Policy Review

Future of Belt & Route Initiative in the post COVID-19 world

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Abstract

China’s Belt and Route Initiative has challenged the traditional concepts of development. The COVID-19 pandemic has altered the prospects for the projects launched in recent years in various ways, making some of their key features irrelevant for the times to come and paving ways for leading the world through innovative ways in the fields of health and technology. China has successfully utilized its industrial might to cater to the needs of the health sector across the world providing essential support to the pandemic-hit countries. Provision of digital technology that is fast necessitated by the changing world is another sector the country is taking a lead in. Pakistan being a key player in the BRI is facing its own dilemmas in the fast-changing world around it and need to increase its pace not only to catch up anymore but also to revive. This policy review highlights the situation and the challenges and proposes steps that can help maintain Pakistan’s stakes in the project that many in the world are looking up to.
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1. Introduction

COVID-19 has done a big blow to Chinese efforts to lend its support to small-scale economies by connecting them across the continents through ancient silk route\(^1\). Now, the choices are difficult. On the one hand, countries will have to revive their economies in these testing times while on the other their borrowing capacity has shrunken. Chinese dilemma is that they also receiving severe criticism for providing support to the poor countries along the route.

Since the outbreak of coronavirus, though China has been actively providing humanitarian assistance and medical supplies to the world, it is facing the criticism of exploiting the vulnerability of global community by establishing a “Health Silk Route” and thus enhancing its influence in the world. What remains out of focus as of now is the element of digitization as the world has transformed rapidly and became more dependent upon the digital medium. China has a major stake in the digital industry and the development of a ‘Digital Silk Route’ was part of the BRI agenda in the long run. Both initiatives are of extreme importance, as Pakistan is in dire need of investment in both the sectors. Secondly, these initiatives will play a vital role in the implementation of CPEC as being the flagship project of BRI.

Pakistan, in its current state cannot ignore CPEC, as it is massively relying on the development of industrial infrastructure entailing the project and enhancing its exports for the revival of its economy. Also, mass-scale job creation is a dire need of the country that can be facilitated by CPEC. In this context, any expansion of BRI or new initiatives by China will have great relevance and importance for Pakistan; Digital Silk Route and Health Silk Route, for instance. Hence, it would be better to address challenges Pakistan may face to remain relevant to the new dimensions of BRI. The study aims to:

- Exploring the immediate evolution of BRI in the post pandemic world and the challenges and opportunities it entails for Pakistan
- Analyzing the potential role and benefits of health and digital silk routes

2. Belt and Route Initiative

Belt and Route Initiative (BRI) has been subject to speculations and doubts since the day the idea was voiced out. With the change of power dynamics, China emerges on the power paradigm, the unconventional nature of its approach to power has been viewed with a lot of skepticism. There are multiple reasons behind. China has been a mystery country to many in the world, as it rose in isolation with a system different to all and sundry across the world. Secondly, transformation in the political order has

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\(^1\) The history of silk road also known as silk road dates back to Han Dynasty of China. Some people conceive it a single thoroughfare from east to west, but it was a series of trade networks that connected China and Far East with Europe and Middle East. There were trading posts and markets which were used for exchange of goods by the conventional traders.
always been brought up by organized aggression and not cooperation. China’s approach towards power is unprecedented and hence had many around the world doubtful of its actual intentions. BRI is one project that has raised many red flags with the status-quo. Belt and Route Initiative is China’s model of cross-continental connectivity that aims to implement China’s development model transcending border and territories. China’s successful uplifting of more than 750 million Chinese people out of extreme poverty (Hong 2019) in itself is a stimulus enough for the developing and underdeveloped countries of Asia and Africa to look towards China as a role model. Through Belt and Route Initiative, China intends to invest more than $1 trillion in the wide range projects stretching from East Asia to Europe. The wide spectra of the investments have triggered panic among the developed world which has been propagating since decades capitalist ideas and free market economy as the perfect system.

So far around 70 countries, that accounts to 65 per cent of the world’s population, and one third of the GDP are in some way or the other involved with the project whether by signing agreements or showing interests. (Anon., n.d.) This also includes several countries of Central and Eastern Europe and even a West European country as Italy, that have signed provisional agreements to cooperate on BRI projects. The programme involves an investment of $1 trillion. Out of all, the BRI projects for which around $200 billion investments have been made so far, the China-Pakistan Economic Corridor is by far the biggest collection of projects. The corridor connects China’s western region to the Arabian sea securing the country maritime trade routes that the US military cannot disrupt (McBride & Chatzky, 2020).

COVID-19 pandemic has created an uncertainty in connection with the completion of the ongoing projects and paralyzed the future prospects for the traditional development, as economies all over are facing multi-faceted challenges. Countries all over are forced to take sweeping measures to contain the virus, such measures are instigating delays and disrupting projects extensively reliant on land and sea routes for supplies and engagement of workforce. (Pandey, 2020) The pandemic has exposed the vulnerabilities of systems to the inevitable burden caused by health emergencies and the prospects social insecurities. It is evident that the expenditure priorities are changing everywhere in the post-pandemic world and so would be the scenario around BRI.

The BRI may have been primarily conceived as a land route and clusters of economic projects there was always more to the concept. If there is one thing that may help investments sustain, businesses survive and economies revive today is innovation, and what is now discovered by the world; BRI was based on a set of innovative ideas including a Health Silk Route and a Digital Silk Route. The two that may serve not just China but the countries associated to the initiative in their quest for a bounce back.

a. Health Silk Route
On the occasion of becoming member of World Health Organization in 2017, Chinese President Xi Jinping signed a Memorandum of Understanding on cooperation between the Government of China and the WHO to build a ‘health silk route’ for the promotion of global health security keeping in fold exclusively the countries along the Belt and Road Initiative. The idea advanced, most likely from the Healthy China 2030 plan of the Chinese government announced in 2016, putting health on a national policy priority (Chen et al. 2018).

With the spread of COVID-19 pandemic across the world, China’s relentless support to everyone willing to accept it is criticized more than the absence of the traditional power from the relief scene. The US, the sole superpower of the world, has had a rather apathetic response to this spread in its own states and the EU, the emblem of modern-day cooperation, has left its own to mend for themselves. China has been blamed for both causing the menace and establishing its influence in the global community by helping them overcome the disease. (Gupta & Singh, 2020) The fact is that no other country has challenged the notion by providing an alternative to the vulnerable. Iran and Italy stand out as the textbook examples of lack of empathy in the current geopolitical framework. The United States so far have ignored the pleas of easing the sanctions on Iran grappling to control the outbreak and have instead hindered the release of the five-billion-dollar loan to the country from the World Bank to combat COVID-19 (Mousavian 2020). Italy was left to mend for itself when the country appealed to the Commission of European Union, of which it is a member, for medical supplies. Germany and France rather put bans on export of vital medical equipment. (Henley 2020).

The Chinese government is bilaterally extending support to countries from East Asia to Europe providing personnel protection and health equipment. It has given 20 million dollars to the World Health Organization for assisting developing countries in coping with the pandemic and building a stronger public health system (Yin 2020). China is also handing out concessionary loans and playing a coordinating role in multilaterals like G-20, ASEAN, the SCO and the African Union, establishing itself in a leadership position by promptly responding to the crises and catering to the needs of the countries all over. (Lancaster, et al., 2020). It may thus be appropriate to say that the concept of Health Silk Route may have existed for years now, the COVID-19 outbreak has given it a kickstart that was rather necessary and more than China’s own ambition the success have to be attributed to the lack of an organized response from other powers.

"Building a Human Health and Health Community” as the Chinese President has framed it is most likely taking over as a face of BRI in the near future. This may allow China to rebrand the initiative as a more relevant concept to the world in the post COVID-19 era for which it urges an immediate focus on unified response for containing the spread of the virus, reinforcing coordination and cooperation in building an international consensus on fighting the pandemic. Upholding multilateralism and improving global governance on public health, enabling the
world to devise better coordinated macro policies and counter the downward pressure on the world economy, in the long run (Yi 2020).

In the light of the above discussion, the key questions would be?

1. What are objectives of Health Silk Route?
2. What would be mode of implementation?
3. What would be form of cooperation?

The objectives will spell out the intentions of China and what it wants to achieve through Health Route. The study suggests that China’s objectives can be categorized as follows:

- Create an environment for human security against such pandemics and other health issues
- Contribute to produce quality human capital by investing in health sector,
- Utilize it as a business opportunity to exploit the world health status in their favor to secure maximum benefits from the global health emergency

We believe, if China looks towards the first two objectives, it would be making an enormous contribution to humanity. It would also be in line with President Xi’s vision of ‘Shared Prosperity’ and will create a goodwill across the world as a befitting response to the propaganda against China and BRI.

On the contrary, if China exploits the pandemic to achieve economic and political gains it would be a huge blow to the BRI and China’s perception of the world.

The selection of mode of investment would be another important element for the implementation of Health Silk Route. There can be three possibilities.

1. Business-Business
2. Public-Private
3. Public-Public

The choice of model of investment will determine China’s intentions.

Another important element would be the form of cooperation. There can be different forms of cooperation such as:

1. Building infrastructure
2. Building infrastructure and information sharing
3. Building infrastructure, information sharing and cooperation in Research & Development
4. Building infrastructure, information sharing, cooperation in R&D and capacity building

Building infrastructure alone, will not serve the purpose. It must be accompanied by information sharing, cooperation on Research & Development and capacity building. It should not only be the responsibility of China but all partner countries shall contribute, as every partner country has its own set of expertise.
b. **Digital Silk Route**

The drastic change in the world of work amid lockdowns may be temporary but certain elements of it will be emboldened in the work spaces permanently. This change was inevitable and was in progress as the fourth industrial revolution seeped in. However, the COVID-19 outbreak made the modification swifter than anticipated and thus facilitating China’s rise as a technology power and global provider of digital infrastructure.

It is not merely the digitization of work space but digitization has been at play in the state’s responses to the pandemic all over. As more and more governments retort to the threat of a spread through adopting to digital tools to monitor public health, quarantine enforcement and trace contact history of the effected. Chinese origin companies like Hikvision, Dahua, and other leading surveillance companies have introduced thermal imaging systems to detect fevers. Alipay, WeChat, Ant Financial and Tencent have been reportedly providing the facilities by partnering with local governments in the country (Lancaster et al. 2020). As China roles out a state model, transferring the technologies to the countries along the BRI route for the purpose of monitoring quarantines and sort populations in an effort to safely restart local economies will not only portray as a good alternative investment opportunity in place of more capital driven infrastructure projects but also allow China to derive resources for its key projects without burdening its own economy as it recovers from the shocks induced by the pandemic.

In comparison to the large-scale infrastructure projects that constituted a major part of the initial implementation of BRI, projects related to information and communication technology ensure lesser risks, costs and are more attractive investments. As the spread of Coronavirus reinforces the importance of digital connectivity, emerging markets that are constrained further by the outbreak, as half of the world is contemplating seeking bailouts from the International Monetary Fund, will prefer the more cost-effective Chinese companies especially with the lack of affordable alternatives.

Fully aware of the potential, China has not let the pandemic divert its attention from expanding its 5G reach, declaring it critical for the economic revival of the country. The state called for “accelerating the construction of new infrastructure such as 5G networks and data centers” in March at the peak of the outbreaks (Anon., 2020). The state-owned giants of the Chinese telecom industry responded to the call by declaring the efforts a major political task and announced establishing more than half a million base stations by the end of 2020 massively expanding the 5G coverage (Blanchette & Hillman, 2020). The likelihood of the proliferation of the technological advancement into the belt and road is undeniable as the less visible nature of digital infrastructure also fits more easily into the post COVID-19 picture of the world.
3. Prospects and Challenges for Pakistan

China and Pakistan have had a rather symbiotic relationship that has reaped both the countries many benefits over the years. While in Pakistan, China has had a trusted ally in the region, Pakistan has benefitted from having the support of a giant against the turbulent geopolitical backdrop and with the advent of CPEC. Pakistan’s relentless support to China during the initial days of COVID-19 outbreak has only increased the trust in the bilateral relationship. Pakistan has been one of the major beneficiaries from Health Silk Route ‘diplomacy’ (as the critics choose to call it), with China not just providing medical equipment but assistance in devising better coping mechanisms.

As the pandemic challenge intensifies and seeps into sectors other than health, mega infrastructure projects like the CPEC are certainly in line for transformation. Though export routes will remain a priority for China, it enhances its provisions to the world in health technology. Expenditure on old footings in other projects may not be a priority. Pakistan’s fragile economy that was already under enormous pressure will be massively affected by the post pandemic developments and shifts in priorities on China’s part. Staying more relevant than providing an export route only is a goal to achieve for the country thus.

Pakistan has less immediate potential to deliver in the IT sector. Most of the work force it offers is unskilled. Besides, the only export potential that lies in the country currently is raw material like minerals, food, and cotton. Part of CPEC are the Special Economic Zones to be built in order to install plants for processing these raw materials for export. With the likelihood of reduction in investments in these sectors amid economic fallout of the virus.

4. Policy Recommendations

**Infrastructural and Industrial Capacity:** A report by Asian Infrastructure Investment Bank (AIIB); ‘Impact of the Coronavirus (COVID-19) and Its Implications for Infrastructure Priorities’ implies that while health care infrastructure may be of prime importance at the moment, it is widely dependent on utility infrastructure and connectivity infrastructure. (Asian Infrastructure Investment Bank, 2020) Utilities like clean drinking water, electricity, developmental infrastructure; roads and modes of connectivity are vital for efficient supply chains and for smooth management of health care system.

As future looks bleak for physical movement and cross border transportation, development of local industries is another key priority area when it comes to attaining relative food and livelihood security. Textiles, pharmaceuticals and production of other vital goods are industries where countries need to attain self-sufficiency.
Capacity Building in the Digital realm: Modern health care systems widely depend on the development of digital technology and countries are required to invest in the development of their digital abilities. Even apart from health care, technology has been significant in the fight against COVID-19 outbreak. It has helped countries in tracking and ensuring efficient quarantine measures. It cannot stop but has helped prevent and limit the spread by creating awareness and providing alternative workspaces.

Facilitating Basic Health Units

Predicting an end to the pandemic is not possible as yet and the world may have to adjust to the new normal (Press 2020), it is crucial that health facilities should be expanded to micro level to reduce the burden on the major health care facilities, Pakistan can use the opportunity and sought help to equip its Basic Health Units (BHU’s) to meet the requirements of a larger population base forming its workforce.

Pharmaceutical Export Market

As China expands its role in the global health care scene, the partnership between the two countries can be expanded to include the Pakistani pharmaceutical industry and thus assist China to cater for the needs of the world as well as gain desperately needed economic support through enhanced export and production opportunities.

Transfer of Health Technology

The public and private sector of Pakistan, ever since the pandemic breakout, is putting serious efforts in enhancing its capacity in the realm of health technology. China can help speed up the process by training Pakistani professionals and transferring the relevant technology.

Ensuring Digital Connectivity

As COVID-19 made digital connectivity inevitable for all walks of life, there is a need for enhancing the range of projects like CPEC Fiber Optics Project not only to improve the telecom and ICT industry of Pakistan anymore but also to ensure the continuity of everyday life and smooth flow of critical information.

Technology Transfer and Capacity Building

Pakistan lags behind the IT sector and require enormous support to catch up with the world. It is necessary for Pakistan to sought transfer of technology and capacity building to engage its young workforce and utilize them to the best of their potential. The already present incubation centers can be utilized for capacity building on war-footings.
References


