



Road through Rome?

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Italy's proposed endorsement of the BRI highlights the dilemmas within the EU

- Italy's plan to endorse the Belt and Road Initiative, the first such move by a G7 member, will boost China's global ambitions.
- In turn, this highlights the difficulties facing the EU and the U.S. in formulating a concerted response to counter China's growing might.
- On its inception in 2013, the BRI envisaged linking about 65 countries along a modern Silk Road, the transformation of China into a high-income economy and the renminbi's elevation into a global currency.
- Today, it has expanded to over 80 countries, mostly least developed and developing economies, as Beijing seeks to bolster its Made in China 2025 industrial policy.
- The lure of the BRI is attributed largely to the informal nature of the deals Beijing negotiates with partner-states, with attractive loan terms and sans political strings.
- Their opaque nature has spurred criticism that recipients risk being pushed into a debt trap.
- The BRI has moved forward, along with Beijing's other venture, the Asian Infrastructure Investment Bank.
- Many Central and Eastern European countries, EU members and aspirants alike, are part of the "16+1" group, which includes China, collaborating in infrastructure ventures.
- However, Italy, an EU founder-member, will be the first major developed economy to participate in the BRI.
- Italy is counting on its BRI endorsement to boost investment in it, given recent reductions in Chinese outflows into the EU.
- Rome is expected to sign an MoU to participate in the mammoth endeavour during a visit this month of President Xi Jinping.
- China's phenomenal economic expansion since joining the WTO in 2001 has almost altered the global landscape.
- But attempts to block Chinese businesses may prove short-sighted.

- Instead, Western democracies should strive to live up to their repeated pledges, since the 2007-08 global financial crisis, to eschew protectionism and promote rules-based open and free global competition.

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