

# BELT AND ROAD INITIATIVE: ECONOMIC COOPERATION OR GEOECONOMIC POWER?

## Summary

### KEY POINTS

#### 1. The Belt and Road

**Initiative** was announced by Chinese President Xi Jinping in 2013.

#### 2. Infrastructure

deficiencies in some of the developing countries are one of the obstacles to economic development.

#### 3. China's place in the world

economy underwent a major change.

The Belt and Road Initiative (BRI), launched by China in 2013, aims to strengthen the economic ties of countries in the fields of transportation, energy, ports and other infrastructure. Especially for developing countries, this initiative provides significant opportunities in terms of infrastructure investments and trade. But of course, there are some risks in such large projects such as financing, maintaining debts and economic dependence. In the The World Bank's 2019 report highlights the potential of BRI projects to boost trade and investment, but notes that this requires transparency and sound debt management. This policy brief evaluates the Belt and Road Initiative within the framework of the International Political Economy. That is, it treats the initiative not only as an economic cooperation, but also as a ground where economic power creates a political and geopolitical sphere of influence.

## Historical Background of China

China's place in the world economy has undergone a major change, especially with the economic reforms that started in 1978. In this period, China opened itself more to foreign trade and foreign investment, and over time it became an important center in global production and trade systems. Its joining the World Trade Organization (WTO) in 2001 was also an important factor that increased the country's integration into the international trade structure. In the period of economic growth accelerated, China went beyond being an exporting country and became an important actor in investing abroad and supporting infrastructure projects financially in different countries. This situation has increased the impact of China's economic capacity on international relations. Therefore, China's economic rise has not only changed its own production and trade structure, but also affected economic relations with other countries. One of the prominent results of this transformation is the Belt and Road Initiative, announced by Chinese President Xi Jinping in 2013. The basis of this initiative is the idea of strengthening transportation, trade and economic ties between China and other countries. Railway, ports, highways, energy facilities and various infrastructure projects have become among the main areas of activity of BRI over time. According to the study published by the World Bank in 2019, the transportation corridors within the scope of Belt and the Road have the

potential to increase trade and foreign investment in the participating countries. In particular, the reduction in transportation costs and travel times can make it easier for countries to reach regional and global markets (World Bank, 2019). The World Bank also emphasizes that infrastructure investments alone are not sufficient; trade policies should be developed, debt sustainability should be ensured and transparency should be increased. Therefore, it would not be correct to consider the emergence of the Belt and Road Initiative independent of China's economic rise. This initiative emerged at a time when China's economic capacity began to be used more internationally. In this respect, BRI is one of the important examples of the connection between China's economic power and foreign economic relations.

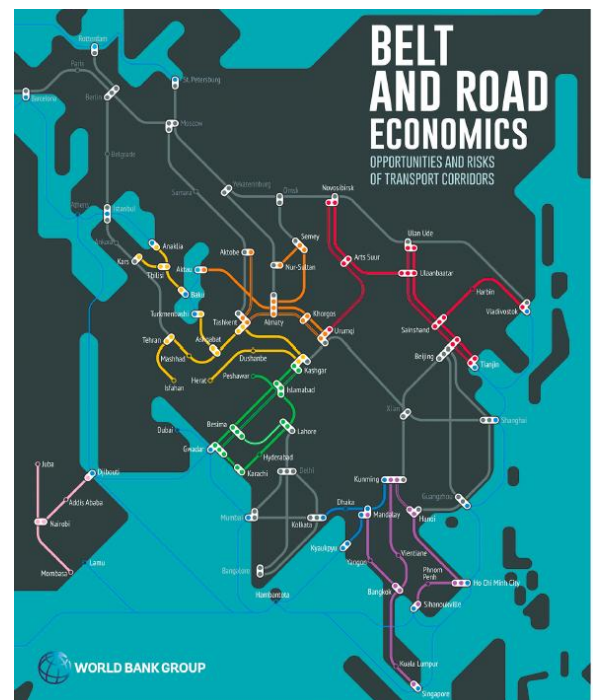


Figure 1. Basic transportation corridors created within the scope of the Belt and Road Initiative.  
Resource: World Bank, *Belt and Road Economics: Opportunities and Risks of Transport Corridors* (2019).

### What is the Belt and Road Initiative?

The Belt and Road Initiative is a project aimed at developing economic and physical relations between China and other nations in general. Within the framework of this initiative, various projects have been implemented in different areas such as railway, port, energy infrastructures, roads and recently digital infrastructure. Infrastructure deficiencies in some of the developing countries are one of the obstacles to economic development. Inadequate roads, ports and railways not only make it difficult to transport products to other countries, but also increase the cost of trade. Therefore, outsourced infrastructure investments can offer a great opportunity for such countries. World Bank's evaluations show that the transportation infrastructure developed within the scope of BRI can reduce transportation times and trade costs in some countries. However, it is emphasized that the economic results of the infrastructure may vary from country to country and that the effectiveness of customs processes, trade policies and the quality of the investment environment are also decisive in the emergence of positive results (World Bank, 2019). A notable situation here is that the BRI does not only include the infrastructure investments made by China. The initiative also aims to establish long-term trade, finance and investment relations between China and other countries. This situation makes BRI important for the International Political Economy. UNCTAD's evaluations also indicate that trade and investment relations between China and developing countries may create opportunities for development. However, the foreign investments to create permanent development results depends not only on capital inflow, but also on the ability of the host countries to improve their production capacity, human capital and institutional structure

(UNCTAD, 2024). The spread of BRI to different development areas over time also shows this transformation. In the 2025 evaluation of UNCTAD, it is stated that a significant part of the BRI-related projects in Africa in 2024 are aimed at areas such as social infrastructure and renewable energy. This development shows that the initiative is not limited to traditional transportation projects (UNCTAD, 2025). Therefore, instead of considering the effects of the Belt and Road Initiative with only a single positive or negative classification, it would be more appropriate to evaluate the projects separately, taking into account their financing structures, economic returns, effects on the local economy and the current economic situation of the relevant country.

### The Main Problem in Terms of Political Economy: Economic Cooperation or Goeconomic Power?

One of the important debates around the Belt and Road Initiative is how the relationship between the initiative's financial cooperation goal and its ability to generate goeconomic power should be addressed. In the perspective of International Political Economy, economic connections and political power are not completely different of each other. Countries can use trade, investment and financing resources not only to make financial gain, but also to strengthen their global position. This situation has increased the importance of the concept of goeconomics, which emphasizes that economic instruments should be evaluated together with foreign policy goals. In the study published by the IMF in 2026, goeconomics is explained through the use of trade and financial relations to achieve economic and geopolitical purposes.

In the study, China's Belt and Road Initiative is considered an important example in terms of geoeconomic power due to the coexistence of different economic relations such as loans, infrastructure investments and access to Chinese products (Clayton, Maggiori, & Schreger, 2026). The main issue here is economic commitment. When a nation becomes overly dependent on another nation in terms of trade, finance, or infrastructure, these economic links can also affect the balance of power between the two countries. Especially since large-scale infrastructure projects require long-term financing, these relationships tend to be more permanent than short-term trade relationships. The main issue here is economic commitment. When a nation becomes overly dependent on another nation in terms of trade, finance, or infrastructure, these economic links can also affect the balance of power between the two countries. Especially since large-scale infrastructure projects need long-term financing, these relationships tend to be more permanent than short-term trade relationships. Therefore, the main issue is not whether a country withdraws investment from China; under what conditions the investment is carried out. The financing cost of the project, loan terms, repayment periods, the profit that the project will add to the national economy and the benefits it will offer to the local economy should be taken into account together. The European Union's approach to China also shows that economic connections are considered in a broader strategic framework. The EU-China Connectivity Platform, which was established in 2015 between the European Union and China, aims to improve transportation connections between the two

parties, while also raising issues such as transparency, mutual market access and equal competition conditions for businesses (European Commission, 2026). The European Union also emphasizes that the links between Europe and Asia should be financially, environmentally and socially sustainable. In this context, principles such as openness, transparency and fair competition in public tenders stand out as important criteria in the evaluation of infrastructure projects (European Commission, 2019). This shows that BRI is no longer just an issue between China and the countries participating in projects. Other major economic actors, such as the European Union, are trying to protect their own economic and strategic interests through infrastructure and trade connections.

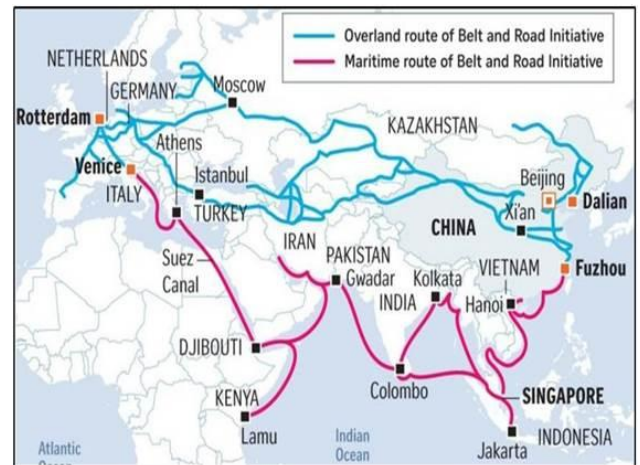


Figure 2. Overland and maritime routes that provides the connection between China and Europe within the scope of the Belt and Road Initiative. Resource: World Bank (2019).

## Policy Recommendations

In order to increase the economic benefits of the Belt and Road Project, transparency and sustainability of debts should be strengthened in the first place. The financing conditions, costs and debt burdens of the projects should be shared more clearly. The World Bank draws attention to the importance of increasing transparency and debt sustainability to ensure the advantages of this initiative (World Bank, 2019).

In addition, it is important that the economic connections of the countries participating in the project with China are not limited to infrastructure investments. Making trade more diverse, promoting local production and increasing technology transfer can allow host countries to achieve more economic benefits in the long run. Sustainability, transparency and mutually beneficial cooperation are at the forefront of the European Union's connection strategy (European Commission, 2019).

Finally, the environmental and social impacts of BRI projects should be considered more. Therefore, in addition to the economic gains of the projects, their effects on the environment, employment and local development should also be reviewed.

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Author : İlayda ÇETİN, Undergraduate Student, Department of International Relations, Çığ University

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