

ECONOMIC HEADWINDS AND A CHANCE OF SLOWER GROWTH

What the forecast holds for
China's Belt and Road Initiative

Stephen Nagy

April 2022



BOARD OF DIRECTORS

CHAIR

Vaughn MacLellan
DLA Piper (Canada) LLP, Toronto

VICE-CHAIR

Jacquelyn Thayer Scott
COO, Airesun Global Ltd;
President Emerita, Cape Breton
University, Sydney

MANAGING DIRECTOR

Brian Lee Crowley, Ottawa

SECRETARY

Gerry Protti
Chairman,
BlackSquare Inc, Calgary

TREASURER

Martin MacKinnon
Co-Founder and CEO, B4checkin,
Halifax

DIRECTORS

Wayne Critchley
Senior Associate,
Global Public Affairs, Ottawa

Colleen Mahoney
Sole Principal,
Committee Digest, Toronto

Jayson Myers
CEO, Jayson Myers Public Affairs Inc.,
Aberfoyle

Dan Nowlan
Vice Chair, Investment Banking,
National Bank Financial, Toronto

Hon. Christian Paradis
Co-founder and Senior advisor,
Global Development Solutions,
Montréal

Vijay Sappani
CEO, Ela Capital Inc, Toronto

Veso Sobot
Former Director of Corporate Affairs,
IPEX Group of Companies,
Toronto

ADVISORY COUNCIL

John Beck
President and CEO,
Aecon Enterprises Inc, Toronto

Aurel Braun,
Professor of International Relations
and Political Science, University of
Toronto, Toronto

Erin Chutter
Executive Chair, Global Energy
Metals Corporation, Vancouver

Navjeet (Bob) Dhillon
President and CEO,
Mainstreet Equity Corp, Calgary

Jim Dinning
Former Treasurer of Alberta, Calgary

Richard Fadden
Former National Security Advisor to
the Prime Minister, Ottawa

Brian Flemming
International lawyer, writer, and
policy advisor, Halifax

Robert Fulford
Former Editor of *Saturday Night*
magazine, columnist with the
National Post, Ottawa

Wayne Gudbranson
CEO, Branham Group Inc., Ottawa

Calvin Helin
Aboriginal author and entrepreneur,
Vancouver

David Mulroney
Former Canadian Ambassador to
China, Toronto

Peter John Nicholson
Inaugural President, Council of
Canadian Academies, Annapolis Royal

Hon. Jim Peterson
Former federal cabinet minister,
Counsel at Fasken Martineau, Toronto

Barry Sookman
Senior Partner,
McCarthy Tétrault, Toronto

Rob Wildeboer

Executive Chairman, Martinrea
International Inc, Vaughan

Bryon Wilfert

Former Parliamentary Secretary to
the Ministers of Finance and the
Environment, Toronto

RESEARCH ADVISORY BOARD

Janet Aizenstat

Professor Emeritus of Politics,
McMaster University

Brian Ferguson

Professor, Health Care Economics,
University of Guelph

Jack Granatstein

Historian and former head of the
Canadian War Museum

Patrick James

Dornsife Dean's Professor,
University of Southern California

Rainer Knopff

Professor Emeritus of Politics,
University of Calgary

Larry Martin

Principal, Dr. Larry Martin and
Associates and Partner, Agri-Food
Management Excellence, Inc

Alexander Moens

Professor and Chair of Political
Science, Simon Fraser University,
Greater Vancouver

Christopher Sands

Senior Research Professor,
Johns Hopkins University

Elliot Tepper

Senior Fellow, Norman Paterson
School of International Affairs,
Carleton University

William Watson

Associate Professor of Economics,
McGill University

Contents

Executive Summary / Sommaire	4
Introduction	8
China's comparative advantages	9
Adapting to new economic realities	11
China's economic trajectory and the future of the BRI	16
Conclusion	25
About the author	27
References	28
Endnotes	40

Cover photo credits: Renée Depocas using iStock

Copyright © 2022 Macdonald-Laurier Institute. May be reproduced freely for non-profit and educational purposes.

The author of this document has worked independently and is solely responsible for the views presented here. The opinions are not necessarily those of the Macdonald-Laurier Institute, its Directors or Supporters.

Executive Summary

Chinese economic growth has been phenomenal since Deng Xiaoping announced China's reform and opening strategy in the late 1970s. Notwithstanding that remarkable growth, the Chinese economy faces significant headwinds in the short-, medium-, and long-term. These include (but are not exclusive to) managing the COVID-19 pandemic, an aging population, and an increasingly severe geopolitical environment, including the Ukraine-Russian conflict.

Despite these economic concerns, China's comparative advantages, its domestic political calendar, and the structural relationship between China and its largest trading partners all suggest that economic growth will continue into 2023 and beyond. However, the quality and speed of that growth will decelerate, which will adversely affect the scope and ambition of the Xi Jinping's signature Belt and Road Initiative (BRI).

This initiative has been premised on the movement of labour, capital, and materials to BRI-destination countries and regions. However, border closures and the limited movement of people in and out of China during the COVID-19 pandemic have severely restricted the BRI model of export. Despite the resulting economic hardships, there is little possibility that China will open up its borders to the free flow of Chinese migrant labour for fear of a nationwide COVID outbreak.

Yet the momentum behind the BRI was already beginning to slow prior to the pandemic, which had exacerbated some of the underlying financing challenges of the BRI. Other countries have also seen that there are alternatives to Chinese infrastructure and connectivity projects. Indeed, there is growing awareness among them of the geopolitical strings attached to the BRI and the downfalls and drawbacks associated with the initiative, including "debt-trap" diplomacy, environmental and fiscal sustainability issues, and a sense that China's win-win mantra really means that China wins twice.

The BRI now faces challenges from other countries, especially the Free and Open Indo-Pacific (FOIP) vision that has been spearheaded by Japan. Also,

Tokyo has joined India and Australia in the Reliance Supply Chain Initiative (RSCI), which is part of a broader approach to investing in economic security and development by selectively diversifying supply chains in the Indo-Pacific.

On the financing side, the US, Australia, and Japan have signed a Memorandum of Understanding to promote cooperation among their respective companies in the infrastructure, energy, and natural resources sectors in third countries, especially the Indo-Pacific region. Like the RSCI, this trilateral agreement provides financing alternatives to the BRI. The Quadrilateral Security Dialogue (Quad) has also emerged as an important vehicle for providing public goods to the Indo-Pacific region.

Alternatives do not mean an outright rejection of BRI projects and related funding. But what is clear is that trust, or lack thereof, remains a critical barrier to China's efforts to expand the BRI. Whether China can overcome this trust deficit is an open question, but it is still key to how the country pursues its external influence through the BRI.

The economic headwinds that China is battling, and the comparative advantages it enjoys that have helped to mitigate these challenges, will affect the trajectory and influence of the BRI in the years ahead. Structural issues, geopolitical tensions, the COVID-19 pandemic, and now the Ukraine-Russian conflict will all contribute to putting downward pressure on the Chinese economy. This will limit the resources that can be deployed to the BRI as a geoeconomic instrument to achieve China's strategic national objectives.

Given the many alternatives to BRI that are emerging, countries seeking infrastructure and connectivity opportunities have choices when it comes to the kinds of assistance they select. Choice leads to increased strategic autonomy and the ability to seize more development opportunities. Meanwhile, like other countries in the region, China faces severe demographic challenges that will certainly reduce the resources that can be diverted to the Belt and Road Initiative. In the future, China will be less able to use the BRI as a tool to reshape the Indo-Pacific region into an architecture better suited to its geopolitical preferences.

Sommaire

La croissance économique de la Chine a été phénoménale depuis le lancement par Deng Xiaoping de la politique de réforme et d'ouverture chinoise à la fin des années 1970. Malgré son élan remarquable, l'économie de la Chine devra affronter de puissants vents contraires à court, moyen et long terme. Ils seront engendrés entre autres par la gestion de la pandémie de COVID-19, le vieillissement de la population et un environnement géopolitique de plus en plus difficile, notamment en raison du conflit entre l'Ukraine et la Russie.

En dépit de ces préoccupations économiques, les avantages comparatifs de la Chine, son calendrier politique national et ses liens structurels avec ses principaux partenaires commerciaux laissent tous entendre que la croissance économique chinoise se poursuivra en 2023 et au-delà. Toutefois, la qualité et la vitesse de cette croissance vont s'atténuer, ce qui aura un impact négatif sur la portée et l'ambition du programme « Une ceinture, une route » (Belt and Road Initiative ou BRI) paraphé par Xi Jinping.

Ce programme repose sur la circulation des travailleurs, des capitaux et des matériaux vers les nations et les régions participantes. Cependant, la fermeture des frontières et la circulation limitée des personnes en provenance et à destination de la Chine pendant la pandémie de COVID-19 ont gravement restreint le modèle d'exportation prévu. Malgré les difficultés économiques dues à cette situation, il est peu probable que la Chine ouvre ses frontières au libre mouvement de la main-d'œuvre migrante en raison des craintes liées aux éclosions de COVID-19 dans l'ensemble du pays.

L'élan en faveur du programme commençait tout de même déjà à ralentir avant la pandémie, ce qui a exacerbé quelques-uns de ses problèmes de financement sous-jacents. Certains pays ont également constaté l'existence de solutions de remplacement aux projets chinois d'infrastructure et de connectivité. En fait, ils ont pris davantage conscience des contraintes géopolitiques et des inconvénients associés au programme et parmi lesquels figurent la diplomatie du « piège de l'endettement », les problèmes de durabilité environnementale et fiscale et l'impression que l'accord « gagnant-gagnant » promu par la Chine signifie en réalité qu'elle est doublement favorisée.

Le programme est actuellement sérieusement remis en cause par certains pays du fait de la vision d'un Indopacifique libre et ouvert (Free and Open Indo-Pacific ou FOIP) dont le Japon est le fer de lance. Ainsi, Tokyo s'est joint à l'Inde et à l'Australie pour donner corps à l'initiative pour une chaîne d'approvisionnement de confiance (Reliance Supply Chain Initiative ou RSCI), qui fait partie d'une approche globale visant à investir dans la sécurité et le développement économiques en diversifiant de manière sélective les chaînes d'approvisionnement dans la région indopacifique.

Côté financement, les États-Unis, l'Australie et le Japon ont signé un protocole d'entente visant à promouvoir la coopération entre leurs entreprises respectives dans les secteurs des infrastructures, de l'énergie et des ressources naturelles dans des pays tiers, en particulier dans la région indopacifique. Tout comme en ce qui a trait à l'initiative pour une chaîne d'approvisionnement de confiance, cette entente trilatérale offre une alternative financière au programme « Une ceinture, une route ». Le dialogue quadrilatéral pour la sécurité (Quadrilateral Security Dialogue ou Quad) est aussi apparu comme un véhicule important pour fournir des biens publics à la région indopacifique.

L'existence de solutions de remplacement n'entraîne pas le rejet pur et simple des projets mis au point dans le cadre d'« Une ceinture, une route » et du financement afférent. Toutefois, de toute évidence, la confiance, ou plus précisément le déficit de confiance, est un obstacle majeur aux efforts de la Chine pour étendre ce programme. La question de savoir si la Chine peut le résoudre demeure ouverte, mais son succès à cet égard est crucial pour la poursuite de l'influence extérieure de ce pays par le biais de ce programme.

Les obstacles économiques auxquels la Chine est confrontée, ainsi que les avantages comparatifs dont elle jouit et qui lui ont permis de les aplanir, auront une incidence sur la trajectoire et l'influence du programme dans les années à venir. Les problèmes structurels, les tensions géopolitiques, la pandémie de COVID-19 et, maintenant, le conflit entre l'Ukraine et la Russie contribueront tous à exercer une pression à la baisse sur l'économie chinoise. Cela limitera les ressources pouvant être déployées pour ce programme en tant qu'instrument géoéconomique pour atteindre les objectifs stratégiques nationaux de la Chine.

L'émergence de nombreuses solutions de remplacement permettra aux pays à la recherche d'infrastructures et de connectivité d'exercer un choix. Le choix mène au renforcement de l'autonomie stratégique et de la capacité de saisir davantage d'occasions de développement. Parallèlement, comme d'autres pays de la région, la Chine sera confrontée à de graves défis démographiques qui réduiront certainement les ressources pouvant être consacrées au programme « Une ceinture, une route ». À l'avenir, la Chine sera moins en mesure d'utiliser ce dernier comme un outil pour remodeler la région indopacifique en une architecture mieux adaptée à ses préférences géopolitiques.

Introduction

Since the late 1970s, when Deng Xiaoping announced China's reform and opening strategy, Chinese economic growth has been phenomenal. In 1978, according to the World Bank, China's GDP was US\$150 billion (World Bank Undated), purchasing power per person (PPP) was less than US\$1000 (Köksoy 2018, 129), and only 60 percent of primary school students continued on to junior high school and beyond (China, Ministry of Education 2018). Fast forward to 2020 and China's GDP was US\$15 trillion (World Bank Undated), purchasing power per person was US\$17,211 (Data Commons Undated), and the average number of years of education received by a working-age Chinese citizen was 11.2 years (CSET 2010).

This spectacular growth and development have benefited not only Chinese citizens but all of China's neighbours and trading partners, including Australia, Japan, the US, the EU, and Canada. Inexpensive goods made in China, Chinese students and travellers, and China's huge appetite for iron ore, agricultural products, and luxury items have fuelled consumption and economic growth globally.

In the case of Canada, according to a Statistics Canada report (2021a) from March 31, 2021, warehoused stocks of all major agricultural crops including wheat, canola, barley, soybeans, peas, oats, and lentils were down compared to a year earlier, driven primarily by Chinese demand (Statistics Canada 2021b). Trade continues to deepen despite Canada-China relations being arguably at their lowest point in decades (Choi 2021).

Notwithstanding its remarkable growth in recent decades, the Chinese economy faces significant headwinds in the short-, medium-, and long-term. These include (but are not exclusive to) managing the COVID-19 pandemic, an aging population, and an increasingly severe geopolitical environment, amongst others.

Despite these economic concerns, China's comparative advantages, its domestic political calendar, and the structural relationship between China and its largest trading partners all suggest that economic growth will continue

into 2023 and beyond, but the quality and speed of economic growth will decelerate. This will adversely affect the scope and ambition of China's Belt and Road Initiative (BRI).

With this background in mind, this paper has three objectives. First, it aims to highlight that despite facing significant economic challenges on the horizon, China has several comparative advantages that will stabilize its economy in the short- to medium-term, which will allow moderate growth to continue. Second, this paper aims to highlight how the economic headwinds, including the COVID-19 pandemic, are forcing the Chinese government to recalibrate its signature BRI. Third, it will argue that for the foreseeable future the BRI will continue to evolve through its interaction and competition with competing initiatives such as the Free and Open Indo-Pacific (FOIP) vision. This interaction suggests that proponents of FOIP may be able to shape the evolution of the BRI such that it embodies the principles of fiscal transparency and sustainability, is environmentally friendly, and becomes free of geoeconomic objectives.

China's comparative advantages

Political calendar

In the fall of 2022, China will hold the 20th Party Congress. This will be followed by the 13th National People's Congress in the spring of 2023. Both events are intended to shape the contours of the party's leadership for the next five to 10 years. Barring a completely unexpected event, Xi Jinping will be appointed to a third term as General Secretary of the Chinese Communist Party (CCP). We also expect that the Standing Committee, Politburo, and much of the Central Committee will be composed of individuals who will be loyal supporters of Xi Jinping.

The 13th National People's Congress will place Xi even closer to the centre of the Party and Mainland China's political heart, which will cement his long-term influence on the Party, its institutions, and its decision-making for at least the coming decade.

With so much at stake in 2022 and 2023, the Party under Xi's leadership is diverting substantial resources to three areas: fiscal stimulus to maintain the country's socio-economic stability (Haasbroek 2020; IMF 2021); a COVID-19 detection and prevention strategy based on its "Dynamic Zero," or zero tolerance for the disease (Chen, Cao, and Fan 2022); and efforts to maintain supply chain integrity to minimize economic disruptions (Central Committee of the Communist Party of China 2021). There are concerns that economic or geopolitical disruptions could spill over into China and lead to social insta-

bility or an economic crisis, which could result in calls for Xi to renounce his leadership positions.

Aside from these economic and geopolitical concerns, Xi Jinping is also trying to withstand pressure from factions within the CCP to prevent him from being appointed to a third term as General Secretary (China News 2022). Some within the Party, particularly the Jiang Zemin faction, see Xi as “repressive, regressive, and a potential renegade who will usher in the collapse of the CCP regime if allowed to remain in power, with his failed policies, anti-Midas touch, and ‘bad luck’” (Sino Insider 2022).

Members of the Jiang faction are not the only ones criticizing Xi. Complaints are also coming from Cai Xia, a dissident and former professor at the Central Party School of the CCP (Xia 2021a, 78), and Huang Wansheng, a former Harvard-Yenching Institute scholar who has criticized both the government’s handling of the COVID-19 pandemic and top standing committee members (Ong 2022).

The presence of critical voices that were or are tightly connected to the Party and leadership are a strong indication that dissatisfaction with the current trajectory of China might be more widespread than previously thought. As a result, domestic political imperatives should be understood as key factors that will influence the central government’s management of the Chinese economy well into 2023.

Structural relationship with trading partners

China’s continued economic growth is predicated on its significant comparative advantages. First, its population, geographic location, and its economic integration of nearly all its neighbours into its production network suggest that the Chinese economy does not operate in isolation. Second and related to the first point, China’s export-based economy (Mullen 2020; Amiti and Freund 2007) is also linked to the consumption of goods by nations that continue to have trade deficits with China, including the US (Office of the United States Trade Representative Undated) and Japan (Saito 2021). This means that when consumption-based economies are strong, China benefits.

As many countries with trade deficits with China quell the COVID-19 pandemic and move beyond the restrictions imposed to combat it, their economies are expected to grow rapidly, consumption will increase, and their trade deficits with China will widen (BEA 2021). This will create challenges for China if it is to transform its economy away from an export-driven model and realize the Dual Circulation recalibration¹ (Paterson 2022) – an approach that the central government hopes will allow it to decrease its dependence on the US and other Western economies for growth.

To deal with concerns about economic coercion, the weaponization and/or disruption of supply chains, and trade with China, countries like the US, Japan or Canada will require a structural change in their economic relationship with China. This is not a straightforward problem to solve considering the considerable economic benefits we enjoy from the economic engagement.

Notwithstanding the challenges of recalibrating economic relations with China to avoid falling victim to economic coercion, several countries – including Japan, the US and others – have begun to make some initial steps in that regard. Notably, however, any such change is not occurring in a way that is substantial enough to dilute China’s comparative advantages.

Adapting to new economic realities

China’s comparative advantages, as outlined above, are competing with three so-called “triple pressures.” These pressures include a contraction in demand for China’s goods, supply shocks, and weakening Chinese government and citizen expectations for the economy (Hong 2021). These three pressures are in addition to China’s rapidly aging population (Figure 1) (Wolf, Dalal, Davanzo, et al. 2011), sporadic shocks to the domestic economy in the form of region or citywide lockdowns in response to the COVID-19 pandemic (Figure 2) (Malden and Stephens 2020) along with limitations on domestic mobility (Qin, He, Hsieh, et al. 2021), and growing concern about the trajectory of the economy. Indeed, China faces continued tariffs from other nations (Brown 2021), customers diversifying their suppliers by moving away from China, significant levels of debt (Figure 3), and other related issues (MacroPolo 2021).

Superficially, China’s 8.1 percent GDP growth per annum looks impressive (OECD 2021). However, a more granular analysis reveals that much of China’s economic growth is related to the growth of productive resources (Brandt, Litwack, Mileva, et al. 2020). For instance, analysts estimate that much of China’s economic growth is related to bringing additional workers into the workforce and investing in physical capital such as infrastructure (Yu and Mi 2012; Wilkins and Zurawski 2014).

The increase in workers and physical capital to accrue economic benefits overshadows the estimated 7 percent of total economic growth associated with improvements in total factor productivity (Figure 4) (European Commission Undated; Sasaki, Sakata, Mukoyama, et al. 2021, E-7), the key measure capturing the relative importance between outputs and inputs in the economy.

FIGURE 1: CHINA'S AGING POPULATION, 1990-2009

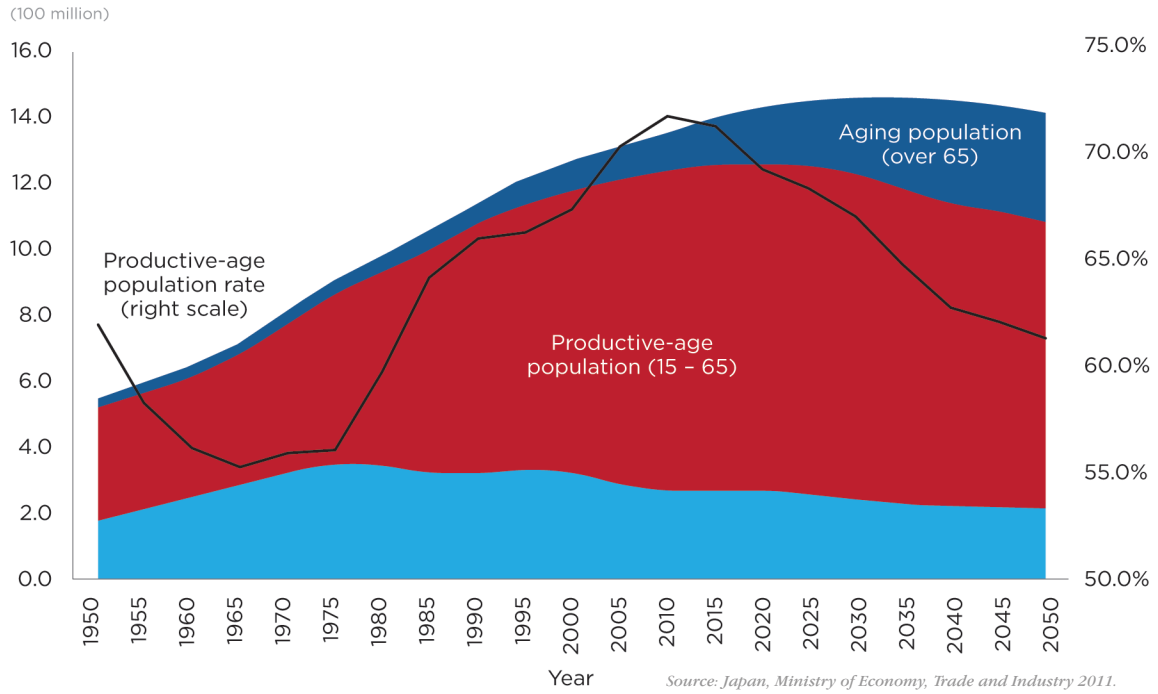
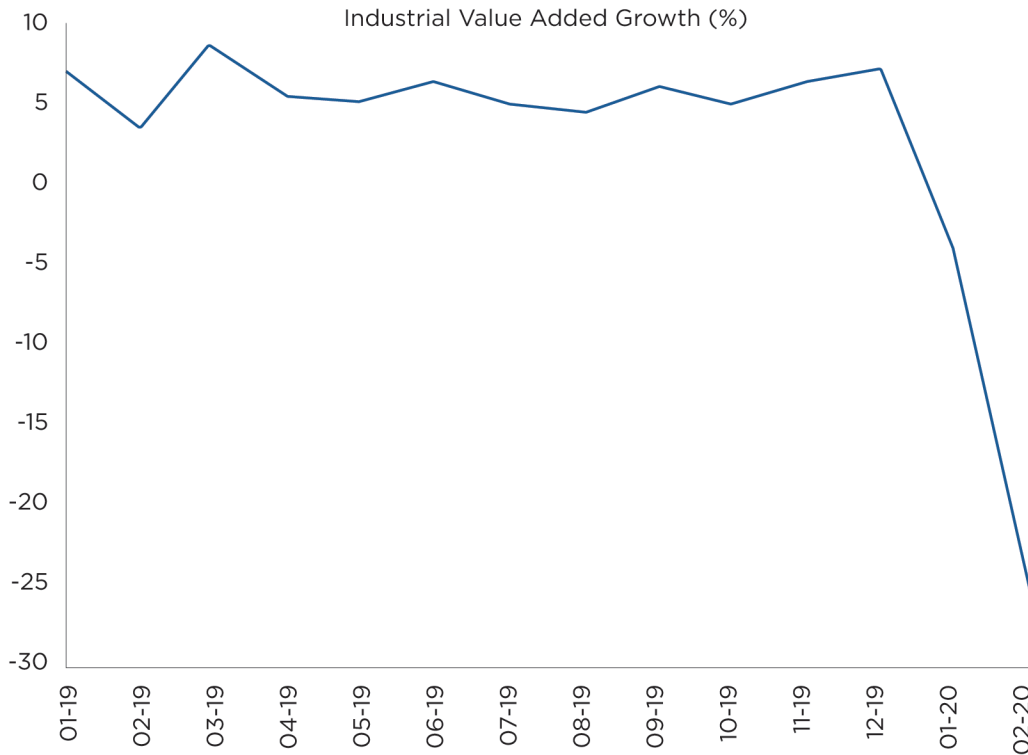
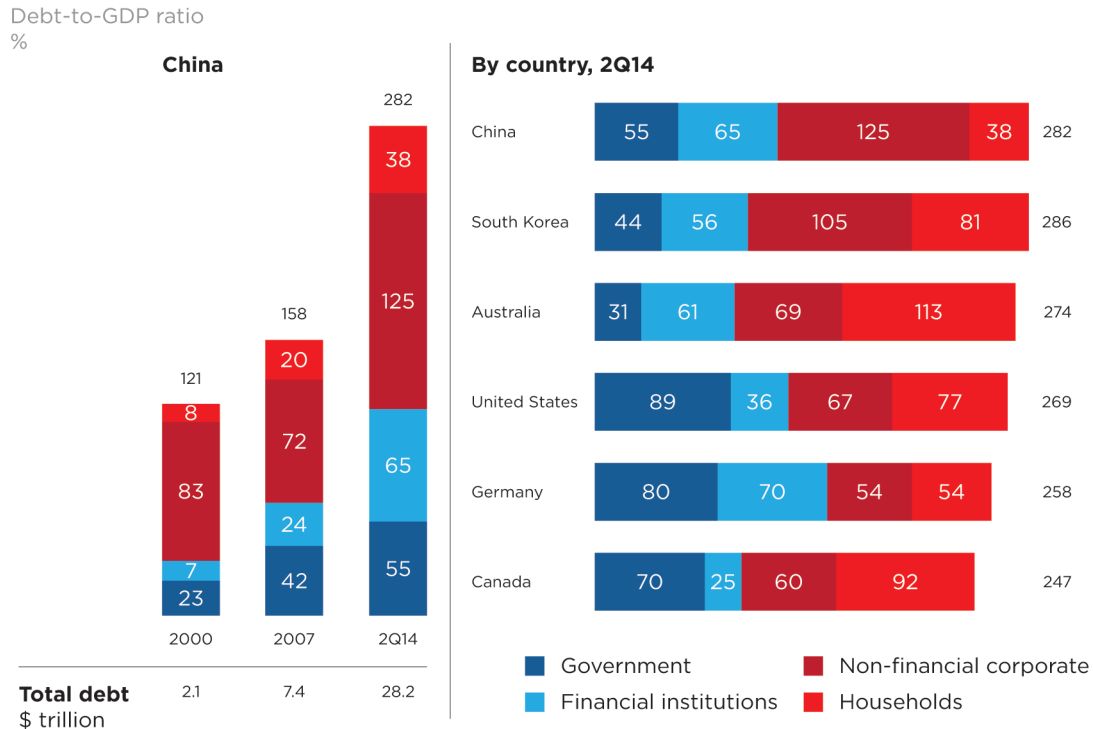


FIGURE 2: EFFECT OF COVID-19 LOCKDOWNS ON INDUSTRIAL VALUE-ADDED GROWTH IN CHINA



Note: Changes are on a year-on-year basis. / Source: Chen, Cao, and Fan 2022, 4.

FIGURE 3: DEBT-TO-GDP RATIO IN CHINA AND OTHER COUNTRIES IN 2014



Numbers may not sum due to rounding. / Source: Dobbs, Lund, Woetzel, et al. 2015, 75.

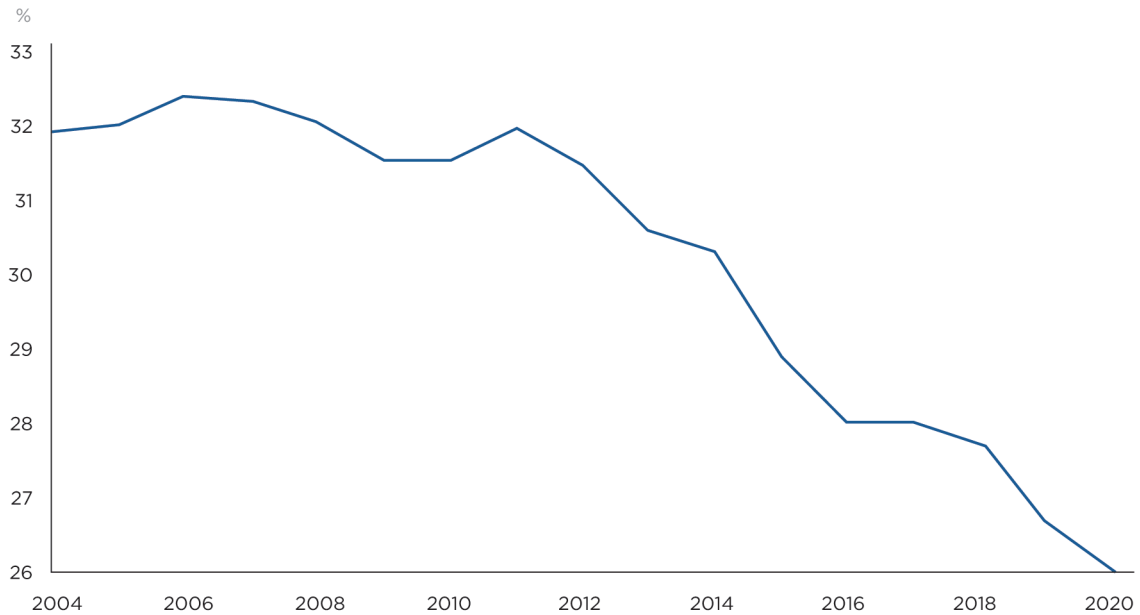
We saw during the 2008 global financial crisis that China’s central government injected 4 trillion yuan of fiscal stimulus into the economy to insulate China from the US-centred financial crisis to maintain growth (Fardoust, Lin, and Luo 2012). Since that time, maintaining economic growth has been a priority for the Chinese government, which has resulted in a steady flow of fiscal stimulus and the related increase in debt.

Some estimates point to non-financial-related debt quadrupling, an amount surpassing that in all other countries and which metastasized into the Evergrande housing crisis (Dobbs, Lund, Woetzel, et al. 2015, 75). These estimates are critical for measuring the pulse of the Chinese economy because real estate is an important source of instability in the country’s economy and accounts for an estimated 29 percent of China’s GDP (Figure 5) (Rogoff and Yang 2021).

Furthermore, there is growing evidence to suggest that downward pressures on China’s economy are increasing (Gao 2022). Inflation continues to stress the Chinese consumer (Figure 6) (Dreger and Zhang 2013; Song 2017) and there have been reports that civil servant pay cuts are becoming more common in the provinces (Hong 2021).

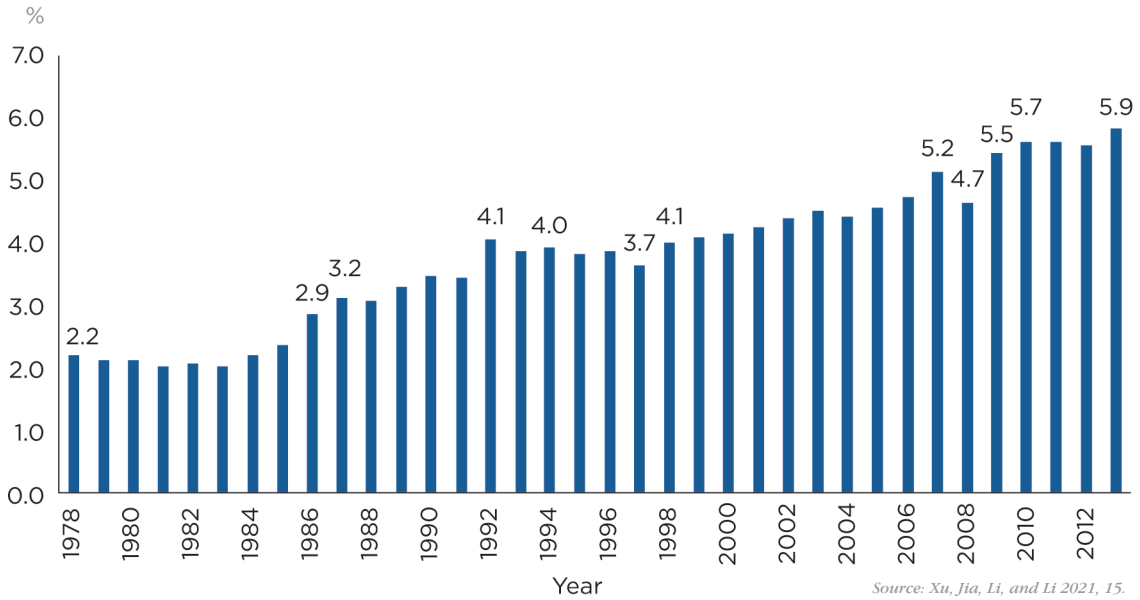
Trends in post-graduation employment indicate that state-owned enterprises and the civil service are the first choice for college graduates seeking employment, according to Caixin (Fan and Wang 2022), which suggests that citizens have decreased confidence in the stability offered by the private sector.

FIGURE 4: PROPORTION OF VALUE ADDED TO GDP FROM MANUFACTURING (2004-2020)



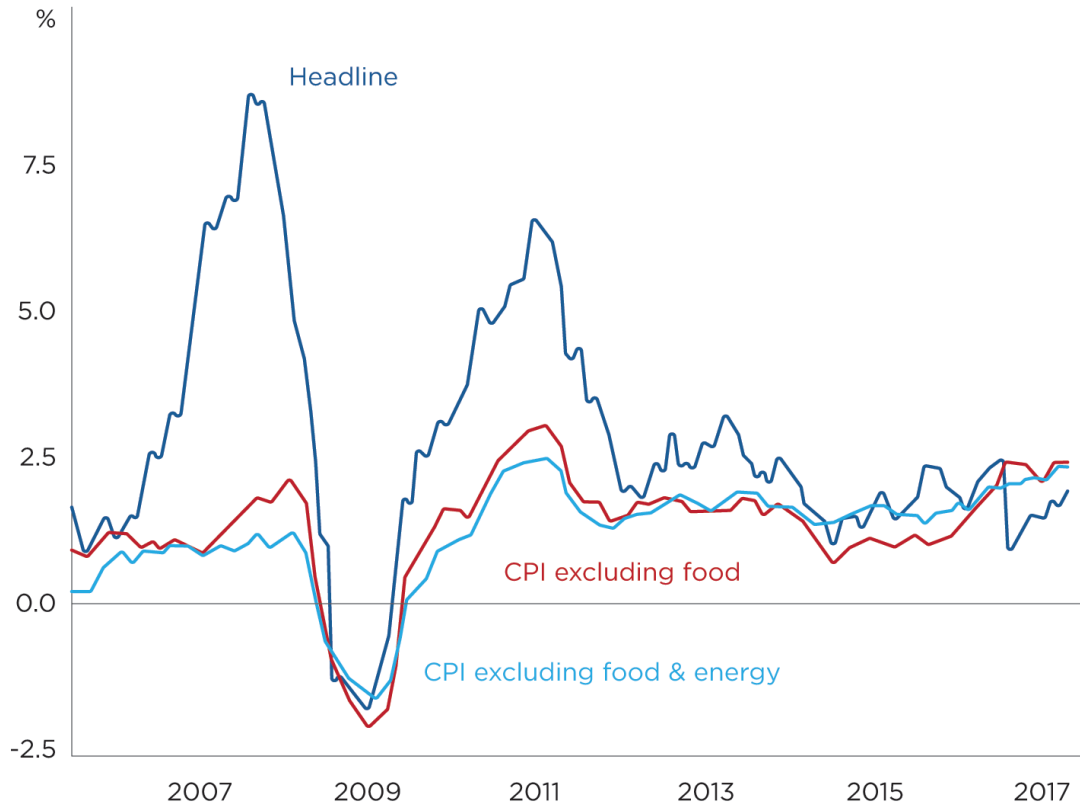
Source: The World Bank Undated.

FIGURE 5: PROPORTION OF VALUE ADDED TO GDP FROM REAL ESTATE (1978-2013)



Source: Xu, Jia, Li, and Li 2021, 15.

FIGURE 6: CONSUMER PRICE INFLATION, 2007-2017



Source: Day 2017.

Geopolitical pressures have enhanced these downward pressures, such as the trade war with the United States and associated tariffs imposed by the Trump administration in 2018 (Ma 2018), economic coercion on Australia after it called for an international investigation into the origins of the COVID-19 pandemic (Xue 2021), and so-called “Wolf Warrior” diplomacy that stresses the message “Western world stay open to China, or China will hurt you. Trust China or China will hurt you” (Bishop and Rennie 2022). These developments have resulted in a fundamental rethink both outside and within the country about the appropriate form of economic relationship other nations have with China and their dependence on supply chains largely centred in China (Nagy and Nguyen 2021; also see Nagy 2022a).

With limited success, China has adopted the so-called “Dual Circulation” model (ChinaPower 2021), by which the country aims to diversify its economy and protect it from what it perceives as hostile, US-led Western efforts to contain China. The basic premise of the Dual Circulation model is that China should boost domestic consumption and open up other markets to ensure that it is less susceptible to economic pressure and disruptions from the US and Western economies; this way, China hopes to avoid a repeat of what it experienced in the 2008 global financial crisis (García-Herrero 2021a).

In contrast, the US, Japan, Australia, India, and other like-minded states have

started to reshape their own investment portfolios with China using initiatives such as the Resilient Supply Chain Initiative (RSCI) (Japan, Ministry of Economy, Trade and Industry 2021), trade pacts such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Quadrilateral Security Dialogue (Quad) to diversify supply chains and cooperate in critical and emerging technology (The White House 2021a).

Released in February 2022, the United States' Indo-Pacific Strategy furthered stressed cooperation in “critical and emerging technologies, driving supply-chain cooperation, joint technology deployments, and advancing common technology principles,” as part of the US's international efforts (The White House 2022, 16) to recalibrate trade and supply chain relations away from China.

Seen alongside domestic legislation in the US, such as Bill S.1260 – *United States Innovation and Competition Act* of 2021 (United States, Congress 2021) and Japan's efforts to draft economic security legislation (Suzuki 2022; Strategic Headquarters on the Creation of a New International Order 2020), we see major Indo-Pacific stakeholders adopting domestic and international strategies to reconfigure their economic, technological, and supply chain relationship with China.

These changes will further slow Chinese economic growth and affect policy-makers' priorities, both domestic and international.

China's economic trajectory and the future of the BRI

The BRI was premised on the movement of labour, capital, and materials to BRI destination countries and regions. Border closures and the restricted movement of people in and out of China in the past two years have severely restricted the BRI model of export.

The crumbling of the BRI model in the short-term is related to the severe zero-COVID-19 strategy that the Chinese government adopted to control the pandemic domestically. In a recent scientific study conducted by the China Centre for Disease Control, modelling suggested that any deviation from a zero-COVID-19 approach would “induce an unaffordable burden to the medical system... and that for the time being, we (China) is not ready to embrace ‘open-up’ strategies resting solely on the hypothesis of herd immunity induced by vaccination advocated by certain western countries” (Yuan, Chong, Gai, and Zhou 2021).

This study, together with the importance the Party places on the 20th Party Congress in 2022 and the 13th National People's Congress in 2023, means there is little realistic possibility that China will open back up through the BRI for fear of a nationwide outbreak of COVID-19. These short-term bottlenecks on the movement of labour will continue to affect the BRI model until China opens its borders to the free flow of Chinese migrant labour.

The momentum behind the BRI was already beginning to slow prior to the COVID-19 pandemic. On top of that, over the medium-term, the pandemic has exacerbated some of the underlying trends in financing (Balding 2018), shown other countries that there are alternatives to Chinese infrastructure and connectivity projects, revealed a growing awareness among many countries that they need to distance themselves from the BRI to maintain their own strategic autonomy and secure strategic opportunities (Muraviev, Ahlwat, and Hughes 2021; also see Gao 2022; and Vu, Soong, and Nguyen 2021), and led to a deepening awareness of the geopolitical strings attached to the BRI initiative, such those involved in investing in Chinese suppliers (Chajdas 2018).

Financial uncertainties

Competition with Japan's FOIP vision and its associated infrastructure and connectivity projects has increased the financial burden associated with Beijing's lending policies on China (Nyabiage 2020; Kratz, Rosen, and Mingey 2020; Zhu, Li, Lei, and Ng 2020). Japan, with partners that include the US, Australia, and India, has adopted several strategies to effectively brand its infrastructure and connectivity projects. Jagannath Panda described the branding around the Blue Dot Network (BDN) this way: "BDN aims to set a 'standard of excellence' against the rising debt traps and cheap infrastructure that boosts quantitative and non-transparent aspects. Moreover, the BDN envisions promoting a transparent and sustainable infrastructural environment as a strategic retaliation to Beijing's BRI. BDN's main feature is that it follows a project-based investment approach rather than the country-based engagement that the BRI conducts, which has promoted debt traps" (Panda 2020).

BRI recipient countries have become more aware of the downfalls and drawbacks associated with the initiative, including so-called debt trap diplomacy, environmental and fiscal sustainability issues, and a general sense that China's win-win mantra has meant that China wins twice (Garlick 2019).

A Council on Foreign Relations' Independent Task Force report, authored by Jacob Lew and Gary Roughead (2021), highlights the frequently stated concerns over debt trap diplomacy (also see Xu and Li 2020, 69) while also stressing that it is the Chinese lending practice that brings debt distress to recipient countries. The take-home lesson that BRI participants and potential applicants are learning is to become more knowledgeable about the nature of

BRI projects. Increasingly, the uncertainties associated with the non-binding yet confidential BRI agreements is seen as a “China-centric geopolitical and geo-economic play with, in most cases, weaker partners” (Chen 2020; also Maaiké and Kamo 2019).

FOIP and other BRI alternatives

The interplay between the BRI and the FOIP vision has also been a factor in the BRI losing momentum. Primarily spearheaded by Japan, Tokyo has worked both unilaterally and within multilateral arrangements to provide credible alternatives to the BRI.

Free and Open Indo-Pacific

First enunciated during Japanese Prime Minister Shinzo Abe’s speech, *The Confluence of the Two Seas*, to India’s Parliament in August 2007 (Japan, Ministry of Foreign Affairs 2007), Japan’s FOIP vision underwent several upgrades following feedback from Association of Southeast Asian Nations (ASEAN) states and after interaction with the BRI (Nagy 2021). FOIP now comprises several pillars including infrastructure, connectivity, development and trade, which are meant to help emerging Indo-Pacific states with development, including infrastructure and connectivity, good governance, and transparent institutions.

Reliance Supply Chain Initiative

Tokyo has also joined India and Australia in the RSCI (Japan, Ministry of Foreign Affairs 2020), which the RSCI is part of a broader approach to investing in economic security and development by selectively diversifying supply chains in the Indo-Pacific (Nagy and Nguyen 2021). By providing these public goods, Tokyo aims to merge its growing focus on economic security with FOIP and ensure a sustainable effort to provide emerging nations with credible alternatives to the BRI.

Memorandum of Understanding on business cooperation

On the financing side, the US Trade and Development Agency (USTDA), the Australian Department of Foreign Affairs and Trade, and the Japan Bank for International Cooperation (JBIC) signed a Memorandum of Understanding to promote cooperation among Japanese, American, and Australian companies in the infrastructure, energy, and natural resources sectors in third countries. This agreement has a focus on the Indo-Pacific region, through collaboration in financing (JBIC 2018). Like the RSCI, this trilateral agreement provides financing alternatives that BRI countries and applicants did not have before FOIP.

Quadrilateral Security Dialogue

The Quad has also emerged as an important vehicle for providing public goods to the Indo-Pacific region, a role that will be welcomed by most stakeholders. The virtual Quad Summit in March 2021 proclaimed its commitment to “combining our nations’ medical, scientific, financing, manufacturing and delivery, and development capabilities and establish a vaccine expert working group to implement our path-breaking commitment to safe and effective vaccine distribution; we will launch a critical- and emerging-technology working group to facilitate cooperation on international standards and innovative technologies of the future; and we will establish a climate working group to strengthen climate actions globally on mitigation, adaptation, resilience, technology, capacity-building, and climate finance” (Japan, Ministry of Foreign Affairs 2021).

These commitments were further expanded at the in-person summit in September 2021, where Quad partners committed to “increasing production and access to safe and effective vaccines; promoting high-standards infrastructure; combatting the climate crisis; partnering on emerging technologies, space, and cybersecurity; and cultivating next-generation talent in all of our countries” (The White House 2021b).

The EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure

Japan and the Quad partners are not the only entities providing the Indo-Pacific region with alternatives to the BRI. Japan and the EU recently signed the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure. This agreement is “based on high standards of social and environmental protection and inspired by the EU’s internal market, enabling countries to achieve higher levels of quality of life while guaranteeing respect for individual rights. The Connectivity Partnership with Japan confirms our joint ambition to promote connectivity in line with this approach” (European Union External Action Service 2021).

For countries in the Indo-Pacific, the emergence of a plethora of funding opportunities and schemes to provide public goods to emerging countries throughout the region is a boon to those countries wishing to have alternatives to the BRI. Alternatives do not mean an outright rejection of BRI projects and related funding; countries such as Pakistan (Mangi 2020) and Iran (Aamir 2020; Fassihi and Myers 2021) have received non-BRI funding, for example, but continue to accept BRI funding for hydropower and for a 25-year, US\$400 billion loan, respectively.

It is also important to note that the COVID-19 pandemic did not stop China’s lending for BRI projects. Writing for the ISPI (Istituto per gli Studi di Polit-

ica Internazionale) Alicia García-Herrero, Senior Fellow at European think-tank BRUEGE, found that China has continued to lend money overseas faster than any other measurement of BRI investment. Furthermore, she found that foreign loans by Chinese commercial banks expanded by 21 percent during 2020 amid the COVID-19 pandemic, the fastest pace since 2016. She also noted that China may have changed how it runs the BRI's through project-based infrastructure, which could include direct lending to government-related entities or through state-owned enterprises (García-Herrero 2021b).

Economic security bills in the US and Japan

The Japanese Cabinet's approval of the *Economic Security Promotion Bill* (Jiji Press 2022) and the US's adoption of the *America COMPETES Act* (United States, Congress 2022), both taking place in February 2022, also have ramifications for China's BRI momentum and sustainability.

The Japanese economic security bill consists of four pillars. These include strengthening supply chains, promoting public-private advanced technological cooperation, a screening system to ensure the security of core infrastructure, and nondisclosure of patents on sensitive technologies that could be used for military purposes. Each pillar is meant to bring transparency to critical supply chains and to make Japan less susceptible to geopolitical tensions and non-traditional security disruptions to supply chains.

The four pillars should be seen as part of Japan's multilateral efforts to promote financial and environmental sustainability in its infrastructure and connectivity projects. They are based on transparency and rules-based initiatives throughout the Indo-Pacific and at home. The focus on the security of core infrastructure and non-disclosure of patents on sensitive technologies that could be used for military purposes also speaks to Japan's concerns about dual-use technology and the potential vulnerabilities of infrastructure and connectivity that could potentially be exploited by an adversary during a time of geopolitical friction.

The recent cyberattacks on a domestic automobile parts manufacturer (Davis and Horie 2022) are proof to Japan that it and other countries need to develop robust defences against malevolent actors. In fact, on March 1, 2022, Japan's Cabinet Secretariat Cabinet Cyber Security Center released a warning to Japanese businesses about the severe vulnerability of the country's infrastructure and business security systems (Japan, Ministry of Economy, Trade and Industry 2022).

These domestic measures will strengthen Japan's core infrastructure at home and will be included in infrastructure projects abroad. This will complement the aforementioned BDN and Quad initiatives to build more sustainable and secure infrastructure and connectivity abroad in technology and other supply chains.

Similarly, the *America COMPETES Act* has been crafted to “empower American workers and businesses. It will also strengthen our nation’s financial system and allow us to better compete with the rest of the world, especially with the People’s Republic of China” (United States, House Committee on Financial Services 2022).

Among its many core provisions that will slow China’s ability to provide loans and sustain the BRI are the US Policy on World Bank Group and Asian Development Bank Loans to China, the US Policy on Multilateral Development Bank Co-Financing Arrangements with China’s Infrastructure Bank, and the China Financial Threat Mitigation and Support for Debt Relief for Developing Countries provisions.

“ *China may have changed how it runs the BRI through project-based infrastructure.* ”

The US Policy on World Bank Group and Asian Development Bank Loans to China directs “the Treasury to vote against any loans to China from the World Bank or Asian Development Bank unless the Secretary of Treasury has certified to Congress that China credibly participates in multilateral debt relief initiatives on terms comparable to other G-20 governments; allows borrowing countries to seek restructuring of China loans in official multilateral debt relief forums; allows for the public disclosure of the terms and conditions of its loans to other countries; and such assistance contributes significantly to the provision of a global public good that serves the national interest of the United States, such as limiting the negative impacts of climate change” (United States, House Committee on Financial Services 2022).

This directive will strengthen the position of loan recipients in their dealings with China by ensuring that BRI-related loans meet G20 standards. This will affect the BRI model in that it will be less able to undercut competitors of its infrastructure and connectivity initiatives. It may also make the BRI more transparent and internationally competitive if the leadership in Beijing decides to use international pressure to improve the BRI brand.

In contrast, the US Policy on Multilateral Development Bank Co-Financing Arrangements with China’s Infrastructure Bank and the China Financial Threat Mitigation provisions link US co-financing with the China-led Asian Infrastructure Investment Bank (AIIB) to AIIB’s certification that it provides grants and concessional assistance to its poorest members. Certification based on a track record of meeting international standards may disaggregate some of the com-

parative advantages the BRI has leveraged to date to sell its non-binding initiatives, which will make them less attractive to recipient countries.

This approach is meant to lessen the concern of Chinese financial threats and coercion by enhancing transparency and standards.

Lastly, the Support for Debt Relief for Developing Countries provision in the *America COMPETES Act* aims to “establish clear procedures and a commitment to transparency and equitable burden-sharing through broad creditor participation.” Like the provisions above, this provision aims to take away the hitherto comparative advantages that the BRI has enjoyed. By demanding more transparency, this provision will both create incentives for the BRI to converge with higher-standard infrastructure and connectivity initiatives and will raise the cost for Beijing to expand its geo-economic influence effectively and cheaply through the BRI.

Russian invasion of Ukraine

While still an ongoing crisis, Russia’s invasion of Ukraine has placed China in a difficult position. China has good relations with both Russia and Ukraine, and Ukraine is also home to several BRI projects. As a result, the ongoing invasion is having an adverse impact on China’s relations with both countries and on the attractiveness of the development of an Eastern European corridor based in Ukraine. This has ramifications for BRI projects in any of the former Soviet republics and highlights sensitivities Russia may have about China’s using the BRI to enhance its influence in what Russia understands as its backyard.

The invasion has also disrupted agricultural supply chains with wheat prices increasing more than 5 percent to US\$9.41 a bushel in European and US trade following the invasion (Mizen 2022). Other commodities such as Russian potash, aluminium, and nickel have also increased in price in the wake of the invasion of Ukraine, creating further headwinds for the Chinese economy that is already slowing because of structural issues, periodic COVID-19 outbreaks, and the subsequent large lockdowns (Kennedy 2022).

The invasion-related disruptions to the Chinese economy generally, and the BRI specifically, will continue to challenge the geopolitical and financial sustainability of BRI projects. As the US, the EU, and other states continue to levy sanctions and isolate Russia to defend the Ukraine and the current international order, there may be a further expansion of the conflict or broader sanctions on Russia, and potentially China, if it decides to directly support the Kremlin economically in any way. In either case, these are not positive developments for China’s BRI.

Balancing strategic autonomy and opportunity

From bridges to tunnels, and from ports to highways, emerging countries in the Indo-Pacific and on the Eurasian continent understand that their development and prosperity are related to investing in infrastructure and connectivity. They have watched how first Japan, then the so-called four tigers of Singapore, Hong Kong, Taiwan, and South Korea, and finally China invested in infrastructure to develop their economies and deliver prosperity to their citizens.

For landlocked countries like Laos, Nepal, and many South-Central Asian states, the BRI is an economic lifeline and a “magic bullet” that can solve issues that have kept these countries isolated and, in many cases, mired in poverty for generations. The strategic opportunity associated with the BRI is an opportunity for these countries to unlock their wealth, raise the quality of life for their citizens, and move from the status of an emerging state to a state that has the financial resources to develop comprehensively.

At the same time, a growing number of countries are becoming more aware of the need to balance their strategic autonomy with the opportunity for development when they agree to engage in BRI projects. This awareness includes caution concerning the non-binding but confidential memoranda of understanding (MoU), potential pitfalls associated with financing, and requests by the Chinese government that are linked to the countries receiving BRI funding.

By way of example, 15 non-binding and confidential Belt and Road Initiative MoUs in Latin America have been given to countries that have diplomatically recognized the People’s Republic of China (as opposed to Taiwan) (Roby 2020). Also, the European nations of Greece and Hungary have come under the influence of China by agreeing to BRI projects (Goulard 2021). The most glaring examples include Greece blocking an EU statement on China’s human rights violations at the United Nations in June 2017 (Euractiv, Reuters 2017), Hungary and Greece objecting to a common EU declaration on the South China Sea Dispute in 2016 (Lind 2019), and China employing economic enticements between 2016 and 2018 to three African and three Latin American countries to adhere to a “One China” policy in return for promises of economic assistance. Further, pressure on these countries to establish relations with China was followed by significant economic deals and financial support (Green, Nelson, and Washington 2020).

Aside from using BRI inducements as a *quid pro quo* for political compromises, the danger that stems from these “strings-attached,” non-binding, but confidential MoUs is that they can and do fracture institutional consensus on issues sensitive to China. We saw this Greece’s refusal to adopt a UN statement on China’s human rights in June 2017. Greece’s position made it difficult for the EU, a union that was founded on a shared respect and understanding of human rights, to come to a consensus on a position on human rights in China.

ASEAN has also been subject to fracturism, with China using BRI inducements to encourage members to break away from a common position on the South China Sea (Goh 2021; also Parepa 2020). According to Mark Beeson, professor of International Politics at the University of Western Australia, ASEAN's susceptibility to fracturism is paradoxically related to China's BRI and to Southeast Asian countries being aligned on the need to integrate China and the region through infrastructure and connectivity, making them vulnerable to pressure from China (Beeson 2022). At the same time, ASEAN's lack of resources makes the association dependent for resources on outside actors like China, Japan, and the United States, which constrains its policy decisions.

In short, balancing strategic autonomy and opportunity in the context of the BRI is related to the institutional design of ASEAN, its dependency on outside actors for funding, and internal differences as to their proximity and vulnerability to positive or negative Chinese inducements.

Trust

Trust between China and its regional partners is key to the trajectory and future the BRI. *The State of Southeast Asia: 2021 Survey Report* echoes previous surveys in the series, stating that “China remains the undisputed influential economic power in the region according to 76.3% of respondents. [The] Majority of those (72.3%) who view China in this way point to worries about its growing economic influence. China continues to be seen as the most influential political and strategic power (49.1%), which also engenders considerable anxiety over Beijing's strategic clout in the region (88.6%)” (Seah, Ha, Martinus, and Thao 2021, 4).

According to the survey, concerns about China's role and influence in Southeast Asia are not merely economic. Some Southeast Asian states see “China's militarisation and assertive actions in the SCS” potentially leading “to a political crisis (45.2%)” (Seah, Ha, Martinus, and Thao 2021, 15).

These results resonate with the Lowy Institute's *Asia Power Index: 2021 Edition*, with China's diplomatic and cultural influences decreasing in the Asia region broadly (Lowy Institute 2021). The Pew Research Center also found in its survey of public opinion of China in 17 advanced economies in North America, Europe, and the Asia-Pacific region, that “unfavorable views of China are also at or near historic highs. Large majorities in most of the advanced economies surveyed have broadly negative views of China, including around three-quarters or more who say this in Japan, Sweden, Australia, South Korea and the U.S.” (Silver 2021).

In contrast to the Pew Survey of advanced countries show a diverse set of views when it comes to China. Shigeto Sonoda (2021) found that Japan, Korea, and Southeast Asians held a mix of views about China and its influences,

but at the same time, those surveyed understood the opportunities associated with China's economic size and growth. This is similar to the *17th Joint Public Opinion Poll Japan-China Public Opinion Survey 2021* conducted by the Genron NGO (non-governmental organization), which found that despite record unfavourability ratings of China in Japan, respondents also recognized the economic importance of China and engaging pragmatically with it (Genron NPO 2021).

In the case of advanced countries and some Southeast Asian countries, trust in China and in its signature initiatives such as the BRI has been adversely affected by the COVID-19 pandemic and the subsequent acerbic Wolf Warrior diplomacy that has characterized much of China's recent dealings with specific countries and regions (Nagy and Nguyen 2020). Interestingly, for every Wolf Warrior diplomat attacking specific countries, there were "Panda Diplomats"² actively courting BRI countries and the emerging world.

Despite the proactivity of these Panda Diplomat initiatives, Southeast Asian views of China, the BRI, and its positive or negative influences across all five Central Asian countries are remarkably alike. Ruling elites tend to be more pro-China and subsequently more inclined towards the BRI whereas the general citizenry is skeptical of Chinese economic and cultural expansion (Vakulchuk and Overland 2019, 117-118). He (2020), in her study "A Community with a Shared Future: Beijing's Vision of China-Africa Relations," found a similar gap between elites and the public sentiment with regards to the benefits of the BRI and the potentially predatory practices of Chinese business. Others, such as Voon and Xu (2020), found little if any correlation between BRI investments in a particular country and a measurable increase in soft power or trust in China within that country.

What is clear about the trajectory and future of the BRI in the emerging world is that trust, or lack thereof, remains a critical barrier to China's efforts to expand the BRI. Whether China can overcome this trust deficit is an open question, but it is still key to how the country pursues its external influence through the BRI.

Conclusion

The economic headwinds that China is battling and its comparative advantages will both affect the trajectory and influence of the BRI in the years ahead. Structural issues, geopolitical tensions, the COVID-19 pandemic, and now the Ukraine-Russian conflict will all contribute to putting downward pressure on the Chinese economy. These downward pressures will limit the resources that can be deployed to the BRI as a geoeconomic instrument to achieve China's strategic national objectives including regime sustainability, territorial in-

tegrity, and “reanimating the *Tian Xia* system (under heaven), a Sino-centric system in which surrounding states deferred (from China’s point of view) to Beijing’s political and security views for a beneficial economic relationship” (Nagy 2022b).

In the short- to mid-term, the BRI’s trajectory and influence will be less influenced by downward pressures on the economy and more influenced by six trends: financial uncertainties; FOIP and other BRI alternatives; economic security bills in the US and Japan; Russia’s invasion of Ukraine; balancing strategic autonomy and opportunity; and trust. While not an exhaustive list of factors influencing the BRI’s expansion, these six trends are difficult to overcome in the shadow of the deepening US-China strategic competition.

Financial uncertainties that countries have about China and the BRI will continue to be opportunities for the US and its partners to provide alternatives to the BRI. These alternatives will push the BRI to adopt similar standards to the FOIP so it can compete in the market of ideas. However, there will be limitations on how much transparency and rule-of-law approach the Chinese system will be able to assimilate while maintaining its systemic characteristics.

The plethora of alternatives to BRI that are emerging, such as the FOIP vision, Quad, RSCI, MOUs on business cooperation, and the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure, mean that those seeking infrastructure and connectivity opportunities have choices when it comes to the kinds of assistance they select. Choice leads to increased strategic autonomy and the ability to seize more development opportunities. These choices will ensure that recipients are less obligated by dint of being overly dependent on one loan or one infrastructure provider.

In the long-term, China, like Japan, South Korea, and other countries in the region, faces severe demographic challenges. These will certainly reduce the resources that can be diverted to the BRI. In future, China will have less ability to use the BRI as a geoeconomic tool to reshape the Indo-Pacific region into an architecture better suited to its geopolitical preferences.

About the author



Stephen R. Nagy is a senior associate professor at the International Christian University in Tokyo, a senior fellow with the MacDonald Laurier Institute (MLI), a fellow at the Canadian Global Affairs Institute (CGAI), a Senior Fellow with the East Asia Security Center (EASC), a visiting fellow with the Japan Institute for International Affairs (JIIA), and the Director of Policy Studies for the Yokosuka Council of the Asia-Pacific Studies (YCAPS).

Twitter handle: @nagystephen1

References

Aamir, Adnan. 2020. “China-Iran Deal Overshadows Pakistan Belt and Road Project.” *Nikkei Asian Review* (July 21). Available at <https://asia.nikkei.com/Spotlight/Belt-and-Road/China-Iran-deal-overshadows-Pakistan-Belt-and-Road-project>.

Amiti, Mary, and Caroline Freund. 2007. “China’s Export Boom.” *Finance and Development* 44, 3 (September): 38–41. International Monetary Fund. Available at <https://www.imf.org/external/pubs/ft/fandd/2007/09/amiti.htm>.

Balding, Christopher. 2018. “Why Democracies Are Turning against Belt and Road.” *Foreign Affairs* (October 24). Available at <https://www.foreignaffairs.com/articles/china/2018-10-24/why-democracies-are-turning-against-belt-and-road>.

Beeson, Mark. 2022. “Decentered? ASEAN’s Struggle to Accommodate Great Power Competition.” *Global Studies Quarterly* 2, 1 (January). Available at <https://academic.oup.com/isagsq/article/2/1/ksab044/6513410?login=true>.

Bishop, Bill, and David Rennie. 2022. *Sinocism Podcast #4: The Economist’s David Rennie on Online Nationalism, Discourse Power, Reporting from China, US-China Relations*. Podcast. Sinocism (February 10). Available at <https://sinocism.com/p/sinocism-podcast-4-the-economists>.

Brandt, Loren, John Litwack, Elitza Mileva, et al. 2020. *China’s Productivity Slowdown and Future Growth Potential*. Policy Research Working Paper number 9298. World Bank Group. Available at <https://openknowledge.worldbank.org/handle/10986/33993>.

Brown, Chad P. 2021. “US-China Trade War Tariffs: An Up-to-Date Chart.” Peterson Institute for International Economics (March 16). Available at <https://www.piie.com/research/piie-charts/us-china-trade-war-tariffs-date-chart>.

Bureau of Economic Analysis [BEA]. 2021. “U.S. International Trade in Goods and Services: March 2021.” News release. Government of the United States,

Department of Commerce (May 4). Available at <https://www.bea.gov/sites/default/files/2021-05/trad0321.pdf>.

Center for Security and Emerging Technology [CSET]. 2010. *Outline of the National Plan for Medium- and Long-Term Education Reform and Development* [国家中长期教育改革和发展规划纲要]. Translation (2019). Xinhua News Agency (July 29). Available at <https://cset.georgetown.edu/research/outline-of-the-national-plan-for-medium-and-long-term-education-reform-and-development/>.

Central Committee of the Communist Party of China. 2021. *Resolution of the CPC Central Committee on the Major Achievements and Historical Experience of the Party over the Past Century*. People's Republic of China, State Council. Available at https://english.www.gov.cn/policies/latestreleases/202111/16/content_WS6193a935c6d0df57f98e50b0.html.

Chajdas, Tymoteusz. 2018. "Chapter 17: BRI Initiative: A New Model of Development Aid?" *The Belt and Road Initiative* (Brill Nijhoff): 416-453.

Chen, Jianfu. 2020. "Tension and Rivalry: The 'Belt and Road' Initiative, Global Governance, and International Law." *The Chinese Journal of Comparative Law* 8, 1: 177-196. Available at <https://academic.oup.com/cjcl/article-pdf/8/1/177/33426312/cxaa009.pdf>.

Chen, Qingqing, Cao Siqi, and Fan Wei. 2022. "China Not to Adjust Dynamic Zero-COVID Policy for the Time Being: Chief Epidemiologist." *Global Times* (February 6). Available at <https://www.globaltimes.cn/page/202202/1251557.shtml>.

China News. 2022. "Objective Evaluation of Xi Jinping: Part 1" / [Kèguān píngjià xījìnpíng (sì wàn zì cháng wén)(shàng)/ 客观评价习近平 (四万字长文) (上)] *ChinaNews* (January 23). Available at <https://news.creaders.net/china/2022/01/23/2444392.html>.

China, Ministry of Education. 2018. "China's Education: 40 Years of Epic Achievements." Press release. *People's Daily* (December 19). Available at http://en.moe.gov.cn/news/press_releases/201812/t20181224_364525.html.

ChinaPower. 2021. *Will the Dual Circulation Strategy Enable China to Compete in a Post-Pandemic World?* Center for Strategic and International Studies, China Power Project (December 16). Available at <https://chinapower.csis.org/china-covid-dual-circulation-economic-strategy/>.

Choi, Darren. 2021. *Canada-China Trade: 2021 Q2*. China Institute, University of Alberta (November 3). Available at <https://www.ualberta.ca/china-institute/research/analysis-briefs/2021/q2.html>.

Data Commons. Undated. “Amount of Gross National Income (Purchasing Power Parity) [People’s Republic of China].” The World Bank via Data Commons. <https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?locations=CN>.

Davis, River, and Masatsugu Horie. 2022. “Toyota Idles Japan Plants as Supplier Hit by Cyberattack.” *Bloomberg News* (February 28). Available at <https://www.bloomberg.com/news/articles/2022-02-28/toyota-to-halt-plants-after-cyberattack-on-supplier-nikkei-says>.

Day, Iris. 2017. “Underlying Consumer Price Inflation in China.” *Reserve Bank of Australia Bulletin* (December): 29-36. Available at <https://www.rba.gov.au/publications/bulletin/2017/dec/4.html>

Dobbs, Richard, Susan Lund, Jonathan Woetzel, et al. 2015. *Debt and (Not Much) Deleveraging*. McKinsey Global Institute. McKinsey and Company (February). Available at <https://www.mckinsey.com/~media/mckinsey/featured%20insights/employment%20and%20growth/debt%20and%20not%20much%20deleveraging/mgi%20debt%20and%20not%20much%20deleveragingfullreportfebruary2015.pdf>

Dreger, Christian, and Yanqun Zhang. 2013. “Inflation in China Increasingly Driven by Domestic Factors.” *National Institute Economic Review* 223 (February): R35–38. Available through <http://www.jstor.org/stable/43574429> [pay-wall].

Euractiv, Reuters. 2017. “Greece Blocks EU Statement on China Human Rights at UN.” *Euractiv* (June 18). Available at <https://www.euractiv.com/section/china/news/greece-blocks-eu-statement-on-china-human-rights-at-un/>.

European Commission. Undated. “Total Factor Productivity in Agriculture.” Agri-food Data Portal. European Commission. Available at https://agridata.ec.europa.eu/Qlik_Downloads/InfoSheetSectorial/infoC27.html.

European Union External Action Service [EEAS]. 2021. “EU-Japan Partnership on Connectivity and Quality Infrastructure.” News release (May 27). European Union External Action Service. Available at https://eeas.europa.eu/headquarters/headquarters-homepage/99086/eu-japan-partnership-connectivity-and-quality-infrastructure_en.

Fan, Qiaojia, and Wang Yiran. 2022. “State-Owned Enterprises and Civil Servants are the First Choice for College Graduates to Seek Employment / gāoxiào bìyè shēng qiúzhí shǒuxuǎn guóqǐ hé gōngwùyuán zhè jiè dàxuéshēng jiùyè qiángliè qiú wěn | jiàoyù/高校毕业生求职首选国企和公务员 这届大学生就业强烈求稳 | 教育.” *Caixin* (January 21). Available at <https://mini.caixin.com/2022-01-21/101833061.html> [in Chinese].

Fardoust, Shahrokh, Justin Yifu Lin, Xubei Luo. 2012. *Demystifying China's Fiscal Stimulus*. Policy Research Working Paper 6221. World Bank (October). Available at <https://documents1.worldbank.org/curated/en/838131468239668821/pdf/wps6221.pdf>.

Fassihi, Farnaz, and Steven Lee Myers. 2021. "Defying U.S., China and Iran Near Trade and Military Partnership." *New York Times* (September 24). Available at <https://www.nytimes.com/2020/07/11/world/asia/china-iran-trade-military-deal.html>.

Gao, Henry S. 2022. "The EU-China Comprehensive Agreement on Investment: Between Strategic Opportunity and Strategic Autonomy." *Asian Yearbook of International Economic Law* (March). Research Collection School of Law. Available at https://ink.library.smu.edu.sg/sol_research/3726/.

Gao, Ruidong. 2022. "Prospects of the National Two Sessions: Perspectives from the Local Two Sessions / Quánguó liǎnghuì qiánzhān: Láizi dìfāng liǎnghuì de shìjiǎo / 全国两会前瞻：来自地方两会的视角." *Caixin* (February 28). Available at <https://opinion.caixin.com/2022-02-28/101848113.html> [in Chinese].

García-Herrero, Alicia. 2021a. "What Is Behind China's Dual Circulation Strategy." *China Leadership Monitor* (September 1). Available at <https://www.prcleader.org/herrero>.

García-Herrero, Alicia. 2021b. "China's Financing of the Belt and Road Initiative During the Pandemic." Istituto per gli Studi di Politica Internazionale [ISPI] (April 12). Available at <https://www.ispionline.it/it/pubblicazione/china-financing-belt-and-road-initiative-during-pandemic-29948>.

Garlick, Jeremy. 2019. *The Impact of China's Belt and Road Initiative: From Asia to Europe*. Routledge.

Genron NPO. 2021. *The 17th Joint Public Opinion Poll: Japan-China Public Opinion Survey 2021*. Analysis paper. Genron NPO (October). Available at <https://www.genron-npo.net/en/pp/docs/211025.pdf>.

Goh, Norman. 2021. "Is Southeast Asia Waking Up to the Need for Unity in South China Sea?" *South China Morning Post* (April 19). Available at <https://www.scmp.com/week-asia/politics/article/3129538/southeast-asia-waking-need-unity-south-china-sea>.

Goulard, Sebastien. 2021. "Europe and the US-China Confrontation in the Indo-Pacific." In Pramod Jaiswal and Deepak Prakash Bhatt (eds.), *Rebalancing Asia: The Belt and Road Initiative and Indo-Pacific Strategy* (Springer): 69-80.

Green, Will, Leyton Nelson, and Brittney Washington. 2020. *China's Engagement with Africa: Foundations for an Alternative Governance Regime*. U.S.-China Economic and Security Review Commission (May 1). Available at <https://www.uscc.gov/research/chinas-engagement-africa-foundations-alternative-governance-regime>.

Haasbroek, Michael. 2020. "Stimulus Package Reveals China's Financial Constraints." Mercator Institute for China Studies (July 13). Available at <https://merics.org/en/analysis/stimulus-package-reveals-chinas-financial-constraints>.

He, Wenping. 2020. "A Community with a Shared Future: Beijing's Vision of China-Africa Relations." *China Quarterly of International Strategic Studies* 6, 1: 37-52. Available at <https://www.worldscientific.com/doi/10.1142/S2377740020500025>.

Hong, Han Yong. 2021. "China's Desperate Measures to Avert a Looming Economic Crisis." Grace Chong and Candice Chan (tr.). *ThinkChina* (December 24). Available at <http://www.thinkchina.sg/chinas-desperate-measures-avert-looming-economic-crisis>.

International Monetary Fund [IMF]. 2021. "Policy Responses to COVID-19: China, People's Republic of." *Policy Tracker* (July 1). International Monetary Fund. Available at <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C>.

Japan Bank for International Cooperation [JBIC]. 2018. "JBIC signs MOU with Overseas Private Investment Corporation of the U.S., Department of Foreign Affairs and Trade, and Export Finance and Insurance Corporation of Australia." Japan Bank for International Cooperation (November 12). Available at <https://www.jbic.go.jp/en/information/press/press-2018/1112-011585.html>.

Japan, Ministry of Economy, Trade and Industry [METI]. 2011. "Chapter 1, section 1, part 3: Current Status and Problem of China's Economy." *White Paper on International Economy and Trade 2011*. Government of Japan: 91-118. Available at <https://www.meti.go.jp/english/report/downloadfiles/2011WhitePaper/1-1-3.pdf>.

Japan, Ministry of Economy, Trade and Industry [METI]. 2021. "Joint Statement on the Supply Chain Resilience Initiative by Australian, Indian and Japanese Trade Ministers." Government of Japan (April 27). Available at <https://www.meti.go.jp/press/2021/04/20210427004/20210427004-1.pdf>.

Japan, Ministry of Economy, Trade and Industry [METI]. 2022. “Strengthening Cyber Security Measures (Warning) / サイバーセキュリティ対策の強化について (注意喚起) / Saibāsekyuriti taisaku no kyōka ni tsuite (chūi kanki).” Government of Japan, Cabinet Cyber Security Center (March 1). Available at <https://www.meti.go.jp/press/2021/03/20220301007/20220301007-1.pdf> [in Japanese].

Japan, Ministry of Foreign Affairs. [2021.] “Quad Leaders’ Joint Statement: “The Spirit of the Quad.”” Government of Japan. Available at <https://www.mofa.go.jp/files/100159230.pdf>.

Japan, Ministry of Foreign Affairs. 2007. “‘Confluence of the Two Seas.’ Speech by H.E. Mr. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India” (August 22). Government of Japan. Available at <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

Japan, Ministry of Foreign Affairs. 2020. “Australia-India-Japan Economic Ministers’ Joint Statement on Supply Chain Resilience.” Government of Japan (September 1). Available at <https://www.meti.go.jp/press/2020/09/20200901008/20200901008-1.pdf>.

Jiji Press. 2022. “Cabinet Decision on Economic Security Promotion Bill = Secure Stable Supply of Important Supplies, Penalties/ 経済安保推進法案を閣議決定 = 重要物資の安定供給確保、罰則も/ Keizai anpo suishin hōan o kakugi kettei = jūyō busshi no antei kyōkyū kakuho, bassoku mo.” Jiji Press (February 25). Available at <https://www.nippon.com/ja/news/yjj2022022501325/> [in Japanese].

Kennedy, Scott. 2022. “China’s Economy and Ukraine: All Downside Risks.” Center for Strategic and International Studies [CSIS] (March 3). Available at <https://www.csis.org/analysis/chinas-economy-and-ukraine-all-downside-risks>.

Köksoy, Fulya. 2018. “7: The Rising Eco-Power in Global World: An Analysis Over the Economic Growth Model of PRC.” In Farhang Morady, Hakan Kapucu, Ömer Yalçınkaya (eds.), *Development and Growth: Impacts of Globalization*, volume 3. (International Journal of Politics & Economics): 129-147.

Kratz, Agatha, Daniel H. Rosen, and Matthew Mingey. 2020. “Booster or Brake? COVID and the Belt and Road Initiative.” Rhodium Group (April 15). Available at <https://rhg.com/research/booster-or-brake-covid-and-the-belt-and-road-initiative/>.

Lew, Jacob J., and Gary Roughead (chairs). 2021. *China's Belt and Road: Implications for the United States*. Independent Task Force Report 79. Council on Foreign Relations. Available at https://www.cfr.org/report/chinas-belt-and-road-implications-for-the-united-states/download/pdf/2021-04/TFR%20%2379_China%27s%20Belt%20and%20Road_Implications%20for%20the%20United%20States_FINAL.pdf.

Lind, Jennifer. 2019. *The Rise of China and the Future of the Transatlantic Relationship*. Briefing. Chatham House (July 29). Available at <https://www.chathamhouse.org/2019/07/rise-china-and-future-transatlantic-relationship>.

Lowy Institute. 2021. *Asia Power Index: 2021 Edition*. Lowy Institute. Available at <https://power.lowyinstitute.org/>.

Ma, Joy Dantong. 2018. "China's Trade War Tools and Their Effects on the US Economy." *MacroPolo* (July 18). Available at <https://macropolo.org/chinas-trade-war-tools/?rp=e>.

MacroPolo. 2021. "China's Debt Hangover." *MacroPolo* (June 14). Available at <https://macropolo.org/digital-projects/china-local-debt-hangover-map/>.

Malden, Kaj, and Suzanna Stephens. 2020. *Cascading Economic Impacts of the COVID-19 Outbreak in China*. U.S.-China Economic and Security Review Commission (April 21). Available at https://www.uscc.gov/sites/default/files/2020-04/Cascading_Economic_Impacts_of_the_Novel_Coronavirus_April_21_2020.pdf.

Mangi, Faseeh. 2020. "China's Belt and Road Awakens with a Push Through Pakistan." *Bloomberg* (July 21). Available at <http://bloomberg.com/news/newsletters/2020-07-21/supply-chains-latest-pakistan-helps-revive-china-s-belt-and-road>.

Mizen, Ronald. 2022. "Wheat Prices Spike on Ukraine Invasion, China Offers a 'Lifeline.'" *The Financial Review* (February 25). Available at <https://www.afr.com/world/europe/wheat-prices-spike-on-ukraine-invasion-china-offers-a-lifeline-20220225-p59zlj> [paywall].

Mullen, Andrew. 2020. "China Trade: Everything You Need to Know." Explainer. *South China Morning Post* (December 8). Available at <https://www.scmp.com/economy/china-economy/article/3113035/china-trade-everything-you-need-know>.

Muraviev, Alexey D., Dalbir Ahlawat, and Lindsay Hughes. 2021. "India's Security Dilemma: Engaging Big Powers while Retaining Strategic Autonomy." *International Politics* (2021): 1-20. Available at <https://link.springer.com/article/10.1057/s41311-021-00350-z>.

Nagy, Stephen R. 2021. "Sino-Japanese Reactive Diplomacy as Seen Through the Interplay of the Belt Road Initiative (BRI) and the Free and Open Indo-Pacific Vision (FOIP)." *China Report* 57, 1: 7-21. Available at <https://journals.sagepub.com/doi/full/10.1177/0009445520984735>.

Nagy, Stephen R. 2022a. *Supply Chain Resilience in the Indo-Pacific: Building Mutual Beneficial Dependency*. Policy Perspective. Canadian Global Affairs Institute [CGAI] (February). Available at https://www.cgai.ca/supply_chain_resilience_in_the_indo_pacific_building_mutual_beneficial_dependency.

Nagy, Stephen R. 2022b. "Defending Ukraine Requires a Commitment to a Free and Open Rules-based Order." *Journal of Indo-Pacific Affairs* (February 25). Available at <https://www.airuniversity.af.edu/JIPA/Display/Article/2946174/defending-ukraine-requires-a-commitment-to-a-free-and-open-rules-based-order/>.

Nagy, Stephen R., and Hanh Nguyen. 2021. "Asymmetric Interdependence and the Selective Diversification of Supply Chains." *Journal of Contemporary Eastern Asia* 20, 2: 237-258. Available at <http://koreascience.or.kr/article/JAKO202100451405632.page>.

Nagy, Stephen R., and Hanh Nguyen. 2020. *Cowboy Diplomacy Meets Wolf Warrior Diplomacy: All Politics Are Local*. Canadian Global Affairs Institute [CGAI] (October). Available at https://www.cgai.ca/cowboy_diplomacy_meets_wolf_warrior_diplomacy_all_politics_are_local.

Nyabiage, Jevans. 2020. "Chinese Lenders Turn Off the Taps on International Energy Projects as 'Debt Trap Diplomacy' Criticisms Mount." *South China Morning Post* (February 20). Available at <https://www.scmp.com/news/china/diplomacy/article/3051466/chinese-lenders-turn-taps-international-energy-projects-debt>.

Office of the United States Trade Representative. Undated. "The People's Republic of China: U.S.-China Trade Facts." Office of the United States Trade Representative. Available at <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>.

Okano-Heijmans, Maaïke, and Tomoki Kamo. 2019. *Engaging but Not Endorsing China's Belt and Road Initiative*. Clingendael (May). Available at https://www.clingendael.org/sites/default/files/2019-05/PB_China_Belt_and_Road_Initiative_May_2019.pdf.

Ong, Larry. 2022. "In Leaked Recording, Elite Chinese Scholar Laments Crippling Dysfunction of Communist Regime." *Vision Times* (February 22). Available at <https://www.visiontimes.com/2022/02/22/in-leaked-recording-elite-chinese-scholar-laments-crippling-dysfunction-of-communist-regime.html>. (For original Mandarin recording see: "Full version of Huang Wansheng's internal speech leaked recording: Liu He intervened in epidemic prevention, Wang Huning did not understand at all, exposing the collusion of officials and businessmen to make huge profits in nucleic acid, making the "shit" group a huge profit of 670 billion!" *Der Spiegel*. Available at <https://www.youtube.com/watch?v=RdBvi4BfXJU>.)

Organisation for Economic Cooperation and Development [OECD]. 2021. Economic Forecast Summary (December 2021). *OECD Economic Outlook 2* (December). Available at <https://www.oecd.org/economy/china-economic-snapshot/>.

Panda, Jagannath P. 2020. "India, the Blue Dot Network, and the 'Quad Plus' Calculus." *Journal of Indo-Pacific Affairs* 3, 3 (Fall): 3-21. Available at <https://media.defense.gov/2020/Aug/21/2002482235/-1/-1/1/PANDA.PDF>.

Parepa, Laura-Anca. 2020. "The Belt and Road Initiative as Continuity in Chinese Foreign Policy." *Journal of Contemporary East Asia Studies* 9, 2: 175-201.

Paterson, Stewart. 2022. "The Impact of Dual Circulation Strategy on China's Overseas Investments." News release. Hinrich Foundation (February 8). Available at <https://www.hinrichfoundation.com/research/wp/us-china/dual-circulation-strategy-china-overseas-investments/>.

Qin, Chen, Zhiguo He, Chang-Tai Hsieh, et al. 2021. "Chapter 1: Economic Effects of Lockdown in China." In Sumit Agarwal and Bernard Yeung (eds.), *Impact of COVID-19 on Asian Economies and Policy Responses* (World Scientific): 3-10.

Roby, Varun. 2020. "China's Growing Influence in Latin America." *American Journal of Economics and Sociology* 79, 1 (January): 233-244.

Rogoff, Kenneth, and Yuanchen Yang. 2021. "Has China's Housing Production Peaked?" *China & World Economy* 29, 1: 1-31. Available at <https://onlinelibrary.wiley.com/doi/epdf/10.1111/cwe.12360>.

Saito, Jun. 2021. "Japan's Current Account Balance with China: Is There a Change in Trend?" Japan Center for Economic Research (July 15). Available at <https://www.jcer.or.jp/english/japans-current-account-balance-with-china-is-there-a-change-in-trend>.

Sasaki, Takatoshi, Tomoya Sakata, Yui Mukoyama, et al. 2021. China's Long-Term Growth Potential: Can Productivity Convergence Be Sustained? *Working Paper Series* number 21-E-7. Bank of Japan (June). Available at https://www.boj.or.jp/en/research/wps_rev/wps_2021/data/wp21e07.pdf.

Seah, Sharon, Hoang Thi Ha, Melinda Martinus, and Pham Thi Phuong Thao. 2021. *The State of Southeast Asia: 2021 Survey Report*. ASEAN Studies Centre, ISEAS-Yusof Ishak Institute. Available at <https://www.think-asia.org/handle/11540/13810>.

Silver, Laura. 2021. "China's International Image Remains Broadly Negative as Views of the U.S. Rebound." Pew Research Center (June 30). Available at <https://www.pewresearch.org/fact-tank/2021/06/30/chinas-international-image-remains-broadly-negative-as-views-of-the-u-s-rebound/>.

Sino Insider. 2022. "Analyzing Fang Zhou's 'Objective Evaluation of Xi Jinping'" *Sino Insider* (February 19). Available at <https://sinoinsider.com/2022/02/analyzing-fang-zhous-objective-evaluation-of-xi-jinping/>.

Song, Houze. 2017. "The Unsustainable Foundation of China's Deleveraging." *MacroPolo* (October 16). Available at <https://macropolo.org/unsustainable-foundation-chinas-deleveraging/?rp=e>.

Sonoda, Shigeto. 2021. "Asian Views of China in the Age of China's Rise: Interpreting the Results of Pew Survey and Asian Student Survey in Chronological and Comparative Perspectives, 2002-2019." *Journal of Contemporary East Asia Studies* 10, 2: 262-279. Available at <https://www.tandfonline.com/doi/full/10.1080/24761028.2021.1943116>.

Statistics Canada. 2021a. "Stocks of Principal Field Crops, March 31, 2021." *The Daily* (May 7). Statistics Canada. Available at <https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507b-eng.htm>.

Statistics Canada. 2021b. "Canadian International Trade in 2020: A Year Without Precedent." *The Daily* (April 14). Statistics Canada. Available at <https://www150.statcan.gc.ca/n1/daily-quotidien/210414/dq210414a-eng.htm>.

Strategic Headquarters on the Creation of a New International Order. 2020. *Recommendations Toward Developing Japan's "Economic Security Strategy."* Liberal Democratic Party of Japan, Policy Research Council (December 16). Available at https://jimin.jp-east-2.storage.api.nifcloud.com/pdf/news/policy/201021_5.pdf.

Suzuki, Kazuto. 2022. “Japan’s Economic Security and Semiconductor Industry.” Japan Institute of International Affairs (February 3). Available at https://www.jiia.or.jp/en/ajiss_commentary/japans-economic-security-and-semiconductor-industry.html.

The White House. 2021a. “Fact Sheet: Quad Summit.” Briefing room release. The White House (March 12). Available at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/12/fact-sheet-quad-summit/>.

The White House. 2021b. “Fact Sheet: Quad Leaders’ Summit.” Briefing room release (September 24). The White House. Available at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/24/fact-sheet-quad-leaders-summit/>.

The White House. 2022. *Indo-Pacific Strategy of the United States*. The White House (February). Available at <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>.

United States, Congress. 2021. *S.1260 – United States Innovation and Competition Act of 2021*. 117th Congress (2021-202). Congress.gov (June 8). Available at <https://www.congress.gov/bill/117th-congress/senate-bill/1260>.

United States, Congress. 2022. *H.R.4521 - America COMPETES Act of 2022*. 117th Congress (2021-2022). Congress.gov (February). Available at <https://www.congress.gov/bill/117th-congress/house-bill/4521>.

United States, House Committee on Financial Services. 2022. “America COMPETES Act Containing Key Provisions Authored by Committee Members Passes in House.” Government of the United States (February 4). Available at <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=409057>.

Vakulchuk, Roman, and Indra Overland. 2019. “Chapter 5: China’s Belt and Road Initiative through the Lens of Central Asia.” In Fanny M. Cheung and Ying-yi Hong (eds.), *Regional Connection under the Belt and Road Initiative*. (Taylor and Francis): 115-133. Available at <https://www.taylorfrancis.com/chapters/oa-edit/10.4324/9780429467172-5/china-belt-road-initiative-lens-central-asia-roman-vakulchuk-indra-overland>.

Voon, Jan P., and Xinpeng Xu. 2020. “Impact of the Belt and Road Initiative on China’s Soft Power: Preliminary Evidence.” *Asia-Pacific Journal of Accounting & Economics* 27, 1: 120-131.

Vu, Van-Hoa, Jenn-Jaw Soong, and Khac-Nghia Nguyen. 2021. “Vietnam’s Perceptions and Strategies toward China’s Belt and Road Initiative Expansion: Hedging with Resisting.” *The Chinese Economy* 54, 1: 56-68.

Wilkins, Kelsey, and Andrew Zurawski. 2014. *Infrastructure Investment in China*. Bulletin, June Quarter. Reserve Bank of Australia. Available at <https://www.rba.gov.au/publications/bulletin/2014/jun/pdf/bu-0614-4.pdf>

Wolf, Charles, Siddhartha Dalal, Julie DaVanzo, et al. 2011. "Chapter Two: Population Trends in China and India: Demographic Dividend or Demographic Drag?" *China and India, 2025: A Comparative Assessment* (RAND Corporation): 7-36. Available at <http://www.jstor.org/stable/10.7249/mg1009osd.10>.

World Bank. Undated. "GDP (Current US\$) – China." The World Bank. Available at <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>.

Xia, Cai. 2021a. *China-US Relations in the Eyes of the Chinese Communist Party: An Insider's Perspective*. Hoover Institution (June 29). Available at <https://www.hoover.org/research/china-us-relations-eyes-chinese-communist-party-insiders-perspective-zhong-gong-yan-zhong>.

Xia, Cai. 2021b. "The Party That Failed: An Insider Breakers with Beijing." *Foreign Affairs* 100, 1: 78-97. Available at <https://heinonline.org/HOL/LandingPage?handle=hein.journals/fora100&div=13&id=&page=>.

Xu, Shaomin, and Li Jiang. 2020. "The Emergence and Fallacy of 'China's Debt-Trap Diplomacy' Narrative." *China International Studies* 81.

Xu, Xianchun, Jia Hai, Li Jiao, and Li Junbo. 2021. "Research on the Role of Real Estate Economy in China's National Economic Growth." *Statistical Analysis on Key Economic Areas of China* 1: 1-28. Available at https://www.worldscientific.com/doi/pdf/10.1142/9789811229077_0001.

Xue, Ye. 2021. "China's Economic Sanctions Made Australia More Confident." *The Interpreter* (October 22). Available at <https://www.lowyinstitute.org/the-interpreter/china-s-economic-sanctions-made-australia-more-confident>.

Yu, Nannan, and Mi Jianing. 2012. "Public Infrastructure Investment, Economic Growth and Policy Choice: Evidence from China." *Proceedings of the 2012 International Conference on Public Management (ICPM-2012)*. Advances in Intelligent Systems Research. Atlantis Press. Available at <https://www.atlantispress.com/proceedings/icpm-12/2904>.

Yuan, Zhang, Chong You, Xin Gai, and Xiaohua Zhou. 2021. "On Coexistence with COVID-19: Estimations and Perspectives." *China CDC Weekly* 3, 50: 1057-1061. Available at <https://weekly.chinacdc.cn/en/article/doi/10.46234/ccdcw2021.245>.

Zhu, Haibin, Karen Li, Katherine Lei, and Grace Ng. 2020. *A Stress Test for China's Overseas Lending*. JP Morgan Global Economic Research Note (July 9).

Endnotes

- 1 With the Dual Circulation recalibration or Dual Circulation model, China is working on diversifying its economy away from what it sees as hostile US-led Western efforts to contain China.
- 2 Literally, giant pandas, sent from China to other countries as a tool of diplomacy.

Acknowledgments

The author would like to acknowledge the assistance of Joseph Vetter, MA graduate and research assistant from the International Christian University.

excellent

THOUGHT-PROVOKING

“ Canada shall be the star towards which all men who love progress and freedom shall come.

- Sir Wilfrid Laurier

high-quality

CONSTRUCTIVE

important

insightful

forward-thinking

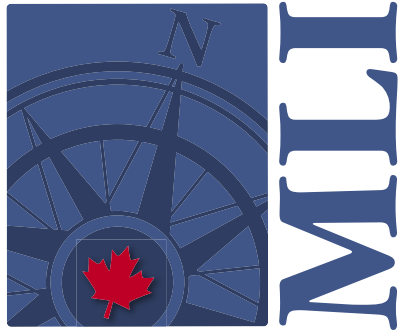
Critically acclaimed, award-winning Institute

The **Macdonald-Laurier Institute** focuses on the full range of issues that fall under Ottawa's jurisdiction.

WHERE YOU'VE SEEN US

- Winner of the Sir Antony Fisher International Memorial Award (2011)
- Templeton Freedom Award for Special Achievement by a Young Institute (2012)
- Prospect Magazine Award for Best North America Social Think Tank (2018)
- Short-listed for the Templeton Freedom Award (2017)
- Cited by five present and former Canadian Prime Ministers, as well as by David Cameron, then British Prime Minister.
- *Hill Times* says **Brian Lee Crowley** is one of the 100 most influential people in Ottawa.
- *Wall Street Journal*, *Economist*, *Foreign Policy*, *Globe and Mail*, *National Post* and many other leading publications have quoted the Institute's work.

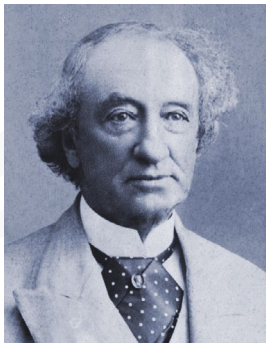




**TRUE NORTH
IN CANADIAN PUBLIC POLICY**

WHAT DO WE DO?

At **MLI**, we believe ideas matter. The Macdonald-Laurier Institute is the only non-partisan, independent public policy think tank in Ottawa focusing on the full range of issues that fall under the jurisdiction of the federal government. We are the leading platform for the best new policy thinking in the country. And our goal is to be an indispensable source of reasoned and timely thought leadership for policy-makers and opinion leaders, and thereby contribute to making Canada the best governed country in the world.



**SIR JOHN A.
MACDONALD**



**SIR WILFRID
LAURIER**

WHAT IS IN A NAME?

The **Macdonald-Laurier Institute** exists to renew the splendid legacy of two towering figures in Canadian history:

Sir John A. Macdonald
and **Sir Wilfrid Laurier**.

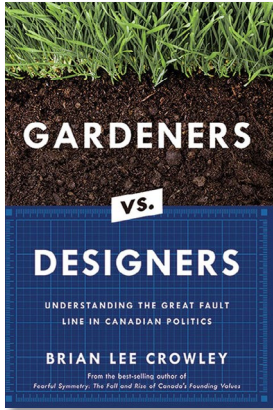
A Tory and a Grit, an English speaker and a French speaker, these two men represent the very best of Canada's fine political tradition. As prime minister, each championed the values that led to Canada assuming her place as one of the world's leading democracies. We will continue to vigorously uphold these values, the cornerstones of our nation.

PROGRAM AREAS

The Institute undertakes an impressive program of thought leadership on public policy. Some of the issues we have tackled recently include:

- Building Canada's energy advantage;
- Achieving reconciliation with Indigenous peoples;
- Making Canada's justice system more fair and efficient;
- Defending Canada's innovators and creators;
- Controlling government debt at all levels;
- Advancing Canada's interests abroad;
- Regulating Canada's foreign investment; and
- Fixing Canadian health care.

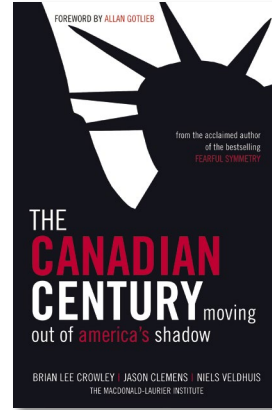
BOOKS



Gardeners vs. Designers
Brian Lee Crowley



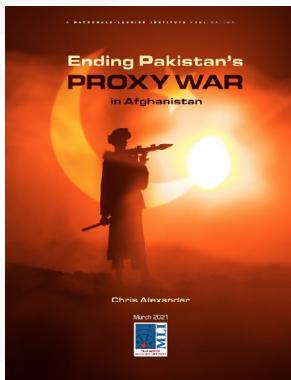
Northern Light
Brian Lee Crowley, Robert P. Murphy, Niels Veldhuis



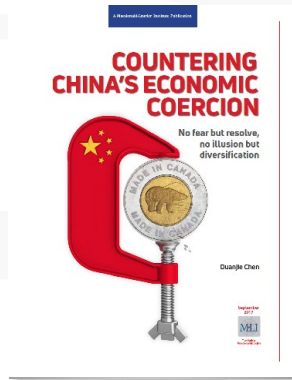
The Canadian Century
Brian Lee Crowley, Jason Clemens, Niels Veldhuis



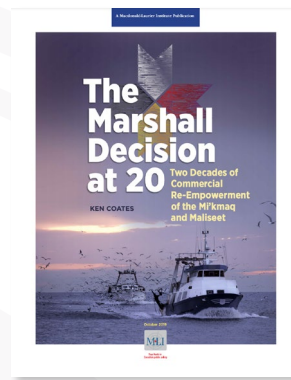
HIGHLIGHTS OF OUR PUBLICATIONS PROGRAM OVER THE YEARS



Ending Pakistan's Proxy War in Afghanistan
Chris Alexander



Countering China's Economic Coercion
Duanjie Chen



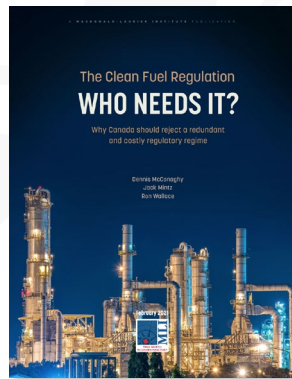
The Marshall Decision at 20
Ken Coates



Who's Afraid of the USMCA?
Richard C. Owens



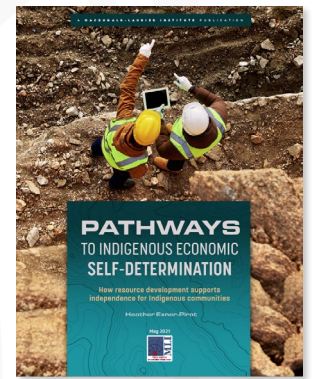
Facing the Authoritarian Challenge
Balkan Devlen



The Clean Fuel Regulation: Who Needs It?
Dennis McConaghy, Jack Mintz, Ron Wallace



Turning the Channel on Cancon
Jill Golick, Sean Speer



Pathways to Indigenous Economic Self-Determination
Heather Exner-Pirot

constructive *important* *forward-thinking*
high-quality *insightful*
active

Ideas change the world

WHAT PEOPLE ARE SAYING ABOUT MLI

The Right Honourable Paul Martin

I want to congratulate the **Macdonald-Laurier Institute** for 10 years of excellent service to Canada. The Institute's commitment to public policy innovation has put them on the cutting edge of many of the country's most pressing policy debates. The Institute works in a persistent and constructive way to present new and insightful ideas about how to best achieve Canada's potential and to produce a better and more just country. Canada is better for the forward-thinking, research-based perspectives that the **Macdonald-Laurier Institute** brings to our most critical issues.

The Honourable Jody Wilson-Raybould

The **Macdonald-Laurier Institute** has been active in the field of Indigenous public policy, building a fine tradition of working with Indigenous organizations, promoting Indigenous thinkers and encouraging innovative, Indigenous-led solutions to the challenges of 21st century Canada. I congratulate **MLI** on its 10 productive and constructive years and look forward to continuing to learn more about the Institute's fine work in the field.

The Honourable Irwin Cotler

May I congratulate **MLI** for a decade of exemplary leadership on national and international issues. Through high-quality research and analysis, **MLI** has made a significant contribution to Canadian public discourse and policy development. With the global resurgence of authoritarianism and illiberal populism, such work is as timely as it is important. I wish you continued success in the years to come.

The Honourable Pierre Poilievre

The **Macdonald-Laurier Institute** has produced countless works of scholarship that solve today's problems with the wisdom of our political ancestors. If we listen to the **Institute's** advice, we can fulfill Laurier's dream of a country where freedom is its nationality.

M A C D O N A L D - L A U R I E R I N S T I T U T E



323 Chapel Street, Suite 300,
Ottawa, Ontario K1N 7Z2
613-482-8327 • info@macdonaldlaurier.ca

 @MLInstitute

 facebook.com/MacdonaldLaurierInstitute

 youtube.com/MLInstitute

 linkedin.com/company/macdonald-laurier-institute