
The Belt and Road Initiative – Shared Development or a Threat for the World Economy?

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Abstract:

Purpose: The authors of the article try to situate the Belt and Road Initiative (BRI) - Chinese flag international project - in theory and turn attention to the risks accompanying it. The article examines the applicability of a theoretical concept connected with the sharing economy towards the Belt and Road Initiative. Presenting the idea of shared development is a novelty in the approach towards BRI. It puts China at the center of the future globalization wave, describing the process with Chinese characteristics and comparing it with Western-style globalization. The aim of this research is also to assess and discuss the disadvantages and threats of the Belt and Road Initiative from different points of view countries/participants involved, the world economy, and China itself.

Design/Methodology/Approach: The main tool used in the first part of the research is a literature analysis, whereas, in the second part, logical reasoning based on a critical analysis of recent and older literature and official Chinese statements have been used. The third part of the reasoning is based on empirical examples from Belt and Road countries – this being a base for synthesizing the research. A qualitative method was applied to this research.

Findings: The study results have confirmed that given the various aspects concerning the BRI, the initiative is a source of both opportunities and threats for all the participating sides.

Practical Implications: The results can be used to estimate the positive and negative consequences of individual economies' engagement in the BRI project. They may enhance or warn the engaged countries as far as this grand project's participation is concerned.

Originality/value: The concept of shared development as the theoretical base for the Belt and Road Initiative is a complete novelty. The multifaceted approach towards the positive and negative sides of BRI is also not popular in the literature. The model used in the article is the effect of the authors' own work.

Keywords: Belt and Road Initiative, China, globalization, shared economy, shared development, consequences of BRI.

JEL classification: F4, F5, F6.

Paper Type: Research study.

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1. Introduction

It is already seven years since the Belt and Road Initiative (BRI) has been introduced. In 2013, when the idea was born and initiated by Xi Jinping – newly elected in 2012 Secretary-General of Chinese Communist Party and President of the Peoples' Republic of China – the name of this initiative was different: One Belt One Road or New Silk Road and it was associated with the Eurasian continent and the rejuvenation of the old Silk Road. China planned to reconstruct the network of connections that would create new trade corridors across Asia, Europe, and Africa. The slowing down the growth of China's economy forced the Chinese leaders to find a solution and somehow stimulate its economy, creating easier access to the old and new markets for its excess capacity, as well to enlarge its influence through different kinds of connectivity (physical, financial, and personal) that bind country of the region to it.

One of China's aims was to grasp Central Asian and African countries into its zone of influence, investing in their infrastructure, which was to bring certain profits for the investor and the hosting economies. Xi has been promoting win-win effects of the initiative since the very beginning of the project. The developing countries have widely admired Chinese economic successes, and in many cases, animosity towards the US has still enhanced the countries of the South to support this Chinese initiative.

2. Literature Review

The Belt and Road Initiative has no strong theoretical basis yet, as the researchers observe the project's evolution and progress and try to estimate profits and threats standing behind it.

The problem is not deeply rooted either in the economy, or political sciences, as there are no evident results yet. The plethora of countries engaged in the initiative has so far experienced parallel, positive, and negative consequences of this engagement. The researchers undertaking the subject represent diametrically different points of view while writing about this Chinese concept. The American authors in their majority perceive the project as a way of creating by China a zone of super-ordinate influence over neighbors, the Chinese ones present the BRI as a way to diminish a gap between the North and the South, stressing that the Western pattern of globalization has not brought enough positive effects for the South. Only individual economies profited from the process, China among them.

Discussing the BRI project, researchers should turn to strictly economic factors and ambitions of leading world economies giving the world impetus for further economic development. According to an American economist E.N. Luttwak, the one who introduced the idea of geoeconomics in the '80, this is not military dominance, but rather the economic one that decides nowadays about a country's

power. In one of his articles in 2011, he wrote that to become a global power; China would have to find a way to create a great global coalition supporting it (Luttwak, 2011). He doubted it could happen, not foreseeing that the Chinese president would find a way to do this, taking as a basis the economic, not military power, by offering the idea of the Belt and Road Initiative. China has also gained new economic partners by creating new international institutions, as Asian Infrastructural Investment Bank with its 80 members and 22 candidates or New Development Bank.

While trying to situate the Belt and Road Initiative in theory, one could refer to several various ideas within economy and finance, international economic relations, management, international political economy, and political science. The approach towards the BRI may be global. Then we could try to fit the project the theory of hegemonic stability introduced by Kindleberger (2013) and further developed by Keohane (1984) and Gilpin (1987 and 2001). Another theory that is somehow connected with the hegemonic stability one is the network theory. Networking has some positive sides, as offering profits resulting from the investment, so desperately needed in many developing and developed countries. It also has negative sides, as the ties created within a network may lead to investors' host state dependency. The countries hosting foreign investors are fascinated in a way with the possibilities created by their investments and fall into the debt trap. One of the theoretical approaches combining economic and political elements is D.A. Baldwin's economic diplomacy theory (Baldwin, 1983). According to this theory, a country can achieve its foreign policy objectives by economic means. This theory specifically refers to countries trying to influence the behaviour of other countries.

Another theory that fits into this topic is the global mindset perspective, which emphasizes an individual's ability to adapt to globalization processes to be aware of differences and have the vision and power to "infect" others with the concept of internationalization. Referring to Asian and African economies, the Belt and Road Initiative can install such a concept in economies hitherto insufficiently open (Gupta and Govindarajan, 2002).

A group of theories that may create a theoretical foundation for the BRI focused on individual economies relates to outward and inward foreign direct investment (FDI). Chinese companies have been active globally since the beginning of the 21st century, locating huge investments abroad. The determinants of their outward FDI (OFDI) in the BRI countries differ from those in the countries outside BRI and differ within this group as well, although some common elements can be found. Another thing is that Chinese engagement in the BRI countries is often based on financial support in the form of loans or credits less frequently, it takes the FDI form. Chinese financial input is often conditioned with Chinese contractors' appointment, although companies from other countries have lately been engaged in the projects along the Belt and Road as well.

To control companies going global, the Chinese authorities encourage local companies, state-owned and private ones, to mix and exchange shares. Another way of getting the possibility of influencing them is governmental support in various forms. This problem finds its theoretical basis in institutional theory and government steward logic. Remembering that there are four main motivations for investment in the classical FDI theory market-seeking, natural resource-seeking, efficiency-seeking, and strategic assets-seeking, the Chinese government has pressed on the companies to invest in natural resources (and later in strategic assets-seeking as well) abroad, what would provide its economy with them and support its development this way (Luo and Rui, 2017). Luo and Rui have also turned their attention towards the ambidexterity theory, which is normally used in management and organization theory, which could also be associated with FDI.

With the Belt and Road Initiative, both exploration and exploitation techniques can be successful. It highlights the special strategic behaviour of transnational corporations from emerging economies and China among them. Springboard perspective (Luo and Tung, 2018) and L-L-L, standing for linkage-leverage-learning (Mathews and Hao, 2014), are also the ones that suit this discussion. On the other hand, inward FDI could be the source of many theories connected with Belt and Road economies hosting Chinese and other countries' investment. Classical benefits of inward FDI have been known since the '60s of the 20th century, if not longer (McDougall, 1960). Filling the investment gap between a country's savings and investment is traditionally indicated effect. Other main benefits are employment and human development factor, trade, technology transfer, pro-ecological orientation, and linkages with the host economy (Oziewicz, 1998). Each of the benefits could, in fact, be discussed and supported by some theory.

The theory that can be linked to the Belt and Road Initiative, or rather to its maritime part, the Maritime Silk Road of the 21st century, and seems an important one, is navalism. This theory defines the strength and position in an international forum, based on its fleet both the navy and the commercial fleet. The latest period has shown some changes in China's approach towards the country's security in general, recognizing *de facto* that, by the theory of navalism, it is necessary to strengthen its position, building its power sea.

It may be noticed that even in the words of Xi Jinping, the maritime connotations are seen. At the World Economic Forum in 2017 in Davos, speaking about the modern world and American fears of international trade, he used the nautical terms:

"If one is always afraid of bracing the storm and exploring the new world, he will sooner or later get drowned in the ocean. Therefore, China took a brave step to embrace the global market. We have had our fair share of choking in the water and encountered whirlpools and choppy waves, but we have learned how to swim in this process. It has proved to be the right strategic choice (...) Whether you like it or

not, the global economy is the big ocean you cannot escape from. Any attempt to cut off the flow of capital, technologies, products, industries, and people between economies and channel the ocean waters back into isolated lakes and creeks is impossible. Indeed, it runs counter to the historical trend. (...)" (Xi, 2017a). Xi's words confirm China's intentions to overtake the world's leadership or at least participate in it.

While looking for the BRI theoretical foundation, one can still find many more different theories that would be useful, although those mentioned above seem to be the most important ones. Limitations of the article do not allow us to present all of them. One should notice that the theories mentioned above and many others that could explain Belt and Road Initiative theoretically do touch different aspects of the phenomenon, not necessarily replacing each other, but rather allowing to conclude different motives of the engagement in the BRI.

3. Shared Development Concept as a Theoretical Justification of the Belt and Road Initiative

One of the ideas suggested in this publication that could explain the BRI is the concept of sharing economy - so popular nowadays. Several important features can characterize the sharing economy:

- possibility of using goods without having to own them,
- improvement of interpersonal ties,
- strengthening trust between market users,
- increasing the efficiency of resource use and minimizing their waste.

The sharing economy can be defined as a social phenomenon that fundamentally changes the existing organization and distribution models on the global sales market. It comprises sharing, co-creating, and co-buying goods and services. The sharing economy often refers to sectors such as services, hospitality, transport, or office space. It is starting to enter almost every branch today. In the past, nobody would ever think about creating, for instance, his own parking space as a profitable asset, which can be rented, if not used (Matti-Lahti and Selosmaa, 2013).

The features mentioned above could easily refer to a wider, macroeconomic, or even global context. One can question whether the sharing economy is a part of a great paradigm shift: from market capitalism to a community of cooperation (Rifkin, 2016). So, is it not possible to share experiences of economic development? Sharing such experiences may be referred to as "shared development", or the sharing of development. This can open a gate to verbalizing a theory of shared development. Development may become a very profitable asset, which can bring benefits like competitive advantages, idle capacity, and revenues, especially in a decreasing growth rate in a certain economy with much experience and success in economic development. On the other hand, it influences (bringing

benefits and threats) a country that is a follower or imitator of the first one. It somehow associates with Akamatsu's theory of flying geese paradigm (Akamatsu, 1961). This is where the theoretical justification for the Chinese concept of further developing the world economy should be sought. It may be argued that shared development is an important part of China's implementation of the Belt and Road Initiative.

The idea of shared development seems to have been noticed by Xi Jinping while introducing the project One Belt One Road. As mentioned above, the initiative was primarily an economic and regional one, to shift the focus towards security over time and become a process of globalization based on different principles from the one inspired by the US a few decades earlier - globalization with Chinese characteristics.

In 2012, one year earlier, Xi Jinping announced his One Belt One Road plan, the previous president of China - Hu Jintao, said: "Mankind has only one earth to live on, and countries have only one world to share. History teaches us that the jungle's law will not lead to the coexistence of human society and that the arbitrary use of force cannot make the world a better place. To pursue peace, development, and cooperation and oppose the war, eliminate poverty, and avoid confrontation in order to build a harmonious world of enduring peace and common prosperity - this is what the people of all countries long for" (Hu, 2012).

Over four decades of economic development in the PRC have undoubtedly allowed the Chinese to bridge and narrow the gap between their economy and the most developed ones, thereby giving the countries of the South experience and knowledge on how best to succeed. A few developing countries perceive China's model as the one that is to be followed, although the Chinese environment has been special, and its initial conditions have been unique and can hardly be emulated in other economies.

The whole essence of the BRI is contained in Xi Jinping's statement: "...we hope to build a new platform for international cooperation to create new drivers of shared development..." (Xi, 2017b). In 2018 President Xi Jinping promised that China would take an "active part in reforming the global governance system" as part of building a "community of a shared future for humankind" (Semenov and Tsvyk, 2019).

China's commitment to the Belt and Road Initiative, especially while listening to Xi Jinping and other Chinese politicians, allows us to look at this project through a development sharing prism. According to President Xi's words, projects connected with Belt and Road Initiative are to bring "peace and cooperation," "openness and inclusiveness," "mutual learning and mutual benefit" as well as "new type of international relations based on the win-win type of cooperation" (Xi, 2017c).

The aforementioned speech of Xi Jinping during the inauguration of Davos Economic Forum in 2017, almost parallel in time to the speech of newly elected then President of the US Donald Trump, opened a way for China to proceed to the position, if not of the world hegemon, then at least the leader of the Global South. During the BRI Forum in 2019, Xi stressed the most important global problem of the contemporary world: "Imbalance in development is the greatest imbalance confronting today's world. In the joint pursuit of the BRI, we must always take a development-oriented approach and see that sustainable development's vision underpins project selection, implementation, and management. We need to strengthen international development cooperation to create more opportunities for developing countries" (Xi, 2019).

China's economic progress has proved that the Western pattern of development based on Washington consensus is not the only way towards development, so other authoritarian governments are encouraged by the Chinese example, trying to adapt, at least partly, Chinese methods (Nathan, 2015). Leaders in Beijing do not claim that their developmental model is to be an alternative to other models and Chinese scholars are frequently of the opinion that there is not a one-size-fits-all model of development, and, as it has been already noticed above, the Chinese environment is exceptional and hardly imitated.

Anyway, the shared development theory refers to the supportive side of development, connected with different elements China could potentially help with, not the Chinese development model itself. These could be such elements as gradualism, experimental bottom-up approach, organizing financial support in different forms (loans, FDI, official development aid), developing transport infrastructure, exploitation of natural conditions of individual countries (workforce, mineral resources, the natural geographical situation of a country, etc.), creating sustainable conditions for cooperation, possibilities of marketing goods. Many other items could be put on this list. The BRI concept could gradually create and promote a development-oriented mindset in the actors participating in the project.

Different theories mentioned in the previous section could also be useful for further development of this concept. As the idea of the theory of shared development is freshly born, it still needs to demonstrate its applicability and possibility of expanding in the future.

4. Belt and Road Initiative – Globalization with Chinese Characteristics as a Subject of Research

As mentioned above, it is becoming increasingly clear that the Western globalization model has not worked properly so far. The Chinese proposal is a development model incomparably more competitive than the old one for the economically retarded countries. Contemporary criticism of globalization and its clear slowdown named globalization and the retreat of the leading advocator of

globalism and globalization - the United States - have created room for new concepts and opportunities to propose new solutions to the international community. China - a passive participant in international economic processes in the 20th century - has joined the multipolar world alongside the USA and the European Union, becoming a global solution.

China's dynamic economic growth and its development model, and its successful internationalization have become a new pattern of climbing up the ladder of development for other developing countries. This time China may give inspiration for the future model of globalization (see Table 1).

Table 1. *Main features of the Western model of globalisation and the one with Chinese characteristics*

Globalisation in the Western version	Globalisation with Chinese characteristics
• US and Western countries - leaders	• China - a leader
• basing on the Washington Consensus	• basing on the Beijing Consensus
• aid model and cooperation linked to certain conditions, such as: structural adjustment programs, liberalization, democracy, respect for human rights, etc.	• theoretically unconditional aid
• allows underdeveloped countries to remain with negligible chances for development	• inclusiveness
• mainly developed and emerging countries	• openness
• transnational corporations - important actors involved in the process	• stimulating growth and development in the countries of the South
• competition is basic, a zero-sum game	• concept of win-win cooperation
• promoting economic growth	• promoting economic development

Source: Own compilation.

Table 1 evidently shows the attractiveness of the new concept of globalization for underdeveloped countries. However, such items as unconditional aid are not fully consistent with reality, for such problems as an approach of a country towards Taiwan or Tibet, being not in line with the official Chinese stance may hamper the cooperation. There are still many countries for which Chinese leadership is the option that creates many threats. The next section will discuss this other side of the BRI consequences.

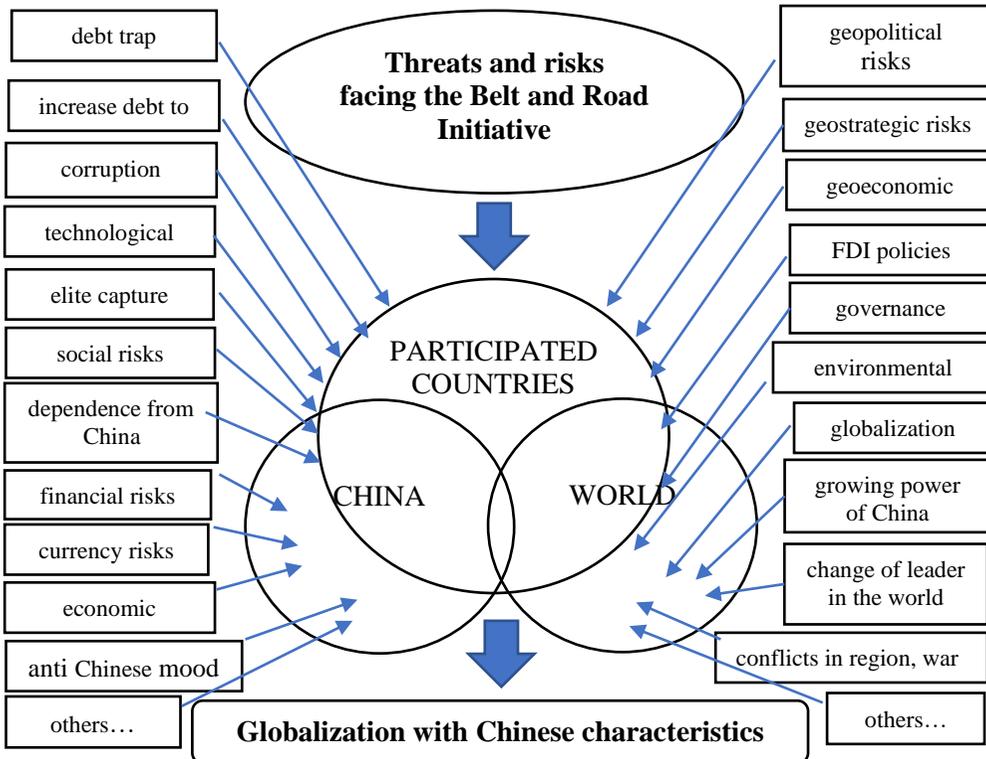
5. Discussion - Threats and Risks Facing the BRI

Many countries have admired how China has moved from being a poor agricultural country to global economic power. Chinese influence in Africa, South America, Southeast Asia, and Central Asia is constantly growing. China creates and develops international financial institutions, such as the mentioned earlier Asian

Infrastructure Investment Bank and multilateral cooperation forms, such as the Shanghai Cooperation Organization. The institutions appointed by China are an alternative to the international organizations and institutions of the Western world. In this aspect, the BRI could be a Chinese alternative to the WTO. The BRI's planned completion coincides with the 100th anniversary of the foundation of the Chinese Communist Party. Several earlier initiatives by China had similar objectives, for instance, the "Go Global"/"Go Out" and "Peaceful Rise" policies. The fears and threats concerning the Belt and Road Initiative exist now, but consequences will occur over the coming decades.

The participating countries and China have similar goals in the BRI – creating new jobs and boosting investments. However, the way to achieving them is not always the same. There are many doubts and threats connected with the Belt and Road Initiative. This article focuses on the most important of them from different perspectives: countries/participants involved, the world economy, and China itself (Figure 1).

Figure 1. Threats and risks facing the BRI from different points of view



Source: Own elaboration.

One of the threats is a debt trap building from the Belt and Road Initiative (borrowing trap). It means the amount of debt China has piled on poorer counties to

embed them in its sphere of influence. It is related to dependence on China. An example is Sri Lanka, which fell into a debt trap due to public investment projects financed by China. Sri Lanka obtained several rounds of loans from China EXIM Bank, most at commercial rates, to construct Hambantota port from 2007 to 2016. The Sri Lankan government was forced to hand over assets with national and strategic importance to China. Hambantota port was leased to China Merchant Port Holdings Limited (CM Port) for 99 years for USD 1.12 billion in 2017 (Moramudali, 2019). This borrowing trap can be used to exert significant leverage on participating countries and their leaders when they inevitably find themselves in financial distress. Anyway, the indebted countries' problems are not only the consequence of their attendance in the BRI, but go well beyond China, as Sri Lanka's indebtedness, which is also related to a change in foreign debt composition and structural weaknesses of the economy, such as an overall reduction of trade, the rise of protectionism, and the reduction of government revenue (Moramudali, 2019). Another example is Malaysia. This country halted two major Belt and Road Initiative linked projects worth over USD 22 billion because of fearing a debt trap (Adarov, 2018). However, the available evidence suggests that Malaysia's debt distress was self-inflicted, well before China became involved. After the 2018 election, Malaysia has changed its opinion concerning the BRI. PH politicians blamed projects with their UMNO predecessors, simultaneously reaffirming Malaysia's support for the initiative (Jones, 2020).

There is a threat that the BRI projects will increase debt to GDP ratios for some countries participating in the BRI. These countries would need to balance these development projects' financial means with the vulnerabilities created by increased debt levels. An example of the increase of debt to GDP ratio is the construction of the Lao PDR section of the Kunming - Singapore Railway. An estimated cost of this investment equal to USD 6 billion was nearly 40% of Lao GDP in 2016 (Souvannarath, 2018).

There may be another threat connected with a borrowing trap there – it is corruption from contractors. Getting kickbacks from contractors make the contract prices too high. The value of debt accrued as part of participation in the BRI has been inflated through corruption and graft, for example, in the Maldives' case (White, 2019). In the Maldives, China, funding an airport, bridge, and social housing as part of its Belt and Road Initiative, stated that these projects are aimed at a developing economy and that contracts have been awarded fairly (Pal and Ghoshal, 2020).

If we accept that the Belt and Road Initiative should be inclusive, there are geopolitical and geostrategic consequences connected with it. For example, when Japan and the Republic of Korea join the BRI, the balance of power in the region may change (Seung-Soo, 2018). Also, Chinese detrimental effects on Taiwan belong to this group of BRI consequences. Institutionally undermining the legality of Taiwan's statehood matters to the West. China's policy is founded on the

assumption that Taiwan is the territory that has always belonged to China and will be regained (Copper, 2016). The effect requires one to understand the so-called one-China policy because, according to China, there is "one China"; countries cannot recognize both China and Taiwan as legitimate countries. Based on this policy, countries taking financial loans from China must establish diplomatic ties with the People's Republic of China (PRC). China has given economic help to a host of developing countries to isolate Taiwan from the international community and compel Taiwan's government to negotiate with China for the island's reunification (Copper, 2016).

An example of geopolitical considerations is taken over operations at the strategic Doraleh container terminal in Djibouti by China Merchants Port Holdings. It is worth underlining that Camp Lemonnier, the US's only permanent military base in Africa, is located about two miles away (White, 2019).

The next risk – the geo-economic one - is related to globalization and free trade. China has been one of the biggest beneficiaries of globalization over the last 30 years (Vaswani, 2020). This country is using the BRI to buy influence across the world for economic supremacy and impact. Threats about the BRI concern the political and economic dependence of participating countries on China. In the case of the BRI existence, sanctions are less effective because it provides financial aid and infrastructure, independent of Western influence. China can also help developing economies if the EU or other Western countries withdraw their market access (Nakamura, 2019).

According to the World Trade Organization, trade in the BRI economies is estimated to be 30% below its potential, and FDI is an estimated 70% below its potential, and BRI transport projects could increase trade between 1,7% and 6,2% for the world, increasing global real income by 0,7% to 2,9% (Ruta *et al.*, 2019). Restrictive and burdensome FDI policies also create threats connected with the BRI because cumbersome customs procedures and restrictions on FDI tend to be more significant in the BRI countries than in other regions (Ruta, 2018).

In some countries, the costs of new infrastructure can outweigh the gains. New infrastructure can cause the rise of public debt. In some countries, which want to have net gains from the BRI transport projects, economic reforms concerning reductions of border delays and easing trade restrictions are the precondition. Moreover, risks can be exacerbated by limited transparency, openness, and weak economic fundamentals and governance in participating countries. The following types of risks could arise here: debt sustainability risks, governance risks, environmental risks, and social risks. Some countries could suffer a further medium-term deterioration in their outlook for debt sustainability. In governance risks, the threat could concern the BRI projects when they are not allocated to the firms best placed to implement them. It is estimated that the BRI infrastructure could increase carbon dioxide emissions by 0,3% worldwide, but in some countries

in sectors with higher emissions, it could be even by 7% or more. The threat connected with the environment covers, for example, biodiversity loss or environmental degradation. Moreover, in social risks, an influx of workers related to an infrastructure project could create risks of violence and other social tensions (Ruta *et al.*, 2019).

The Belt and Road Initiative covers a heterogeneous region. Moreover, as mentioned above, in terms of technological advancement, the BRI aims to narrow the technological gap across the Eurasian space. However, this technological risk could lead to a debt trap. Human capital in the aspect of elite capture could be another risk. Another significant threat relates to social risks like neglecting the people and anti-Chinese moods in the Belt and Road Initiative countries. The effect of the BRI could impede promoting Western values.

The main threat facing the BRI concerns the dependence on China. For example, the China Development Bank granted a USD 200 million loan to Nigeria, yet its government had to bindingly commit to buying digital infrastructure from Huawei (Chirico, 2020). Another example relates to China Ocean Shipping Company's decision from 2009 to invest in Greece, despite enormous debt and dramatic economic conditions of this country, large sums in Athens' Piraeus Port, and the announcement that it would invest another USD 600 million to turn Athens' port into Europe's largest one (Chirico, 2020).

European protectionism can be observed to respond to the increasing volume of money and acquisitions flowing into the EU. Regulation establishing a framework for screening of FDI into the EU are necessary (Venturi, 2018). A change of the world's economic leader could be the main consequence for the Belt and Road Initiative world. It can be related to the Thucydides trap (Allison, 2015), which in most cases in the world's history led to war. Based on the current trajectory, the war between the US and China is more likely than not, although it does not need to be a military conflict, but rather a technological or economic one.

The macrotrend in the world economy is progressing poly-centralization of the world, with China's growing power as its main element. The US and China are now amid a struggle for dominance. This upward trend continues, and the COVID pandemic could make it more dynamic. As a result of the pandemic crisis, European companies could become easy targets for Chinese acquisitions (Bornio, 2020). Apart from those direct hits connected with the BRI to the world, indirect relations with Russia and the BRICS nations could experience disruptions (Kitova, 2020).

China did not ask anyone if they wished to be included in this project. The country is suspected and even accused of bad intentions and ideological indoctrination or even political corruption. It is using its presence and growing activity in international organizations to influence institutional solutions. Also, taking

advantage of the scholarships, tens of thousands of international students stay in China, acquiring knowledge in the fields of study that are preferred from the point of China's external expansion view. All of this could create an anti-Chinese mood. However, it must be remembered that China is the largest or the second trading partner for about 80 countries in the world. So, the economic situation in China affects the whole world economy (Kołodko, 2018).

In the context of analyzing the BRI threats to China, it should be emphasized that the US and China battle over their global influence, and the current trade war are only a part of this battle (Schacht, 2020). The technological war is the most important part of this conflict, an example of which is the attempt to eliminate Huawei from the US market. The Chinese technology giant will be cut off from essential supplies of semiconductors. The "17 + 1" mechanism, which focuses on economic cooperation between China and Central and Eastern European countries, is not spared from the US and China's economic confrontation. The US has launched a political and public campaign against Huawei in the CEE region, where most countries are US allies (Brinză, 2019). The US prohibits companies worldwide from selling chips to Huawei if made with American chipmaking kit (The Economist, 2020).

However, if the US wants to win the tech cold war, it will take more than attacks on the Chinese tech giant (Naughton, 2020). China wants to be self-sufficient in manufacturing semiconductors by initiating the so-called Made in China 2025 strategy (O'Connor, 2019). It has a plan proposing a "three-step" strategy of transforming China into a leading manufacturing power by 2049. The basic guideline covers innovation-driven, quality first, green development, structurally optimizes and human-oriented, and the basic principles are market orientation, government guidance, focus on the present, look into the future, overall promotion, key breakthroughs, independent development, opening and cooperation (Liu, 2016; Li, 2017). China Standards 2035 project endorses and builds upon Made in China 2025. It stresses the importance of becoming a leader in the next generation of emerging technologies (Koty, 2020). The BRI, Made in China 2025, and China Standards 2035 are important elements of the Chinese national strategy, introduced to achieve economic domination.

Another threat to China resulting from the BRI concerns its national currency. Because of the renminbi's importance, it will come up against limitations when it is used to fund the BRI outside of China. Moreover, if China tries to limit foreign investment, the BRI will suffer (Seung-Soo, 2018). The success of the Belt and Road Initiative depends on China's ability to deal with conflicts in South Asia. For example, China will need to find a way to settle disputes with India and Pakistan to finally contribute to the region's stability (Morin, 2018). Terrorism, political instability, and geopolitical rivalries are other problems, which may complicate the BRI project's fulfillment (Zhang and Xiao, 2017). China will face security challenges due to the BRI, including terrorism, domestic instability in partner

countries, and heightened regional rivalry (Geostrategic..., 2018). Facilitating peace and prosperity in the still problematic regions of Central Asia and the Middle East is in China's common interest, the Eurasian Economic Union, and the European Union. China's growing regional influence will elevate geopolitical risks, for example, in India (Jureńczyk, 2017).

The BRI-linked projects also face various security-related perils. These threats and hazards extend from physical assets to employees who can be exposed to threats of kidnapping for ransom, illegal detention, and extortion along these routes (The one brief..., 2020). From an economic point of view, threats relate to financial risks. China plans to invest USD 4 trillion in Belt and Road countries, and a significant part of this sum will be spent on infrastructure such as roads, railways, and airports (Shen, 2017). China is a pragmatic country, and the BRI is motivated by pragmatic considerations. These considerations relate to its internal and external policies. The last years have revealed some of the actual negative implications of China's BRI for the West. The Belt and Road Initiative remains a rather vaguely defined endeavor. In this context, further discussion connected with prospects and cooperation's challenges concerning BRI with the EU and the Eurasian Economic Union is necessary. Additionally, given the Malacca Strait's possible blockage, the land part of the BRI is an alternative to trading with Europe (Zuziak, 2018). There are key risks for Chinese enterprises investing in the BRI markets, such as policy changes, lack of funding, contract frustration, and corruption in government agencies (Shen, 2017).

The world economy under Chinese leadership will probably remain open to trade. However, it may be less respectful to other countries' intellectual property, less open to foreign investment, and less accommodating to foreign exporters and corporations. Simultaneously, China's future economy may be more concentrated on internal consumption as the engine of growth in the future, although the Chinese are likely to remain in favor of export as another drive as well. In the process of globalization, China relies more on bilateral and regional trade agreements than international ones. The trading strategy is based on a "hub-and-spoke" system, where China is a hub, and the countries on the peripheries of China are the spokes (Eichengreen, 2018). The Belt and Road Initiative is likely to play a major role in trade tensions between the US and China. Moreover, if the BRI is unsuccessful, then China might face serious economic difficulties. It is worth adding that China expects GDP to top RMB 100 trillion (about USD 14.9 trillion) in 2020. In the long run, China aims to become a strong country in culture, education, talent, sports, and health (Cheng, 2020).

6. Conclusions

The Belt and Road Initiative is an instrument of inclusive globalization – globalization with Chinese characteristics. Beyond its benefits, the BRI raises doubts, threats, and risks. The countries participating in the project should develop

a common strategy for China. In this context, the concept of shared development as the theoretical base for the Belt and Road Initiative is a complete novelty.

This research study can be used to estimate the positive and negative consequences of individual economies' engagement in the BRI project. They may enhance or warn the engaged countries as far as this grand project's participation is concerned.

As the situation in the world is extremely dynamic, the election in the US terminated with Joe Biden's victory and the end of Trump's policy, and the COVID pandemics, on the other hand, could turn the situation back, strengthening the position of the US in the world and postponing the change in the world's hegemony.

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