



ZAWYA BRI FOCUS

THIRD EDITION
A new narrative

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A NEW NARRATIVE

China's massive Belt and Road Initiative (BRI) is in the midst of a strategic reset.

China's ambition to connect the country through rail, ports, energy infrastructure, roads and logistics projects to Africa, Asia and Europe through the Belt and Road Initiative (BRI) has faced a number of headwinds.

Still, with just under 3,000 projects built from 2011 ([see End Note](#)), announced and under way, BRI has altered the landscape. It has connected China to the ends of Europe, helped the country gain a strong foothold in Africa and solidified ties with Middle East, North African and Central and South Asian states. The Initiative aims to foster enhanced connectivity and cooperation among participating countries through infrastructure development, economic integration, and cultural exchange. It consists of the Silk Road Economic Belt, which focuses on land-based infrastructure corridors, and the 21st Century Maritime Silk Road, which centres on maritime connectivity.

Chinese President Xi Jinping's ambition to create new investment and development opportunities for Chinese companies has had early success.

"To develop the Belt and Road is not to replace existing mechanisms or initiatives for regional co-operation," was how the President described the BRI opportunity in 2015 at the Boao Forum for Asia. "Much to the contrary, we will build on the existing basis to help countries align their development strategies and form complementarity."

But it has not always worked out that way. Some countries have struggled with the financial burden of the projects, while others complained of limited economic benefits accrued. Western countries, led by the US, have cast doubt on the initiative and warned BRI client countries not to let their ports and logistics hubs become a strategic edge for China.

In his speech during the launch of the International Debt Report in December 2022, former World Bank Group President David Malpass [noted](#) that China is expected to account for 66 percent of the debt-service payments that IDA (International Development Association) countries will be making on their official bilateral debt in 2022. While China's debt stock is roughly half of bilateral debt, its debt service payments are around 2/3rds of bilateral debt service payment.

The pandemic slowdown, economic challenges within China, and a growing concern over China's increasing influence in vulnerable emerging economies have created potent headwinds.



POST-PANDEMIC SLOWDOWN

There is no doubt that the pace of projects and investments pouring into efforts to connect China to Africa, Asia, and Europe has slowed down considerably.

China was hit hard by the pandemic. It was the first economy to be hit in a major way by COVID-19 and was among the last economies to slowly emerge out of it. Periodic lockdowns of key Chinese cities to eradicate the virus meant one of the world's most industrious workshop was at a virtual standstill. It affected global supply chains in food, technology, energy, and electronics

Prices soared, as manufacturers scrambled to find alternative locations, leading to massive market dislocations, shortages, and disruptions.

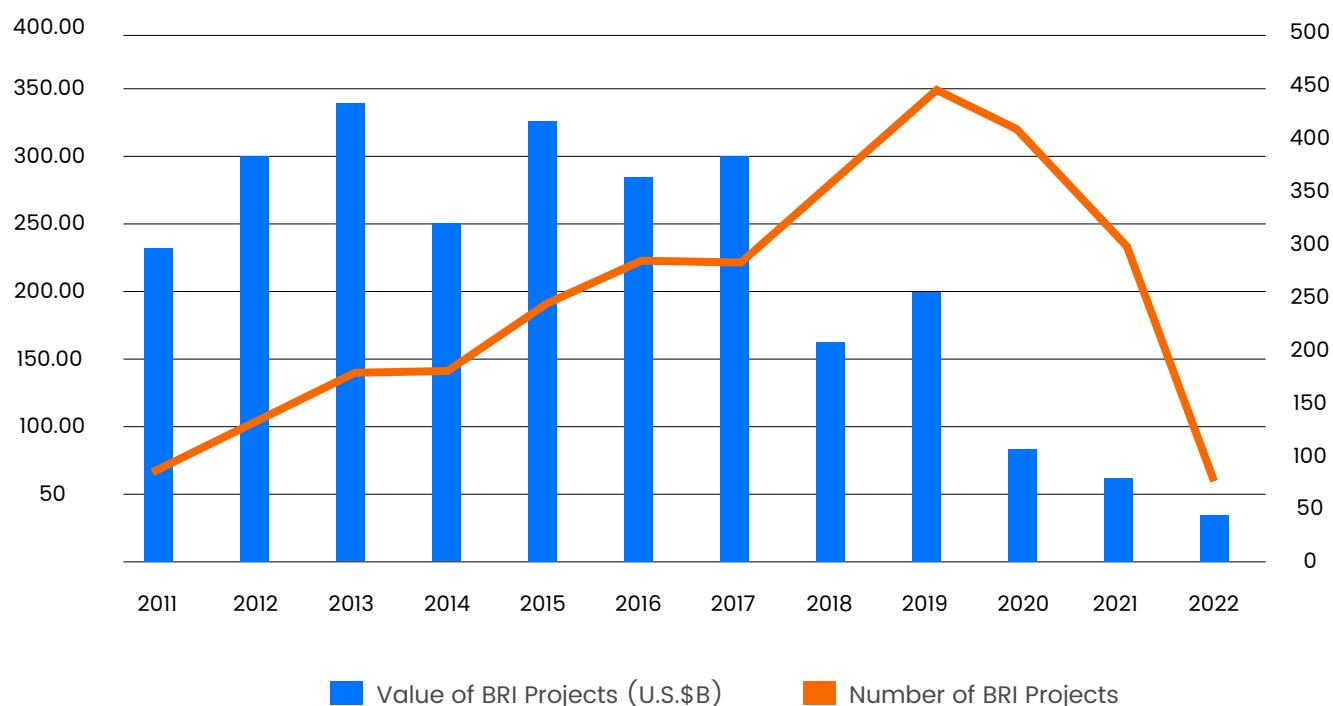
The economic impact is being felt to this day. China's economy, growing at an average annual rate of six percent for much of the past two decades, slowed down to 2.2 percent in 2020. While the International Monetary Fund (IMF) forecasts growth to rebound to 5.2 percent in 2023, it is expected to drop in the medium, said Krishna Srinivasan, Director of the Asia and Pacific Department during an April 2023 press briefing on the Region's economic outlook.

BRI projects were not immune to the downturn.

Pre-pandemic, China rolled out on average of 318 projects annually between 2015 and 2019. That fell to 261 over the next three years. Meanwhile, annual investment commitment too slipped, from an average of \$256 billion between 2015 to 2019 to \$60 billion annually between 2020 and 2022.

Last year was the slowest year for BRI projects both in terms of value and volume: 83 projects were announced with a total value of \$35 billion, according to BRI data captured by Refinitiv's Infrastructure 360 app.

BRI Announced Projects (2011-2022)



Source: Infrastructure 360 BRI database

However, the numbers tell only half the story. While many BRI projects were on pause, China was also playing a leading role in helping its Belt and Road partner countries combat COVID-19.

Chinese vaccines played a key role in the global fight against COVID-19. Indeed, China supplied more than 2.2 billion vaccine doses to over 120 countries and international organisations and dispatched 38 teams of medical experts to 34 countries in need.

Within the G20 Debt Service Suspension Initiative (DSSI) to alleviate debt repayment burden of low- and lower-middle-income countries severely affected by the pandemic, China provided the largest amount of debt service suspension among G20 countries, an April 2023 research report by Johns Hopkins University revealed.

“China has also been actively participating in the G20 Common Framework [the successor of DSSI], for which it has served as cochair in two of the three cases. Through these tangible actions, China has made its active contribution in supporting low-income countries to combat COVID-19 and address the debt issue,” the IMF too noted, in its 2022 Article IV consultation with China.



NEXT CHAPTER OF BRI

The Chinese government says BRI has always been a force for good. Around 151 countries and 32 international organisations have signed documents under the BRI framework, bringing an economic boom to participating countries.

“As a high-quality public good jointly built by all partners, the BRI has brought nearly a trillion US dollars of investment, established over 3,000 cooperation projects, created some 420,000 jobs in countries along the routes, and helped lift nearly 40 million people out of poverty in the past decade,” state news agency [Xinhua](#) said in March 2023.

China-headquartered multilateral financial institutions, such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), also stepped-up support with 191 projects approved, focused on transport, energy, water resources and public health.

China has undertaken significant reforms in financial and risk management mechanisms within Belt and Road projects. Addressing concerns over debt sustainability, efforts have been made to improve risk assessment, project selection, and debt management practices. Collaboration with international financial institutions and the inclusion of private sector participation aim to enhance transparency, ensure responsible lending, and promote sustainable financing.

Notably, the Belt and Road Initiative has also played a significant role in strengthening relationships among different host countries. This is exemplified by China’s involvement in achieving a [diplomatic breakthrough](#) in March, leading to the resumption of diplomatic ties between Iran and Saudi Arabia.

FROM BLACK TO GREEN

A key criticism of the BRI is the focus on coal projects when China is a leader of renewable energy and is a key supplier of solar, wind, nuclear and hydropower supply chains. Introducing and promoting new carbon-intensive coal projects in emerging economies goes against a global effort to cut carbon emissions and mitigate the impact of climate change as set out in the Paris Accord.

There are 125 coal projects under the BRI banner being built, announced or underway at a value of \$127 billion. But last year, not a single coal project was approved, according to Infrastructure 360's BRI data, marking a turning point in China's energy strategy.

Recognising the urgent need for sustainable development, China has introduced the concept of 'Green Belt and Road' to address environmental concerns. This involves incorporating eco-friendly practices, promoting renewable energy projects, and integrating environmental safeguards into infrastructure development. The shift towards green initiatives aims to mitigate ecological risks, strengthen resilience, and promote sustainable growth along the Belt and Road.

Indeed, the Belt and Road Initiative International Green Development Coalition (BRIGC) now features 42 domestic and international institutions. These institutions include All-China Environment Federation, China Civil Engineering Construction Corporation (CCECC), and WWF International.

The coalition, spearheaded by China, aims to develop joint action plans on green development through dialogue, joint research, capacity building and industrial cooperation.

There are close to 533 renewable energy BRI projects built, planned or under way valued at \$258 billion since 2011. Even at a time when BRI projects were hard to come by, renewable projects accounted for a fifth of all projects, accounting for 22 of the 83 projects announced during the year.

BELT AND ROAD: RENEWABLE ENERGY PROJECTS SINCE 2011

YEAR	VALUE (U.S.\$B)	NUMBER OF PROJECTS
2011	13.17	13
2012	36.19	46
2013	32.49	36
2014	15.97	31
2015	17.84	26
2016	29.53	30
2017	59.01	37
2018	28.15	58
2019	12.06	95
2020	7.19	84
2021	3.33	55
2022	2.91	22
GRAND TOTAL	257.85	533

Source: Infrastructure 360 BRI database

NEW ECONOMY PROJECTS

Sustainability and environment are emerging as a new theme in BRI. In 2022, Contemporary Amperex Technology Co., Limited (CATL) launched its \$7.5 billion project to build a 100 GWh [battery plant](#) in Debrecen, east Hungary, - its second battery plant in Europe following its German plant. Covering an area of 221 hectares in the Southern Industrial Park of Debrecen, the project will supply both cells and modules to European automakers.

The Zimbabwean government also signed an [agreement](#) with China's Hong Kong Eagle International Investment Holding and Pacific Goal Investment to build a \$2.8 billion battery metals processing facility, which is expected to be completed by the end of 2025.

The projects were the two largest announced by BRI, according to Infrastructure 360's BRI data.

TOP 10 BRI PROJECTS OF 2022

PROJECT NAME	PROJECT VALUE (U.S.\$B)	COUNTRY
CATL Debrecen EV Battery Plant Project	7.53	Hungary
Zimbabwe Battery Metals Processing Park Project	2.80	Zimbabwe
3 GW Urumqi Source Network Load Storage & Equipment Manufacturing Integration Demonstration Project	2.11	China
East Halmahera EV Battery Integration Nickel Iron Pyrometallurgical Smelting Project	1.81	Indonesia
Sorowako Nickel Smelting Facility Project	1.80	Indonesia
East Halmahera EV Battery Integration Ternary Battery Production Line Project	1.64	Indonesia
Dunman Road Residential Property Development Project	1.55	Singapore
East Halmahera EV Battery Integration Hydrometallurgical Nickel Cobalt Production Line Project	1.53	Indonesia
Kampot Logistics & Port Changhon Village Multipurpose Port & Logistic Centre Project	1.50	Cambodia
East Halmahera EV Battery Integration Ternary Cathode Material Production Line Project	0.647	Indonesia

Source: Infrastructure 360 BRI database

2022 PERFORMANCE

China unveiled a total of 30 projects under the BRI during the first quarter of 2022, with a cumulative worth amounting to \$7.05 billion. However, the subsequent quarter witnessed a decline in the project count to 24, although the total value remained relatively steady at \$7.22 billion.

Moving into the third quarter, the number of projects continued its downward trajectory, decreasing further to 16, but the total value surged to \$20.16 billion. The last quarter of 2022 saw the smallest investment announcement of \$1 billion and the fewest number of projects -13 - since Refinitiv began tracking BRI developments.

With 13 projects, Indonesia took the top spot for the highest number of BRI projects in 2022. Vietnam and Cambodia showed equal participation with five projects each while Singapore and Malaysia had four each.

BELT AND ROAD: TOP PROJECT NATIONS IN 2022

NATIONS	NUMBER OF PROJECTS
Indonesia	13
Vietnam	5
Cambodia	5
Singapore	4
Malaysia	4
Nigeria	3
Ethiopia	3
South Africa	3
Hungary	3
Bangladesh	3
Algeria	2

Source: *Infrastructure 360 BRI database*

While Hungary attracted the highest BRI investments worth \$15.08 billion, Indonesia received \$8.79 billion, and Zimbabwe secured \$2.98 billion.

BELT AND ROAD: TOP PROJECT NATIONS IN 2022

NATIONS	VALUE OF PROJECTS (U.S. \$B)
Hungary	15.08
Indonesia	8.79
Zimbabwe	2.98
Cambodia	1.73
Singapore	1.57
Russia	0.5
Malaysia	0.47
Equatorial Guinea	0.45
Vietnam	0.43
Hong Kong	0.3

Source: Infrastructure 360 BRI database

In 2022, the industry sector emerged as the largest segment within the BRI in terms of both the number of projects (29) and investments (\$28.61 billion). Following closely in second place, the power sector accounted for 20 projects and a total value of \$2.46 billion. The transportation sector secured the third position, in terms of project count, with 10 projects, while the leisure and property sector ranked third in terms of value, totalling \$1.62 billion.

BELT AND ROAD: TOP SECTORS IN 2022

SECTOR	VALUE OF PROJECTS (U.S.\$B)	NUMBER OF PROJECTS
Industry	28.61	29
Power	2.46	20
Leisure And Property	1.62	9
Transportation	1.56	10
Oil And Gas	0.45	4
Mining	0.41	5
Telecommunications	0.37	5
Water And Sewerage	Undisclosed	1

Source: Infrastructure 360 BRI database



THE 11-YEAR TRACK

During the 2011–2022 period ([see End Note](#)), based on the value of projects, Russia remains China’s biggest BRI partner country with \$231.5 billion worth of projects. Moscow’s invasion of Ukraine has left China walking a tight rope between maintaining ties with its European partners that are deeply disturbed by the occupation and maintaining ties with the Kremlin.

Many countries, including the United States and European Union, have imposed economic sanctions on Russia, which have had a significant impact on its economy. These sanctions have complicated Russia’s ability to fully engage in and benefit from the Belt and Road projects.

TOP 10 BRI PROJECT NATIONS BASED ON PROJECT VALUE SINCE 2011

NATIONS	VALUE OF PROJECTS (U.S. \$B)
Russia	231.58
Saudi Arabia	152.74
Malaysia	129.36
Indonesia	122.78
Thailand	98.44
Pakistan	91.09
Mozambique	74.83
Nigeria	74.21
Egypt	73.55
UAE	49.50

Source: *Infrastructure 360 BRI database*

In terms of number of projects, Indonesia topped the table at 133 projects, followed by Russia with 95 projects. But, as the table indicates, South-east Asia is clearly the favourite destination for BRI investments.

TOP 10 BRI PROJECT NATIONS BASED ON NUMBER OF PROJECTS SINCE 2011

NATIONS	NUMBER OF PROJECTS
Indonesia	133
Russia	95
Vietnam	89
Malaysia	87
Bangladesh	86
Pakistan	85
Ethiopia	81
Cambodia	79
Philippines	65
Kenya	64

Source: Infrastructure 360 BRI database

China's initial emphasis on infrastructure development within the Belt and Road Initiative is now expanding to encompass a broader range of sectors. While transportation and energy infrastructure projects remain crucial, there is a growing recognition of the importance of digital connectivity, green development, and sustainable investments.

There are just under 800 transportation projects built, announced or underway valued at just over \$1 trillion, a third of the total. Meanwhile, there are 861 power projects valued at \$563 billion, and 110 oil and gas projects with a total estimated investment of \$421 million since 2011.

TOP BRI SECTORS IN TERMS OF VALUE AND NUMBER OF PROJECTS SINCE 2011

SECTOR	VALUE OF PROJECTS (U.S.\$B)	NUMBER OF PROJECTS
Transportation	1,015.23	799
Power	563.13	861
Leisure and Property	421.25	110
Oil and Gas	386.70	709
Industry	160.83	57
Petrochemicals	155.75	267
Mining	55.34	74
Water and Sewerage	24.03	142
Telecommunications	8.98	34
Waste and Recycling	1.97	14
Agriculture and Forestry	0.71	10

Source: Infrastructure 360 BRI database

The Belt and Road Initiative has faced significant criticisms, encompassing concerns related to debt sustainability, transparency, environmental and social impacts, geopolitical motivations, labour and human rights, consultation processes, and implications for global trade and governance.

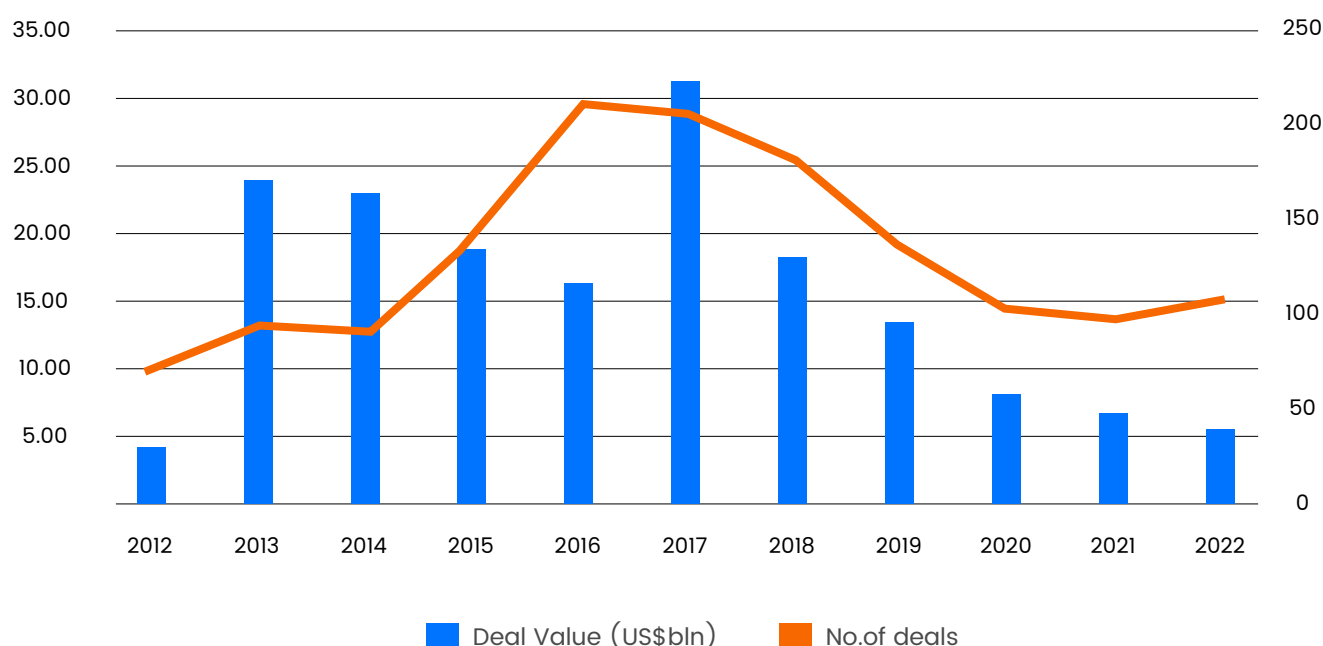
Addressing these criticisms is crucial for China to ensure the long-term success and sustainability of the initiative. Enhancing transparency, conducting comprehensive risk assessments, promoting sustainable practices, prioritising local ownership, and fostering meaningful consultation with local communities and governments are some of the steps that can help address these concerns and foster a more inclusive and responsible next stage of BRI's growth.

M&A TRENDS IN BRI

Chinese acquisitions along Belt and Road nations saw 107 deals in 2022, an increase of nine percent from a year ago. However, value of the deals fell 22.5 percent to \$5.59 billion in 2022, according to the Refinitiv Deals database.

Acquisitions in BRI countries accounted for 30.06 percent of the total Chinese outbound acquisitions. Materials was the most active BRI M&A sector in 2022, accounting for 39.53 percent of the total value, followed by Industrials (32.20 percent) and High Technology (12.34 percent). The lineup remained unchanged in terms of number of deals as well.

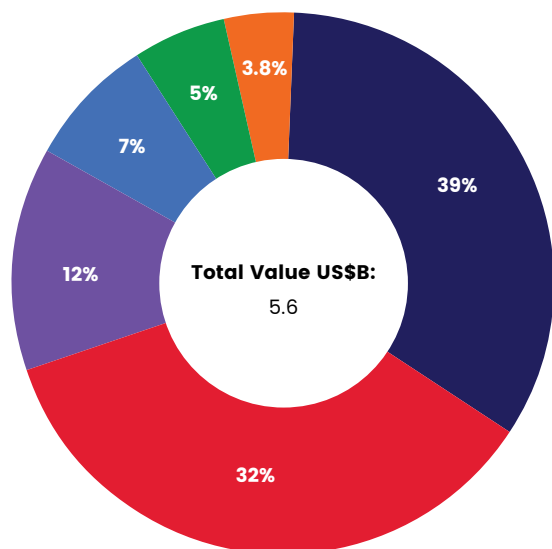
CHINA OUTBOUND M&A'S IN BRI NATIONS (2012-2022)



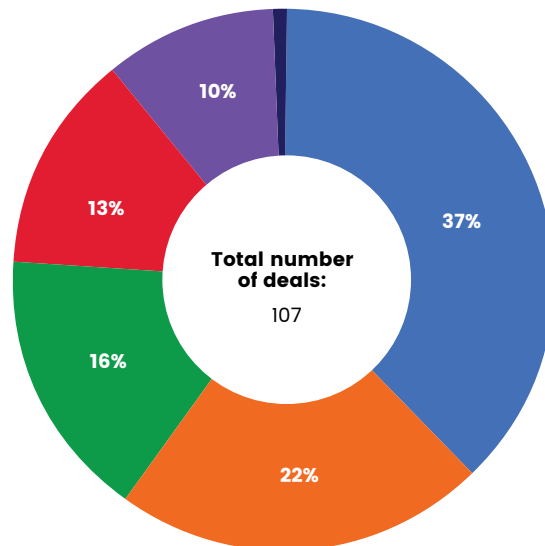
Source: Refinitiv Deals database

2022 CHINA OUTBOUND BRI M&A – SECTORAL PERSPECTIVE

2022 CHINA OUTBOUND BRI M&As IN TERMS OF DEAL VALUE



2022 CHINA OUTBOUND BRI M&As IN TERMS OF DEAL COUNT



Others: Energy and Power, Consumer Products and Services, Healthcare, Retail, Real Estate, Consumer Staples, Media and Entertainment

Source: Refinitiv Deals database

WHAT'S NEXT?

2022 saw updates on the Global Development Initiative (GDI), first proposed by Chinese President Xi Jinping in September 2021 at the UN General Assembly. In our coverage of GDI last year, we wrote that it is a topic to watch out for in the coming months.

In June 2022, President Xi's speech at the High-level Dialogue on Global Development, held on the margins of the 14th BRICS Summit, indicated that instead of being a standalone initiative, GDI will support the Sustainable Development Goals (SDG) under the UN's 2030 Agenda for Sustainable Development. He said China will upgrade the South-South Cooperation Assistance Fund to a Global Development and South-South Cooperation Fund, add \$1 billion to the fund on top of the \$3 billion already committed, and increase input to the UN Peace and Development Trust Fund.

The speech noted that China would work with all sides to advance cooperation in priority areas and mobilise resources for development to deepen global cooperation on poverty reduction and eradication, build capacity for food production and supply, and promote clean energy partnerships.

GDI's institutional element, according to his [speech](#), would be in the form of a global development promotion centre and a global knowledge network for development for the purpose of sharing experience and knowledge on international development.

A PUBLIC GOOD

In President Xi's Report to the 20th National Congress of the Communist Party of China in October 2022, the BRI was described as representative of the country's "proactive strategy of opening up," and as a public good and cooperation platform.

"As a collaborative endeavour, the Belt and Road Initiative has been welcomed by the international community both as a public good and a cooperation platform. China has become a major trading partner for more than 140 countries and regions, it leads the world in total volume of trade in goods, and it is a major destination for global investment and a leading country in outbound investment. Through these efforts, we have advanced a broader agenda of opening up across more areas and in greater depth."

President Xi [emphasised](#) that China would promote the high-quality development of the Belt and Road Initiative.

In the coming years, the BRI is expected to contribute towards China's plans to promote "the [internationalisation](#) of the RMB in an orderly way."

In an opinion article [behind partial paywall] in Nikkei Asia last year, Diana Choyleva and Dinny McMahon of Enodo Economics [wrote](#) that a starting point (for the RMB's internationalisation) could be to encourage Chinese companies to produce goods in BRI countries that will ultimately be exported to their home market and paid for in yuan. Another impetus for the use of the yuan is that sovereign borrowers have often struggled to repay their Chinese lenders in dollars on loans taken for BRI projects in their respective countries.

2023 marks the 10th year of the BRI. If the 3rd Belt and Road Forum takes place this year, as President Xi stated in November 2022 and reiterated during his visit to Russia in March 2023, we can anticipate gaining further insights into the future direction of this massive programme in a post-Covid world wracked by recession, inflation, war and debt overhangs.

END NOTE

Whilst the BRI was officially launched in 2013, many China-funded infrastructure projects announced prior to the launch were subsequently classified as BRI projects. For this report, we have looked at projects from 2011 onwards.



ABOUT ZAWYA

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For Zawya's BRI coverage, visit: <https://www.zawya.com/en/projects/bri>

ABOUT INFRASTRUCTURE 360

[Infrastructure 360](#) combines more than 45 years of leading content from Project Finance International (PFI), BRI Connect, Refinitiv® Lipper®, MENA Projects, Refinitiv® Deals Intelligence, Refinitiv® DataStream, loans, Reuters News and ESG to bring together the world's most comprehensive view of infrastructure. Belt and Road Initiative (BRI), a major driver of global project activity, is integral to Infrastructure 360, with detailed insight into project participants, schedule and financing.

BRI PROJECTS METHODOLOGY

The methodology for identifying BRI projects is as follows: projects that have been identified as such by the Chinese government or Chinese state departments; project contractors that have signed agreements with the government departments of the relevant country along BRI corridors and have obtained the relevant regulators' approvals; projects which are published on the BRI official website: yidaiyilu.gov.cn; projects that have direct Chinese participation at a consultant, owner, contractor and financier level, or are of strategic interest located along a BRI economic corridor; projects where MOUs have been signed or joint statement of cooperation issued between China and the host country. Chinese Involvement projects are not officially disclosed as BRI projects but have direct Chinese participation as either the owner, consultant, contractor or financier.

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