

# China's Contribution Through Belt and Road initiative in The New Era

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## Abstract

In recent years, China's swift economic growth has played a larger role in the global economy. Implemented innovation categories include manufacturing production centers, technological innovation, infrastructure and investment, space exploration, financial technology, the e-commerce revolution, and electric vehicles. China will continue to invest in research and development, high technology, and other strategic sectors to maintain sustainable economic growth and play a larger role in the global economy in the new era, as a result of the Belt and Road Initiative, which has had a significant impact on the future of the world, such as the construction of infrastructure, education, culture, and also for agriculture.

## Keywords

Economy; Belt and Road Initiative; Role Innovation in China; New Era

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## INTRODUCTION

Economic is study that explains the production, distribution, and consumption of products and services, and analyzes how limited resources can satisfy unlimited human desires. This economic study examines various facets of consumer behavior, production of products and services, resource allocation, financial systems, and international trade. In addition, economics examines how individuals, households, businesses, and governments make economic decisions. Consequently, this will relate to how prices are determined in the market, the pros and cons of economic activity, and how economic activity effects various economic sectors and actors.

The development of economic integration is accelerating in the 21st century, and more efforts are being made to liberalize commerce as a means of contributing to economic integration at the regional and global levels. One of the developments in economic interaction is investment be-

tween member countries to increase trade and investment, so as to influence economic growth. The development of the European Union (EU) and the North American Free Trade Agreement (NAFTA) are concrete examples of economic integration's cooperative activities. In addition, according to Kawai & Naknoi, (2015), ASEAN has expanded bilateral cooperation, with a substantial capital transfer serving as a cover. Since the eighties. As a result, its economic integration with other Asian economies has increased. From a theoretical standpoint, Solow, (1956) and Mankiw Gregory et al., (1992) confirmed their traditional Solow growth theory that investment in capital has a decreasing return under a constant rate of depreciation, resulting in different capital-to-labor ratios in areas where the economy will grow again. This privilege is a form of influence resulting from the capital stock's size. Furthermore, the only factor that determines long-term development is the external rate of technological change. Nevertheless, the employment factor has a significant impact on the production process, and the labor-to-capital ratio will also shift. Taylor et al., (1993) discovered that a country's long-term development will be stunted if it opts for openness rather than autarky due to occurrences and instances like these. In contrast, the endogenous growth theory of the second generation provides a micro-foundation for the hypothesis that economic integration can promote long-term development.

Endogenous growth theory predicts that technology diffusion, knowledge spillover, and economies of scale brought about by economic integration can contribute to long-term economic growth, assuming endogenous technological change and unaltered returns on capital. First, countries that are integrated into the global economy have access to a larger knowledge base than closed economies. Knowledge stocks can effect's growth rates, and the generation of new knowledge can lead to higher economic growth rates (Rivera-Batiz & Romer, 1991). Increasing exchanges of commodities and capital, as well as competition from foreign firms, are compelling domestic firms to pursue innovative technologies, thereby boosting their R&D incentives. Thirdly, economic integration can significantly increase a company's potential customer base and enable it to freely enter integrated markets, making the decision not to innovate a losing one (Baldwin, 1993).

China, as a nation seeking innovation in its economic activities, continues to collaborate and share a prosperous future with nations that require innovation for economic development. In addition, China's economy has made inventions to develop its knowledge in order to make life simpler for

Chinese society and the world as a whole, such as the high-speed rail-way (CHSR), sharing bicycles, Alipay or online payments, and online shopping. As part of China's contribution to the advancement of science and technology and in an effort to positively impact the economy, this invention was created. China is also implementing hybrid rice (Yuanlong-ping) in an effort to prevent starvation and increase food self-sufficiency.

The Belt and Road Initiative (BRI) is a form of cooperation, collaboration, and revitalization of an ancient trade route, embodying a spirit of peace and cooperation, openness and inclusivity, mutual learning and mutual benefit. Currently, the Belt and Road Initiative (BRI) is implementing greening, low carbon and sustainable development, facility connectivity, smooth commerce, unimpeded financing, and people-to-people connections. This allows China to partake in the new global economic expansion space. This initiative can contribute more to fostering the well-being of people globally and has provided Chinese solutions for constructing a shared future for humanity's community. This Chinese anticipation is a part of Chinese history, but it is also universal. This narrative about the Belt and Road Initiative (BRI) is a mosaic of resonant tales from a large and powerful global community with a shared vision for the future. Therefore, it is anticipated that this paper will demonstrate that the Belt and Road Initiative (BRI) is an important economic development platform in the new era.

## **RESEARCH METHODS**

This study applies the empirical studies method to a literature review concerning the Belt and Road Initiative policy. In this instance, secondary data are selected books and articles that correspond to the research topic. A great deal of information regarding Belt and Road Initiative implementation was uncovered through a search of the scholarly literature. In addition, direct observation of the object is required in order to develop economic development in China and the rest of the world. The classification source for BRI projects is then ready for description in this paper. The following phase is data interpretation. In this phase, data analysis is performed. In order to obtain comprehension, the facts resulting from the processing of the selected literature and observational data are then analyzed.

## **RESULTS AND DISCUSSION**

### **Belt and Road Initiative**

China is now one of the largest economic powers or significant powers in Asia and the world (Hunter, 2009). In the era of Deng Xiaoping, also known

as the era of Rising of China, China entered a new era with annual economic growth of 6.8% in 2017. This made China the world's newest economy. In fact, China is almost as powerful as the United States. In the subsequent era, economic development will continue to advance. Xi Jinping continues to accelerate the economy and monetary policy in order to make China more powerful and dominant (Dobronogov et al., 2019). China is able to initiate a variety of economic initiatives through the construction of enormous infrastructure and investment transactions, as well as the implementation of economic development via One Belt One Road (OBOR).

One Belt One Road (OBOR) is a global economic development initiative. This is done as part of China's contribution to the economic development of countries that are falling behind. In addition to the Silk Road Economic Belt, the 21<sup>st</sup> Century Maritime Silk Road is designated for sea connectivity on Xi Jinping's economic policy agenda for land connectivity. This is done to narrow the infrastructure disparity between nations in an effort to accelerate economic growth. Along with its development, OBOR was institutionally refined and transformed into the Belt and Road Initiative (BRI), which seeks to make China the economic and commercial hub of the world (Teo, 2021). This phenomenon, known as the ancient silk road, was carried out by the Chinese progenitors before the establishment of the Chinese state. This trade route became essential and a prominent international trade route at the time. Therefore, this prompted China to establish the Belt and Road Initiative (BRI) (Dobronogov et al., 2019).



**Figure 1.** China's BRI Route

Source: The World Economic Forum

The Belt and Road Initiative (BRI) is also one of China's new era's contributions and shared benefits. This was also confirmed by Yuzhu &

Fangfei, (2019) who stated that China would grant entrepreneurs, governments, and individuals a role in the market. The purpose of the principle of benefit sharing is to ensure reciprocity between all regions. And extensive consultation will be a form of future human community sharing.

### **China's Contribution to Global Economic Growth**

According to Weng et al., (2021) the development of China's influence in the new era allows for more debate regarding non-interference policies both internally and externally. This is due to China's potential to replace socio-political geography, as the Belt and Road Initiative (BRI) will create new geo-economic connectivity through infrastructure development in numerous countries. Nonetheless, this policy poses a significant threat to China's economic development. Andornino, (2022) emphasizes that this issue is based on international hierarchical status by negotiating respect for generosity with Italy and various international issues concerning the coronavirus 19 outbreak, policies of Beijing and Hong Kong, and other foreign policy issues deemed to have crossed critical normative thresholds. However, the Belt and Road Initiative (BRI) has allowed China to share benefits with participating countries, promote economic integration, and compare economic performance, all of which have a positive impact on the environment, economy, and development. Benintendi et al., (2020) notes that China ranked first in 2014 for power generation (5,388 billion kilowatt-hours per hour), coal production (4,27 billion short tons per year), and petroleum consumption. This action by China promotes economic development in the countries involved and increases sometimes unexpected social and environmental changes.

Using socioeconomic-environmental signatures and indicators, Hu et al., (2022) analyzes the Belt and Road Initiative's two-way effect. The appropriate ecological efficiency and environmental pressures demonstrate that the effect of this Belt and Road Initiative (BRI) can reduce the multiplier effect on optimizing internal impulses in order to mitigate the negative effects of feedback effects between regions, such as pollution transfers. Therefore, these factors must be taken into account between the two nations in order to support decision-making that promotes sustainable development. The following is China's contribution to the Belt and Road Initiative (BRI) nations.

## **Infrastructure**

### *Maldives' Bridge*

The China-Maldives friendship bridge project, which seeks to connect the islands of Male and Hulhumale over a distance of 2 kilometers, has had a significant impact. One of them can expedite business and commercial transactions between islands. Additionally, it offers social influence. The role and contribution of China in the Maldives provides a magnificent vision for the Maldives to move forward and facilitate travel between the two islands.

### *Jakarta-Bandung High-Speed Rail of Indonesia*

The implementation of BRI in Indonesia has considered the environmental concerns of all involved stakeholders. This is intended, according to Weng et al., (2021), to identify potential risks and obligations associated with infrastructure initiatives and to mitigate environmental risks. This is a result of environmental pollution in China and Indonesia, which have encountered comparable difficulties. Therefore, China is attempting to develop BRI within the framework of an Indonesia-appropriate social and ecological assessment. Despite political and social challenges involving land disputes and potential misunderstandings between Chinese and Indonesian stakeholders, this project is complete and has become one of the most useful fast trains in Indonesia, particularly for Jakarta-Bandung transportation.

### *Railway of Kenya*

China Road and Bridge Cooperation has provided subsidies for the Mombasa-Nairobi GSR infrastructure project in Kenya, which has been advocated for since 1963. And was successful in 2014, completing the predetermined schedule in 2 and a half years. The project with China was officially inaugurated in 2017 and was designated the best railway project in the world in 2018 by Engineering News-Record. This railway can transport 4,000 tons and 108 TEUs at a maximum speed of 80 kilometers per hour. Each train can accommodate up to 1,096 passengers and travel at a top speed of 120 kilometers per hour. In 761 days of safe operation, this railroad transported 3 million passengers and 5 million tons of cargo in June 2019. More than 300 local businesses and 1200 local suppliers were involved in the construction of this railroad. Thus, attracting a workforce of 4,600 direct and indirect employees, with a local workforce percentage of 90%. In addition, 5,000 local railway operation and maintenance personnel were trained as part of this initiative.

## **Manufacture**

### *Serbia*

Since 2016, the HBIS company has partnered with the Smederevo Steel Plant in Serbia to form HBOS Serbia, which employs over 5,000 people. China and Serbia cooperate in the areas of technology, management, marketing, control organization, and allocation of resources. By adhering to the principles of localization in employment, benefits, and culture, the two nations minimize investment risk and control costs comprehensively. This function and contribution have resulted in a \$200 billion technology transformation on a massive scale. So that this benefit will increase production capacity and contribute to China and Serbia's longstanding affinity.

## **Agriculture**

### *Juncao Spread in Fiji*

In 2017, China and Fiji collaborated on demonstration projects, the production of consumables and medicinal fungi, and the development of the Juncao industry through training at Juncao Technology. Juncao Technology is a company that manages workshops, laboratories, classrooms for training, and dormitories for trainees. China plays a significant role in boosting employment, advancing the rural economy, and eliminating poverty. Through Juncao, Fiji has increased the productivity of the livestock breeding industry until 2019. Thus, Fiji's agricultural development has been crowned by the local government.

### *Praire, Modern Machine*

To encourage the growth of agriculture and animal husbandry in Mongolia, the Chinese government offers concessional financing for the purchase of modern agricultural equipment. And additional instruments. Tractors, seeders, fertilizer distributors, balers, mowers, and auxiliary equipment are included. As a result of this collaboration, the agriculture of Mongolia has been enhanced by thirty percent. As a result of this duty and contribution, Mongolia has been awarded the best after-sales service award for its high-powered tractors and harvesters.

### *Egypt, Fruits Cooperation in Desert*

The China-Egypt joint venture was financed by Tianjin TEDA Investment Holding Co., Ltd. and China-Africa Development Fund. The construction was concluded with a total investment of approximately \$63 million. Seven enterprises operate from here. With a total projected investment of \$230

million, this investment continues to support the production of new building materials, petroleum equipment, electrical equipment, and machinery.

### **Education and Culture**

#### *Cultural Legacy of Uzbekistan*

The Chinese Academy of Cultural Heritage oversaw the cultural restoration of the UNESCO World Heritage-listed city of Khiva. Khiva's Amir Tura Madrasah and Hasan Murad Kushbegi mosque collaborated to provide assistance for the restoration of Chinese education and culture as part of the Belt and Road Initiative. The two madrasas are examples of Islamic architecture, dating from the 17<sup>th</sup> to 19<sup>th</sup> centuries and covering an area of approximately 3000 square meters. The mosque has a floor area of approximately 188 square meters and dates to less than the 18th century. It is one of the smaller mosques in the ancient city. China's role and contribution to this initiative has provided a change in mindset, ideas, and training of local talents, writing a new chapter in the friendship between China and Uzbekistan by living together to learn the customs and daily culture of Khiva city.

### **Hydropower**

#### *Brazil, Belo Monte Cooperation*

2017 marked the commencement of commercial operations construction. The project includes the construction of a 2084-kilometer UHVDC transmission line, a 4-megawatt Xingu converter station, a 3.85-megawatt Estreito converter station, ground rods at both ends, and other auxiliary facilities. This energy transmission project has been completed ahead of schedule, demonstrating the quickness and quality of the Chinese by bolstering the local economy and social development. This makes this project a model of State Grid Corporation of China and Eletrobras of Brazil's effective collaboration.

### **China's Role in Contributing Through The Belt and Road Initiative (BRI) in The New Era**

Due to their limited access to financial markets, countries that require capital assistance and cooperation in all sectors have benefited from the Belt and Road Initiative (BRI) (Sarsenbayev & Véron, 2020). In addition, the virtual water contribution has increased GDP in each country, and the correlation between the exchange rate and virtual inflows is positive. Nonetheless, water resources, arable land, geographical distance, and population are impediments to virtual imports (Xia et al., 2022). Therefore, a circulation structure



for agricultural product trade must be founded on the characteristics of virtual water flows. So that water consumption can be reasonably controlled.

In addition, BRI has contributed to the resolution of environmental issues. By utilizing renewable energy, the Belt and Road Initiative (BRI) has contributed to the reduction of carbon emissions in countries with a low energy structure (Zeng et al., 2022). This demonstrates China's ability to promote economic growth in countries undergoing a low-carbon transition, particularly the energy transition of BRI nations. In addition, the south Asian Chinese nations are contributing infrastructure by constructing bases. Sahibzada, (2021) emphasized that this contribution would pave the way for infrastructure development, foster multilateral cooperation, and surmount disappointment in bilateral cooperation. This has generated perceptions and challenges for the United States as a quo-power to form strategies and alliances within the Asian region to maintain hegemony and influence (Ishaque, 2022).

## **CONCLUSION**

China's Belt and Road Initiative (BRI) strategy has the potential to make a positive contribution in the future through infrastructure development, agricultural sector economic growth, renewable energy, and increased education. In addition, Belt and Road is a vehicle for promoting positive cooperative relations with the European Union and United States. In addition, China has the potential to develop an independent economic ecosystem and will become one of the nations that can have a significant impact on all aspects of global life.

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