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**Economic Integration and Political Influence:  
Theoretical Perspectives on China's Belt and Road Initiative**

Aasia Khatoun Khattak,<sup>1</sup> & Kishwar Naheed<sup>2</sup>

**Abstract:**

The main purpose of this research paper is to analyse and explore China's policies and activities related to the Belt and Road Initiative through the lens of neoliberalism theory in International Relations. This theory is important for understanding current global political trends. The paper examines how the initiative reshapes international relations and the global order by creating new areas of influence and cooperation. It shifts state priorities towards economic and social growth, empowers developing countries and introduces a new international order based on mutual dependence, peace and cooperation. The paper employs a descriptive-analytical approach to explore the impacts of the initiative on political, economic and social trends. It analyses how the initiative benefits countries at national, international and global levels, enhancing their economic and social development and contributing to a more balanced world system. The study finds that China is promoting positive changes through new patterns of international relations focused on peace and cooperation.

**Keywords:** China, Belt and Road Initiative, neoliberalism, global political trends, economic and social development, peace and cooperation, political shifts, global power dynamics

**INTRODUCTION**

China's Belt and Road Initiative, proposed by President Xi Jinping in 2013 during his visit to Central Asia and the Pacific, consists of two main components: The Belt, which links regions and countries through economic corridors, roads and railways, oil and gas pipelines and free-trade zones; and the Road, which connects seaports. The Road is a network of seaports beginning on China's southeast coast, including Xin-gang, Qingdao, Shanghai, Ningbo and Hong Kong. It extends to Sihanoukville Port in Cambodia, Kyaukpyu Port in Myanmar, Chittagong and Sonadia ports in Bangladesh,

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<sup>1</sup> Assistant Professor, Department of Political Science, Women University, Swabi, Khyber Pakhtunkhwa, Pakistan. Email: asiakhttk@gmail.com

<sup>2</sup> Assistant Professor, Head of Allied Pool Faculty Department, Foundation University, Islamabad, Pakistan. Email: kishwar.naheed@fui.edu.pk

Hambantota port in Sri Lanka, Kolkata port in India, I have an dhippolhu Port in the Maldives, Gwadar port in Pakistan, Djibouti port in Egypt and a port in Sudan. The Road ends in Venice, Italy, where it intersects with the Belt Road. The Belt Road is a land route linking the western region of China with Central Asia, the Middle East, Russia, Africa and Europe. The Belt and Road Initiative is a global economic connectivity project that links various countries and regions through seaports and land routes. It connects countries across different regions, fostering mutual economic, trade and social interests as they seek shared benefits and advantages.

The initiative is extensive and spans all global regions. Through it, China is rapidly increasing financial trade investments, expanding its trade and consumer markets and securing its strategic and energy interests, while also enhancing its economic and political influence. The primary goal of this initiative is to boost China's economic growth and trade for national development and peace. Additionally, it aims to secure China's growing energy needs as it continues to rise as a major global economic power. Evidence suggests that China, through this initiative, brings development and progress to all countries interconnected by the project. It empowers these countries with financial investments for building their infrastructures, economic markets, trade zones, educational sectors and power projects. The initiative fosters their economic and trade growth by providing financial and technological support, helping to reduce poverty, unemployment and backwardness.

The countries involved in the Belt and Road Initiative view China's policies and activities through the lens of neoliberalism, which emphasizes increasing peace, cooperation and interdependence among states. However, the United States perceives China as a threat to its interests and has developed counter-strategies and alliances to limit China's power and influence. Additionally, some Western countries adopt a realist perspective, viewing as a power quietly establishing global hegemony. This paper explores and analyses China's policies and activities related to the Belt and Road Initiative, arguing that China is shifting the world order towards the core values of neoliberalism, such as mutual peace, interdependence and cooperation. The initiative, as a global economic connectivity project, aims to secure and fulfil the interests and benefits of all its participants. It fosters close and interdependent relations among countries, prioritizes economic and social development and relegates conflicting issues to secondary importance. By uniting the world around shared interests and benefits, the initiative makes countries' security interdependent on the security of the initiative itself, as any disruption could harm their development and security.

## **THEORETICAL FRAMEWORK**

Robert Keohane and Joseph Nye are major proponents of neo-liberalism theory, which elaborates behaviour and attitude of states through growing environmental, economic and social cooperation and interdependence. Unlike neo-realists, who primarily focus on security issues, neo-liberals emphasize the flourishing economic and trade interdependence among states. They believe that growing economic interdependence among the states is a key feature of international politics. Neoliberals recognize states as important and dominant actors in international politics, acknowledging that security issues and disorder also exist, which leads states are building its military and weapons capabilities. Globalization has increased interconnectedness and linkages among states and individuals; engaging them in cooperation and interdependence, which reduces conflicts. The growing cooperation and interdependence bring about positive changes in behaviour of the states, taking them toward greater cooperation and peace. Neoliberals argue that economic

and trade interdependence is increasing among countries. The dominant features of international politics now include cooperation, interdependence and closeness which have shifted state priorities from hostility to cooperation.

Neoliberalism believes and focuses on how a state gets overall benefits, rather than on how it can gain comparatively more than others. It believes that policymakers should get absolute gains and long-term gains when signing agreements with other countries. Relative gains can misguide states. In an environment of economic and trade interdependence, states cannot exploit each other economically or gain political advantages at the expense of others. The focus should be on the distribution of benefits, which increasing the overall benefits.

Neoliberals argue that states act in their interests, but their ideas promote positive cooperation among them. Keohane believes that maintaining and building cooperation among states is not an easy task, as there are many hurdles and tensions involved. Nonetheless, this cooperation brings many advantages and benefits. Neoliberals believe that institutions should be established, as they are a significant source for managing and fostering cooperation among states. They contend that states may betray each other, but institutions can help stop such betrayals. Institutions play an important role in developing mediation and cooperation among states, providing a platform for cooperation (Jackson & Sørensen, 2010; Steans et al., 2010).

Neoliberals believe in strong interaction and relationship between institutions, economic and trade collaboration and harmony. Neoliberals are being criticized by neorealists for ignoring military issues and their significance. While, neoliberal Robert Keohane says that neoliberalism does not differentiate between military and economic fields and issues. Though, it strongly emphasizes the significance of institutions, which play a crucial role in providing accurate information, reducing uncertainty and doubt among states and securing their values and norms. Neoliberals acknowledge that there is anarchy in the world system, but they contend that this anarchy does not mean that states exist in a constant state of war. They recognize that anarchy shapes the attitudes and behaviours of states and international politics (Jackson & Sørensen, 2010). Neoliberals believe that interaction and cooperation have been increased greatly among individuals across borders. This growing interaction among individuals from various states is building new cultural values, relations and identities. Such interaction promotes cooperation and interdependence, which helps stop wars among states and endorses peace. Neoliberals assert that the international political system is characterized by transnational complex interdependence representing close interdependent relations among states, societies, institutions and non-state actors. Currently, in international politics, there are many significant actors, even if they do not have conflicting agendas. Neoliberals recognize that military power and security are no more core priority issues for states, as they were in the past. At present, states prioritize enhancing more political, economic, trade and social development and cooperation. Their priorities have shifted from wars to cordial relations and from war to peace and development.

Neoliberals believe that a high and intense level of interdependence exists in international politics among its organs like states, organizations, institutions and individuals. They consider the role of institutions (Organizations) very significant in resolving conflicts and ambiguities among states, providing a platform for cooperation. They (Neoliberals) argue that democracy should be promoted, as democracies don't go to wars. If all states are following democracy, common values

will develop that promotes moral standards and cooperation. Democracy brings peace and a key characteristic of democratic states is their ability to resolve conflicts through peaceful means, alongside extensive economic and trade cooperation and growth. Neoliberalism being a positive theory, greatly supports and promotes peace. The major proponents of neo-liberalism theory are Keohane and Nye. The theory's main purpose is to develop an understanding of the behaviour of states and international trends in the global political system. The theory believes that the state is the primary actor in international politics; however, the roles of other actors, such as organizations, institutions, non-state actors and individuals, are also significant in promoting peace and cooperation. Neoliberals believe that anarchy exists in the world system, as other theories suggest there is an absence of a central international authority to maintain peace and cooperation. However, they contend that the absence of such international authority does not mean that states are in continuous state of war. Instead, they argue that states and other international actors are cooperating and interdependent, with their priorities focused on economic and social development, peace and security rather than engaging in conflict with one another.

Neoliberalism theory posits that the states are main actors in the world system, serving as the main centers of power with more influence than other actors. The theory aims to define the role and behaviour of states in the international system, while also acknowledging the significance of other actors. Neoliberals believe that institutions are strongly increasing economic cooperation and peace, bringing stability. The institutions are interrelated with peace, cooperation and development. While neoliberalism does not completely reject the criticism of realism, it does not draw a clear line between economic and security issues. The role of institutions and organizations is significant to remove doubts and misunderstandings among states.

Neoliberals argue that economic and trade interdependence, closeness and cooperation are key factors in international politics that are rapidly flourishing. Among all actors, states remain central and while disorder exists, the use of power is still an effective tool or method employed by states. Within the framework of globalization, interconnectivity, interdependence and cooperation are greatly increasing among states, transforming international trends and shifting behaviours from hostility to cooperation. A central tenet of neoliberalism is the focus on how states can provide and transmit benefits to each other, rather than how one state may get more benefits and advantages comparatively to other states. Policymakers are encouraged to consider absolute gains when they sign an agreement and they secure advantages for the long term. In this context, both sides ensure that their economic relations do not lead to political exploitation, fostering mutual benefit under growing economic interdependence.

Keohane asserts that states work for their interests, with an emphasis on cooperation. Cooperation strategies generally yield benefits for states. Neoliberal scholars recognize the significance and greater role of institutions, even as they share concerns about potential cheating, like neorealists. The institutions play an important role by providing a forum to enhance and extend their cooperation. These institutions work as mediators, offering information that helps prevent betrayal and deception. They are vital, especially when relations between two states become strained and communication break-down (Jackson & Sørensen, 2010; Steans et al., 2010).

## LITERATURE REVIEW

Suthiphand Chirathivat, Buddhagarn and Rutchatorn Anupama Dvindrakumar, in their book “China’s Belt and Road Initiative (BRI) in ASEAN,” provide a detailed examination of the growing relations between China and ASEAN under the BRI. They discuss the current progress and development of the initiative, as well as future challenges. The implications of the BRI for ASEAN, particularly its impact on people and society, are explored. While China’s growing influence and interconnectivity with ASEAN may be very beneficial for Beijing but this connectivity may not align with the desires of ASEAN states. The authors describe various programs, projects and developments initiated by China in the region, highlighting China’s significant role in connecting ASEAN to the BRI. This initiative brings more cooperation, interdependence and connectivity while promoting globalization through people-to-people interactions and border connectivity.

Simon Züfle, in his book “The Political Economy of China’s Belt and Road Initiative in East Africa,” has discussed the role of China in East African states under the Belt and Road Initiative (BRI). He examines China’s contributions to the region’s economic and social development, its self-development through this initiative and whether its role is peaceful or hegemonic. Common regional challenges and the growing influence and competition from China are also debated. China is rapidly investing in developing roads, airports, railways and infrastructure in these developing states. The relations between China and East African states is longstanding, with both parties engaged in mutual development through the Forum on China-Africa Cooperation (FOCAC) since 2000. China has established successful and beneficial trade and economic relations with approximately 143 African states, having spent about 160 US dollars in Africa under the BRI since 2019. Both regions are experiencing rapid growth and increasing interdependence through the initiative.

Rhys Jenkins, in his book ‘How China is reshaping the Global Economy,’ has described the rise of China’s economy, influence and investment throughout the world. He discusses China’s growing influence in Sub-Saharan Africa, Latin America and the Caribbean region, along with the political, social and environmental implications and effects. China’s diplomatic, economic and trade relations with these states and regions are rapidly expanding, which threatens the interests of western countries. The US and other western states perceive China as a great challenge, claiming it may become a hegemonic power in these regions. Though, the African states are pleased with China’s growing involvement as they seek economic growth, social development and technological advancement.

Alexander Whyte, in his research article ‘Neorealism and Neoliberal Institutionalism: Born of the same approach,’ narrates the key assumptions of neoliberalism theory, specifically focusing on the significance of institutions and organizations that enhance the trend of neoliberalism, which includes peace, interdependence and cooperation. The article is the comparative study of theory of neorealism and neoliberalism, dealing with the criticism of neoliberalism by many realist scholars.

Roman Mogilevskii, in his research report ‘Kyrgyzstan and the Belt and Road Initiative,’ discusses China’s progressive role under the Belt and Road Initiative in Kyrgyzstan, including the development of roads, railways, infrastructures, mining projects and economic zones. These initiatives bring economic, trade and social benefits to Kyrgyzstan by reducing unemployment rate,

alleviating poverty and addressing debt issues. The people-to-people connectivity between the two states is also growing.

The literature is mainly focused on the economic and social benefits, developmental projects and the diplomatic relations that countries perceive due to China's BRI. However, it lacks critical inquiry into the dynamics affecting political sovereignty, national development, long-term regional stability and the global trend and structure of international politics. There is a need for more in-depth studies on the geopolitical consequences of China's expanding influence under the BRI in the context of neoliberalism theory, as well as an analysis of China's role concerning claims made by the US and other Western and Asian countries that its rise is not peaceful and serves hegemonic purposes.

### **FREE TRADE ECONOMY AND CHINA**

China began promoting a free trade economy in 1978 as part of its reform policy to improve its economic, diplomatic and political systems. These reforms are ongoing. The primary goal of free trade is to expand China's foreign markets and maintain positive relations with other countries. Additionally, by allowing tariff-free imports and exports, China supports the economic and social development of other countries, strengthening its ties with them (Hongfu, et. al., 2024) and promoting the neoliberal concept of commercial liberalism. This concept, as noted by David A. Baldwin and supported by other neo-liberals, suggests that free and open trade leads to peace, cooperation and interdependence among countries (Wikan, 2015).

China is a major supporter of a free trade economy (Hongfu, et. al., 2024), which aligns with core beliefs of neoliberalism. This ideology suggests that free trade leads to peace, cooperation, interdependence and development among nations (Osman, 2020). China is the world's largest trading nation and has experienced significant growth, development and profit through free trade. As a global trade and growth hub, China's rise as an economic power benefits not only its citizens but also people worldwide by promoting mutual benefits, equal trade and cooperation.

China's rise as a major power is largely due to its embrace of a free trade economy. Since implementing its opening-up policy four decades ago, the country has experienced rapid economic and trade growth. In 2023, its foreign trade volume reached 41.76 trillion Yuan (\$5.8 trillion), a substantial increase from 35.5 billion Yuan in 1978, reflecting an annual growth rate of 17% (Hongfu, et. al., 2024; Wikan, 2015).

In the past decade, China has significantly expanded its free trade policy, signing numerous free trade agreements worldwide. In 2015, China renewed older agreements and established new ones, which not only boosted trade and economic growth but also supported the economic development of other developing countries. By that year, China had reached nineteen free trade agreements, with fourteen signed earlier and five in progress.

China has free trade agreements with regions all over the world, including Asia, Central Asia, the Middle East, Africa, Europe and America. Through the Belt and Road Initiative, it is quickly connecting neighbouring countries under free trade agreements, leading to anticipated increases in investment. Mutual trade interdependence among countries is growing, strengthening economic and technological cooperation. China is solidifying its economic power by creating free-trade zones

and developing the economies of poorer countries, thereby establishing a new zone of influence (Hongfu, et. al., 2024).

China has signed approximately seventeen Free Trade Agreements (FTAs) with various countries to enhance trade and economic development, with eight additional FTAs under negotiation. China's FTA partners include ASEAN, Singapore, Pakistan, New Zealand, Chile, Peru, Costa Rica, Iceland, Switzerland, Maldives, Mauritius, Georgia, South Korea, Australia, Cambodia, Hong Kong and Macao. Furthermore, in November 2020, China and 14 other countries signed the Regional Comprehensive Economic Partnership (RCEP), which China ratified in early 2021. The Regional Comprehensive Economic Partnership (RCEP) is an agreement involving 15 countries from the Asia-Pacific region, including China, Japan, South Korea, New Zealand, Australia and the 10 member states of ASEAN. It is the largest free trade agreement in the world. The primary goal of RCEP is to create a broad economic partnership by building on existing bilateral agreements that ASEAN has with its free trade partners. The agreement aims to simplify procedures and criteria, reduce trade barriers, reorganize procedures and enhance market access (International Trade Administration, 2022).

In November 2015, China and ASEAN signed an agreement to upgrade their existing free trade agreement. In 2014, bilateral trade volumes had reached to \$480.4 billion and this figure increased to \$816.9 billion in 2023, largely due to the free trade agreement (China's General Administration, 2024). China is the largest trading partner of ASEAN, while ASEAN is the third-largest trading partner of China. ASEAN is a key organization included within China's Belt and Road Initiative (Ministry of Commerce PRC, 2015).

In January 2015, China signed a free trade agreement with Singapore, a Pacific country and a military ally of the US. China is Singapore's largest trading partner and investor. By creating free trade agreements and improving road connectivity, China is increasing its economic influence in the Pacific region, where the US maintains a strong economic and military presence through alliances, funding and the Trans-Pacific Partnership (TPP). In June 2015, China also signed a free trade agreement with Australia, which is expected to greatly boost trade and investment between the two nations. Australia, a military ally of the US that hosts a US military base, plays a vital role for China in the Asia-Pacific region, particularly in the light of the growing US military influence. Australia is also a key participant in the TPP, which aims to counter China's rising economic influence in the region (Ministry of Commerce PRC, 2015; Rolland, 2020) China is expanding its free trade agreements and cooperation with countries, particularly those allied with the US, to counterbalance or mitigate the impact of US counterstrategies (Osman, 2020).

In this context, China's free trade agreement with Australia represents a significant achievement, contributing to the integration of the Asia-Pacific region. China aims to establish a free trade economic zone in the Pacific, challenging the US's global power and regional influence. In the future, China may further connect Australia through its Belt and Road Initiative. This increasing economic influence in the Pacific suggests the emergence of a multipolar world and a shift in the global order (Rolland, 2020; Osman, 2020).

Since 2013, China has connected ASEAN through Belt and Road Initiative, which includes Brunei, Thailand, Vietnam, Philippines, Myanmar, Indonesia, Malaysia and Singapore. These states are becoming increasingly interconnected and interdependent with China and each other as part of this

initiative. China is actively building roads, railways, economic trade zones and infrastructure in these states, rapidly increasing its soft power by enhancing trade, economic cooperation, people-to-people interactions and cultural relations. This connectivity benefits both sides, providing China with strategic, economic, trade and social advantages. It connects its provinces of Yunnan and Guangxi with ASEAN states to foster trade and social benefits, viewing ASEAN as a lucrative region for expanding economic growth, trade, industrial area and social development. The strategic location of ASEAN is ideal for China compared to European states, which are farther away and have faced financial crises, such as in 2008. Moreover, China can easily access the large market of ASEAN to expand its economy and influence. For China, ASEAN represents a better alternative to the US, especially given ongoing financial issues and competition. Currently, ASEAN is increasingly under the influence of China and is direly seeking investment from it. China is surpassing Japan and others countries in economic and trade relations with ASEAN, bringing both regions closer day by day. Initially, China faced a lack of ASEAN countries, as many were concerned about the potential jeopardizing their sovereignty and the successful development of the initiative. In response, the Chinese government made enormous efforts to maintain the trust by holding a meeting and dialogues, strictly implementing the policy of transparency and addressing debt menace. Moreover, China sincerely acted upon its principles of non-interference in other states' internal affairs, maintain equality and respect for others sovereignty and to deliver mutual and equal benefits to parties involved.

Similarly, for ASEAN, this initiative is crucial, fostering connectivity despite the ongoing South China Sea dispute with Beijing. This initiative is bringing economic and social development to member countries, enhancing their growth prospects. Both ASEAN and China recognize the importance of this connectivity for their mutual economic advancement and social progress. Under neoliberalism (Jackson & Sørensen, 2010), China is promoting cooperation and interdependence among ASEAN states. The initiative emphasizes mutual peace and benefits, creating shared connectivity and security. It serves as a vital source for economic and social development, driving profits, infrastructure development and advancements in technology and human development (Chirathivat, Rutchorn, & Devendrakumar, 2022).

### **Growing Interdependence and China**

China supports key principles of the neoliberal approach (Osman, 2020), such as peace, cooperation, development, interdependence and integration. This is evident in its global connectivity effort, the Belt and Road Initiative. Through this initiative, China is funding the development of seaport infrastructure in Bangladesh, Myanmar, Sri Lanka and Pakistan, and providing financial aid and construction services to developing countries in East Asia, Southeast Asia, South Asia and Africa. This support encompasses creating economic corridors, building bridges, developing energy projects, constructing canals, roads and railways, and establishing social institutions such as schools.

China is also offering its development and technological expertise, aiding in the economic and social progress of these nations. Additionally, it provides military assistance and training while respecting their sovereignty through economic support. By helping smaller and developing countries in the Global South, China aims to reduce inequality between the Global South and the Global North. This



approach is reshaping power dynamics and contributing to the emergence of a multipolar world characterized by interdependence and peace.

China is promoting new economic trends centered on mutual peace, cooperation and interdependence in the free-trade economy, thereby advancing global globalization. It currently has free-trade agreements with regions including Asia, Central Asia, the Middle East, Africa, Europe and America. Despite facing opposition from countries like the US, India and Japan, China continues to maintain cooperative and interdependent trade relations with them (McBride, et. al., 2023; Jamal, 2023).

In 2023, total trade between China and India reached \$136.26 billion, up from \$125.62 billion in 2021, representing an 8% growth (India Brand Equity Foundation, 2024). In 2020, trade between China and Japan reached \$260 billion ("China-Europe rail sees," 2020). In 2022, trade between China and the US reached \$758.4 billion, with US exports to China increasing by 1.7 percent, marking a 39 percent increase since 2012 ("China's economic outlook," 2023).

In response to the policies of the US, Japan and India aimed at countering its rise (Centre for Strategic and International Studies, 2023), China is not resorting to aggression or militarization (Serikkaliyeva, 2022). The US perceives China as a threat to its global dominance, while India and Japan are concerned about China's growing regional influence (Centre for Strategic and International Studies, 2023). Unlike the US, China is not establishing military bases or forming military alliances. As a developing country facing numerous economic and social challenges, China's main priority is to build a peaceful and prosperous society. Its rise is characterized by a focus on economic development and mutual cooperation to create a peaceful world (Serikkaliyeva, 2022).

### **Promoting and Securing Peace and China**

China is promoting mutual peace and cooperation among countries through the Belt and Road Initiative (Serikkaliyeva, 2022), while also embracing neoliberal principles, including an acknowledgment of global anarchy and insecurity (Osman, 2020). Despite this, China respects and upholds the sovereignty and territorial integrity of other nations. In this context, it is modernizing and strengthening its military. China plans to deploy its naval forces at seaports connected to the Maritime Silk Road to protect its trade routes and seaports from potential threats posed by India, Japan, the US and pirate attacks (Serikkaliyeva, 2022).

China imports 80 percent of its oil, gas and other natural resources from the Middle East and Europe through the Indian Ocean and the Strait of Malacca. According to Chinese officials and policymakers, there are concerns that the US, Japan and India could launch military attacks on its trade routes or that the US could block the Strait of Malacca by imposing sanctions or using its military bases in Indonesia and Malaysia. India, located along the Indian Ocean, could threaten China's trade supply by launching a military attack. Additionally, Japan, as a military ally of the US, is acting against the rise of China. Due to these security concerns, China has adopted an energy security policy. Based on this policy, it is establishing trade connectivity with the rest of the world through economic corridors, roads and railway links as alternative trade routes to the Indian Ocean and the Strait of Malacca (Paszak, 2020). These alternative routes include the China-Pakistan Economic Corridor, the Bangladesh-China-India-Myanmar Economic Corridor and the road and

railway links from Sittwe Seaport and Chittagong Seaport in Bangladesh to Kunming city in China (McBride, et. al., 2023).

China's Belt and Road Initiative connects the entire world, including Hong Kong, Cambodia, Thailand, Laos, Myanmar, Bangladesh, Sri Lanka, India, Pakistan, Iran, Afghanistan, Central Asia, West Asia, Russia, Africa, and Europe. This global connectivity project is fostering new political trends of peace, cooperation, and interdependence, which continually reduce global anarchy and aggressive behaviour among countries. China's cooperative and supportive policies are encouraging other nations to promote cooperation and interdependence with each other. This initiative has broadened global trends of globalization (Maizland, 2023). Through it, China is actively promoting neoliberalism, replacing the realism trend of power struggle. However, the balance of power theory still exists, driving countries towards cooperation and competition with each other (Osman, 2020).

### **New Growing Institutions and China**

China is an active member of Western institutions such as the United Nations, the World Trade Organization, the World Bank and the International Monetary Fund. However, it believes these institutions have failed to maintain peace, ensure equal social and economic growth and foster interdependence and cooperation among states. In China's opinion, these institutions operate under the influence of the US and other Western countries, implementing exploitative and discriminatory policies that create anarchy and widen the gap between the Global North and South. Beijing opposes the US for its double standards on peace, democracy and human rights, arguing that the US applies these standards selectively to protect its power and global hegemonic status ("China's new energy vehicle," 2024; Hongfu, et. al., 2024).

China, following neoliberalism, believes that institutions promote peace, cooperation and interdependence, preventing wars and conflicts (Wikan, 2015). It is increasingly expanding its cooperative role through regional and international institutions such as the Shanghai Cooperation Organization (SCO), the Eurasian Economic Union (EEU), BRICS (Brazil, Russia, India, China and South Africa), the G8 and the Asian Infrastructure Investment Bank (AIIB)<sup>3</sup>. The AIIB, a new development under the Belt and Road Initiative, functions similarly to the World Bank and IMF, providing loans and funds specifically for infrastructure development in developing countries.

The AIIB will not impose conditions on countries regarding human rights and democracy. Countries from various regions are participating in this bank by providing funds, aiming for equal development for all. Through these institutions and organizations, China is promoting peace, cooperation and interdependence among countries. By enhancing the role of these institutions, China is creating a multipolar world and shifting influence away from Western institutions to those fostering mutual peace, cooperation and interdependence (Hongfu, et. al., 2024). Under the

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<sup>3</sup> The AIIB is primarily established to provide financial support for the Asian region. Its main purpose is to offer loans to developing countries for infrastructure projects, energy and power development, transportation, telecommunications, agricultural development, rural infrastructure, water supply, sanitation, environmental protection, urban development, and logistics support. Through this bank, China is financing the construction of seaports, economic corridors, roads, railways, bridges, pipelines, energy projects, and canals.

institutional liberalism approach (Wikan, 2015), China is making significant changes at the international level in the global political order and the current economic and political structures of state systems (Sutter, 2015; Hongfu, et. al., 2024). The US is unhappy about the creation of the AIIB because it sees it as a challenge to its power and control, which it maintains through the World Bank and IMF. The US has refused to join the AIIB and has urged its Western allies not to join either. However, nearly all Western and Asian allies have joined the AIIB including the UK, Germany, Australia, Philippines, Vietnam, Brunei, Malaysia and Singapore. Without the US and Japan, the AIIB and Belt and Road initiatives continue to operate successfully, although these countries could enhance the credibility and rating of these initiatives. In today's world, trends of competition and cooperation exist equally among countries' relations (Ancheta, 2023).

Under neoliberalism, China is fostering cooperation and interdependence by involving countries in initiatives and development projects (Osman, 2020). At the same time, it is addressing the challenges and threats posed by the US as it rises (Ng, 2022). In 2017, China's granting of full membership to India in the Shanghai Cooperation Organization (SCO) created a significant security challenge for the US. This move aimed to diminish US security influence and promote the development of a multipolar world system.

Although China has a border dispute with India and is frustrated by India's growing defensive and strategic ties with the US and Japan, it views India as its main competitor in Asia. Despite this rivalry, China, as a permanent member of the Security Council, has blocked India's request to become a permanent member of the United Nations. However, China has still granted India full membership in the Shanghai Cooperation Organization (SCO). While India competes with China's increasing economic and political influence, its economy, technology and financial sectors are not yet developed enough to fully challenge Beijing. China, a peace-loving nation, believes that conflicts and wars lead to devastation. To achieve its goal of becoming a modernized and developed country, China seeks to build cooperative relations with all countries, whether friends or foes and aims to establish a peaceful world. By granting India full membership in the SCO, China intends to boost India's economic growth. Additionally, China is expanding its influence by increasing the number of member countries in the Shanghai Cooperation Organization (SCO), transforming it from a regional to a global organization. In the future, China might grant full membership to other countries in Asia, the Middle East and the Baltic region, such as Nepal, Sri Lanka, Cambodia, Azerbaijan, Armenia, Afghanistan, Türkiye, Iran, Belarus, Mongolia, Turkmenistan, ASEAN and CIS (Yousaf, 2024).

Under its new diplomacy, China has introduced the concept of common security, moving away from the old mindset where countries focused solely on their security. This new idea of common security is officially promoted through platforms like the Conference on Interaction and Confidence Building Measures in Asia (CICA) and the Shanghai Cooperation Organization (SCO). China is creating new cooperation opportunities in the security sector across Asia, as the region's security is crucial for safeguarding its trade routes in the Indian Ocean, the Strait of Malacca, economic corridors and alternative trade paths (Yousaf, 2024; McBride, et. al., 2023).

## **Findings**

This research paper highlights the varied impacts of China's Belt and Road Initiative (BRI) on global economic and political dynamics, viewed through the lens of neoliberalism. The BRI, a broad project

aimed at global economic connectivity, significantly influences international relations, economic growth and political influence.

The BRI has greatly boosted the economic growth of participating countries by building infrastructure, improving trade routes and encouraging free trade agreements. China's substantial investments in projects such as roads, railways and seaports have promoted economic integration and shared growth. Countries involved in the BRI have seen advancements in their economic and social sectors, leading to reductions in poverty, unemployment and economic inequality. It promotes economic growth and integration.

The BRI embodies neoliberal principles like commercial liberalism, peace, cooperation and interdependence. By advocating for free trade and economic interdependence, China has fostered peaceful relations and collaborative efforts among nations. The increased trade between China and other countries, even those with complicated political relationships, highlights the BRI's success in promoting economic interdependence and stability.

The BRI is shifting global power dynamics. It is transforming global power structures by establishing new spheres of influence and cooperation. Through economic diplomacy, free trade agreements and strategic investments, China is gradually moving the global order towards a multipolar system. This shift challenges the traditional dominance of Western powers and introduces a new global order based on mutual dependence, economic cooperation and peaceful coexistence.

The BRI is seen as a strategic challenge to US dominance. China's growing economic and political influence through the initiative has prompted the US and its allies to develop counter-strategies. Despite these challenges, China remains focused on its goals of economic integration and global connectivity, prioritizing cooperation over confrontation.

China's role in creating new multilateral institutions like the Asian Infrastructure Investment Bank (AIIB) demonstrates its dedication to enhancing global economic governance. These institutions, reflecting neoliberal values, offer financial support for development projects without the strict conditions often imposed by Western organizations like the IMF and the World Bank. This strategy is gradually shifting influence from traditional Western-dominated institutions to more inclusive and cooperative frameworks.

The BRI also focuses on security by promoting common security and peaceful development. China's strategic use of its naval forces to protect trade routes and its participation in regional security organizations like the Shanghai Cooperation Organization (SCO) underscores its commitment to maintaining stability and safeguarding its economic interests. By encouraging regional cooperation and addressing security issues through diplomacy, China is contributing to global peace and security.

The BRI has broadened China's diplomatic reach, particularly in Asia, Africa and Europe. Through economic and infrastructure projects, China has strengthened relationships with developing countries, offering them an alternative model for development and cooperation. This growing influence is reflected in the increasing number of countries joining the initiative and the expanding network of free trade agreements.

The BRI plays a key role in the shift towards a multipolar world. By creating new economic and political alliances and encouraging interdependence among nations, China is diminishing the dominance of any single power. This emerging multi-polarity features a more balanced distribution of power and influence, leading to a more stable and cooperative international system.

## CONCLUSION

China's policies, goals and growth are hot topics globally. As the world's second-largest growing economy, some estimates suggest it might become the largest economic power. China's Belt and Road Initiative is crucial for its growth and development. This project not only boosts China's economic progress but also alters regional and global power dynamics and development patterns. It significantly influences international politics by fostering closer and more interdependent global relationships. China aims to create a new world of mutual peace, cooperation and interdependence through this initiative, establishing a multipolar world that replaces the dominant global order with one focused on peace and cooperation. The Belt and Road Initiative is a large-scale global connectivity project that promotes economic development and political trends, leading to a new era of international peace. China's policy of building seaports and its Belt and Road initiative can be better understood through a neoliberal perspective.

China's Belt and Road Initiative is more than just an economic project; it is a strategic framework that is transforming global political and economic landscapes. By championing neoliberal values like free trade, cooperation and interdependence, the BRI is driving economic growth, improving global connectivity and contributing to a more balanced and peaceful world order. Its focus on mutual benefits and inclusive development makes it a powerful force in modern international relations.

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