrastructure, indicating that China is ready to assume its part in powering the global change.

Nevertheless, it is imperative to uncover the social cost of the BRI, particularly the environmental consequences, which are also hotly debated nowadays. Critics argue that some of the BRI projects present high levels of environmental sensitivity, especially regarding biophysical environment impacts and pollution. Poth and Zhou (2021) also recognise these concerns, recommending that there is a significant requirement to maintain high standards of environmental standards and to have strong regulatory protection measures for the negative effects of using technology. Critics warn that the BRI could produce negative externalities, most notably those affecting the environment and the need to strike a balance between economic growth, on one side, and ecological preservation, on the other side.

The nature of research on the BRI is methodologically quite diverse and spans quantitative analysis of large datasets, qualitative case studies, and methodologically eclectic research. Telecommunications research may typify quantitative methodologies into the number of trades, the growth rate of GDP, and infrastructure spending. Zhang (2020) relies on econometric models to examine the existence of causality between BRI investments and economic growth; therefore, he provides estimates of the economic return on this initiative.

It should be noted that qualitative case studies provide thick descriptions or detailed exploration of individual BRI projects as well as their outcomes. In the current literature, Javaid (2016) offers the most detailed evaluation of CPEC by discussing the economic impact of the project in Pakistan and its role in boosting connectivity in South Asia. Likewise, He (2017) carries out a case study analysis to determine how improved maritime connections have boosted trade between Africa and Asia by focusing on the Port of Djibouti. These case studies enhance the knowledge about the consequences of BRI since they shed more light on more nuanced and country-specific outcomes.

## **Methodology**

The methodology employed in this research centers on qualitative case studies, specifically focusing on document analysis, to provide an in-depth examination of the Belt and Road Initiative (BRI) and its multifaceted impacts on international cooperation, economic integration, and geopolitical dynamics. This approach allows for a comprehensive understanding of the BRI's effects through detailed, context-specific analyses of key projects and their outcomes.

### **Qualitative Case Study Approach**

Qualitative case studies are particularly well-suited for exploring complex phenomena in real-world contexts. They enable researchers to gain deep insights into specific instances, capturing the nuances and complexities that quantitative methods might overlook. In the context of the BRI,

qualitative case studies allow for an exploration of the initiative's diverse impacts on different regions and sectors, providing a rich, contextualized understanding of its implementation and outcomes.

### **Selection of Case Studies**

The case studies selected for this research include the China-Pakistan Economic Corridor and the Port of Djibouti. These projects were chosen due to their significance within the BRI framework and their illustrative value in demonstrating the initiative's broader impacts.

1. **China-Pakistan Economic Corridor.** CPEC is one of the most prominent and strategically important corridors under the BRI. It involves extensive infrastructure development, including highways, railways, and energy pipelines, aimed at enhancing connectivity between China and Pakistan. The selection of CPEC as a case study allows for an in-depth examination of how BRI infrastructure projects can transform regional economies, attract foreign investments, and deepen bilateral ties.

2. **Port of Djibouti.** The Port of Djibouti is a critical maritime hub that exemplifies the BRI's role in enhancing maritime connectivity and boosting regional trade. Its strategic location at the crossroads of Africa and Asia makes it a vital node in the BRI's network. This case study provides insights into how improved maritime infrastructure can stimulate economic activity, foster regional integration, and enhance trade dynamics between continents.

### **Data Collection**

Data collection for the case studies involves systematic document analysis to ensure a comprehensive understanding of each project. The primary sources of data include:

1. **Project Reports.** Analysis of project-specific reports, including feasibility studies, progress reports, and completion reports, offers detailed insights into the operational aspects and impacts of the BRI projects.

2. **Academic Publications.** A review of scholarly articles and research papers that discuss the BRI and its specific projects. These academic sources provide critical analyses and contextual information that enhance the understanding of the BRI's impacts.

3. **Media Reports.** An examination of news articles, expert commentaries, and media analyses related to the BRI projects. Media reports offer additional perspectives and contextual information, capturing public perceptions and broader societal impacts.

### **Data Analysis**

The data collected through document analysis were interpreted to draw comprehensive conclusions about the BRI's impacts. The interpretation process involves several key steps:

1. **Data Organization.** The collected documents were systematically organized to facilitate detailed analysis. Relevant information from official documents, project reports, academic publications, and media reports was categorized based on themes such as economic growth, regional integration, and geopolitical influence.

2. Contextual Interpretation. The organized data were then interpreted within their specific contexts. For example, the impacts of CPEC on Pakistan's economy were examined in relation to the country's existing economic conditions and development goals. Similarly, the Port of Djibouti's role in enhancing maritime connectivity was interpreted in the context of regional trade dynamics between Africa and Asia.

### **Ethical Considerations**

Ethical considerations were paramount in conducting this research. The analysis was based on publicly available documents, ensuring that no confidential or proprietary information was used. Proper attribution and citation practices were followed to acknowledge the sources of information. Additionally, efforts were made to ensure the accuracy and reliability of the data by cross-verifying information from multiple sources and maintaining a transparent and rigorous analysis process.

### **Results**

#### **China-Pakistan Economic Corridor**

According to the documents of CPEC obtained through coordination, it can be concluded that there are tremendous benefits to Pakistan's economy. Official documents and academic papers also reveal that CPEC has paved the way for the flow of huge infrastructure funds in the form of roads, railways, and energy infrastructure. These developments have, however, not only enhanced the efficiency of transport but also encouraged industrialization. For instance, development of the Gwadar Port has made this region the main international trade zone with an addition of foreign investments and employment chances. The energy sectors under CPEC have also helped to solve Pakistan's perennial energy crises, which have positively influenced industrial growth and economic security (Javaid 2016).

Gwadar Port, which is one of the most prominent projects under CPEC, has played a pivotal role in providing Pakistan with an important place in the seaborne commerce. The port is located on the Arabian Sea, which helps in avoiding the obstacles in the Persian Gulf, thus providing shorter and more efficient access to global markets. Immiserization has occurred while this development has attracted foreign investment and local activities like free trade zones and industrial parks around port areas. These schemes have led to the creation of thousands of employment opportunities, which has helped in the overall development of the economy of the region and there by working towards the enhancement of the quality of life of the people of that region (Ali, 2019).

Apart from Gwadar Port, there are many constructions, such as KKH, and various railway systems in CPEC have also improved the connectivity between Pakistan and China and other Central Asian countries. They have reduced commuting time and costs, thereby improving the movement of goods and services, which has intensified the region's economic integration. Besides, the energy sector under CPEC has efficiently brought down the energy gaps in Pakistan and provided electricity to industries and homes. This has not only enhanced the productivity throughout the industrial segments but has also benefited the growth and stability of the economy as



well (Javaid, 2016).

CPEC has made great progress in the area through which Pakistan is now connected more to China and other Central Asian nations. The enhanced transport means mean that the trade flow is smoother compared to the past, when goods used to take long and cost a lot to move from one point to another. Through this integration, China has strengthened bilateral trade with Pakistan and also has properly established Pakistan as a central player in the international trade dynamics of the region. Among the analyzed documents, one can identify that the projects related to transportation as part of CPEC had made the otherwise unreachable regions easily accessible, which has boosted economic activities and overall development of the region (He, 2017).

Highways and rail routes under CPEC have made areas of Pakistan that were earlier not easily accessible available for economic opportunities and thus helped in the growth of geographically backward areas of the country. For instance, the construction of the Peshawar-Karachi Motorway has enhanced access of big urban centres and rural areas to markets, employment, and social services. This has enhanced the development of businesses and industries at the local level, thereby improving regional economic development. The improvement of transport links also boosted tourism. Domestic as well as international tourists visit Pakistan to enjoy beautiful natural scenery and historic sites (He, 2017).

CPEC is more than an abbreviation for economic cooperation because it also focuses on regional integration. It has also paved the way for opening people-to-people interactions and cultural relations between China and Pakistan. Apart from the economic cooperation, the people-to-people contacts, and education exchange agreements have been initiated under the framework of the CPEC. On this basis, it should be noted that these measures not only strengthen social inclusion but also positively affect the development of the region (He, 2017).

Economically, CPEC has benefited both the consumer and producer countries, and geopolitically, CPEC has enhanced China-Pakistan bilateral relations by enhancing strategic cooperation. The papers show that the general perception about the CPEC is that it is a key part of the Chinese BRI that strengthens its geostrategic position in South Asia. In the case of Pakistan, CPEC has proved to be an opportunity to change the regional balances of power, especially regarding India. The project also interested other players in the region. Many countries have indicated their interest in becoming part of the corridor, and so it has geopolitical influence (Huang, 2016).

Regarding this fact, it is eagerly important to underline that the core strategic significance of CPEC is associated with the opportunity to improve the access of China to the Indian Ocean and furthermore. The construction of the Gwadar Port has given China exclusive sea access to the Middle East and African countries, avoiding the Strait of Malacca choke point. It has not only helped in developing the sea lanes for trade but also boosted the strategic positions in the region for China. For Pakistan, CPEC under the strategic partnership with China has helped improve its geopolitical leverage, especially in response to traditional rival India (Huang, 2016).

Also, its strategic location has been supported and underlined by the attention from the other stakeholders from the region. Several countries like Iran, Afghanistan, and a few of the Central

Asian republics have shown their interest in joining the corridor, as they understand the paramount importance of this corridor for economic and strategic advantages. This has brought more members into CPEC and diversified it, making it central in the layout of the new world order. It has also proved that by promoting regional economic integration, the project has resolved instabilities that hitherto were hampering development in the region of South Asia (Huang, 2016).

### **Port of Djibouti**

Analyzing the multifaceted impact of BRI investments, the case of transference in the Port of Djibouti reveals prominent economic changes. Newer infrastructure on port has placed Djibouti among the most important maritime transit with improvements in trade between Africa and Asia. Through Doualab's positioning at the entrance of the Red Sea, the volume of freight traffic has gone up, helping Djibouti's economy. Statistics and journalistic accounts inform us that investment from overseas has flooded the port, thereby creating other sectors of the economy and employment opportunities (Sun, 2018).

The expansion of the Port of Djibouti has probably been the biggest transformative factor in the economic life of the country. The geographical location of the port to the most framed sea lines of communication has seen it become a key transshipment of international commerce. Over the years, some of the enhancing structures tremendously enhanced the capacity of the port in terms of the amount and size of the vessels it can handle. This has led to the diversification of the economy and creation of employment opportunities for global logistics, shipping, and manufacturing (Li and Qian, 2018).

Therefore, it can be concluded that the economic influence of the Port of Djibouti is not restricted by the increase in trade flows and FDI only. Its development has also led to the growth of other related industries like logistics, warehousing, and transportation aspects, hence creating employment opportunities and boosting up economic activities. Moreover, the revenue earned from the port operation has empowered the Djibouti government to invest in the other central areas of development, ranging from health and education to other developmental areas, hence boosting the economy of the nation.

Exploring the role of the Port of Djibouti in changing the trade connectivity of the region, it can be stated that the improvement of maritime connections had a significant influence on the region's trade gravity. It is also important for those landlocked African countries that get a chance to access the international seaport, hence enhancing market access. The improvement of these connections has led to increased trade and the resolution of problems in the supply chain, thus boosting the integration process of the region. From the considered documents, it is also highlighted that it is crucial to underline the commitment of the port to the development of trade relations between Africa and Asia and the pertaining economic integration processes (Zhou, 2021).

This has positioned the Port of Djibouti at the strategic position of the major world trade routes, acting as a hub to the global market. The expansion of the concerned port under the BRI framework has helped in boosting the capacities and effectiveness of the port, which is now in a position to become a strategic entry point for the landlocked nations in Africa, including Ethiopia, South Sudan,

and Uganda, among others. This enhanced link has favored mobility of products and persons and cut on time and cost of transport, hence enhancing integration of the region's economies (Zhou, 2021).

Due in part to the enhancements in facilities of the Port of Djibouti, it has greatly enhanced the connections between Africa and Asia for trade, which has created the interdependency of these two regions. Sitting right at the entry of the Red Sea, the port has enhanced positive trends in relations to trade by breaking the bottlenecks that would have otherwise made it difficult for African countries to access Asian markets and /or vice versa. This not only boosts the flow of goods, services, and technologies, but also enhances the value of trade, contributing to the economies of both regions (Zhou, 2021).

In this respect, the Port of Djibouti has assisted China to increase its influence in a strategically sensitive part of the continent. This paper has argued that the development of the Djibouti port under the BRI architecture has enhanced the cooperation between Djibouti and China in terms of security and economic relations. The documents show that the strategic location of the port has equally made it a preferred hub of military power existences of Chinese, American, and French naval bases, which makes it a geopolitical entity (He, 2017).

This work discusses the development of the Port of Djibouti and its importance as a strategic asset to China in the Horn of Africa of geopolitics. The new strategic asset is the location of the new port at the entry point to the Red Sea that offers China direct sea access to the Middle East and the rest of the Horn of Africa, further opening up more access to energy resources and markets. It has been evident that the existing closer ties between Beijing and Djibouti entail economic relations, security collaboration, and the improved situation on the international stage (He, 2017).

Therefore, the importance of the Port of Djibouti can further be explained by the fact that there are international military facilities that are China, the United States, as well as French military facilities. The change to a port under the establishment of BRI has become a place for foreign military power, which demonstrates its political significance. This has not only improved the security of Djibouti but also expanded the strategic cooperation with the major players in world politics. The port's location and handling of regional and international trade made it scarce and a strategic component of geopolitics in the modern world (He, 2017).

### **Comparative Insights**

The CPEC and the Port of Djibouti-based case studies show that BRI has the capacity to deliver mammoth economic value by spearheading the infrastructural development efforts. CPEC has contributed to the development of the transport sector and industrial growth parts and generous undertaking of infrastructure developments such as highways, railways, and energy projects. Through the execution of large projects like the Gwadar Port, it has emerged to be a strategic centre of trade, foreign direct investments, and employment (Ali, 2019). Likewise, new improvement and expansion of the facilities at the Port of Djibouti has ensured there is an improvement in trade between Africa and Asia, which has in turn boosted the Djibouti economy through increased export, import business, and foreign direct investment as well as product differentiation.

The infrastructure projects under CPEC have not only improved connectivity but also addressed the persistent energy challenges of Pakistan, settling as well as augmenting industrial production. Thus, energy projects such as coal, hydro, and solar power plants have ensured the provision of a stable electricity supply to the industries, leading to economic stability and progress (Javaid, 2016). These developments are economically significant since they have created conditions for steady growth of the economy by strengthening the infrastructure, decreasing the costs of production, and raising competitiveness.

Djibouti thus has established the port, which has facilitated the marketing of the country as a strategic seaport at the entry into the Red Sea. This strategic location has helped in increasing the volumes of trade, hence placing Djibouti in a strategic position in international trade channels. As a result of this expansion, several foreign investments have been realized in the country, which has helped to overhaul the economy and created several employment opportunities, hence realizing a new economy (Sun, 2018). On balance, these investments have paid off with wins in increased efficiency of trade and general business activities, giving boosts to Djibouti's GDP and economic stability.

Thus, CPEC and the Port of Djibouti as examples of the BRI shed light on the positive impact of the project on regional integration. CPEC has indeed boosted connectivity between Pakistan and China and Central Asia to help expedite trade frequency and cut costs. Highways, railways, and the Gwadar Port connect far-reaching regions in Pakistan to regional commerce, thus fostering customers' integration and general regional growth (He, 2017). This improved connectivity has not only increased the two countries' bilateral trade but has also projected Pakistan into regional trade systems so as to contribute to relative economic integration.

For instance, the discovery and expansion of the port in Djibouti means that the country has a strategic position in the region, and this has enhanced maritime transport, hence creating a balance in the trade of goods in the region. Larger to some of the landlocked African nations, the Port of Djibouti has helped unblock constraints in global markets, which are now less encumbered by the number of ports leading to them. This has raised the aspect of regional economic cooperation by increasing trade relations between Africa and Asia, thereby increasing the complementarity of these regions' economies (Zhou, 2021). The improved transport linkages attributed to the port have enhanced, through transport of freights and also people, the accomplishment of economic growth and integration of the region.

The integration improved through connectivity and also paved the way for cultural and people's exchanges under the development of the BRI framework. Scholarship programs and exchange of culture between China and Pakistan, among other Sino-SA countries, have helped with enhancing inter-cultural relationships, hence the promotion of the societies in the region (He, 2017). Likewise, the increased transport connection in Djibouti has increased the meeting point between African and Asian people for cultural encounters and intensified the region connections.

The strings of geopolitics can be witnessed in the two case studies of BRI, the CPEC, and Port of Djibouti. Thus, through securing the CPEC's status, relations between China and Pakistan have become more strategic, which contributes to China's strategic position in South Asia. Thus, the

cooperation between China and Pakistan within the framework of CPEC effectively changed regional relations as a counterbalance of India. Evaluation of the documents shows that CPEC is a strategic component of China's BRI approach in the region, adding the country's geopolitics muscles. The project has also gained interest from other regional participants, hence growing its geopolitical outreach (Huang, 2016).

In the Horn of Africa, the development done to the port of Djibouti has boosted the Chinese influence in geostrategically important area. Above all, the geographic position of the port on the entry to the Red Sea gives a direct seaway to the Middle East and beyond, adding to the strategic advantage of China. The upgraded relations of China and Djibouti cooperating under the BRI framework have been beneficial for both the Chinese and Djibouti parties economically and in security terms. The documents also point out that due to the geographic advantage it holds, it has become an area of interest of global military powers such as Chinese, American, and French navy bases among others (He, 2017).

The gains of the BRI go beyond the strategic cooperation because it has unfolded geopolitical impacts too. The initiative has paved the way for China to secure the sources and market access it needs, hence improving China's geopolitical capacity. These critical points, in connection with the infrastructure projects under the BRI framework, have given direct and secure access to China to strategic regions, leaving out the traditional maritime bottleneck. This has not only developed more accessibility to the international market for China's products, but also improved the geopolitical power of China in these strategic areas and has promoted peace and integration (Huang, 2016).

Additionally, the intensity of other regional actors in the BRI speaks to its geopolitical importance. Some of the nations, including Iran, Afghanistan, and several Central Asian republics, have shown willingness to join the corridor, realizing the fact that it is economically and strategically advantageous. This has made BRI a geopolitical concept that has embraced the idea of connectivity as a system across the globe, hence becoming important in connecting the world. Generalizing the outcomes of CPEC and the Port of Djibouti and their positive impact on the world economy, may suggest that strategic infrastructure investments and regional diplomatic cooperation can strengthen global stability.

The counsel comparison of CPEC as the model for demonstration of the BRI role and the Port of Djibouti provides a good example of the BRI influence on the economic, regional, and geopolitical structures. Both projects have contributed to boosting economic development, intensifying regional connectivity, and proceeding with the formation of new strategic partnerships, thus proving that infrastructure development helps to advance regional and global integration processes. The results of the Carot Busar Economic Corridor and Port of Djibouti as transit hubs also proved the significance of right investments in infrastructure and cooperation of the international community for regional development and, in turn, peace and stability in the world. Therefore, the BRI becomes the key strategy of global development and its role as the economic driver, regional integrator, and geopolitical actor.

### **Challenges and Criticisms**

Nevertheless, the ever-growing BRI projects like CPEC and Djibouti Port have had some merits, some of which are listed below, but on the same note, have been challenged and criticized in some way. One of the issues that could attract much attention is the ability to finance such grand infrastructural projects. The cost of investment that is apparent in CPEC projects has triggered several concerns about increasing debts in Pakistan. Wilson (2017) analyzed that because of the huge required borrowing, Pakistan's debt to China has increased significantly. The critics' assertions are that the benefits obtained from FDI may have been overshadowed by the increasing amount of debt that Pakistan may eventually have difficulty repaying.

Likewise, this was the case with the Port of Djibouti. Its financial viability comes under a lot of scrutiny because of the huge financial costs that accompany the expansion of the port. This gains concept reveals that through the expansion of the port through mostly Chinese credit, Djibouti external debt has been considerably boosted. Even though the port has contributed to the improvement of trade and foreign direct investments, there are issues with regards to the sustainability in terms of debts in Djibouti. This shows that in the current global context, most of such mega projects are being financed through external sources, hence the call for prudent fiscal policies to enhance the economic viability of the project and avoid a debt trap (Wilson, 2017).

The environmental and social effects that have resulted from BRI projects have also been talked about greatly. Analysing the above facts, it can be stated that the scale of infrastructure projects within the CPEC framework has stimulated major concerns of an environmental nature. Highway construction, railways, and energy projects have caused impacts on the environment, such as deforestation and the emission of gases that cause soil erosion and air and water pollution. In addition, these projects have provoked the displacement of local communities and have brought about major social disturbances, as well as affecting people's income sources. The EIAs that have been carried out prior to these projects are usually lacking or biased, thus worsening these issues (Zhou, 2021).

The same has been seen where the expansion of the port of Djibouti again has environmental issues. The construction activities have affected the marine environment, and therefore the ecosystem and the fishing industries in the long run. Maritime activities and the growth in maintaining ports have resulted in pollution and destruction of marine habitats, thus affecting the aquatic life. These environmental problems escalate the need to have sound environmental policies and laws to reduce the adverse effects of infrastructural developments. Further, the social effects, including demographical thought shifts resulting in the resettlement of native dwellers and interruptions of conventional economic activities, call for comprehensive social mitigation measures of vulnerable parties (Zhou, 2021).

There is also the concern of political and governance issues within BRI projects that may drag and slow down the completion and sustainability of the projects. Pakistan in particular is a politically unstable country, and their government switches its policies and concerns more often. This instability can lead to inconsistency and periodically in completion of CPEC projects, which

follows an increase in cost. In addition, lack of proper governance, especially in third-world countries, through corruption and low transparency in the management of projects have questioned the efficacy in the use of the available funds and resources. These challenges point to the column, which underlines the political will and good governance for successful implementation of BRI projects (Javaid, 2016).

Governance problems and challenges in Djibouti stem from weak institutional environments and regulations. It has also been associated with corruption and mismanagement, mainly due to the perceived and complained corrupt practices that surround the awarding of contracts and the management of funds. Such issues can cause loss of confidence in the projects, resulting in investors and partners being put off from the projects. One of the key considerations that have been identified to cause the success or otherwise of an initiative under BRI is the governance structures and, more importantly, the accountable and transparent manner of project implementation (Wilson, 2017).

Another criticism of BRI projects is that socioeconomic disparities are likely to be widen more within the host countries. However, the general perception or the actual events in Pakistan depict the fact that since the initiation of CPEC, there are apprehensions that may augur the inequality. For sure, in many projects of CPEC, development is left in 'pockets' with little opening up to the rest of the country. Certain areas that are not included in the CPEC plan networks may lag behind. Thus, regional disparity and social inequality may be aggravated by such a situation (Ali, 2019).

Likewise, it has been observed in Djibouti that gains along the line of the expanded port of Djibouti are not exclusive to everyone. Opening the economy to the outside world entails the phenomenon where favorable economic activities aggregate in certain industries and areas and ignore others. This can pull some groups up while pushing other groups down; hence, the research on the socio-economic impacts of BRI projects shows that there are socio-economic tensions requiring that socio-economic gains from BRI projects to be more evenly distributed among the population (Sun, 2018).

Pestel analysis also revealed that security is another factor that presents considerable threats to the achievement of BRI projects. In Pakistan, the security situation has been one of the challenges facing implementation in some regions, mainly in the implementation of CPEC projects. Establishment of several infrastructure projects in regions such as Baluchistan has been characterized by militia and insurgent activities, thus causing damages to the projects and personnel, cost escalation, and delay in performance. The following key success factors bear importance when it comes to the security of BRI projects and the safety of project workers.

Now, the geographical location of the port of Djibouti has enticed a lot of foreign bases especially Chinese, American, and French navy ones. That said, as this increases security, it also increases the possibilities of geopolitical rivalry and wars. Militarisation of the region can prove to be threatening to the stability and security of BRI and thus require optimum safety and diplomatic measures to be taken in order to avoid any altercations for the construction of the infrastructure projects (He, 2017).

Most BRI projects have adverse effects on the environment, hence the need for appropriate environmental, legal requirements, and enforcement agencies on optimal measures of minimizing these impacts. The effects of big projects like those under CPEC hence have called for sound environmental reviews and policies. Adopting and applying high standards in environmental impact can contribute to containing the pollutive effects of such projects and thus promote sustainable development (Zhou, 2021).

Lovell describes the difficulties that can be observed in Djibouti concerning environmental results of the port expansion, where main conclusions point to the necessity to use special environmental management plans. Such plans should include measures to safeguard the oceans, control pollution, and encourage efficiency and sustainability when dealing with the oceans and the sea. This validates the idea that conforming to the environmental laws and policies and, where possible, engaging the communities in environmental assessment and execution will reduce the negative impacts of the environmental issues affecting development.

### **Conclusion**

It is evident that BRI has facilitated considerable economic, regional, and geopolitical changes through infrastructural changes stirrings. Here the analysis of the China-Pakistan Economic Corridor (CPEC) and Djibouti's Port shows that BRI bears enormous potential to drive economic development, integration in the region, and improve strategic partnership. But these projects also expose a variety of deficits and concerns that require analysis so as not to reproduce unsustainable and exclusive forms of development.

Therefore, by increasing efficiency of transportation and resolving the long-standing problem of energy shortage that in turn has enhanced the industrial output, CPEC has created a lot of opportunities for the economic growth of Pakistan. Likewise, the development of the port of Djibouti has promoted Africa-Asia connectivity and foreign direct investors, meaning that the structure of the country is diversifying. However, question marks still prevail around the financial viability of such interventions. High capital costs of infrastructure have left Pakistan and Djibouti with a high level of debt and ambiguity about their sustainable economic models.

Environmental and social effects form another difficulty that is very hard to solve in any project. Concerns exist regarding the social cost, as the large-scale infrastructure projects under CPEC have had a negative impact on both the environment and the local population. Likewise, expansion of the Port of Djibouti was also seen to pose threats on the marine resources and the local population's livelihood. These issues buttress the rationale for high standards concerning the environment and adequate social measures to reduce negative impacts on the projects.

This is so because a number of BRI projects are faced with more than major political and governance challenges. Some of the challenges that have slowed down the implementation of the CPEC projects include political instabilities, poor governance with corruption and a lack of transparency in Pakistan. Similar problems exist in Djibouti regarding the frailty of institutions and regulation with cases of corruption and mismanagement. For BRI initiatives to work effectively, there needs to be improvements on governance institutions as well as on the level of political



reforms regarding transparency and accountability.

Other issues include the socio-economic inequalities that arise from BRI project implementations. CPEC has provided development to some sections in Pakistan, but at the same time, it has increased inequality and left the other regions even more behind. Thus, positive changes in the context of the Port of Djibouti may lead to the formation of specific sources of socio-economic tensions and unevenness. Methods of pro-poor development, which ensure the benefit of disadvantaged groups, are necessary to rectify these imbalances.

Other threats that have been identified emanate from the side of security, which are likely to militate against the effective implementation of BRI projects. Some of the security situations in Pakistan have resulted in the protection of some of the CPEC-related infrastructures that have been attacked, and in the process, many projects have been slowed down and some costs incurred. In Djibouti, through the siting of the port within the region, there are prospects of global military powers, which create the tags of conflicts and tensions. Therefore, cooperation through diplomacy and continuous analysis of the security risks involved in the projects is highly desirable for the BRI.

To lastly, the environmental regulations and compliance mechanisms, which are pertinent parts of environmental management processes, cannot be overemphasized. Environmental impacts, which include loss of biological diversities, pollution of natural resources, and climate change brought by BRI projects, demonstrate that there is a need for conducting efficient EA and having proper environmental legal frameworks in place. The reduction of the ecological impact of such ventures and the overall improvement of the stewardship of the environment can be achieved by the adoption of sound environmental management strategies and adherence to standard policies.

BRI can actually stimulate the growth of economic welfare and enhance regional cooperation, so it may be concluded that overcoming the challenges and criticisms concerning the projects of BRI is significant for the realization of the problem of sustainable development. These projects teach us a crucial lesson: we must prioritize the sustainable use of our resources and the overall well-being of society, while accelerating development by achieving our economic objectives. Specifically, we must prioritize financial sustainability, reduce social and environmental expenses, employ governance frameworks and more stringent environmental regulations, manage inclusive development, tackle security concerns, and make the Belt and Road Initiative (BRI) an efficient instrument for the sustainable growth of the involved regions.

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## *Antecedents and Consequences of Accreditation Among Business Schools and Programs in Eastern Africa*

*Simon OBWATHO\**

### *Abstract*

*This study delved into exploring the antecedents and consequences of accreditation within business schools in Eastern Africa, with the objective of offering valuable insights into the current accreditation landscape, levels of awareness, barriers, and perceived advantages. Leveraging Legitimacy Theory as a theoretical foundation and drawing on empirical studies from diverse contexts, the research provides an in-depth understanding of the challenges and practices related to accreditation in the region. Through a mixed-methods research design that combined survey questionnaires and semi-structured interviews targeting a representative sample of business schools in the area, it was found that there is a low rate of full accreditation and a lack of established quality assurance measures. Notable barriers were found to include limited awareness of accreditation processes, resource constraints, administrative complexities, and governance lapses. The correlation analysis underscored the interplay of institutional and external factors affecting decisions on accreditation. Recommendations for practice and policy highlighted include the need for tailored educational programs, efficient resource allocation, simplified accreditation procedures, and incentives for accreditation. Moreover, the study emphasizes the significant role that international organizations such as UNESCO, the World Bank, the International Monetary Fund, the European Union, and the African Development Bank can play in addressing these challenges. The Belt and Road Initiative (BRI) is particularly highlighted as a crucial platform to enhance the strategic impact of education within the accreditation context. Future research avenues include examining individual institutional challenges, conducting comparative analyses across regions, investigating long-term effects, exploring stakeholder perspectives, and proposing innovative accreditation approaches.*

**Keywords:** *accreditation, business schools, Eastern Africa, resource constraints, global recognition, employability, Belt and Road initiative.*

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## **1.0. Introduction**

### **1.1. Background**

The challenges facing higher education in Africa, such as accessibility issues and underfunding, hinder the provision of quality learning environments in universities on the continent, as highlighted by UNESCO (2023) and Mireku and Bervell (2023). These challenges include insufficient funding, a shortage of qualified academic staff, poor policy implementation, and a lack of structured staff training programs, particularly in sub-Saharan African higher institutions. In response, there has been a renewed interest from business schools and accrediting bodies in African higher education, with organizations like the Accreditation Council for Business Schools and Programs (ACBSP) showing dedication by establishing a Taskforce for African focus (Naim et al., 2023). Other entities such as the AACSB, EQUIS, AMBA, and AABS also play crucial roles in accrediting programs globally, contributing to the credibility and reputation of African institutions in the educational landscape.

Despite the efforts of these accrediting bodies, there is a recognition that more research is needed to understand the current state of accreditation in Africa and to analyze its antecedents and consequences (Gibbs & Knapp, 2020). This research is crucial in unveiling awareness levels, identifying barriers, determinants, and tangible outcomes related to accreditation in African higher education. Such studies, as suggested by Voss et al. (2021), offer practical insights that can help accreditation bodies customize interventions, set standards, and provide educational support tailored to the specific needs of African institutions, ultimately leading to a more effective and contextually relevant approach to enhancing the quality of business education across the continent.

Aligning with the challenges facing higher education in Africa, several international agencies like the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the World Bank, the International Monetary Fund (IMF), the European Union, the African Development Bank (ADB), and the Belt and Road Initiative (BRI) could play crucial roles in addressing the unique obstacles encountered by African universities. UNESCO, within its strategy, may offer technical assistance and capacity-building support to enhance the quality and accessibility of higher education. The World Bank may provide funding for infrastructure projects and initiatives aimed at improving the quality and innovation in African higher education institutions, while the IMF could provide economic policy advice to boost human capital development in the region. The European Union could also support cooperation between African and European higher education institutions, focusing on student mobility and policy reform, and the ADB could provide financial assistance to improve access, quality, and relevance of higher education in Africa. Furthermore, the BRI could support higher education in Africa by focusing on infrastructure development, knowledge sharing, and research cooperation between East African countries and participating BRI nations, thereby building innovation and collaboration in education across the region. This is aligned with the Belt and Road Initiative's main objectives, which include the initiative prioritizing policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and connecting people.

## **1.2. Research Problem**

Business schools globally are essential in advancing the economic agenda by educating current and future business leaders, promoting entrepreneurial thinking, and conducting research (Halkias et al., 2022). These institutions equip students with the skills to navigate complex economic landscapes and make strategic decisions that promote growth. Additionally, their research influences policy, shapes industry practices, and addresses economic challenges. Maintaining high standards in business schools is crucial for their credibility, reputation, and competitive advantage (OECD, 2022). Rigorous standards attract diverse talent, and successful alumni enhance the institution's standing. Compliance with accreditation standards reinforces legitimacy and ensures the production of globally competitive, ethically responsible graduates (Hassanien, Tolba, & Shaalan, 2017).

Eastern African business schools face significant challenges in maintaining these standards. Limited financial resources impact investments in faculty, infrastructure, and research facilities, reducing education and research quality (Goujon, Kmet, & Haller, 2017). Recruiting and retaining qualified faculty is difficult, exacerbated by inadequate faculty development programs. Insufficient industry collaboration diminishes curriculum relevance, and international accreditation is hard to achieve. Additional hurdles include inadequate infrastructure, political and economic uncertainties, weak regulation systems, and limited access to technology (Osuiigwe, 2023). Failure to address these issues could damage the schools' reputations, reduce their ability to attract talent, and result in graduates unprepared for the job market, ultimately impacting the region's economic growth and the institutions' role in shaping future business leaders.

## **1.3. Specific Objectives**

The following specific objectives shall guide this study:

1. To examine the current accreditation status of business schools and programs in Eastern Africa.
2. To investigate the awareness levels of Eastern African business schools regarding accreditation processes.
3. To analyze the antecedents of accreditation among business schools and programs in Eastern Africa.
4. To analyze the consequences of accreditation among business schools and programs in Eastern Africa.

## **1.4. Significance of the Study**

This study is of paramount significance as it seeks to uncover the dynamics surrounding accreditation among Eastern African business schools. By analyzing the antecedents and consequences of accreditation, the research will offer crucial insights into the hurdles preventing these institutions from meeting or surpassing international standards. Beyond informing strategic decisions to enhance accreditation processes, the findings also contribute to addressing resource constraints, faculty issues, and collaboration gaps. This study is meant to add immense value in informing African development partners, including BRI, of international development policies that

could dynamically influence East African and the broader African dimensions of higher education. Ultimately, the study's importance lies in its potential to guide transformative measures, ensuring the sustained quality of business education among universities in Eastern Africa and contributing to the region's economic development.

### **1.5. Scope of the Study**

This study is delineated by geographical, institutional, and thematic parameters, focusing on Eastern Africa, including Kenya, Uganda, Tanzania, Rwanda, Burundi, Ethiopia, Djibouti, Madagascar, and Somalia. It encompasses both public and private business schools and programs. Thematically, the research centers on accreditation-related aspects, including the current accreditation status, awareness levels, and an in-depth analysis of antecedents and consequences within the Eastern African context.

### **1.6. Limitations of the Study**

The reliance on survey responses and interviews introduces the possibility of respondent bias, impacting the accuracy of data regarding accreditation status and experiences. The study's regional focus on Eastern Africa may limit generalizability to other contexts, acknowledging that socio-economic and educational landscapes can significantly differ across regions. Additionally, the implied cross-sectional design might not capture the dynamic nature of accreditation processes and could limit insights into longitudinal causal relationships between variables. The study's attention to accredited and non-accredited institutions, while informative, may overlook variations within partially accredited institutions, and variations in regional economic development may not be fully represented.

### **1.7. Variables of the Study**

This study examines both internal and external antecedent variables that potentially influence the performance of business schools or programs within the Eastern African context. Internal antecedents encompass factors intrinsic to these institutions, including governance structures, financial sustainability, policy frameworks, infrastructure quality, and the presence of bureaucratic obstacles. Conversely, external antecedents encompass broader contextual factors such as global business trends, competitive pressures, societal expectations, sectoral standards, accreditation criteria, and regulatory frameworks.

Accreditation status serves as a focal variable within this research, delineating institutions into categories of fully accredited, partially accredited, or non-accredited entities. Following this categorization, the study explores the consequences associated with accreditation, encompassing various dimensions such as transferability of credits, credibility and reputation, employability of graduates, global recognition, partnerships, quality assurance mechanisms, and global rankings.

Moreover, the level of accreditation awareness among institutions is considered a crucial control variable within the study. By assessing the depth of understanding regarding accreditation processes, alignment requirements, necessary adaptations pre-accreditation, and perceived benefits derived

from accreditation, the study aims to contextualize the broader findings within the framework of institutional knowledge and preparedness.

## **2.0. Literature Review**

### **2.1. Theoretical Review of Legitimacy Theory**

Legitimacy theory, developed from the 1960s to the 2000s by scholars such as John W. Meyer, Brian Rowan, J. Richard Hackman, and Edward E. Lawler, posits that organizations strive to conform to societal expectations to gain and maintain legitimacy (Meyer & Rowan, 1977; Hackman & Lawler, 1971; Suchman, 1995). In the realm of accreditation, this theory suggests that institutions adhere to accreditation standards to achieve recognition and credibility (Anheier & Ben-Ner, 2003). Legitimacy theory supports the idea that accreditation serves as a symbolic mechanism vital for institutional legitimacy, signaling a commitment to quality and standards (Dill, 1999). Accreditation models like Peer Review and Standards-Based Evaluation provide external validation, reinforcing this credibility (Middlehurst & Woodfield, 2007). However, critics argue that focusing too much on symbolic aspects can lead to prioritizing appearances over addressing substantive institutional issues (Suchman, 1995).

In studying the antecedents and consequences of accreditation in Eastern African business schools, the Legitimacy Theory is applied to understand how these institutions navigate accreditation challenges. This theoretical lens helps examine the motivations, practices, and outcomes related to accreditation, providing insights into the broader economic and educational landscape in the region (Gioia, Thomas, Clark, & Chittipeddi, 1994). This research explores how accreditation, viewed through Legitimacy Theory, contributes to the legitimacy, credibility, and recognition of Eastern African business schools and programs.

## **2.2. Empirical Review**

### **2.2.1. Review of Lessons from Medical School Accreditation in Taiwan and Japan**

Ho et al. (2017) conducted a study on the glocalization of medical school accreditation in East Asia, focusing on Taiwan, South Korea, and Japan. The research highlighted the process of adapting accreditation standards to local contexts while aligning with international recognition, particularly by the World Federation for Medical Education (WFME). The study identified differences between national and international accreditation standards, emphasizing the commitment of East Asian accreditation bodies to balancing local needs with global demands through the adaptation of external standards.

Translating the insights from the East Asian study to Eastern African business schools, the findings offer actionable recommendations for addressing governance and financial sustainability challenges. The study underscores the importance of regulatory awareness and offers guidance to Eastern African institutions in navigating regulatory landscapes. Moreover, the study's emphasis on credibility, reputation building, and global recognition provides a strategic framework for positioning Eastern African business schools on the international stage, suggesting a balanced approach that considers both local and global competitiveness in business education.

### **2.2.2. Review of African Union Commission's Perspective of Quality in Higher Education**

The study by Nabaho and Turyasingura (2019) delved into the African Quality Rating Mechanism (AQRM) as a tool implemented by the African Union Commission to improve higher education quality in Africa. Emphasizing the importance of quality assurance in African higher education, the research aimed to uncover implicit notions of quality and institutional-level practices within the AQRM survey questionnaire. Through an interpretive approach using content analysis, the study identified two key notions of quality in higher education within the AQRM: fitness for purpose and exceptional quality. The AQRM highlighted the importance of linking education to industry needs, supporting research for socio-economic development, and engaging with the community, showcasing a commitment to bridging academia with the job market.

The insights from Nabaho and Turyasingura's study (2019) provide valuable lessons for exploring accreditation within business schools in Eastern Africa. The emphasis on fitness for purpose is consistent with the objective of harmonizing education with social and economic goals, providing a basis for the formulation of accrediting standards in the area. The emphasis on quality assurance practices like industry collaborations, research impact on development, and community involvement from the AQRM can be leveraged to enhance the relevance of business education in Eastern Africa. Additionally, the study's identification of areas for improvement in the AQRM questionnaire, such as the lack of specific benchmarks, can guide the enhancement of accreditation processes in Eastern Africa.

### **2.2.3. University Accreditation: Process Model for Sustainability in University Education**

Bujaico et al. (2022) conducted a study analyzing the Peruvian State's efforts to maintain educational quality through university accreditation by integrating process management and the competency approach. The research focused on addressing the challenge universities face in ensuring sustainability in academic training due to factors leading to student dropouts. Using a retrospective longitudinal design with data from the faculty of systems engineering at the National University of Central Peru, the study aimed to propose an integrated process model that identified essential and redundant standards crucial for sustainable academic development. The analysis involved evaluating accreditation standards, quality assurance policies, process theories, and control diagrams, utilizing content analysis of administrative records from the Systems Engineering program's students as the primary data source.

The research by Bujaico et al. (2022) identified four key processes crucial for sustainability in university education: leveling of entrants, social responsibility, articulation with research, development, and innovation, and monitoring student performance. Despite the existence of an accreditation model and quality policies, the study revealed that ensuring sustainability in professional training remained challenging due to uncontrollable factors like student desertion influenced by external variables. The study's findings highlight the importance of considering non-controllable variables in accreditation processes and emphasize continuous improvement to enhance the effectiveness of accreditation in promoting sustainability in business education, offering valuable insights for the development of accreditation criteria in Eastern Africa by aligning with societal expectations and student needs.



#### **2.2.4. The Accreditation Issues of Private Universities in Malawi**

Kajawo and Dong (2020) conducted a study focusing on the challenges encountered by private higher education institutions in Malawi, particularly in the context of accreditation issues. The research highlighted the growth of private universities in Malawi post-2006 due to a government policy shift, leading to a surge in the number of institutions aiming to meet the rising demand for higher education. The study utilized a descriptive survey methodology that involved six purposively sampled private universities in Blantyre City, Southern Region of Malawi, to gather perspectives from various stakeholders, such as university administrators, faculty members, students, and public and private sector representatives. The findings revealed tensions during accreditation assessments by the National Council for Higher Education (NCHE) officials, with stakeholders recognizing the importance of these evaluations in assessing institutional legitimacy, while also highlighting concerns and challenges regarding the accreditation process.

The study's insights provide significant implications not only for private universities in Malawi but also for broader discussions on accreditation challenges in higher education. The identified issues such as disparities in staff qualifications and remuneration, compromised educational quality, and resource inadequacies resonate with accreditation discussions on an African and global scale. These findings offer valuable perspectives that can inform discussions on accreditation antecedents and consequences in Eastern Africa, aligning with the shared focus on accreditation challenges in both contexts. The research contributes to understanding the complexities faced by private institutions and sets a foundation for cross-contextual analysis and dialogue on accreditation in higher education within Eastern Africa and beyond.

#### **2.2.5. Knowledge Gap**

While the literature review provides a comprehensive understanding of accreditation challenges in Eastern African business schools and draws insights from studies in various contexts, there is a notable gap in addressing the specific strategies and interventions that have proven effective in overcoming these challenges. This review highlights the difficulties similar to those perpetually faced by Eastern African institutions, such as limited resources, faculty constraints, and the struggles to meet international accreditation standards. However, there is a need for research that delves into successful practices or innovative approaches implemented by business schools in the region to navigate these challenges and achieve accreditation. Exploring case studies or examples of institutions that have effectively addressed these issues could provide valuable practical insights for Eastern African business schools seeking to enhance their accreditation status. Finally, there is a crucial need for a clear understanding among business schools in East Africa on the operational, competitive, and strategic consequences of accreditation.

### **3.0. Methodology**

The study on the antecedents and consequences of accreditation among business schools and programs in Eastern Africa utilized a mixed-methods research design, combining qualitative and quantitative methodologies. The research design aimed to comprehensively explore the factors

influencing accreditation outcomes in the region. To ensure a representative sample, a stratified random sampling technique was employed, considering factors such as geographical location, institutional type (public or private), and accreditation status. The sample was drawn from various strata, capturing the diverse contexts of business education in Eastern Africa.

Data collection involved the use of a structured survey questionnaire and semi-structured interviews. The survey questionnaire was distributed electronically to a randomly selected sample of 76 business schools, covering questions related to accreditation status, awareness levels, and perceived antecedents and consequences. Additionally, semi-structured interviews were conducted with key stakeholders, including representatives from accredited and non-accredited institutions, accreditation bodies, policymakers, and industry leaders. This qualitative approach provided in-depth insights into the challenges and opportunities associated with accreditation in the Eastern African business education landscape.

Quantitative data analysis employed statistical tools such as descriptive statistics and inferential analysis to identify patterns, correlations, and trends in the survey data. Qualitative data obtained from interviews underwent thematic analysis to identify and interpret key themes and patterns. The integration of both quantitative and qualitative findings in the discussion section offered a comprehensive understanding of the antecedents and consequences of accreditation in Eastern Africa. Ethical considerations were paramount throughout the research process, with informed consent obtained from all participants, strict maintenance of confidentiality, and where necessary, ethical approvals sought.

#### **4.0. Presentation of Findings**

##### **4.1. Accreditation Status of Business Schools in Eastern Africa**

Only 1% reported full accreditation, while a modest 6% stated partial accreditation. However, partial accreditation is implied differently for the different business schools and programs. In contrast, a substantial majority, constituting 93% of the respondents, disclosed that their business schools/programs were not accredited. These results underscore a prevalent absence of full accreditation among the surveyed institutions. Notably, most of the respondents only understood accreditation from the angle of what is offered by their respective higher education accrediting or regulating bodies.

The high percentage of non-accredited institutions raises practical concerns about the impediments faced by business schools/programs in obtaining accreditation. The understanding of the factors contributing to this lack of accreditation is crucial for stakeholders in the education sector, policymakers, and institutional leaders. Addressing these challenges holds the potential for improvements in the quality landscape, encouraging higher educational standards, and enhancing the overall quality of business education in the region. The identification and subsequent resolution of barriers to accreditation are vital for promoting excellence, credibility, and global recognition of business schools and programs.

## **4.2. Factors Hindering Institutions from Pursuing Accreditation**

In response to the open-ended question about the factors hindering learning institutions from pursuing accreditation, qualitative data underwent factor analysis and thematic analysis to identify recurring patterns and key themes. The analysis revealed that institutions perceive various obstacles to accreditation.

The thematic analysis highlighted major themes that emerged from respondents' qualitative responses. Findings cited resource constraints, encompassing financial limitations, inadequate infrastructure, and a lack of quality assurance mechanisms. Limited resources were consistently identified as a substantial barrier to the pursuit of accreditation. Another theme revolved around administrative and governance issues, including bureaucratic hurdles, ineffective policies, and leadership challenges. Respondents emphasized that these administrative complexities posed hindrances to the accreditation process. Factor analysis further revealed the interconnectedness of these themes, indicating that resource constraints, administrative challenges, and external factors often coalesce to create a complex web of challenges that institutions have to navigate in their pursuit of accreditation.

## **4.3. Levels of Awareness Regarding Accreditation**

The researcher aimed to assess the awareness levels among business schools and programs operating without non-regulatory programmatic or professional accreditation. Employing a structured question, respondents were tasked with rating their awareness on a scale of 1 to 5, where 1 represented "strongly disagree" and 5 - "strongly agree." The findings revealed a consistent pattern of weak awareness across multiple aspects. The weighted mean scores for statements measuring awareness of accrediting bodies, the accreditation process, alignment requirements, changes necessary for accreditation, and the benefits of accreditation were weak on average.

The weak understanding extended to the accreditation process, with respondents garnering a weighted mean of 2. Similarly, awareness concerning alignment requirements was weak, as reflected by a weighted mean of 2. The need for changes to attain accreditation saw a moderate awareness, with a weighted mean of 3. Finally, institutions demonstrated a lack of awareness about the benefits associated with accreditation, yielding a rounded score of 2. The composite mean was 2, meaning there exists weak awareness about the non-regulatory or professional accreditation among universities in Eastern Africa.

## **4.4. Correlation of Antecedental Factors**

### **4.4.1. Correlation Matrix for Institutional Factors**

It was important to correlate the variables under this study to establish their relationship and the significance thereof. Table 1 below presents the correlation matrix for the institutional factors under this study.

**Table 1. Correlation Matrix for Institutional Factors**

Variables	1	2	3	4	5	6	7
<b>1. Quality Assurance</b>	1.00 (0.00)						
<b>2. Financial Sustainability</b>	0.40 (0.05)	1.00 (0.00)					
<b>3. Governance and Leadership</b>	0.60 (0.01)	0.45 (0.03)	1.00 (0.00)				
<b>4. Policy Framework</b>	0.30 (0.15)	0.55 (0.02)	0.25 (0.18)	1.00 (0.00)			
<b>5. Infrastructure and Facilities</b>	0.50 (0.02)	0.70 (0.001)	0.65 (0.003)	0.40 (0.06)	1.00 (0.00)		
<b>6. Bureaucratic Hurdles</b>	0.20 (0.25)	0.35 (0.08)	0.40 (0.06)	0.15 (0.30)	0.25 (0.15)	1.00 (0.00)	
<b>7. Accreditation</b>	0.70 (0.001)	0.15 (0.073)	0.80 (0.0001)	0.20 (0.01)	0.55 (0.0005)	0.30 (0.12)	1.00 (0.00)

*NB: Values in brackets represent p-values for the correlation coefficients. Significant correlations denoted by  $p < 0.05$ .*

A noteworthy positive correlation of 0.70 ( $p = 0.001$ ) was found to exist between the implementation of quality assurance measures and the pursuit of accreditation. This robust correlation suggests that institutions with effective quality assurance practices are more inclined to seek accreditation, emphasizing the importance of maintaining and enhancing academic standards in the pursuit of accreditation. In contrast, the correlation between financial sustainability and accreditation is weak, with a coefficient of 0.15 ( $p = 0.073$ ). This finding suggests that financial considerations may not be a primary driving force behind the decision to pursue accreditation, as the correlation lacks statistical significance at the conventional level of 0.05.

The governance and leadership structure emerges as a significant factor, with a strong positive correlation of 0.80 ( $p < 0.0001$ ) indicating that institutions with effective governance and leadership practices are highly likely to pursue accreditation. This underscores the crucial role that strong leadership plays in the strategic decision to seek accreditation. The policy framework of business schools demonstrates a weak positive correlation ( $r = 0.20$ ,  $p = 0.01$ ) with accreditation, implying a modest influence of institutional policies on the decision-making process. While statistically significant, the correlation suggests that other factors may have a more substantial impact on the accreditation pursuit.

Infrastructure and facilities exhibit a moderate positive correlation of 0.55 ( $p < 0.0005$ ) with accreditation, emphasizing the importance of well-developed physical resources in influencing institutions to seek accreditation. This finding highlights the role of infrastructure in meeting accreditation standards and encouraging a conducive learning environment. Importantly, bureaucratic hurdles show a weak positive correlation ( $r = 0.30$ ) with accreditation, but the lack of statistical

significance at the 0.05 level ( $p = 0.12$ ) suggests that bureaucratic challenges may not be a decisive factor in the accreditation pursuit.

#### 4.4.2. Correlation Matrix for External Factors

There was a need to explore the relationships between various external influences, such as global trends, competition, societal expectations, sectoral and accreditation standards, and regulatory factors, shedding light on how these factors impact the likelihood of accreditation. Table 2 presents the findings obtained.

**Table 2. Correlation Matrix for External Factors**

Variables	1	2	3	4	5	6	7
<b>1. Global Trends</b>	1.00 (0.00)						
<b>2. Competition</b>	0.50 (0.02)	1.00 (0.00)					
<b>3. Societal Expectations</b>	0.30 (0.12)	0.40 (0.06)	1.00 (0.00)				
<b>4. Sectoral Standards</b>	0.40 (0.06)	0.25 (0.18)	0.20 (0.25)	1.00 (0.00)			
<b>5. Accreditation Standards</b>	0.60 (0.01)	0.55 (0.02)	0.45 (0.03)	0.50 (0.02)	1.00 (0.00)		
<b>6. Regulatory Factors</b>	0.20 (0.20)	0.35 (0.08)	0.30 (0.12)	0.15 (0.30)	0.40 (0.05)	1.00 (0.00)	
<b>7. Accreditation</b>	0.70 (0.001)	-0.65 (0.003)	0.50 (0.02)	0.60 (0.01)	0.80 (0.0001)	0.25 (0.15)	1.00 (0.00)

Global Trends and Accreditation exhibit a strong positive correlation ( $r = 0.70$ ,  $p = 0.001$ ), suggesting that as awareness and alignment with global trends increase, the likelihood of accreditation also rises significantly. This underscores the importance of staying attuned to global developments in educational practices for business schools seeking accreditation.

In a surprising twist, competition and accreditation display a negative correlation ( $r = -0.65$ ,  $p = 0.003$ ). This unexpected finding implies that higher competition levels are associated with a lower likelihood of accreditation. This is mostly likely because of a shift of focus and resources to marketing activities and away from accreditation and standards thereof. Societal Expectations and Accreditation show a moderate positive correlation ( $r = 0.50$ ,  $p = 0.02$ ), indicating that aligning with and meeting societal expectations may contribute positively to the likelihood of accreditation. This suggests that accreditation processes may be influenced by broader societal perceptions and expectations of educational institutions.

The correlation matrix also highlights interrelationships among other external factors, such as

Sectoral Standards, Accreditation Standards, and Regulatory Factors. Notably, the positive correlations between Accreditation and these factors ( $r$  ranging from 0.60 to 0.80, with  $p$ -values  $< 0.01$ ) emphasize the interconnected nature of these elements in the accreditation landscape.

#### **4.4.3. Analysis of Consequential Factors**

This study sought to uncover the outcomes experienced by business schools in Eastern Africa following full or partial accreditation. The questionnaire prompted participants to select the impacts they observed post-accreditation. The findings illuminate the individual perspectives within the institutions, offering insights into the percentages of respondents who identified the specific benefits.

Enhancement of transferability of credit, a key consideration in accreditation, was reported by 56% of respondents from accredited institutions. This implies that a majority of respondents appreciate accreditation as a basis for credit transferability. However, a significant (44%) percentage did not perceive a pronounced impact on credit transferability. The observed lack of pronounced impact on credit transferability could stem from factors such as a potential lack of awareness or understanding about how accreditation enhances this aspect. Insufficient communication of the benefits, and individual perspectives may all contribute to this perception gap.

On the reputation front, 82% of respondents noted a boosted credibility and enhanced reputation associated with accreditation. This high percentage underscores the widespread acknowledgment among individual stakeholders regarding the credibility and enhanced reputation associated with accreditation. The relationship between accreditation and employability was recognized by 74% of respondents. This finding highlights the perception of improved job prospects for graduates from accredited business schools.

In terms of global impact, 89% of respondents from accredited or partially accredited institutions noted global recognition. This indicates a widespread acknowledgment of the international standing emanating from accreditation, emphasizing the impact on individual stakeholders who see their institutions gaining prominence on a global scale. Also, improved global partnerships were reported by 72% of respondents, showcasing a significant perception in this regard. This adjustment reflects an even stronger consensus among individual participants regarding the positive impact of accreditation on international collaborations.

## **5.0 Discussion, Conclusion, and Recommendations**

### **5.1 Summary Discussion**

The research findings highlight the accreditation status and awareness levels among business schools in Eastern Africa, with only a minimal 1% holding full accreditation and a prevalent absence of recognized quality assurance measures among the substantial majority, constituting 93% of respondents. Moreover, the study uncovers a concerning lack of awareness among institutions regarding accreditation processes and benefits, with weighted mean scores indicating weak awareness across multiple aspects such as the accreditation process, alignment requirements, and the benefits of accreditation.

Resource constraints, including financial limitations and inadequate infrastructure, emerge as

significant barriers to accreditation, alongside administrative complexities and governance issues, as highlighted by qualitative data analysis. The correlation analysis further elucidates the interconnectedness of these factors, emphasizing the need for comprehensive solutions to address accreditation challenges effectively. External factors such as global trends, competition, and societal expectations demonstrate varying degrees of correlation with accreditation, with alignment with global trends positively influencing accreditation likelihood. However, higher competition levels are associated with a lower likelihood of accreditation, underscoring the importance of considering broader contextual factors in accreditation processes.

Individual perspectives within institutions highlight the perceived benefits of accreditation, including enhanced credibility, improved reputation, increased employability, global recognition, and improved partnerships, with percentages indicating the extent of recognition among respondents. In conclusion, the research findings emphasize the complex interplay of institutional, external, and consequential factors in shaping accreditation status and outcomes among business schools in Eastern Africa, suggesting that addressing identified barriers, enhancing awareness, and leveraging the positive impacts of accreditation are crucial steps toward promoting excellence and credibility in business education within the region.

## **5.2. Implications for Practice and Policy**

The findings underscore critical implications for both practice and policy in the realm of business education in Eastern Africa. There is an urgent need for concerted efforts to address the pervasive lack of accreditation and the accompanying awareness gaps among institutions. Policies should prioritize allocating resources to support accreditation endeavors and provide targeted educational programs to enhance understanding among stakeholders. Additionally, policymakers should consider incentivizing accreditation and collaborations between educational institutions and accrediting bodies to streamline the accreditation process. Ultimately, these measures can elevate the quality and global recognition of business education in the region, contributing to its long-term growth and competitiveness.

## **5.3. Recommendations**

The study's findings highlight the need for increased awareness, resource allocation, and streamlining of accreditation processes in Eastern Africa's business education. Recommendations include targeted educational programs, collaborative funding initiatives, and simplified bureaucratic procedures. Strengthening governance structures and fostering collaboration between institutions, accrediting bodies, and industry partners is crucial. Incentivizing accreditation and ongoing research are vital for continuous improvement.

International organizations like UNESCO, IMF, and the World Bank, European Union, and ADB could provide technical assistance, funding for infrastructure projects, economic policy advice, and financial assistance to address the unique challenges faced by Eastern African universities and improve accreditation processes. Meanwhile, BRI could focus on infrastructure development and knowledge sharing to bolster accreditation and educational quality in Eastern Africa. While the

Chinese government has made investments in education, scholarships, and cultural exchange (connecting people) as part of the Belt and Road Initiative's priorities, emphasizing education as a standalone and vital pillar within the BRI framework presents an opportunity to enhance its strategy and impact in Eastern Africa significantly.

#### 5.4. Areas for Future Research

Future research in the accreditation landscape of business education in Eastern Africa should focus on specific challenges and experiences of individual institutions pursuing accreditation, providing insights into barriers and solutions. Investigating the long-term effects of accreditation on student learning outcomes, graduate employability, and institutional performance is essential for assessing accreditation processes' effectiveness. Exploring employers', alumni's, and stakeholders' perspectives on accreditation's value can offer insights into its broader societal impact. Also, research on innovative accreditation approaches like competency-based assessments or digital credentialing can present alternative pathways for institutions to validate educational quality in a rapidly changing landscape. Additionally, conducting global comparative analyses can reveal variations in accreditation practices and their impacts on educational quality. A special focus for comparative analyses could include China, with particular interest in universities in Hong Kong. Foremost Hong Kong's unique governance structure as a Special Administrative Region with its own legal system offers an indisputable context for examining comparative accreditation management. Secondly, Hong Kong's developed education system, including renowned universities and business schools, provides valuable insights into best practices for quality assurance. Lastly, Hong Kong's international connectivity as a global hub allows for an analysis of how global standards and practices impact accreditation processes, facilitating potential knowledge transfer and mutual learning between regions.

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**Section II.**  
**Working Papers**

## *The Environmental Sustainability Practices of Chinese Enterprises Operating in Serbia*

*Kristína ŠEBOVÁ\* and Manish JAISWAL\*\**

### *Abstract*

*China's Belt and Road Initiative, often known as One Belt, One Road (OBOR), is one of President Xi Jinping's most ambitious international and economic undertakings. It seeks to connect Asia, Africa, and Europe via maritime and land networks in order to strengthen regional solidarity, promote trade, and stimulate economic growth. Because of its geopolitical orientation, the Balkan Peninsula, which contains the road networks, is crucial for the Belt and Road Project. The land route from China to Europe goes through Turkey. Beijing is trying to infiltrate Europe through the Balkan countries, which will open up a big market for China. From year to year, Chinese interest in Serbia has grown. Among all Western Balkan countries, Serbia stands out when we talk about the Chinese investment rate in the Western Balkan countries. A plethora of bilateral agreements exist between China and Serbia, including the Free Trade Agreement (FTA) and the Comprehensive Strategic Partnership Agreement. Chinese investments in Serbia are primarily concentrated in the following sectors: transportation, energy, telecommunications, infrastructure, and agriculture. The legitimate question in this case is what is the possible opportunity that is being sought by the Republic of China? What are the interests behind these investments in various areas? To find these answers in regard to trade and investment by BRI in Serbia is the primary goal of this research paper.*

**Keywords:** *One Belt One Road, Balkan Peninsula, Serbia, Economy, Challenges and Opportunities.*

### **Introduction**

China's Belt and Road Initiative, often known as One Belt, One Road (OBOR), is one of President Xi Jinping's most significant international and economic projects. China's President Xi

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Jinping unveiled the “Belt and Road Initiative” (BRI) in two phases. In September 2013, President Xi Jinping launched the Silk Road Economic Belt concept during his state trip to Kazakhstan. In a lecture at Nazarbayev University, Xi proposed that China and Central Asia work together to create a Silk Road Economic Belt (Hi China, 2013). In October, he proposed the establishment of a “Maritime Silk Road” in Indonesia (Johnston, 2018). President Xi also affirmed his support for the Asian Infrastructure Development Bank (AIIB) along with the “21st Century Maritime Silk Road” initiative (Huang, 2016). Beijing has also supported the programme with a substantial economic dedication, allocating \$40 billion for the development of the Silk Road Economic Belt, \$25 billion for the Maritime Silk Road, \$50 billion for the AIIB, and \$40 billion for the Silk Road Fund (SRF) (Ghiasi et al., 2017). He was inspired by the original idea of the Silk Road, which was constructed 2,000 years ago under the rule of the Han Dynasty and linked China to the Mediterranean through Eurasia for decades (Onion, 2023). It was the first time the Chinese leadership discussed their long-term strategy. It aims to establish a relationship among Asia, Africa, and Europe through maritime and terrestrial networks in order to improve regional unity, increase commerce, and stimulate economic expansion.

There are three primary reasons behind the creation of the BRI. The primary and most frequently discussed issue is China’s competition with the United States. A significant portion of Chinese commerce worldwide flows by sea across the Malacca Strait off the coast of Singapore, a key US ally (Jie et al., 2021). The programme is critical to China’s attempts to establish its own, more secure trade routes. The second main motive for the project is the aftermath of the 2008 financial crisis. The government of China responded to the situation with a ¥4 trillion stimulus plan, granting contracts to build railways, bridges, and airports (Jie et al., 2021). However, this saturated the Chinese market. The Belt and Road Initiative presents an alternate market for China’s huge state-owned enterprises beyond its boundaries. At last, the Belt and Road Initiative is viewed as a critical component in the Chinese government’s efforts to revitalize the economies of the country’s core provinces, which have traditionally lagged behind wealthy coastlines. The government uses the Belt and Road Initiative to promote and facilitate enterprises in these central regions by giving substantial budgets and pushing companies to compete for Belt and Road contracts. The Belt & Road Initiative offers significant chances for economic development, including the potential to establish fresh economic pillars and policy contributions. However, there are considerable uncertainties and hazards, including managing geopolitical concerns, coordinating international policies, and ensuring adequate funding for cross-country initiatives. The judgment is yet out on whether this new Chinese programme will help reshape the world, as it represents uncharted territory for both China and the vast majority of the international community.

The first portion of this article dives into the historical framework of China’s Belt and Road Initiative, from how it started to its reasons and efforts to revive the economies of China’s core provinces. The second portion of this paper discusses the importance of the Balkan region for BRI, specifically the requirement for Balkan land routes for Chinese entry into European markets. The third section of this article highlights Chinese interests in Serbia, including their large investments in

highway development, power plants, and cyber security. The fourth component of the piece deals with the challenges from Europe and other powers in the development of BRI in the Western Balkan region, where the European Union plays a significant role in China's push to Europe. The fifth segment of the paper explores potential opportunities for China and Serbia in the categories of heavy industrial, automotive, chemical, agriculture, and information technology. Finally, in conclusion, I tried to summarize the research and findings of this study.

### **Significance of Balkan Region for BRI**

China's goal with the Belt and Road Initiative is to resuscitate it in two different forms, namely land and marine routes. The land route from China to Europe passes through Turkey, while the marine route begins in China and encompasses the Indian Ocean, the Suez Canal, and European ports. The goal is to establish commercial relationships between East Asia, Central Asia, West Asia, Africa, and Europe, while also promoting sustainable development. The Balkans peninsula, which contains the road networks, is critical for the Belt and Road Project because of their geopolitical positioning (Doğdu, 2023). As an outcome, Beijing will be able to penetrate into Europe via the Balkan countries, opening up a large market for China. The Balkan Region is one of the European Union's most underdeveloped areas, owing to wars in Yugoslavia at the close of the 20th century and failed attempts by socialist and communist regimes (Zakic et al., n.d.). These nations have lost their strategic advantage and will require effort to address their financial challenges. Beijing has historically sought political backing from numerous tiny developing nations. The Western Balkans is no exception, but it's important to consider the broader context.

*"The Balkan states represent plains containing fertile soil, pristine environment and socio-economic problems like economic stagnation, fragile economies, high unemployment rates and cases of corruption and mal-governance due to weak democratic institutions. This has provided a fertile breeding ground for China to stamp its presence along with other global players like the EU, the US and Russia."* (Balasubramanian, 2021)

China has established a \$10 billion credit line to encourage Chinese investment in the region, along with a secretariat to promote collaboration and two-way commerce (Tonchev, 2017). Chinese businesses are acquiring ownership of natural resources and concentrating on vital industries like energy, mining, and mineral processing. Beijing wishes to expand its reach and develop its financial, cultural, and diplomatic presence in a region that is geostrategically significant not just due to its closeness to the EU but also as a counterbalance to the region's transatlantic ties (Zeneli, 2020).

*"China is not a newcomer in the Western Balkans. While diplomatic, economic and cultural ties with Beijing have existed for decades for Albania and the countries of the former Yugoslavia, activities in recent years have shown that China is laying the groundwork for a long-term, multi-faceted, and ever-deeper presence in the Western Balkans. In its narrative, Beijing aims at highlighting the shared socialist past towards the Western Balkans, using the existence of some*

*degree of post-communist nostalgia in the Balkans, focusing on “traditional friendship” and a “shared past” (Chinese Influence in the Western Balkans and Its Impact on the Region’s European Union Integration Process | IWM website, 2023).*

Given the reasons outlined above, I believe this is a watershed moment for the Western Balkans, as China introduces not only economic growth but also a debt trap. The Balkan countries will reach the zenith of progress under Achilles’ heel.

### **Chinese Interests in Serbia**

The Republic of Serbia, located at the confluence of critical Southeastern European transit corridors, is one of China’s primary collaborators in implementing new infrastructure efforts on the European continent (Trivić, n.d.). Chinese interest in Serbia has been growing from year to year. Among all Western Balkan countries, Serbia stands out when we are talking about the Chinese investment rate in Western Balkan countries. Although Serbian foreign trade consists mostly of European Union countries, mainly Germany with a 12.3% import rate and Italy with a 10.3% import rate, China’s import rate of 8.3% demonstrates that it is not lagging behind these countries (Dimitrijević, 2018). A plethora of bilateral agreements exist between China and Serbia, including the Free Trade Agreement (FTA) and the Comprehensive Strategic Partnership Agreement. Chinese investments in Serbia are primarily concentrated in the following sectors: transportation, energy, telecommunications, infrastructure, and agriculture (Dimitrijević et al., n.d.). As previously stated, the Chinese government has identified the energy sector in Serbia as a potential area of interest.

Cooperation between China and Serbia in this field began prior to the commencement of the Belt and Road Initiative (BRI) in 2009, with the conclusion of an economic and technical agreement. The subject of this agreement was the construction of a new unit of the thermal power plant in Kostolac. The estimated cost of these construction projects was in excess of 700 million USD. Subsequently, China has made significant investments in renewable energy projects, including the construction of a transmission line between Obrenovac and New Belegrade and the revitalization of a mine in Drmno (Stojanović-Višić et al., 2021). Another area of interest for Chinese investment in Serbia is heavy industry. Cooperation in this sector is regarded as the most tangible partnership between the two countries. China incorporated this industry into their cooperation with Serbia in 2016. Two notable projects in this context are the steel mill in Smederevo and the copper mines in RTB Bor. The partnership in this field of interest has resulted in benefits for local employment and living standards, as evidenced by the data. Steel production, in addition to its international competitiveness, has enhanced. As a consequence, HBIS GROUPS (Smederevo) became the largest Serbian exporter in the first half of 2019. However, the benefits were not exclusive to Serbia; China also derived considerable advantages from this investment. The investment has resulted in China gaining long-lasting political and media sympathy as a direct consequence of this investment (Stojanović-Višić et al., 2021). This could also lead to strengthening Chinese supply chains for its industrial production, especially when we are talking about car manufacturing. An additional field of

interest that could be identified is building a logistic network. It is known that projects financed by Chinese loans, such as the Belgrade-Budapest highway, have major significance for the Republic of Serbia. This project started with the signing of a contract in July 2019. Serbia will be provided with a loan of 934 USD million. From this loan a 107 km long highway section could be built (Jureković, 2021). A further Chinese interest in Serbia that can be highlighted is cyber security, which started in 2019 with the project “Safe City”, which was fully dedicated to surveillance. The Serbian government implemented the mentioned project with the help of the Chinese company Huawei. The primary aim of this project was the implementation of CCTV surveillance with biometric technology features such as face recognition. This kind of cooperation shows the security dimension of the Chinese interest in Serbia. Officially, this technology serves in the fight against crime and terrorist threats (Bjeloš, 2021). Not only is cyber security a field of interest for China, but so is the military. A different sort of Chinese expanding influence in Serbia is seen as joint military exercises. China also donated military drones and technology to Serbia (Bjeloš, 2021). The legitimate question in this case is what is there for the Republic of China? What are the interests behind these investments in various areas? The Western Balkan region is for China considered as a strategic region with one key role connection. Via the Western Balkan countries, especially Serbia, which can be deducted from the China investment rate among Western Balkan countries. China tries to connect Asia and Europe. This economic, political, and social “bridge” would connect China, countries from Europe, Central Asia. What benefits Serbia in this “bridge” position is its neutral foreign policy orientation towards the European Union. Serbia is currently trying to join the European Union as its priority in the field of foreign policy, but along with that, not closing the door for China, the USA, or Russia (Stojadinović et al., 2018).

### **Challenges from Europe and Other Powers**

Along with many benefits, BRI, in its complex form, has many challenges and complications that need to be overcome in order to achieve its goals (Table 1). In the context of the world order, each power strives to attain the most advantageous position for itself, which at times gives rise to complications in its relations with other powers (Sledzevsky et al., 2021). Table 1 lists the countries and regions facing various challenges. The European Union represents the first significant challenge to the BRI. The access process on the one hand and, on the other hand, BRI, which in some points collides with European law. The majority of investments in Serbia continue to come from the European Union, but with the advent of BRI as a huge and vital participant, the dynamics of power projection are shifting. The main issues of the BRI in relation to the European Union are double standards in market performance and economic competition, the implementation of green policies, and differences in foreign policies between China and European countries.

The European Union aims to prioritize its values and cooperation among nations. China is more national-oriented. However, this status keeps changing and evolving. Over the time, China has advanced and joined numerous international projects and institutions, including the WTO and NEAS (Vučić, 2020).

**Table 1. The countries/region with several challenges**

Country	Challenges	Reason
China	Cultural challenges	Assimilation of the workers from Chinese companies in Serbia
Serbia	Economic, political challenges, geopolitical challenges, environmental challenges	Risk of “debt-trap diplomacy”, unsteady geopolitical orientation, implementation of environmental norms from the European Union, accession process to the European Union, balancing Chinese influence
European Union	Economic challenges	Disadvantage in economic competition with its regulations in comparison to China

Source: Generated by the authors

China has also been accused by the European Union of leading Western Balkan countries to lower their environmental standards. However, this cannot be easily confirmed. On the one hand, it is a fact that China does not have rules and implications regarding green policy. There is evidence, for example, from the case study of the Kostolac-Thermal power plant, that EU environmental standards were implemented during the construction. Construction has obtained an Environmental Impact Assessment Study. In the same case study, there were risks that Chinese companies would not follow European norms and standards. Therefore, Serbia hired supervisors and avoided this risk, which again shows that concerns from the European Union could be less legitimate than they seem (Zakić, 2020).

Another issue that the European Union is concerned about is the strategy of “debt trap diplomacy”, which is being widely used by China, according to European countries and Western powers. One country (in this case China) conducts this kind of diplomacy by extending large loans to the other to finance significant investments. Such a behaviour creates a bond with commitment, also called dependency, which leads to an imbalance of power between two countries. When there is a dependency, a dependent country can easily have an effect economically and politically, both of which are the concerns of other powers. It is for sure a challenge for BRI in Serbia to handle the balance of power with the European Union’s assessment process on the one hand and dealing with the BRI on the other. If it comes to the imbalance of power, whether on one side or the other, it could lead to various changes in Serbian foreign policy and geopolitical orientation, which is still not steady (Doehler, 2019). Besides of all that there could be one more challenge and this time it is in front of China itself. Culturally, Serbia and China have nothing in common. Still, the workers working on the



Chinese investments in Serbia are migrants who have to stay for a time period in Serbia during these projects, and the assimilation process could be complicated with current Serbian migration politics (Zhemlinska et al., 2021). However, this could be handled with the government creating a positive image of the BRI and its contribution to Serbian economic development. In summary, the BRI presents significant challenges for both Serbia and the European Union.

### **Potential Opportunities for China and Serbia**

BRI is not only a challenging concept but also a potential source of many opportunities for involved countries, such as Serbia in this case study. Here we identify the main opportunities for China-Serbia bilateral relations. China is moreover investing in various fields like heavy industry, automotive, chemical, agriculture, and IT sectors, which means development will be provided in a larger business scope. It creates an opportunity for a better market position as it could diversify its export goods in Serbia (Jovičić et al., 2020).

Serbia was one of the first to join BRI. Since then, many projects, such as the steel mill at Smederevo, have taken place. In the Smederevo case, not only has the export of the goods increased, but also new working places were created and the employment rate increased too. In 2018, President Vučić said BRI had boosted the Serbian economy. The Serbian Ambassador to China, Stefanovic, said that BRI has helped create more than 30,000 new job opportunities. Stefanovic also sees these mutual relations as an opportunity for Serbia, which, according to her words, shares the same values as China and development goals. Therefore, BRI is considered a significant opportunity for Serbia (Quingyun, 2024). For sure, there are not only opportunities for Serbia itself but also for China. Otherwise, they would not make such a huge investment in Serbia. By helping Serbia with its economic growth and export capacities, China could gain a new supplier. Serbia can also benefit from better economic and diversified goods capacities in supplying China, considering the advantages for China that could be provided by Serbia for its investments as a form of “payback” (Jovičić et al., 2020).

On the one hand, BRI could be viewed by European powers as a threat and unfair competition on the world market, but on the other hand, there can be a hidden opportunity for better cooperation and mutual economic growth. With consideration of better communication and cooperation between China, Serbia, and the European Union, opportunities could be developed. A win-or-lose mentality could be transformed into a win-win situation. The Berlin process already started such a platform for cooperation among these actors in international relations. Thus, this could be used for the advantage of all (Hackaj, 2018).

To sum up opportunities from BRI, we have created an overview in the form of a table (Table 2).

**Table 2. Opportunities for China and Serbia**

Serbia	Higher export, diversified goods, economic boost, better logistics, better position at the market
China	Serbia as supplier, road to European market, better market position, positive narratives
European Union	Cooperation platforms (such as 16+1)

Source: generated by the authors

### Conclusion

To sum up this paper, Chinese interests in Serbia can be divided into three categories: economic, political, and cultural. All three are interrelated and, in their interdisciplinary combination, create space for Sino-Serbian cooperation. Economic interests in Serbia are mainly investments, which create new opportunities for China to expand its market and gain a better position in the European market competition. Along with many perks. BRI, in its complicated form, presents numerous obstacles and complications that must be overcome in order to fulfill its objectives. The appropriate measures should be taken by the Serbian government as well as the European Union to stay independent on their own terms and conditions. Political influence through investments and relations between politicians of both countries creates trust among voters and maintains voter support. While expanding relationships with a behemoth country, one should always be conscious of other power stakeholders' implications and causes, because Uncle Sam might be critical of the Western Balkans' growing relations with China. Last but not least is the cultural dimension, which creates a positive view of the Serbs towards China and its government. The cultural aspect indirectly supports the continuity of the BRI. This economic, political, and social "bridge" would link China, Europe, Central Asia, and Serbia. Serbia's impartial foreign policy attitude towards the European Union helps it hold this "bridge" status.

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***Modern Tendencies in Uzbek Musical Theater Named Mukumi:  
Historical and Artistic Observation as an Example of a Work***

***Khabibullo Nasrullaevich QOBILOV\****

***Abstract***

*The article focuses on the challenges of staging historical works in Uzbek dramaturgy and theaters. The article challenges the appearance of works on historical themes, enriching historical sources with artistic textures to enhance the viewer's understanding of the work's main idea. Any work of artistic value has an eternal life. The article discusses the need for high artistic quality in the created works of art, as well as the issues surrounding their wider application.*

***Keywords:*** *catharsis, Mashrab, staging, decoration, artistic observation, dynamic development of the system of events*

**Introduction**

Historical works occupy a special place in Uzbek dramaturgy and theaters. Such stage works provide the audience with deep experiences (catharsis) and provide information about our ancestors and the lives, activities of historical figures. People get new knowledge about their great ancestors. Their ideas about their great work, great contribution to the cause of enlightenment, and service will be enriched. In order to create a work on historical topics, deep scientific and, at the same time, high artistic and dramatic skills are needed. When a playwright creates a work about a historical person, he creates plots full of dramatic struggle, taking into account the activities, character, time, space, and features of the hero.

Nasrullo Qobilov, a playwright who lived and worked at the end of the 20th century and the beginning of the 21st century, dedicated his piece "Na Malakman Na Farishta" ("Neither angel, nor beauty") to such a historical theme. Playwright Qobilov Nasrullo Kochkarovich was born in 1955 in the village of Narpay, Samarkand region, Republic of Uzbekistan. During his life, the playwright wrote many works intended for musical theater. The work "Na malakman, na farishta" ("Neither angel, nor beauty") is a perfect historical artwork with the perfection of image types and the development of events fully revealing the idea of the work.

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The work is dedicated to the life of Boborakhim Mashrab, a poet, philosopher, and promoter of Sufism, who lived in the second half of the 17th century and the beginning of the 18th century. The work was created with high artistic skill. The dramatist fully adheres to the standards of art and skillfully instills in the characters the way of life, moral principles, mental states, and reasons for the terrible tragedies of historical figures. Vitality and vividness of the characters, maturity of dialogues, dynamic development of the system of events, tension of conflicts under the given conditions, spectacle, and consistency of the leading actions ensured the naturalness and folkiness of the work. The dramatist managed to open the historical work with a very subtle use of artistic texture. The story takes place in Balkh, Afghanistan, at the beginning of the 18th century. In the work, the brave but very sad situation of the poet, who is burning between his chosen path and his past, comes to life. It involves finding sources on the selected topic, collecting historical documents and materials, organizing them, reading and studying them. Dr. N. Qobilov approached this process responsibly, relying on specific sources to create a specific type of image of the historical figure Boborakhim Mashrab, character and psychological state of the image, and we can witness that it was found with great accuracy.

The dramatist's work describes the darkest days of Baborakhim Mashrab, when he faced the test of faith in the last days of his life. Arriving in the city unaware of the fate of the poem's knot, Mashrab begins by talking to the hangman, who is preparing the gallows in the center of the city because the scholars have sentenced him to death. Seeing the mask made for him, Mashrab accepts his death and the fact that the time has come without opposing fate. The work becomes more alive when the feelings of the character of Ofoqoy are revealed. The reason is that Mashrab came to this city without knowing that his childhood love, Ofoqoy, had become the princess of Balkh. The princess, who could not get over the pains of the past and has been burning in her heart for years because of the rejection of her love, finds out about Mashrab's arrival and looks for a way to meet and talk with him. Mahmud Khan, the king of Balkh, who was Ofoqay's husband, recognized Mashrab as a saint and had no intention of executing him. The development of subsequent events leads to the end of the work with the death of Mashrab.

The play first appeared on the stage in 2003 at the musical theater named after Mukumi. The creative team of director Akhad Farmonov, composer Farhod Olimov, and artist Bakhtiyor Toraev worked on a complex stage work. Director Bahadir Nazarov staged this play again in 2022. We can witness a new approach to the work in collaboration with composer Farhod Olimov and artist Jaloliddin Rakhimov. A unique analysis of the work by the director led to the creation of an original performance with the findings. The director approached the work with an active and creative attitude, sought additional means to strengthen the genre and form of artistic expression, aimed to interpret the historical genre in an artistic way, and fully expressed his thoughts in the prologue and finale, as well as the general spirit of the post-production. The tragic ending of the play and deep dramatic psychological events are replaced by poetic solutions in the play.

The director pays special attention to the development of the story. The show required a significant amount of hard work from its creators before it could be presented on stage. During the

creation of the performance, the director appreciates every element, finding, and every idea. He consistently uses them to reveal the theme and idea of the work. We can see that he used a special approach to the decoration of the performance with B. Nazarov and J. Rakhimov. When determining the general pictorial solution and genre of the performance, it is necessary to emphasize the research results of the stage artist. The artist enhances the impact of the white cloths on the stage by incorporating the poet's ghazals and the dancers' performances. The full moon used in the background of the scene is a symbolic expression of Mashrab's heart and soul.

Composer Farhod Olimov, who composed the music for the play, addresses Mashrab's ghazals. Enriching the events, character, actions, and feelings of the positive and negative characters with musical sounds, it glorifies the princess's pain, philosophy, and pure love in her heart. The poet creates a musical score for his ghazals. F. Olimov focuses his attention on real tragedies in the lives of historical figures when creating a partiture. Partitures serve the development of the tragedy in the work, and the essence of the ghazal is illuminated with blood. This helped a lot in revealing the character of Mashrab. Furthermore, the choir's performance supplanted the large-scale public scenes. Aria, duets, and chorus enriched the performance. In the play, the main emphasis on Mashrab's image is focused on his philosopher, dervish quality. This is the product of long-term research and work of the director B. Nazarov and the creative team.

In short, the success of the play "Na malakman, na farishta" ("Neither angel, nor beauty") was an achievement not only of the stage of Uzbek musical theater, but also of Uzbek dramaturgy. In the historical-artistic observation, the works appear with difficulty. And due to their high artistic value, they have an eternal life. The high level of creativity in the work "Na Malakman, Na Ferishta" ("Neither angel, nor beauty") is commendable. While there is a problem with dramaturgical plays today, it is high time that such works of high artistic value return to our stages. While it is useful for the audience to learn about the lives of their great historical ancestors, the artistry of the work and the vividness of the images are instructive for the creators. It is appropriate for us to take a look at all the works created by our sculptors and to re-apply the artistic masterpieces to life. One of the current issues of our theater art is the abundance of shallow dramaturgical works. With this in mind, it is necessary to bring exemplary works to the stage; play a living example of artistic skill for young playwrights; to develop the natural and popular works, rich in dynamic scenes of the event system.

To sum up we would like to mention, that the modern tendencies in Uzbek Musical Theater, exemplified by the production "Na Malakman Na Farishta" ("Neither angel, nor beauty") at the renowned Theater named after Mukumi, that offer a compelling glimpse into the fusion of historical narrative and artistic expression. This play, developed by playwright Nasrullo Qobilov and brought to life by a talented creative team led by director Bahadir Nazarov, composer Farhod Olimov, and artist Jaloliddin Rakhimov, showcases the depth and complexity of historical drama in Uzbekistan.

Through meticulous research, artistic vision, and collaborative effort, the team behind "Na Malakman, Na Farishta" has succeeded in creating a theatrical masterpiece that resonates with audiences on multiple levels. Director Bahadir Nazarov's innovative interpretation, coupled with



Farhod Olimov's evocative musical compositions and Jaloliddin Rakhimov's striking stage design, elevates the production to new heights of artistic excellence. This collaborative effort not only entertains but also educates, shedding light on the lives of historical figures and enriching the theatrical landscape with thought-provoking narratives.

As the theatrical community grapples with the challenge of producing works of substance and depth, this production serves as a compelling reminder of the transformative potential of historical drama. Through its way of storytelling, rich character development, and meticulous attention to detail, "Na Malakman Na Farishta" exemplifies the best of Uzbek Musical Theater, inspiring both creators and audiences to embrace the beauty and power of historical narratives in the realm of artistic expression.

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# *The Rise of China's Digital Payment Systems and Their Expansion into BRI Countries*

*Xudong XU\**

## *Abstract*

*Currently, China is actively promoting domestic reforms to adjust its economic structure while vigorously developing foreign economic exchanges. The Belt and Road Initiative (BRI) is an important driving force for China's economy to move toward internationalization. The BRI promotes trade and investment liberalization, facilitation, and economic and technological cooperation among participating countries. The rapid integration of state-led and private-sponsored cooperation projects, frequent business contacts, and personnel exchanges between China and various countries have driven economic cooperation between them, and cross-border trade has developed rapidly. As digital mechanisms that support cross-border trade, digital payment platforms and systems have developed vigorously in this environment. This paper analyzes China's popular digital payment platforms, such as Alipay and WeChat Pay, and their development in countries participating in the Belt and Road Initiative and evaluates the role of digital payment systems in promoting cross-border transactions and financial inclusion.*

**Keywords:** *digital payment systems, Alipay, WeChat Pay, Belt and Road countries, cross-border e-commerce development.*

## **1. Digital payment platform in China**

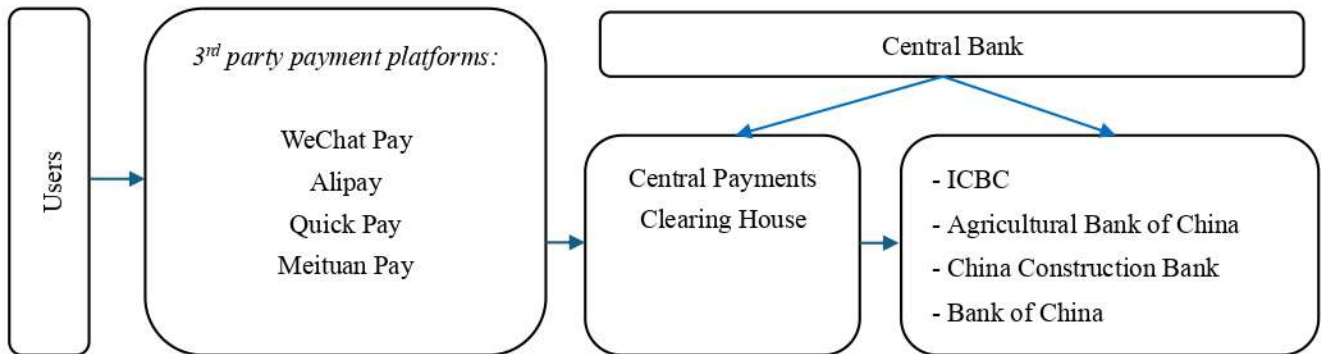
A digital payment platform refers to a system that enables digital payment methods using hardware facilities such as computers, smart devices, and digital technologies. With the popularization of the Internet and the development of mobile smart devices, digital payment has gradually shifted from traditional offline payment methods to online and mobile platforms. Third-party payment institutions have played a key role in this process, providing basic payment services along with value-added services to merchants and consumers through the account model, significantly increasing capital turnover efficiency and improving customer experience. Worldwide, digital payment platforms have been widely adopted. In China, particularly, the digital payment market has taken a leading position globally, with mobile payment at the forefront.

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Figure 1 represents the settlement relationship between users, digital payment platforms such as Alipay and WeChat Pay, and major banks, which forms a systematic and orderly ecosystem that covers key building blocks of the digital payment infrastructure.

**Figure 1. China QR code Payment System**



*Source:* China Channel, 2018.

The main components of this settlement relationship are represented below:

1. Users are the starting point and endpoint of this settlement relationship. Users link their bank cards to Alipay or WeChat Pay platforms, allowing funds to flow freely between bank accounts and payment accounts. This linking usually involves real-name verification to ensure the security and legitimacy of the account.

2. Alipay and WeChat Pay, as third-party digital payment platforms, play a bridging role. When a user initiates a payment or transfer request, these digital platforms interact with the bank in real-time to complete the transfer of funds. This includes data transmission and processing through the bank’s payment interface, as well as completing the clearing and settlement of funds according to established agreements.

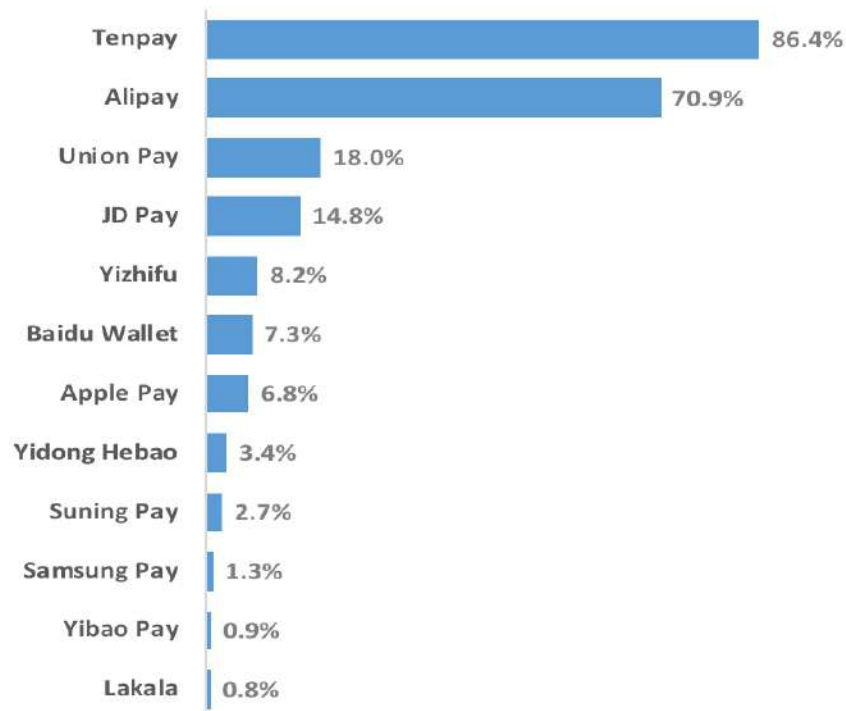
3. Major banks are deeply involved in this settlement process. The banks not only provide user account management and fund storage services but are also responsible for processing transaction requests from Alipay and WeChat Pay. This includes verifying the authenticity of the transaction information, executing the transfer of funds, and sending a confirmation message to the payment platform upon completion. Security is vital throughout the settlement process. Alipay, WeChat Pay, and major banks have adopted various security measures, such as encryption technology, identity verification, and risk control mechanisms, to ensure the security of user funds and the legitimacy of transactions.

4. To facilitate users’ ability to query and manage their transaction records, Alipay and WeChat Pay provide detailed transaction details and bills. Users can check their payment and transfer records at any time to ensure the transparency and accuracy of fund flows.

According to the Ipsos User Report (2018) for China, WeChat Pay (Tenpay) is among the

top three digital payment platforms in terms of user penetration (Figure 2).

**Figure 2. Payment Method User Penetration in 2018, Q4 (%)**



Source: Ipsos 2018 Q4 Third-Party Mobile Payment User Report; sample population 13,148

WALKTHECHAT

**Source:** IPSOS, 2018.

According to the data referenced in Figure 2, WeChat Pay (Tenpay) was used by 86.4% of users, Alipay by 70.9%, and UnionPay by 18%.

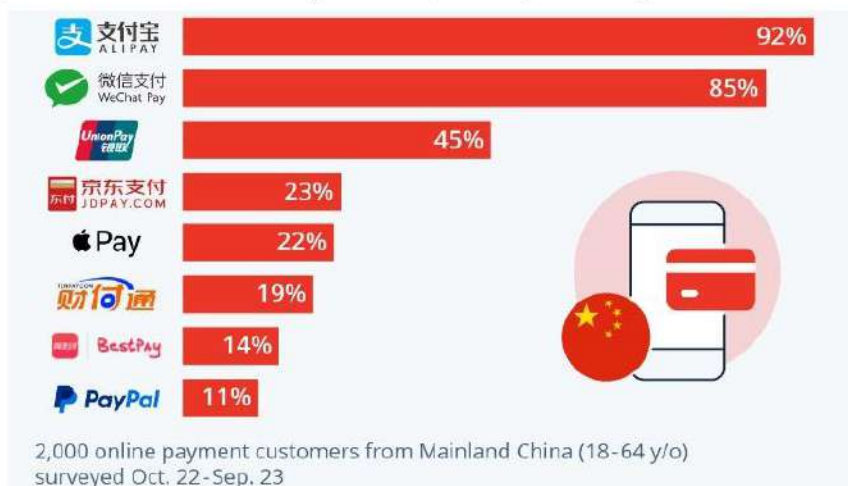
A more recent survey of 2,000 online payment customers conducted by Statista Consumer Insights (2023a) in Mainland China (ages 18–64) from October 22 to September 23, 2023, shows that Alipay, WeChat Pay, and UnionPay rank as the top three digital payment platforms in China. This survey (Figure 3) indicates that Alipay has surpassed WeChat Pay to become the No.1 digital payment platform in China. Comparing these results to the earlier data (Figure 2), both Alipay and UnionPay have significantly increased their penetration rates in the post-epidemic period. Alipay's usage increased from 70.9% to 92%, while UnionPay's use rose from 18% to 45%.

The reasons why WeChat Pay, Alipay, and UnionPay have become the top three digital payment platforms in China are mainly due to their advantages in the following aspects:

1. Leading technological innovation and user experience. WeChat Pay and Alipay are integrated into mobile applications, providing users with a convenient and fast payment experience. Whether for online shopping, offline consumption, transfers, or financial management, users can easily complete payment operations by simply scanning QR codes or using NFC technology. UnionPay leverages its strong banking system advantages to provide users with diverse payment scenarios and promotional activities.

2. Advantage in market expansion and partnerships. WeChat Pay has achieved rapid market expansion by leveraging the huge user base of the WeChat social platform.

**Figure 3. China’s Most Popular Digital Payment Options in 2022-2023**



*Source:* Statista, 2023a.

Alipay has attracted more users by continuously launching new application scenarios and services. UnionPay has established close cooperative relationships with major banks and merchants, promoting the popularity and development of digital payments.

3. High level of security and risk control. WeChat Pay, Alipay, and UnionPay all adopt multiple security measures, including encryption, real-name authentication, and risk monitoring, to ensure the security of user funds and the reliability of transactions. They also actively respond to regulatory policies, continuously improve risk management systems, and provide users with secure and compliant payment services.

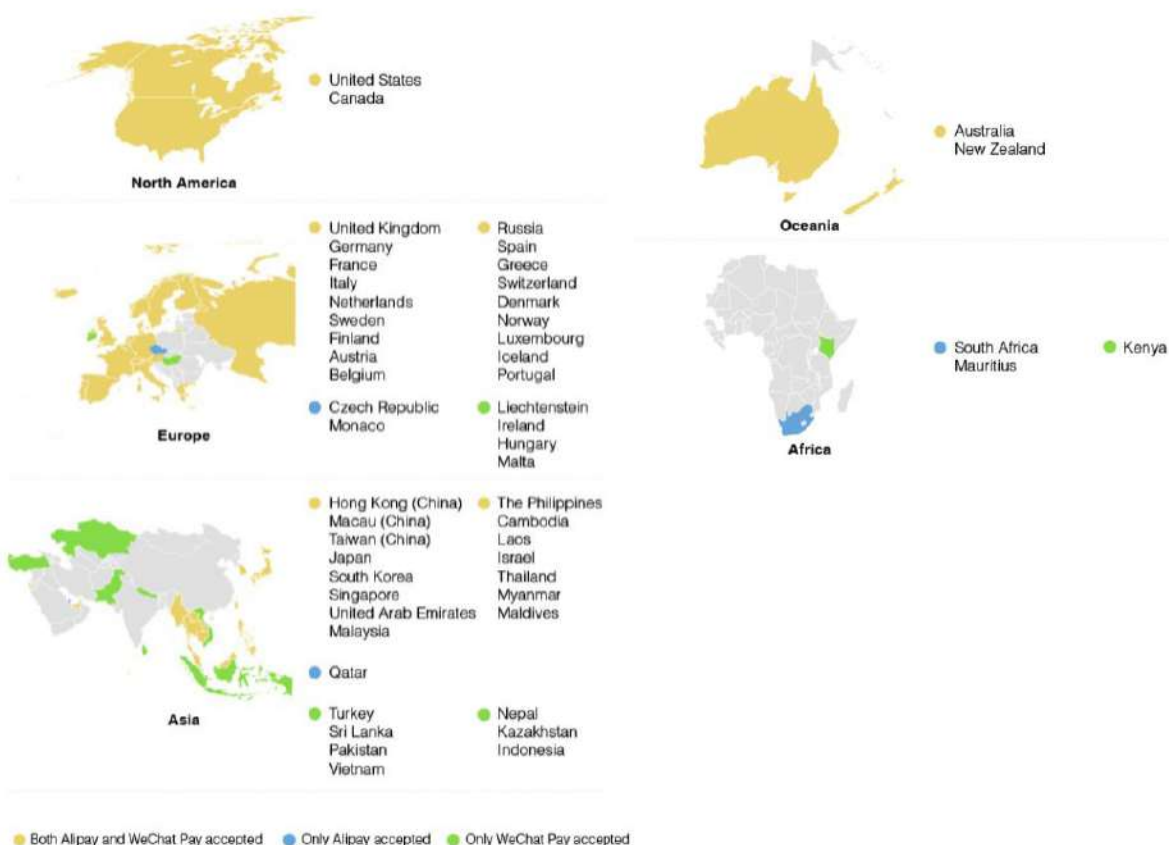
4. Efforts in brand building. WeChat Pay, Alipay, and UnionPay have all built high visibility and strong reputations through various social communication channels, online and offline purchases, and payment scenarios. This has helped build a high level of trust among consumer groups. They continue to launch new marketing activities and publicity initiatives to enhance brand influence and user loyalty.

## 2. Digital payment platform penetration in Belt and Road countries

Governments of various countries participating in the BRI have introduced policies to support the development of cross-border trade and digital payments. The main policies deal with providing tax incentives and simplifying approval processes. At the same time, regulatory agencies have also strengthened the supervision and regulation of cross-border digital payments.

Digital payment platform penetration has been increasingly developing across countries participating in the Belt and Road Initiative and globally as a whole. This expansion has been led by the global reach of Chinese platforms such as Alipay and WeChat Pay (Figure 4).

Figure 4. Alipay and WeChat Pay's Global Reach



Source: Caixin Global, 2018.

Figure 4 indicates that Alipay and WeChat Pay have expanded their services to more than 60 countries and regions worldwide, including significant reach across more than 30 countries and regions participating in the Belt and Road Initiative. The coverage of these payment methods is as follows:

Both Alipay and WeChat Pay are accepted in:

1. North America: The United States and Canada
2. Oceania: Australia and New Zealand
3. Europe: United Kingdom, Russia, Germany, Spain, France, Greece, Italy, Switzerland, Netherlands, Denmark, Sweden, Norway, Finland, Luxembourg, Austria, Iceland, Belgium, Portugal
4. Asia: Hong Kong (China), Macau (China), Taiwan (China), South Korea, Japan, The Philippines, Cambodia, Laos, Thailand, Singapore, Malaysia, Myanmar, Israel, United Arab Emirates, Maldives.

Only Alipay is accepted in:

1. Europe: Czech Republic, Monaco
2. Asia: Qatar
3. Africa: South Africa, Mauritius.

Only WeChat Pay is accepted in:

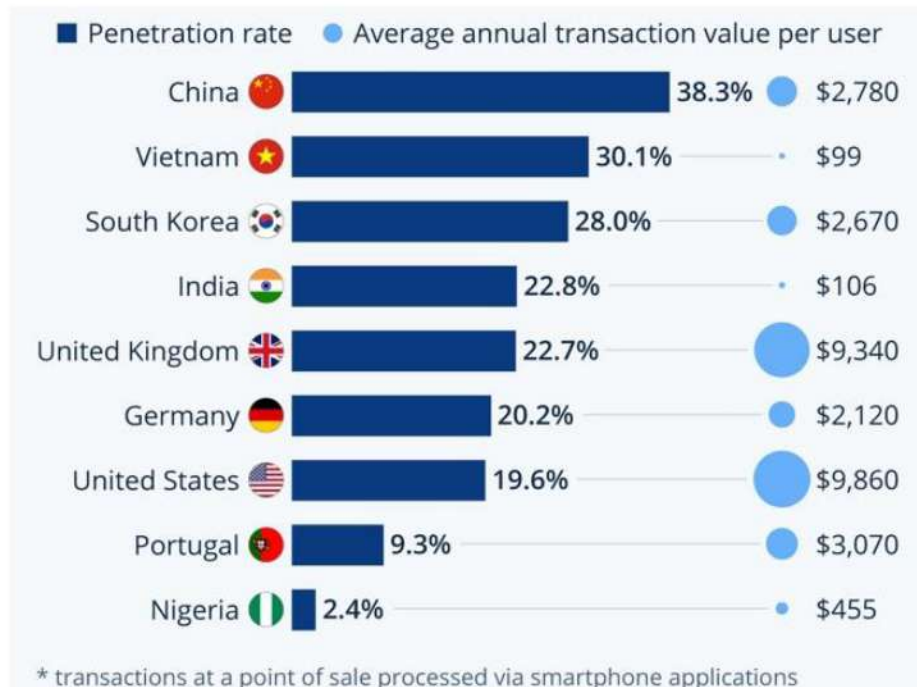
1. Europe: Liechtenstein, Ireland, Hungary, and Malta
2. Africa: Kenya
3. Asia: Turkey, Sri Lanka, Pakistan, Nepal, Vietnam, Kazakhstan, Indonesia.

According to the Statista Digital Market Outlook (2023b) report, more than 500 million people in China use mobile apps for point-of-sale payments. These transactions can occur in physical stores and restaurants, as well as in online marketplaces. This figure translates to a penetration rate of 38.3%, the highest among the 44 countries surveyed.

China’s thriving digital payment ecosystem, dominated by Alipay and WeChat Pay, has been widely adopted across various sectors, including retail, food service, and e-commerce platforms. In a country characterized by numerous small businesses serving customers, credit card usage never gained widespread traction. This created a ‘leapfrog effect,’ where businesses transitioned directly from cash to mobile payment apps, bypassing the intermediary step of widespread credit card adoption.

Despite China’s high user penetration rate, the total annual transaction value per customer is higher in some other countries. The United States, for instance, has an average annual transaction value of \$9,860 per customer. Some European countries, such as the United Kingdom and Portugal, also surpass China in this metric (Figure 5).

**Figure 5. User Penetration in the Mobile POS, 2023 (selected countries)**



**Source:** Statista, 2023b.

In Europe, the United Kingdom leads in terms of digital payment user penetration, while Portugal shows lower adoption rates. Developing Asian countries, such as India and Vietnam, typically exhibit higher penetration rates for payment apps compared to the global average.

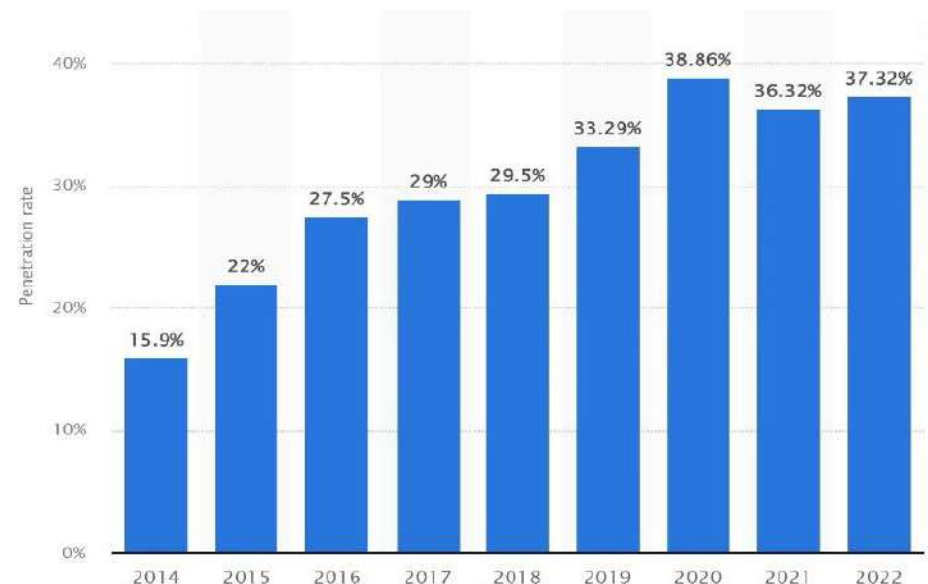
However, the average spend per customer in these countries remains notably low, suggesting that a significant portion of users engage with these apps infrequently or for small transactions.

African countries, exemplified by Nigeria, have made strides in mobile payments, particularly in the non-smartphone sector. Figure 5 shows that Nigeria has a mobile payment penetration rate of 2.4%. However, these countries are still in the process of fully embracing comprehensive digital payment systems that utilize smartphones and advanced technologies.

### 3. China’s cross-border e-commerce development and global e-commerce prospects

China’s cross-border e-commerce (CBEC) has developed rapidly in recent years. According to Statista (2024), the share of CBEC transaction value among total import-export transaction value in China increased from 15.9% in 2014 to 37.32% in 2022 (Figure 6).

**Figure 6. Share of CBEC transaction value among total import-export transaction value, 2014-22**



**Source:** Statista, 2024.

Aside from the high growth rate of e-commerce in China, Asia has a big potential for e-commerce development with a projected annual growth rate of 28%, as demonstrated in Figure 7.

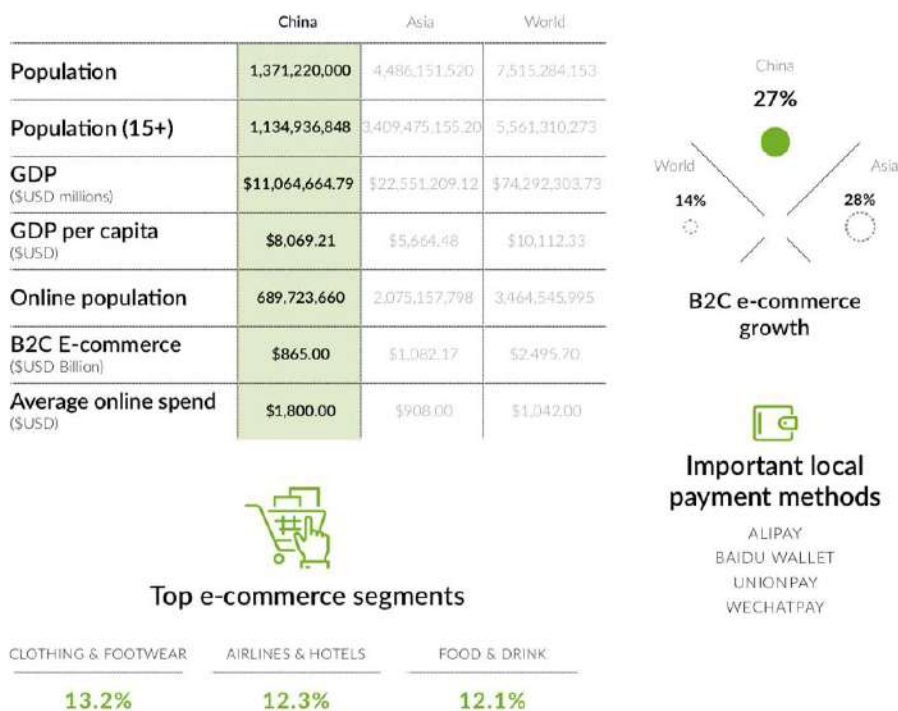
Figure 7 also shows that the top three e-commerce segments are Clothing & Footwear (13.2%), Airlines & Hotels (12.3%), and Food & Drink (12.1%).

### 4. Evaluation of the role of digital payment systems in facilitating cross-border transactions and financial inclusion

Digital payment systems have played a vital role in facilitating cross-border transactions and promoting financial inclusion. The advantages of these systems are illustrated in Figure 8.



Figure 7. Top e-commerce segments, %



Source: PPRO Financial Ltd., 2017.

Figure 8 illustrates six main benefits of digital payment systems for cross-border transactions and financial inclusion:

1. Convenience and accessibility. Digital payment platforms like WeChat Pay, Alipay, and UnionPay offer seamless cross-border transactions. Users can complete payments with minimal steps, eliminating complex paperwork and time-consuming bank transfers.
2. Reduced costs and fees. Digital payments often have lower transaction costs compared to traditional methods. This is particularly advantageous for small and medium-sized enterprises (SMEs) and individuals engaged in frequent cross-border transactions. For example, credit card payments typically charge 1-2%, bank remittances 0.5-1%, while digital payments charge only 0.05-0.3% (Xinhuanet, 2018).
3. Speed of transaction. Digital payments enable real-time settlement, allowing immediate fund transfers. This minimizes exchange rate fluctuation risks and ensures timely payments.
4. Security and transparency. Electronic recording of all transactions provides high-level security and a transparent audit trail, enhancing trust and aiding in dispute resolution.
5. Integration with international money transfer services. Money transfer operators like WorldRemit and Remitly have integrated with mobile operators to enable direct digital disbursement.
6. Financial inclusion and accessibility. Digital payment systems often provide educational resources to improve financial literacy. Additionally, mobile remittances drive the registration of

recipient mobile wallets, which can be used for other digital financial services like payments and micro-savings.

**Figure 8. Role of Digital Payment in Facilitating CBEC and Financial Inclusion**



*Source:* Digipay, 2023.

However, challenges related to financial inclusion via cross-border payments include:

1. Regulatory barriers. Policy restrictions and data protection regulations in some countries can inhibit remittance-related services.
2. Exchange rate fluctuations. Currency fluctuations can disrupt the consistency of funds provided to the recipient due to exchange rate variations impacting the sender's ability to transfer the intended amount.
3. Limited access to banking services. The lack of widespread banking access poses challenges for recipients to cash out mobile money transfers and fully benefit from cross-border payment services.
4. Technical barriers. Many recipients lack digital skills and smartphone access, highlighting the need for improved digital infrastructure and education on internet and smartphone app usage.

## **Conclusion**

Although globalization has become less pronounced in recent years, international trade and investment activities continue to increase, driving the growing demand for cross-border payments.

Cross-border digital payments, as efficient and convenient methods, can meet the global payment needs of both enterprises and individuals, leading to their widespread promotion and application.

Digital payment platforms are gradually becoming leading forces in modern payment systems due to their convenience, efficiency, and security features. These platforms continuously optimize the user experience and provide diverse payment methods and personalized services, such as one-click payments, cross-border remittances, and online shopping capabilities. These convenient features have attracted an increasing number of users to adopt cross-border digital payments.

While these platforms have transformed payment methods, promoted business model innovation, and improved service quality, challenges related to financial inclusion still need to be addressed for better adoption of digital payments.

With the rapid development of China's cross-border e-commerce, popular digital payment platforms such as Alipay and WeChat Pay have played a vital role in facilitating development across countries and regions participating in the Belt and Road Initiative.

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## **About the Ng Teng Fong · Sino Group Belt and Road Research Institute**

### **General Profile:**

The Ng Teng Fong · Sino Group Belt and Road Research Institute (formerly known as “One Belt One Road Research Institute”) of the Hong Kong Chu Hai College has been established since 2017. With a broader framework and the concern for actual policy outcomes, the Research Institute has been conducting multidisciplinary research on the various aspects of development of the One Belt One Road strategy, and the evolution of its conceptualization and implementations.

The Institute has been active in research and consultancy activities commissioned by local and overseas institutions. They reflect the areas of current expertise of the Institute and help to develop future research and teaching capabilities. The consultancy projects have strengthened the applied research orientation of the Institute.

The Institute builds up an international network in many areas. Nowadays the Institute has strong relations with the following Universities/institutions:

#### *Hong Kong:*

- Silk Road Economic Development Research Center
- Maritime Silk Road Society

#### *Pakistan:*

- University of Lahore

#### *Azerbaijan:*

- Azerbaijan State University of Economics

#### *Georgia:*

- Georgian Technical University

#### *Ukraine:*

- The Institute of International Relations of Taras Shevchenko National University of Kyiv

#### *Uzbekistan:*

- Westminster International University in Tashkent

#### *Greece:*

- University of Western Macedonia

#### *Turkey:*

- Üsküdar University, Istanbul

#### *Norway:*

- Nord University

### **List of Projects:**

1. Research project on “*新冠肺炎疫情後的香港：外部形勢與戰略選擇*”, June 2020.
2. Research project on “*The Impact of Financialization on Employment Structure, with Special Focus on Youth Employment Opportunities – the Case of Hong Kong with Reference to Overseas Examples, and Policy Recommendations*”, April 2020.
3. Research project on ‘*Anglo-Saxon Culture Studies-the Relation between Anglo-Saxon Culture and the Origin of Britain’s Constitutionalism*’, March 2020.
4. Consultancy service on “*虎門產業發展規劃建議*”, May 2019.
5. Research project on “*Greater Bay Area Initiatives*”, October 2018.
6. Research project on “*粵港澳大灣區人員流動存在的問題與政策建議*”, August 2018.
7. Research project on “*協助香港市民從一帶一路建設中獲益的政策措施研究*”, August 2018.
8. Consultancy service on “*Strategy Recommendations for Industry-University-Research Institute Collaborations on Knowledge Transfer and Entrepreneurial Initiatives*”, May 2017.

### **Seminars and Workshops:**

1. Seminar: “*Exploring International Relations in a Changing World: Focus on Iran and China*”, 25 July 2024.
2. Seminar: “*The Middle Corridor: Navigating Opportunities and Challenges in Eurasian Connectivity*”, 20 June 2024.
3. Workshop: “*跨境電商發展趨勢*”, 19 April 2024.
4. Iranian Film Workshop (Movie): “*A Separation*”, 25 April 2024.
5. Iranian Film Workshop (Movie): “*Children of Heaven*”, 18 April 2024.
6. Iranian Film Workshop (Movie): “*Where is the Friends’ House*”, 11 April 2024.
7. Seminar: “*Overview of the Turkish Economy*”, 23 March 2024.
8. Workshop: “*Global Micro: how to link financial performance and corporate governance (comparing companies in China with the US and the Rest of the World)*”, 20 March 2024.
9. Seminar on “*The Culture Specifics of Türkiye*”, 16 March 2024.
10. Workshop: “*Challenges and Opportunities of Chinese Enterprises Investment in Central Asia*”, 14 March 2024.
11. Seminar: “*Bridging Prosperity and Security: Pakistan’s Trajectory in the Belt and Road Paradigm*”, 13 March 2024.
12. Workshop: “*Banking System in African Countries*”, 13 March 2024.
13. Seminar: “*Arts and Culture of Uzbekistan*”, 27 February 2024.

14. Seminar: “Delving into the Promising Prospects and Complex Challenges of China’s Relationship with the Middle East, with a Special Focus on Iran”, 26 January 2024.
15. Workshop: “Financial Crises and their immediate aftermath: Recession and Depression”, 24 January 2024.
16. Workshop: “How Hong Kong can accelerate RMB internationalization”, 7 December 2023.
17. Turkish Film Workshop (Movie): “The EGG”, 27 November 2023.
18. Seminar: “Introduction to Iran: A Land of Rich Cultural Heritage and Natural Beauty”, 18 November 2023.
19. Turkish Film Workshop (Movie): “The Road”, 13 November 2023.
20. Turkish Film Workshop (Movie): “The Herd”, 30 October 2023.
21. Workshop: “Fintech and Capital Market in Belt and Road Countries”, April 2023.
22. Belt and Road Forum, Brave New World. 14 April 2023.
23. Workshop: “China Foreign Direct Investments in Africa: The Belt and Road Initiative Projects”, March 2023.
24. Workshop: “IPO in Hong Kong: Belt and Road case studies”, March 2023.
25. Workshop: “Financial Crime: Belt and Road case studies”, March 2023.
26. Workshop: “E-commerce in China”, March 2023.
27. Seminar series: “Sanctions and Anti-sanctions: The Russian Case”, June 2022.
28. Seminar series: “International Economic Trends – Post Pandemic”, May 2022.
29. An introduction to the strategic implications of the Belt and Road Initiative of China, January 2022.
30. Workshop: “An update of Eurasian Connectivity after the Outbreak of Pandemic” 5 June 2021, Hong Kong.
31. Workshop: “Uzbekistan: on the reform path”, 19 March 2019.
32. BRI: Bringing the East and the West Together? Organized by the China Institute, School of Oriental and African Studies, University of London on 27 November 2018 in London, UK.
33. Workshop: “China-Ukraine trade and more”, 29 September 2018.
34. Workshop: “New State Developments in Uzbekistan”, 10 January 2018.
35. Belt & Road Innovation and Development Forum. The Belt & Road and Eurasia: Reality. Prospects, 3 November 2017.

## **Our programmes:**

### **1. MASTER OF SOCIAL SCIENCES IN INTERNATIONAL BUSINESS MANAGEMENT FOR BELT AND ROAD COUNTRIES**

The MSocSci in International Business Management for Belt and Road Countries is a comprehensive but also focused business learning grounded on both international theory and practices of business. The programme is adapted to recent changes in the basic assumptions of the more restrictive Anglo-American systems, and concrete regional and local conditions and situations that are evolving under the new international regime.

The programme is taught in English. Teaching is provided by a team of local and international professors, overseas visiting teaching staff from the Western Sydney University (Australia), Shanghai International Studies University and India Pakistan Research Center in South China University of Technology (China), Emlyon Business School (France), Technical University of Dresden (Germany), Institute of International Relations from Taras Shevchenko National University of Kyiv (Ukraine), School of Oriental and African Studies, University of London (United Kingdom).

The programme comprises 30 credits dividing into core courses (3 credits each with a total of 15 credits), which are compulsory, and a pool of elective courses (3 credits each with a minimum of 15 credits required for graduation), which the students can choose from:

Courses are offered for full-time and part-time study.

- For full-time study, students can finish within one academic year.
- For part-time study, students can finish within two academic years.

We have more than 260 graduates in current moment, who work in multinational corporations all over the world or have their own businesses in OBOR countries. The MSocSci in International Business Management for Belt and Road Countries helps to build and develop powerful ecosystems for deep knowledge and skills in different types of projects and businesses.

Graduates should be able to compete with advantages in local and overseas job markets and in international business ventures. There will be a huge demand for managers and professionals with adequate knowledge and skill background in China and non-China, and Anglo-American and non-Anglo-American business practices. This programme is the first of its kind offered in Hong Kong and overseas.

Programme Enquiry:

Email: [obor@chuhai.edu.hk](mailto:obor@chuhai.edu.hk)

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## **2. MASTER OF SOCIAL SCIENCES IN INTERNATIONAL RELATIONS FOR BELT AND ROAD COUNTRIES**

The MSocSci in International Relations is an interdisciplinary and comprehensive programme focusing on the possible changes in international relations between China and Belt and Road countries. The basic objective of this programme is for students to capture main trends of contemporary geopolitics and their influence on geostrategy of major international actors at global and regional levels.

The programme is taught in English. Teaching is provided by a team of local and international professors, overseas visiting teaching staff from the Western Sydney University (Australia), Shanghai International Studies University and India Pakistan Research Center in South China University of Technology (China), Emlyon Business School (France), Technical University of Dresden (Germany), Institute of International Relations from Taras Shevchenko National University of Kyiv (Ukraine), School of Oriental and African Studies, University of London (United Kingdom).

The programme comprises 30 credits dividing into core courses (3 credits each with a total of 15 credits), which are compulsory, and elective courses (3 credits each with a minimum of 15 credits for graduation), which the students could choose from.

Courses are offered for full-time and part-time study.

- For full-time study, students can finish within one academic year.
- For part-time study, students can finish within two academic years.

The Belt and Road Initiative of China is now evolving into an international relations led by multinational and Chinese enterprises as well as many national governments along the various trade routes of the old and new Silk Road. There will be a huge demand for professionals with adequate knowledge and skill background in the international relations of China and other countries in the context of the Chinese Belt and Road Initiative and its reactions from countries within and without the Silk Road routes. There will also be an urgent need for analysts and experts who are knowledgeable about the trends and shifts in geopolitics and geoeconomics for governments, corporations and even non-government organisations as well as media and education institutions.

In current moment we have more than 190 graduates, who work in government, non-government organizations, different types of institutions or have their own business in OBOR countries. The MSocSci in International Relations helps to build an international network for your future success.

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