Independent Task Force Report No. 79

China’s Belt and Road

Implications for the United States

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3. Xi Jinping, “Work Together to Build the Silk Road Economic Belt and the 21st Century Maritime Silk Road,” Xinhua, May 14, 2017, http://xinhuanet.com/english/2017-05/14/c_136282982.htm; “One Belt, One Road” is the literal translation of the Chinese name for the initiative (一带一路). Although China initially translated the initiative into English as “One Belt, One Road,” it shifted and began referring to it as the “Belt and Road Initiative” in English (while not changing the Chinese characters used). In making this change, China could have been attempting to recast Belt and Road as more of an open-ended undertaking rather than one with a singular geostrategic thrust. This report uses Belt and Road Initiative, or BRI, in keeping with the new official translation.

4. For example, in 1999 China introduced a “Go West” campaign, which sought to build oil and gas pipelines between Western China and Central Asia. Some of these projects, which predate BRI, have now been subsumed under the BRI brand.

5. For the purposes of this report, the following 139 countries are counted as participants in BRI: Afghanistan, Albania, Algeria, Angola, Antigua and Barbuda, Armenia, Austria, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Benin, Bolivia, Bosnia and Herzegovina, Brunei, Bulgaria, Burundi, Cambodia, Cameroon, Cape Verde, Chad, Chile, Comoros, Cook Islands, Costa Rica, Cote d’Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic Republic of Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Estonia, Ethiopia, Fiji, Gabon, Georgia, Ghana, Greece, Grenada, Guinea, Guyana, Hungary, Indonesia, Iran, Iraq, Italy, Jamaica, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Liberia, Libya, Lithuania, Luxembourg, Madagascar, Malaysia,

6. Xi, “Work Together to Build the Silk Road Economic Belt.”


11. Although there is some disagreement over exactly how much Chinese policy bank lending has slowed, there is no dispute that the cutbacks have been significant and only partially offset by a smaller increase in Chinese commercial bank lending. Matthew Mingey and Agatha Kratz, “China’s Belt and Road: Down but Not Out,” Rhodium Group, January 4, 2021, http://rhg.com/research/bri-down-out.


22. An authoritative source estimated that there were more than three thousand BRI projects underway by late 2018. *People’s Daily Overseas Edition*, “央企承建“一带一路”项目3116个” (State-Owned Enterprises are constructing 3,116 projects under One Belt, One Road), October 31, 2018, http://gov.cn/xinwen/2018-10/31/content_5336052.htm.


41. Triolo, Allison, and Brown, *The Digital Silk Road*.


43. Triolo, Allison, and Brown, *The Digital Silk Road*.


46. Economist Intelligence Group on Behalf of HSBC, “BRI.”


50. Fanusie, “Don’t Sleep on China’s New Blockchain Internet.”


54. Fanusie, “Don’t Sleep on China’s New Blockchain Internet.”


66. For example, between 2000 and 2014, U.S. official finance was $394.6 billion, of which $366.4 billion (or 93 percent) was official development assistance given on concessional terms. Over that same period, China’s official finance was $354.3 billion, of which only $81.1 billion (or 23 percent) was official development assistance. “China’s Global Development Footprint,” AidData, accessed December 29, 2020, http://aiddata.org/china-official-finance; and Scott Morris, Brad Parks, and Alysha Gardner, Chinese and World Bank Lending Terms: A Systematic Comparison Across 157 Countries and 15 Years, CGD Policy Paper 170 (Center for Global Development: April 2, 2020), http://cgdev.org/publication/chinese-and-world-bank-lending-terms-systematic-comparison.


69. Russel and Berger, Navigating the Belt and Road Initiative.


73. Jones and Hameiri, *Debunking the Myth of ‘Debt-Trap Diplomacy.’*


101. Kratz, Rosen, and Mingey, “Booster or Brake?.”

102. Zhu, Li, Lei, and Ng, “A Stress Test for China’s Overseas Lending.”


116. The United States initially signaled it might oppose an IMF bailout given Pakistan’s extensive borrowing from China, with U.S. Secretary of State Michael Pompeo commenting, “There’s no rationale for IMF tax dollars—and associated with that,
American dollars that are part of the IMF funding—for those to go to bail out Chinese bondholders or—or China itself.” In the end, however, the United States acquiesced. Mike Pompeo, interview by Michelle Caruso-Cabrera, CNBC, July 30, 2018, http://cnbc.com/2018/07/30/cnbc-exclusive-cnbc-transcript-us-secretary-of-state-mike-pompeo-s.html.


119. For an in-depth examination of the Gwadar port, see Kardon, Kennedy, and Dutton, China’s Maritime Report No. 7: Gwadar: China’s Potential Strategic Strongpoint in Pakistan.


124. Demetri Sevastopulo, Jim Brunsden, Sam Fleming, and Michael Peel, “Biden Team Voices Concern Over EU-China Investment Deal,” Financial Times, December 22, 2020, quoting incoming National Security Adviser Jake Sullivan that the new administration would “welcome early consultations with our European partners on our common concerns about China’s economic practices,” http://ft.com/content/2f0212ab-7e69-4de0-8870-89dd0d414306; “Europe’s Contested Deal With China Sends


130. Mun, Ha, Qian, Ong, and Thao, The State of Southeast Asia.


134. Mun, Ha, Qian, Ong, and Thao, The State of Southeast Asia.


147. Prasso, “China’s Digital Silk Road Is Looking More Like an Iron Curtain.”


163. “Kenya Halts Lamu Coal Power Project at World Heritage Site.”


165. Ullman, “When Coal Comes to Paradise.”

166. “Corruption Perceptions Index,” Transparency International, accessed December 29, 2020, http://transparency.org/en/cpi/2019/results/ken#details; In some instances, contracts that provide Chinese companies privileges like guaranteed payments or priority access to revenues have only come to light through leaks. Dezenski, “Below the Belt and Road”; Even using Mombasa port as collateral for SGR loans only emerged when a report leaked from the Auditor-General’s office; Omondi, “Mombasa Port at Risk as Audit Finds It Was Used to Secure SGR Loan.”

167. Dezenski, “Below the Belt and Road.”


178. Wright and Hope, “WSJ Investigation: China Offered to Bail Out Troubled Malaysian Fund in Return for Deals.”


181. Markell, “Dispute Settlement on China’s Terms.”


183. A deliverable from China’s Second BRI Forum states, “China will initiate the experience sharing program for Belt and Road partner countries, inviting 10,000 representatives to China from these countries in the next five years, including those from political parties, political organizations, think tanks and social organizations, as well as senior political figures and scholars”; “List of Deliverables of the Second Belt and Road Forum for International Cooperation,” Ministry of Foreign Affairs of the People’s Republic of China, April 27, 2019, http://fmprc.gov.cn/mfa_eng/zxxx_662805/t1658767.shtml.

184. Xi, “Work Together to Build the Silk Road Economic Belt.”


198. Gallagher, Bhandary, Narassimhan, and Nguyen, “Banking on Coal?.”


215. Spiegel, “The Potential Climate Consequences of China’s Belt and Road Initiative.”

216. Losos, Pfaff, Olander, Mason, and Morgan, “Reducing Environmental Risks from Belt and Road Initiative Investments in Transportation Infrastructure.”


223. Eyler and Weatherby, “Mekong Mainstream Dams.”


225. Tower and Staats, “China’s Belt and Road.”


228. Carey and Ladislaw, Chinese Multilateralism and the Promise of a Green Belt and Road.


239. For a detailed discussion of Gwadar’s suitability to host PLAN vessels, its potential value as a military base, and the contingencies in which the PLAN could want to operate from the port, see Kardon, Kennedy, and Dutton, China’s Maritime Report No. 7: Gwadar: China’s Potential Strategic Strongpoint in Pakistan.


244. For example, the 2015 deal for operation of Israel’s port in Haifa was struck directly between the Shanghai International Port Group and Israeli Ministry of Transport; Michael Wilner, “U.S. Navy May Stop Docking in Haifa After Chinese Take Over Port,” Jerusalem Post, December 15, 2018, http://jpost.com/Israel-News/US-Navy-may-stop-docking-in-Haifa-after-Chinese-take-over-port-574414.


249. Okutsu, Venzon, and Tan, “China’s Belt and Road Power Grids Keep Security Critics Awake.”


255. Gordon, Tong, and Anderson, Beyond the Myths – Towards a Realistic Assessment of China’s Belt and Road Initiative; “Assessing China’s Digital Silk Road Initiative:
A Transformative Approach to Technology Financing or a Danger to Freedoms?”


263. This phenomenon takes place in the aircraft industry, where Boeing and Airbus are able to maintain dominant market positions in part because of their control over aftermarket services and upgrades. See Chris Isidore, “Boeing and Airbus Made Huge Mistakes, But Their Domination Is Under No Threat,” CNN, June 25, 2019, http://cnn.com/2019/06/25/business/boeing-airbus-duopoly/index.html.


270. Hong Shen, “Building a Digital Silk Road?,” 2690.


274. Hemmings, “Reconstructing Order.”


281. Hart and Link, “There Is a Solution to the Huawei Challenge.”

282. Hart and Link, “There Is a Solution to the Huawei Challenge.”


284. Hart and Link, “There Is a Solution to the Huawei Challenge.”


292. Lee and Rasser, “China’s Health Silk Road Is a Dead-End Street.”


300. Lancaster, Rubin, and Rapp-Hooper, “Mapping China’s Health Silk Road.”

301. Tagliapietra, “The European Union Won’t Be Fooled by China’s Health Silk Road.”


303. Mercator Institute for China Studies, “China’s ‘Health Silk Road.’”


308. Pal and Bhatia, “The BRI in Post-Coronavirus South Asia.”

309. 2019 Report to Congress.


319. Jacob Mardell, “China’s Vaccine Diplomacy Assumes Geopolitical Importance.”

320. Jacob Mardell, “China’s Vaccine Diplomacy Assumes Geopolitical Importance.”


325. In remarks in the Rose Garden with President Xi during a 2015 state visit, President Obama said of BRI and AIIB, “All of their aims are to expand mutual and beneficial cooperation with other countries and realize common development. These initiatives are open, transparent, inclusive. They are consistent in serving the interests of the U.S. and other countries’ interest. And we will come—the U.S. and other parties—to actively participate in them.” White House Office of the Press Secretary, “Remarks by President Obama and President Xi of the People’s Republic of China in Joint Press Conference,” White House Archives, September 25, 2016, http://obamawhitehouse.archives.gov/the-press-office/2015/09/25/remarks-president-obama-and-president-xi-peoples-republic-china-joint; Secretary of the Treasury Jacob Lew emphasized that it is “critical


348. Horn, Reinhart, and Trebesch, “China’s Overseas Lending.”

349. For example, such missions should not facilitate the export of coal power equipment. For examples of similar missions, see “Announcement of Upcoming May 2020 Through April 2021 International Trade Administration Missions,” Federal Register 85 (May 2020), 12259–12267, http://federalregister.gov/documents/2020/03/02/2020-04210/announcement-of-upcoming-may-2020-through-april-2021-international-trade-administration-trade.


361. Medin and Louie, The 5G Ecosystem, 12.


367. Zwetsloot, Dunham, Arnold, and Huang, Keeping Top AI Talent in the United States.


373. The BUILD Act specifies, “The Corporation shall prioritize the provision of support under title II in less developed countries with a low-income economy or a lower-middle-income economy…The Corporation shall restrict the provision of support under title II in a less developed country with an upper-middle-income economy unless— (A) the President certifies to the appropriate congressional committees that such support
furthers the national economic or foreign policy interests of the United States; and (B) such support is designed to produce significant developmental outcomes or provide developmental benefits to the poorest population of that country.” Build Act of 2018, H.R. 302, 115th Cong. (2018), http://dfc.gov/sites/default/files/2019-08/BILLS-115hr302_BUILDAct2018.pdf.


381. Carey and Ladislaw, “Chinese Multilateralism and the Promise of a Green Belt and Road.”


384. Public-Private Analytic Exchange Program, Threats to Undersea Cable Communications.

385. Public-Private Analytic Exchange Program, Threats to Undersea Cable Communications, 7.