China's Changing Belt and Road Initiative —Inside the "Shift from Quantity to Quality"—

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Summary

1. The Belt and Road Initiative (BRI), announced by President Xi Jinping in 2013 initially sought to expand China's influence on the Eurasian continent through economic cooperation, while avoiding all-out confrontation with the U.S., which is intent on containing China. Therefore, the Xi Jinping administration launched the BRI to achieve two goals: 1) establish a trade zone that could compete with the TPP and 2) tap overseas demand.

2. Until as late as early 2015, China's BRI approach was based on proactive quantitative expansion. However, in the second half of the 2010s, against the backdrop of factors such as China's economic slowdown, the quantitative expansion approach reached its limit. It became difficult to continue expanding external financing, leading to the announcement of a "shift from quantity to quality". While still seeking to establish a China-led bloc and supply chain, the current BRI looks to adapt to changes in the internal and external environment while making qualitative improvements, as a means of compensating for the wane in influence resulting from reduced external lending.

3. An analysis of the eight-point action plan presented at the Third Belt and Road Forum for International Cooperation held in 2023 suggests that the four areas of focus for qualitative improvement are 1) narrowing down the list of priority countries/territories, 2) fostering pro-China sentiment through vocational education and training, 3) expanding in the digital sphere, and 4) supporting the green economy. To assess the extent of the BRI's "shift from quantity to quality," it is necessary to analyze progress in each of these four areas.

4. A comparison of relevant statistical indicators from before and after 2018, when the shift to quality began to be emphasized, reveals a number of trends. External lending has shrunk, in terms of the amounts of both loans made and loans promised. At the same time, there has been a clear reduction in the number of countries targeted. In addition, digital-related cooperation with countries along the Belt and Road and an international cooperation project called "Luban Workshops," which provides vocational education and training, have become more prominent in recent years.

5. In view of the above, an overall assessment of progress in the four areas indicates that in two of them, narrowing down the list of priority countries/territories and vocational education and training, progress is generally being made as President Xi Jinping had envisaged. Diplomatic activities appropriate for keeping emerging countries in the BRI, government control over companies and policy banks, and alignment with recipient countries' needs have supported that progress. On the other hand, progress in expanding in the digital sphere has, except in some areas, been unremarkable. While efforts to support the green economy have only just begun, hardly any progress has been made either. The reasons for this include mismatched perceptions between the Chinese side and emerging countries along the Belt and Road, and the unspoken desire among the emerging countries not to be dragged into the conflict between the U.S. and China.

6. Looking ahead, the number of countries receiving assistance is expected to continue to be reduced. This is because China wants to avoid being saddled with non-performing loans, is prioritizing domestic policies including addressing inequalities, and is facing a harsh economic environment at home. Moves to expand in the digital sphere and support the green economy are unlikely to progress as the Chinese government had hoped. Moreover, the unpredictable diplomatic environment under the Trump administration will surely make administering the BRI even more difficult.

Introduction

It has been more than 10 years since Chinese President Xi Jinping[(1)] launched the Belt and Road Initiative (BRI) in 2013. During this period, alongside changes in the environment surrounding China, there have also been changes in the BRI's approach and nature. In particular, at the Third Belt and Road Forum for International Cooperation in October 2023, President Xi Jinping proclaimed a "shift from quantity to quality," which was much talked about overseas.

Overseas reactions to this policy shift have varied. The typical response has been surprise that the Chinese government, which had kept expanding the BRI despite harsh criticism from the U.S. and some other countries, had suddenly declared a halt to this expansion. The shock was amplified by President Xi Jinping, who had come up with the BRI concept himself, initiating the change of course, and it being announced at the Belt and Road Forum, which was held to enhance China's international status by emphasizing the achievements of the BRI.

On the other hand, some reacted calmly, concluding that the "shift from quantity to quality" was just a realistic response to changes in the environment surrounding the BRI. That being the case, the next matter of interest will be what will happen to the BRI in the future with this course adjustment to a more realistic approach. Some are of the view that it will accelerate the end of the BRI, while others think the opposite will happen, believing that it will make the BRI more sustainable. Still others perceive the supposed change of course as cosmetic, and think there will be no change to the fundamental approach of quantitative expansion.

In the discussion that follows, I intend to shed light on the real nature of the BRI "shift from quantity to quality." First, I will review the changes to the BRI from 2013 to the present day and explain the factors behind the quantitative expansion approach, such as external financing, reaching its limit (1.). Next, with reference to official documents, media reports, and previous research, I will present the current approach and objectives of the BRI (2.). Following on from this, I will highlight the characteristics of the change of approach by performing a before-and-after comparison (3.). After comparing various statistics illustrating to what extent the "shift from quantity to quality" has realized (4.), I will describe the factors that have driven the "shift from quantity to quality" and the factors that have stood in its way (5.). At the end of this paper, based on these observations, I will discuss the expected outlook for the BRI.

1. Changes in the BRI and the limits of the quantitative expansion approach

First, I will review the aims that led to the BRI being proposed. After being proposed by President Xi Jinping in 2013, the BRI followed a path of quantitative expansion, successfully signing up numerous emerging and developing countries (collectively referred to below as "emerging countries"). Subsequently, however, due to changes in the environment surrounding China, it became difficult to maintain the quantitative expansion approach, leading to the declaration of the "shift from quantity to quality." In this chapter, I will describe the sequence of events leading to this.

(1) Initial aims and background of the BRI

In September 2013 in Kazakhstan, President Xi Jinping called for stronger ties with Central Asian countries through the construction of a "Silk Road Economic Belt"[(2)], and in the following month in Indonesia, he made a similar proposal to ASEAN countries, advocating the building of a "21st Century Maritime Silk Road"[(3)] (Table 1). The construction of the aforementioned "Belt" and "Road" was incorporated into the economic reform plan[(4)] announced in November of the same year. Since then, the Xi Jinping administration has pursued

Table 1 BRI timeline (2013-2023)

Year/month	Events
September and October 2013	President Xi Jinping calls for greater cooperation with Central Asia during a visit to Kazakhstan and with ASEAN during a visit to Indonesia
November 2013	The "Silk Road Economic Belt" and "21st-Century Maritime Silk Road" incorporated into China's economic reform plan
June 2014	First BRI memorandum of understanding (MoU) signed with Kuwait
March 2015	The Chinese government publishes "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," centered on infrastructure development in six international economic cooperation corridors
December 2015	The Asian Infrastructure Investment Bank (AIIB) launched (operations begin in January 2016)
January 2017	President Trump signs an executive order for the permanent withdrawal of the U.S. from the TPP
May 2017	The Chinese Government holds the First Belt and Road Forum for International Cooperation
October 2017	The 19th Communist Party Congress positions the BRI as the centerpiece of its opening up strategy, and adopts the policy to promoting it as a new framework (platform) for international cooperation
August 2018	President Xi Jinping instructs Communist Party and government officials to aim for "high-quality development" through the BRI
April 2019	The Chinese government holds the Second Belt and Road Forum for International Cooperation and calls on the leaders of participating countries to aim for "high-quality development"
November 2020	President Xi Jinping expresses his wish to participate in the TPP11 at the APEC Summit
November 2021	President Xi Jinping announces a "shift from quantity to quality" for the BRI to Communist Party and government officials
October 2022	The 20th Communist Party Congress only mentions the achievements of the BRI, stating that it has become firmly established as a platform for international cooperation
October 2023	President Xi Jinping announces a "shift from quantity to quality" at the Third Belt and Road Forum for International Cooperation

Source: Prepared by JRI based on information from "Communist Party of China News Network," "Belt and Road Portal" (official Chinese government website for the BRI), and various media reports

the BRI as the centerpiece of China's external economic strategy. When the BRI was first announced, China's main objectives were twofold.

The first was to establish a trade zone that could compete with the Trans-Pacific Partnership (TPP). At that time, the Obama administration had shifted the U.S. to an Asia-Pacific-focused diplomatic and security strategy (known as the "Pivot to Asia") to counter the rise of China(5). Under this strategy, it concentrated on swiftly concluding an agreement to establish the TPP, which would involve Australia, Japan, Malaysia, and other countries, and tried to contain China's efforts to change "the rules of the global economy"(6).

In response to these moves, the Xi Jinping administration viewed the "Pivot to Asia" by the U.S. as a means of encircling China, and felt compelled to establish its own trade zone as a countermeasure. Given the situation, the concept of a "New Silk Road" put forward by Wang Jisi, then President of the Institute of International and Strategic Studies at Peking University(7), began to attract attention. The New Silk Road concept involved expanding China's influence on the Eurasian continent through strengthening economic relations with the countries in that region, and guarding against China's encirclement while avoiding a full-scale conflict with the U.S. Specific measures to strengthen economic relations included expanding economic assistance to countries located along the old Silk Road in Central Asia, South Asia, the Middle East, and around the Caspian Sea, and securing oil and natural gas from these nations in return. Emphasis would be placed on linking and upgrading railway networks as the means of transportation connecting the trade zone. In fact, the number of freight trains traveling between China and Europe (China Railway Express), which had been in operation since 2011, increased sharply following the Belt and Road proposal.

The second aim was to tap overseas demand. In 2010, the Asian Development Bank Institute (ADBI) estimated that a total of \$3.8 trillion in infrastructure development funding would be required in Asia excluding China between 2010 and 2020 (ADBI [2010]). This is six times more than the stimulus measures (four trillion yuan) taken by China during the global financial crisis. On the other hand, as a result of the large-scale promotion of domestic capital investment and infrastructure development through that four-trillion-yuan stimulus package, China became saddled with a huge surplus of production equipment, which hampered domestic demand-led growth. For China to extricate itself from these circumstances and continue its development, it needed to actively tap into the potential demand of emerging countries in Asia and elsewhere and turn it into a growth engine. Based on this reading of the situation, President Xi Jinping had been keen to expand overseas infrastructure construction since taking office, calling for the establishment of the Asian Infrastructure Investment Bank (AIIB), for example. We can assume that he also intended to boost China's exports by improving infrastructure and accelerating the development of emerging economies.

(2) Articulation of the quantitative expansion approach

Subsequently, in response to deteriorating U.S-China relations, China adopted a more confrontational stance toward the U.S., and actively pursued the so-called quantitative expansion approach, aiming to attract emerging countries through external financing and other forms of economic support. In March 2015, the Chinese government published "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road"(8), which set out a new direction for the quantitative expansion approach. It contained three specific points of note.

First, it expanded the BRI's geographical scope from the Eurasian continent to encompass the entire Global South. Reflecting remarks from President Xi Jinping on reviving the ancient Silk Road in a manner consistent with the 21st century, the government's economic reform plan used the phrase "Silk Road," suggesting that the scope would be limited to areas around the ancient Silk Road. When the BRI was launched, the Chinese government positioned 64 nations as countries along the Belt and Road, and called for stronger economic cooperation with them. These countries overlap with the land and sea routes of the ancient Silk Road.

In contrast, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" clearly stated that the initiative "is not limited to the area of the ancient Silk Road" and added the African continent and the South Pacific. The Chinese government can thus be said to have expressed its intention to also promote cooperation with countries outside the Eurasian continent, where U.S. influence does not reach or has become less significant.

After the publication of the aforementioned document, efforts to bring emerging countries outside the Eurasian continent into the BRI intensified. For Latin American countries, for example, a "Special Statement on the Belt and Road Initiative"(9) was issued at the Foreign Ministerial Meeting between China and the Community of Latin American and Caribbean States (CELAC) in January 2018. In the statement, China positioned Latin American countries as a natural extension of the Maritime Silk Road and indispensable participants in the development of the Belt and Road." In this way, the maritime route, which had been expanded to the South Pacific with "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," was extended to Latin America. For African countries, prior lobbying led to 28 countries signing a BRI memorandum of understanding (MoU) during the Forum on China-Africa Cooperation in September 2018. As a result of bringing more and more countries on board, the geographical scope of the BRI expanded to all parts of the world, with the exception of Western developed countries, India, and Brazil.

The second notable point of the Chinese government's 2015 paper was it placing the construction of international economic cooperation corridors (below, "economic corridors") at the center of the BRI. In the "Vision and Actions on Jointly

Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," six economic corridors were defined: 1) New Eurasia Land Bridge, 2) China-Mongolia-Russia, 3) China-Central Asia-West Asia, 4) China-Indochina Peninsula, 5) China-Pakistan, and 6) Bangladesh-China-India-Myanmar. The development and interconnection of land, sea, and air transportation, energy, and communications infrastructure were identified as a priority area for the BRI[10], and it was declared that support for large-scale projects would be forthcoming.

Third, the 2015 paper stated that assistance from developed countries, such as financing, would be obtained. "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" used the slogan "open cooperation," and said that the BRI "is open to all countries, and international and regional organizations." Since the document frequently uses the term "countries along the Belt and Road," it seems to give room for cooperation from countries that are not along the Belt and Road, especially developed ones.

The first example of this call for cooperation succeeding was the AIIB. The agreement to establish it came into effect at the end of 2015, and it began to finance projects centered on infrastructure in developing countries the following year. In addition, the 57 founding members of the AIIB included major European countries such as the U.K., Germany, and France. With key European nations on board, the AIIB was awarded the top rating by the world's leading rating agencies, and this strong creditworthiness allowed it to raise funds by issuing foreign bonds at low interest rates[11]. From the perspective of countering the U.S., the participation of major European countries was also of great significance. This is because it not only helped enhance China's international presence, but also came to serve as a concrete example of something that could shake up the international financial system (Bretton Woods system) established by the U.S. after World War II.

Although its activities have stalled recently, there was a time when China signed MoUs with developed countries such as the U.K. and Japan, and actively promoted third-country market cooperation[12]. This enabled Chinese companies and firms from the countries with which the MoUs had been signed to cooperate, with support from both their governments, in third-country markets such as those of emerging countries. This was another example illustrating the wish of the Xi Jinping administration at that time to actively expand the BRI with the help of developed countries.

(3) Background to the difficulty of continuing the quantitative expansion approach

However, from the second half of the 2010s, it became increasingly hard to maintain the quantitative expansion approach, and this began to hinder the promotion of the BRI. This can be attributed to the four background factors detailed below.

The first was the souring of loans. As the Chinese government prioritized the BRI role of expanding its international influence and actively provided external loans to emerging countries, its lending portfolio became a mixture of wheat and chaff. Loans with a high risk of souring and no clear link to a borrowing nation's development were sometimes provided just because the project was located in the home region of the country's leader, and after only a cursory screening process.

A multitude of other problems occurred with projects around the world, such as building cost overruns due to construction delays and failure to break even due to low capacity utilization after completion. Loan recipients' declining ability to repay their debts against the backdrop of currency depreciation due to the COVID-19 pandemic and the subsequent global monetary tightening were also an important factor in China scaling back its external lending.

As a result, the amount of loans that were in effect non-performing surged, forcing China to accept renegotiated terms for many loans According to a survey by Rhodium Group, a U.S. research firm, in 2020-2022 the value of loans gone bad (as manifested in revised repayment plans, debt forgiveness, etc.) soared to $76.8 billion, 4.5 times the figure for 2017-2019[(13)].

The Japanese media described some projects as indicative of a "debt trap," but the "external non-performing loans" that emerged were obviously not something China had wanted. For China, the curtailment of problematic lending in connection with the BRI became an urgent task, and a change of course away from quantitative expansion approach became inevitable.

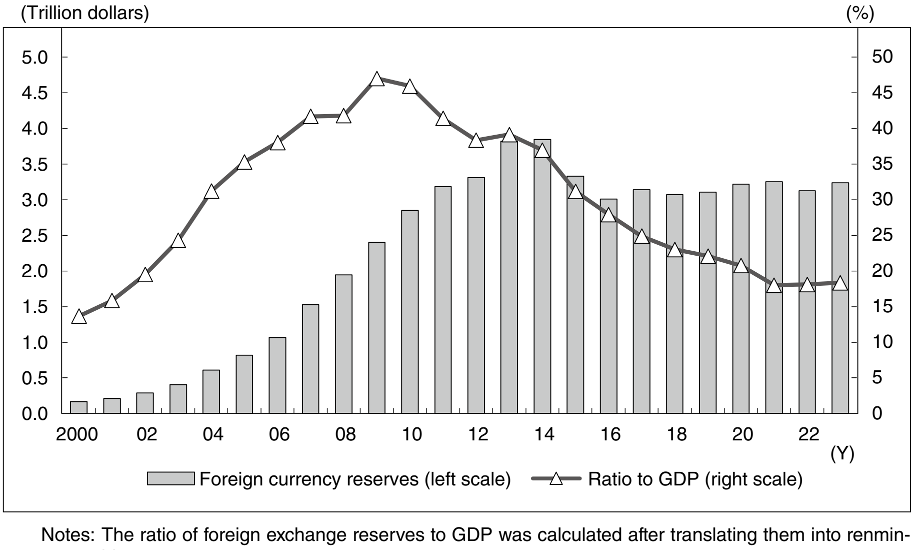
The second factor in the shift away from the quantitative expansion approach was a decline in foreign exchange reserves, which are a source of financing. Until the mid-2010s, China enjoyed continuously high economic growth of around 7% per year. It needed to recycle the huge quantities of foreign currency it was acquiring in the process by providing economic assistance overseas and encouraging outbound direct investment (ODI) by companies (Kajitani [2018]). The Chinese government viewed foreign exchange reserves as a crucial source for external lending and for funding the BRI. For example, it used them to finance the Silk Road Fund (an investment fund of the Chinese government).

However, the reform of the exchange rate regime in the summer of 2015, considered a de facto devaluation of the renminbi, altered the situation dramatically as the currency's exchange rate against the U.S. dollar, which was below 6.2 yuan to the dollar in July 2015, fell as low as 6.9 yuan to the dollar in May 2017. In response to the financial market turmoil caused by the depreciation of the yuan, capital was pulled out of China, prompting the government to release foreign currency reserves to prop up the renminbi. China's foreign exchange reserves, which had peaked at $4 trillion at the end of June 2014, slumped to $3 trillion at the end of January 2017, and have remained between $3.1 and $3.2 trillion since then (Fig. 1). A look at the ratio of foreign exchange reserves to GDP reveals a decline from 39.1% in 2013 to 18.3% in 2023.

In the future, China will have even less scope for recycling funds overseas for international economic cooperation given the possibilities that the current account will slip into deficit due to U.S.-China confrontation and that there will be intervention in the foreign exchange market to maintain the exchange rate in the face of mounting pressure from yuan depreciation.

The third factor in the pivot was the policy stance of the Xi Jinping administration, which has been prioritizing domestic issues over foreign af-

Fig. 1 China's foreign currency reserves and their ratio to GDP



Notes: The ratio of foreign exchange reserves to GDP was calculated after translating them into renminbi.
Source: Prepared by JRI based on data from the People's Bank of China, National Bureau of Statistics of China, and CEIC

fairs. The Xi Jinping administration has gradually taken stronger measures to ensure that the Communist Party can remain in power. For example, it has tried to win over the people by emphasizing action to tackle domestic issues such as inequality. Naturally, inequality is not something that can be fixed overnight. As people struggle to make ends meet and concerns about the future grow, if the Chinese government prioritizes BRI-related debt relief and more external lending, current support among the public may be replaced by dissatisfaction.

In addition, the shift in industrial policy also played a role in putting the brakes on the quantitative expansion approach for the BRI. Starting in 2016, the government pursued supply-side structural reform (SSSR) to reduce excess capacity while avoiding layoffs at companies. As a result of this policy shift, pressure to export products manufactured in excessive quantities eased, and the need to monetize overseas infrastructure projects under the banner of the BRI receded compared to when President Xi Jinping launched the initiative.

The fourth factor was the retraction of various forms of support and cooperation in response to the intensifying U.S.-China rivalry. Initially, developed countries did not necessarily react negatively to the BRI. Some European countries had been supporting the BRI indirectly, joining the AIIB as founding members for instance. There was also a time when the U.S. and Japan explored possible cooperation. For example, they sent delegations to the First Belt and Road Forum on International Cooperation in May 2017.

However, as U.S.-China antagonism grew under the Trump administration, which came to power in 2017, it became difficult to provide support and engage in cooperation in connection with the BRI. In fact, many European developed countries hardened their stance toward China, with an example being the U.K.'s exclusion of Huawei from involvement in its 5G network.

Furthermore, the Biden administration, which began in 2021, altered course from bilateral negotiations to strengthening cooperation with allies and like-minded countries such as Japan and promoted the construction of economic cooperation frameworks led by developed countries in the West to challenge the BRI. These included the Indo-Pacific Economic Framework (IPEF) and the Partnership for Global Infrastructure and Investment (PGII).

Italy was the only G7 country to sign an MoU for the BRI, doing so in 2019. However, it notified China that it would not be renewing the MoU when it expired in 2024, because it did not expect to see economic benefits and because a rethink on excessive dependence on China had taken place in the EU. As a result, China could no longer count on support and cooperation from Western countries in relation to the BRI, making it more difficult to keep pushing forward with the BRI.

(4) Declaration of "shift from quantity to quality"

Due to the changes in the environment surrounding China, it became difficult to maintain the quantitative expansion approach, and the Chinese government began engineering a "shift from quantity to quality" for the BRI. Although President Xi Jinping announced it at the Third Belt and Road Forum for International Cooperation, it was by no means a sudden policy change. Gradual adjustments, detailed below, had been going on for five years before its announcement to the world.

First, in the second half of 2018 at the latest, President Xi Jinping started instructing/advising internal and external parties to aim for "high-quality development." Evidence for this was a symposium marking the fifth anniversary of the BRI in August 2018[(14)].

At this symposium, President Xi Jinping praised the attendees, who included Communist Party and government policymakers and corporate executives, for their achievements in deepening economic cooperation with countries along the Belt and Road, advancing trade and investment liberalization, and delivering quantitative expansion in the five years since the launch of the initiative. After these warm words, however, he expressed the view that going forward, it would be necessary to consolidate the foundations and move on from the grand design phase. He continued that to advance the BRI over the long term, projects should be tackled with a mindset of describing in detail everything envisaged, and instructed attendees to aim for "high-quality development." As measures for qualitative improvement, President Xi Jinping mentioned an emphasis on projects that meet the needs of local people and a strengthening of risk control.

His remarks at the symposium led to "high-quality development" becoming established as a slogan for the BRI. Subsequently, he issued recommendations for other countries at the Second Belt and Road Forum for International Cooperation in April 2019. There, during his keynote speech, President Xi Jinping called on the leaders of the countries participating in the Forum to continue striving together for "high-quality development" along the Belt and Road[15]. This included an emphasis on projects to improve people's livelihoods, further contributions to local economic and social development, and ensuring commercial profitability and fiscal sustainability. Such comments seemed to reflect the Chinese government's desire to reduce the risk of loans souring by strengthening the advanced screening of projects for which assistance had been requested, in order to ascertain their potential profitability and the ability of the borrowers to repay the loans.

The switch from "high-quality development" to the "shift from quantity to quality" took place at the third symposium on development of the BRI in November 2021[16]. Two conclusions could be drawn from President Xi Jinping's speech at this symposium.

The first was that the BRI had pivoted to small-scale projects. President Xi Jinping ordered "small yet smart"[17] projects to be prioritized in the provision of assistance overseas. Previously, the policy has been to prioritize large-scale projects, so this represented a 180-degree reversal.

The second was that balancing input costs and returns would be emphasized. President Xi Jinping said that the benefits and returns from inputs would be increased further[18]. He also urged more robust risk control, which can be interpreted as a reminder to curtail lending and impose stricter loan terms for projects in danger of producing non-performing loans.

However, while this "shift from quantity to quality" was communicated to party/government policymakers, it took time for awareness of it to spread domestically and overseas. Looking back on the situation at that time, the Xi Jinping administration was busy trying to contain the COVID-19 pandemic and prepare for a third term, and probably lacked the time to iron out the details about what the shift to quality would entail. In fact, at the 20th Communist Party Congress in 2022, which presented a great opportunity to showcase the new approach to the BRI to both internal and external audiences, no mention was made of the prioritization of "small yet smart" or any other aspects of the new BRI policy. All that was said was that "high-quality development" would be pursued[19].

It was only at the Third Belt and Road Forum for International Cooperation in October 2023 that China declared the "shift from quantity to quality." The fact that the country's president made this declaration at this official international event can be interpreted as meaning that the shift of the BRI to focus on quality constituted an international commitment from China.

2. Current BRI policy and objectives

What concrete measures does President Xi Jinping intend to take to implement the "shift from quantity to quality" for the BRI? Below, I will use extracts from President Xi Jinping's keynote speech[20] at the Third Belt and Road Forum for International Cooperation (October 2023) to illustrate which fields will be the focus for qualitative improvement, and also explore the background to the new policy and objectives. In that keynote speech in October 2023, sporadic mention was made of the kind of quality improvements China had been aiming for since 2018, and how the objectives had changed over time.

(1) Presentation of the eight-point action plan

First, let us examine President Xi Jinping's keynote speech at the Third Belt and Road Forum for International Cooperation Summit Forum. At the beginning of the speech, he listed the achievements and outcomes of the BRI over the previous 10 years. For example, he talked about how much China's support with infrastructure construction has contributed to the economic development of participating countries. After emphasizing such accomplishments, he presented China's action plan for the BRI going forward to the leaders of various countries and the representatives of international organizations who were attending the Forum. He then called for their cooperation and support.

The action plan comprises eight steps, which constitute guidelines for the BRI and are aimed at providing higher quality support for emerging countries: 1) building a multidimensional Belt and Road connectivity network, 2) supporting an open world economy, 3) carrying out practical cooperation, 4) promoting green development, 5) advancing scientific and technological innovation, 6) supporting people-to-people exchanges, 7) promoting integrity-based Belt and Road cooperation, and 8) strengthening institutional building for international Belt and Road cooperation (Table 2).

The eight-point action plan can be praised as a well-thought-out package designed to minimize any decline in China's international influence even though circumstances would no longer allow the kind of splurging seen until mid-2010s. Looking at the measures for each step, expres-

Table 2 Eight-point action plan

Eight steps	Key measures
1) Building a multidimensional Belt and Road connectivity network	Improve the quality of existing logistics networks, such as freight trains between China and Europe
	Develop a new logistics route in Eurasia
2) Supporting an open world economy	Establish pilot zones for Silk Road e-commerce cooperation
	Enter into free trade agreements and investment protection treaties
	Remove all restrictions on foreign investment access in the manufacturing sector and further advance high-standard opening up in cross-border investment
3) Carrying out practical cooperation	Promote "small yet smart" livelihood projects
	Enhance vocational education cooperation through Luban Workshops and step up joint efforts to ensure the safety of personnel
	Expand the loan facilities of the two policy banks and inject additional money into the Silk Road Fund
4) Promoting green development	Deepen cooperation in areas such as green infrastructure and green energy
	Establish dialogue and exchange mechanisms for the solar industry and a network of experts on low-carbon development
5) Advancing scientific and technological innovation	Increase the number of joint laboratories built with other parties to 100 in the next five years
	Promote sound and orderly AI (artificial intelligence) development
6) Supporting people-to-people exchanges	Launch the International Tourism Alliance of Silk Road Cities
	Continue with the Silk Road Program (Chinese government scholarships)
7) Promoting integrity-based Belt and Road cooperation	Establish the Integrity and Compliance Evaluation System for Companies Involved in Belt and Road Cooperation
	Work with international organizations to carry out research and training on promoting integrity in Belt and Road cooperation
8) Strengthening institutional building for international Belt and Road cooperation	Promote multilateral cooperation covering energy, taxation, finance, green development, disaster reduction, media, culture, and other fields
	Continue to host the Belt and Road Forum for International Cooperation and establish a secretariat for the Forum

Source: Prepared by JRI based on Xi Jinping's speech (October 18, 2023) and various media reports sions suggesting a downsizing in the scale of support appear everywhere. For example, the "promotion of 'small yet smart' livelihood projects" is mentioned, and it is clearly stated that financial support for such projects will be provided via the policy banks and the Silk Road Fund. As mentioned above, such remarks constitute a fleshing out of the instructions issued at the third symposium on development of the BRI in 2021, but they can also be interpreted as implying that financing for large-scale projects will be further curtailed. If we read between the lines, the "development of a new logistics route in Eurasia" too indicates a scaling back of financing for projects outside the Eurasian continent. However, the List of Practical Cooperation Deliverables[21] presented at the Forum includes the construction of airports in Pakistan and Cambodia and the launch of projects to build a bridge between China and Vietnam and to link Ethiopia and Djibouti by rail. As these examples illustrate, quantitative expansion in areas such as infrastructure development has not been completely abandoned, and this is something that needs to be borne in mind.

In addition, the eight-point action plan indicates that "soft" elements would be emphasized more than they were in the past. The plan does not contain many "hard" measures (e.g., transport infrastructure development), but it includes numerous goals in the area of "soft" infrastructure, such as vocational education, environmental measures, artificial intelligence (AI), and anti-corruption measures. These can also be said to be part of the new approach of emphasizing quality.

(2) Four areas and objectives for qualitative improvement

As the above has shown, the Chinese government has mentioned "quality" in various settings, and four areas can be pointed to as summarizing the official view so far: 1) narrowing down the list of priority countries/territories, 2) supporting the green economy, 3) fostering pro-China sentiment through vocational education and training, and 4) expanding in the digital sphere.

Regarding the narrowing down of the list of priority countries/territories, as was decided at the Third Plenary Session of the 20th Central Committee of the Communist Party of China in July 2024, China will continue to "participate in efforts to lead the reform and development of the global governance system"[22]. For China to exercise global leadership, it needs to secure the support of many emerging countries.

With that in mind, and against the backdrop of its fast-growing economy, China has been endeavoring to win over emerging countries by stepping up its provision of economic assistance via the BRI. However, this only makes sense when there is continuous and rapid economic growth. With China's growth slowing, it is no longer in the position to splurge by meeting all the needs of emerging countries. Prioritizing the strengthening of relations with countries/territories that are essential for the establishment of a China-led economic bloc and supply chains, while taking care to deter the other countries/territories from leaving the BRI, became the realistic choice for the Xi Jinping administration.

Given China's increasing emphasis on economic security in recent years, the countries/territories likely to make the narrowed-down list would be ones that produce key resources, ones to which production has been relocated, and ones that are expected to become export markets. In addition, reflecting an awareness that good neighborly relations are essential for China's economic development, Asian countries have been positioned as the most important of those along the Belt and Road[23].

Underlying the Xi Jinping administration's support for the green economy overseas are both the increasing prominence of environmental issues across the world in recent years, and the increasing demand for renewable energy power generation facilities and green-related products in emerging countries. At the same time, China enjoys a large share of the global market for products such as solar panels, wind power equipment, and EVs, and is highly competitive in terms of technology and cost. For China (and Chinese companies), the most feasible option is then to stimulate green demand, which is expected to expand in the future, and secure export markets.

Moreover, developed countries have struggled to gree with emerging ones over who should foot the bill for investment in decarbonization, and are currently unable to lead the world in tackling environmental issues. Adding to this is, the Trump administration in the U.S. announcing policies that go against moves to reduce greenhouse gas emissions and achieve carbon neutrality. Amid these circumstances, the Xi Jinping administration appears to have concluded that China expanding decarbonization support for emerging countries will help raise its profile as a world leader.

As China's external image deteriorates, winning China fans through vocational education and training is also becoming increasingly important to the Xi Jinping administration (Table 3). Overseas infrastructure projects financed by China have come in for a fair amount of criticism that they will not bring economic benefits to the local people. In particular, the behavior of Chinese companies, which have brought workers and engineers over from China rather than hiring locals, seems to have caused increasing dissatisfaction and backlash in the countries concerned. Granted that China's shrinking domestic labor force is also a factor, providing vocational education and training to the citizens of the countries where it is conducting infrastructure projects should also make a big contribution to improving the image of China.

In addition, China may be focusing on vocational education and training as a means of giving it an advantage in developing business operations overseas and landing orders. Teaching materials in Chinese, conversations with teachers who are Chinese, and Chinese-style classes and practical training all serve to develop human resources who can work comfortably in Chinese companies. By making a substantial contribution in the form of vocational education and training, China (Chinese companies) can be expected to benefit when competing for orders in emerging countries.

Expansion in the digital sphere is aimed at promoting China-led communication infrastructure development and deepening cooperation between China and countries along the Belt and Road by, for example, expanding "soft" elements such as commercial transactions and payment methods. The U.S. sees the competitiveness of Chinese companies in the information sector as a threat, and has tightened regulations for leading companies such as Huawei. Citing security concerns, it is trying to curb China's rise in the digital space. Conscious of this battle for hegemony with the U.S., and its need to strengthen its ability to resist encirclement, China has come up with the concept of a "Digital Silk Road," and called for closer cooperation with other countries in the digital field.

Table 3 Background to the increase in vocational education and training by China along the Belt and Road

	2013-18	From 2019 onwards
Local employment	Increasing criticism that Chinese workers are being dispatched in large numbers, which does not lead to local job creation	Awareness of criticism leads to emphasis on the benefits in terms of local job creation
		Need for labor among Chinese companies operating along the Belt and Road increases
China's demographics	Working age population peaks	The total population also begins to decline
Expansion of pro-China population	Leveraging China's economic might to expand support will foster pro-Chinese sentiment, so there is little enthusiasm for cost-conscious policy.	Awareness spreads in China that vocational education and training curtails the growth of anti-Chinese sentiment and leads to more China-led projects

Source: Prepared by JRI based on various media reports

3. Statistical evidence for the "shift from quantity to quality"

So, to what degree is the "shift from quantity to quality" progressing[(24)]? To find out objectively, below I will compare relevant statistics for two periods: 1) 2013-2018 and 2) 2019 and beyond. These two periods are separated by the 2018 symposium marking the fifth anniversary of the BRI, which is when the shift to quality began to be emphasized. The comparison covers the 154 countries) that had signed an MoU on the BRI by the end of January 2024, including Italy which announced its withdrawal in December 2023.

It should be noted that this paper defines countries that have signed an MoU as "countries along the Belt and Road." This is because with the aim of stressing that the BRI is not an exclusionary framework, and that it has the support of a huge number of emerging countries, the Chinese government now only publishes general figures (e.g., "more than 150") on the number of countries that have signed an MoU.

In addition, I compared five relevant statistics: external lending, ODI, number of VIP visits/meetings, international cooperation projects for vocational education and training, and digital-related MoUs[(25)]. The purpose of this chapter is to illustrate the extent to which the Chinese government's "intentions" are reflected in relevant statistics. I included ODI by companies in the analysis because it is easily influenced by the Chinese government's foreign economic policies. Trade, in contrast, reflects the government's foreign economic policies to some degree (particularly in the case of energy, resources, etc.), but is mainly the result of corporate profit-seeking activities, so I excluded it from the analysis.

(1) External lending

The World Bank publishes "International Debt Statistics," which include data such as the debt to official bilateral creditors for each country. Therefore, for my analysis in this chapter, I will use the figures for each country for official bilateral debt to China that are presented in these statistics as a proxy for China's external lending and analyze the official debt of each country to China.

1) Amount of loans made

The amount of external loans made to countries along the Belt and Road continued to increase until the mid-2010s, peaking at $31.6 billion in 2018 (Fig. 2). Since 2019, it has followed a downward path. As a result, loans totaling $147.98 billion (annual average of $24.66 billion) were made in the six years from 2013 to 2018, while loans totaling only $70.16 billion (annual average of $17.54 billion) were made in the four years from 2019 to 2022.

Comparing the two periods, it can be observed that not only has the amount of lending decreased, but the number of countries receiving loans has been reduced too. In 2013-2018, 24 countries received no loans at all, but this figure increased to 37 countries in 2019-2022.

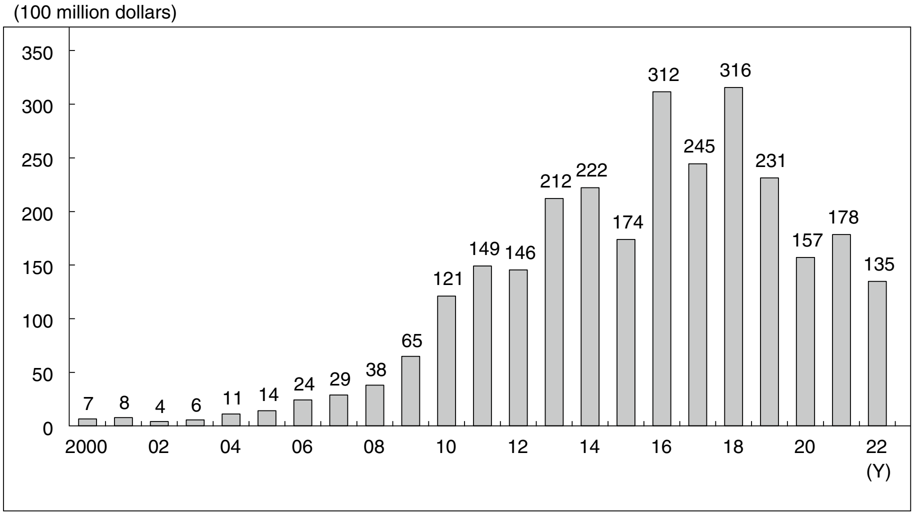
There are 23 countries that received more loans in 2019-2022 than in 2013-2018, with the increase in lending to Pakistan far ahead of the rises in loans to other countries. On the other hand, there are 63 countries that received less in total loans in 2019-2022 than in 2013-2018, with countries such as Angola, Kenya, Ethiopia, and Laos leading in terms of the magnitude of decrease.

2) Amount of loans promised

External loan commitments (promises) for the BRI peaked in 2016 ($51.6 billion), earlier than the peak for loans provided, and have continued to decline since then (Fig. 3). As a result, from a total of $180.62 billion (annual average of $30.10 billion) in the six years from 2013 to 2018, there was a significant shrinkage to $45.30 billion (annual average of $11.33 billion) in 2019-2022.

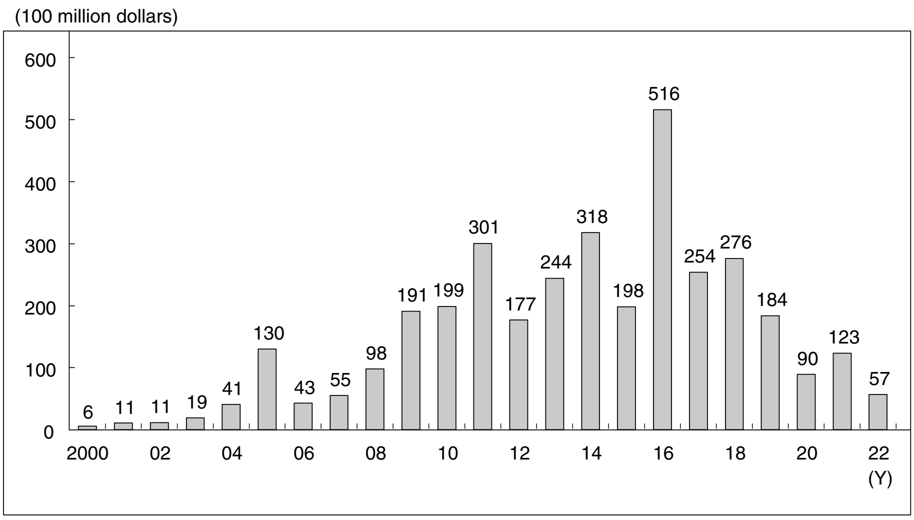
As with the amount of loans provided, a comparison of the two periods reveals a reduction in the number of countries being promised loans. In 2013-2018, 34 countries were promised no loans at all, but this figure increased to 64 countries in 2019-2022.

Fig. 2 Chinese external loans made to countries along the Belt and Road



Notes: Total for 107 countries along the Belt and Road included in the source material.
Source: Prepared by JRI based on the World Bank's "International Debt Statistics"

Fig. 3 Chinese external loans promised to countries along the Belt and Road



Notes: Total for 107 countries along the Belt and Road included in the source material.
Source: Prepared by JRI based on the World Bank's "International Debt Statistics"

Comparing the two periods, only 11 countries were promised more loans (on a total amount basis) after 2019 than from 2013 to 2018 and the Democratic Republic of the Congo coming third on the list is worthy of note. It is the world's largest producer of cobalt, which is mainly used in lithium batteries for EVs and PCs. China thus seems to have been laying a foundation for securing critical minerals. Meanwhile, the amounts of loans promised to Angola and Pakistan, which remain China's main borrowers, shrunk markedly.

3) External lending by policy banks

Although two policy banks, the China Development Bank and the Export-Import Bank of China, play a major role in China's external lending, there is little public information about them, making it difficult to use data to find out about their lending. Therefore, in this paper, I will use a database provided by Boston University in the U.S. to confirm the number and amount of external loans provided by these two policy banks. I will also present search results on how much has been lent for green economy-related projects.

Looking at the total amount and number of such loans since 2008, we find that both figures have continued to decline from their peak in 2016 (151 loans, $86.998 billion), indicating that the lending stance of the policy banks has shifted from positive to restrained.

Furthermore, searching for project names containing the keywords "Solar" or "Wind," I found six instances of "Solar" and five of "Wind," but apart from a loan for a solar power plant in Lesotho (one of the countries along the Belt and Road in Africa) in 2020, the ten remaining projects are from before 2018. Compared to coal, for which $23.6 billion financial assistance for 47 projects was provided from 2008 to 2018, support for solar and wind power plants remains small-scale. Moreover, according to the university's Global Development Policy Center, Chinese policy banks provided zero external lending for renewable energy in 2021 and 2022 at least(26).

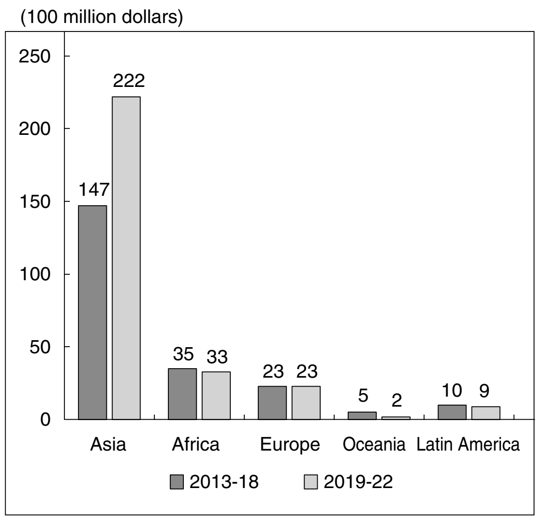
(2) ODI

China's ODI has been picking up since bottoming out in 2019. The amount of investment to 154 countries along the Belt and Road hit a low in 2019, but has now bounced back to a record high of around $30 billion per year. Therefore, if we compare the annual average amount of ODI in countries along the Belt and Road for the two periods of 2013-2018 and 2019-2022, we find that it was $28.8 billion in 2019-2022, higher than the $22 billion in 2013-2018.

However, the increase has been concentrated in certain countries and regions. Grouping the countries along the Belt and Road routes into the five regions of Asia, Africa, Europe, Oceania, and Latin America, we find that the average annual amount of ODI in 2019-2022 exceeded that in 2013-2018 only in Asia, with either declines or no change seen in the other four regions (Fig. 4). As a result, Asia's share of the ODI along the Belt and Road increased from 66.9% to 77.1%. A look at the top ten countries in terms of increase in the annual average amount of ODI between the two periods reveals that seven of them are in Asia, with Indonesia in first place. In addition, the UAE, the Democratic Republic of Congo, Peru, and Indonesia, which feature in the top ten, are also important suppliers of resources to China. The Chinese government's statistics do not provide a breakdown, so it is impossible to know for sure, but it is likely that resource-related factors played a role in the significant increases in ODI in these countries.

Given the limitations of the statistics released by the Chinese government, I also employed the China Global Investment Tracker, a database operated by the American Enterprise Institute (AEI), and compared the data on the two periods

Fig. 4 Chinese ODI to countries along the Belt and Road (by region)



Notes: "Countries along the Belt and Road" refers to 154 countries (153 countries that signed an MoU plus Italy, which left the BRI after not renewing its MoU).
Source: Prepared by JRI based on Chinese outbound direct investment the Ministry of Commerce of the People's Republic of China, the National Bureau of Statistics, and the State Administration of Foreign Exchange and data from CEIC

of 2013-2018 and 2019-2024[27]. There were two main takeaways from this comparison.

First, there was an increase in large investment projects in Southeast Asia (AEI only lists projects worth more than $100 million). Vietnam and Thailand were the prime examples of this rise. In the six years from 2013 to 2018, there were only 12 large investment projects in Vietnam and eight in Thailand. However, from 2019, several Chinese companies made large-scale direct investments in Vietnam and Thailand, and in 2019-2024 the number of projects doubled to 24 in Vietnam and 17 in Thailand. Big investments by Chinese firms are on the rise in Indonesia too.

Second, there was also an increase in the number of mineral-related investments in countries along the Belt and Road. Selecting the "Metals" industry in the AEI database and then searching for "BRI (Belt and Road)" produces a list of mineral-related investments made by Chinese companies in countries along the Belt and Road. The search results showed that the number of large-scale investment projects related to minerals, which totaled 48 in 2013-2018, almost doubled to 91 in 2019-2024. On the other hand, a similar search for energy-related investment projects revealed that the number declined from 123 in 2013-2018 to 99 in 2019-2024. Looking at the breakdown of projects, coal, crude oil, and gas were the main ones in 2013-2018, but there were only eight investments in coal in 2019-2024, while projects investing in alternatives such as solar and wind power increased in the same period.

(3) Number of VIP visits/meetings involving countries along the Belt and Road

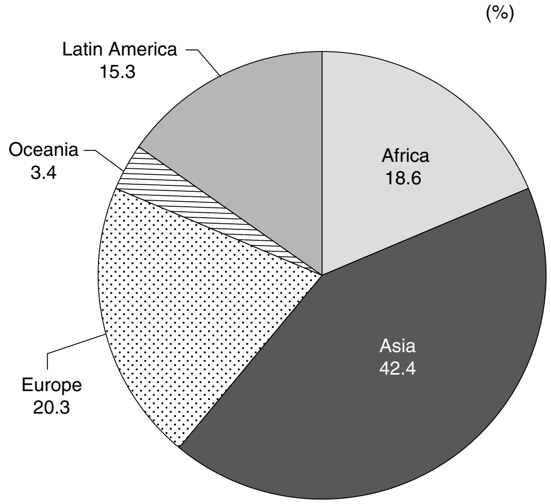
The website of China's Ministry of Foreign Affairs features a page on bilateral relations with countries with which China has diplomatic relations, and it lists most of the key meetings between dignitaries from China and other countries that have taken place in the past 10 to 20 years. The length of the list offers a glimpse of China's keenness to emphasize its commitment to international relationships. Therefore, tallying up numbers of visits/meetings to observe increases/decreases and compare trends offers insights into how much importance China attaches to different countries. Below, I will compare the number of VIP visits/meetings (collectively refers to visits by dignitaries, meetings in third countries, online meetings after the emergence of COVID-19, etc.) for each of the 154 countries (including Italy, which withdrew) along the Belt and Road in the two periods 2013-2018 and 2019-2024[28].

The total numbers were 1,801 in 2013-2018 and 1,709 in 2019-2024. Although there were almost no face-to-face visits or meetings during the COVID-19 pandemic, the decrease between the two periods appears to have been small, as many meetings were moved online and there was a sharp rebound in the number of visits in 2023 and 2024. However, for the 32 countries along the Belt and Road that signed an MoU and joined the BRI in 2019 or later, there were more VIP visits and meetings from 2019 onwards than there were before, with the number rising from 210 cases to 262. As for the numbers of VIP visits/meetings involving the 122 countries that signed up before 2019, there were 1,591 in total until 2018 and 1,447 from 2019 onwards. Thus, the rate of decline was greater than that for all the countries along the Belt and Road, including those that joined in 2019 or later.

Comparing increases/decreases between the two periods, the number of VIP visits/meetings was higher or unchanged in 2019-2024 compared to 2013-2018 for 81 countries and lower for 73 countries. If only countries that signed up in 2018 or earlier are included, 59 countries saw increases. Breaking these 59 countries down by region, 25 are in Asia, 12 in Europe, 11 in Africa, nine in Latin America, and two in Oceania. If the percentages of the signatory countries that saw increases are also taken into consideration, we find that they are concentrated in Asia and Europe (Fig. 5). 63 countries that signed up in 2018 or earlier saw decreases, with the bulk of them in Africa, Latin America, and Oceania.

Looking at the top 10 countries by region, in

Fig. 5 Countries with increases in the number of VIP visits (by region)



Notes: 59 countries that had signed an MoU for the BRI by the end of 2018 and for which the number of visits was higher in 2019-24 than in 2013-18.
Source: Prepared by JRI based on information from the website of the Ministry of Foreign Affairs

2013-2018 Asia accounted for six of them (Kazakhstan, Thailand, Cambodia, etc.), Europe three (Latvia, Poland, and the Czech Republic), and Oceania one (New Zealand), whereas in 2019-2024 nine of the top 10 were in Asia, with the leaders being Laos, Cambodia, and Thailand in that order.

(4) Vocational education and training

Regarding vocational education and training, I will compare progress with Luban Workshops during two periods: until 2018 and from 2019 onwards. Luban Workshops are an international cooperation project involving vocational education institutions from China (universities, technical colleges, etc.) and educational institutions in other countries. The project began to attract attention after President Xi Jinping mentioned it at the Third Belt and Road Forum for International Cooperation. Vocational education and training facilities are established on the campuses of educational institutions in BRI countries, and the curricula taught are basically the same as those of vocational education provided within China, though local needs are also taken into account(29).

The first Luban Workshop was launched in 2016 by the Tianjin Bohai Vocational Technical College (Chinese side) and the Ayutthaya Technical College in Thailand. The project expanded from there, and as of August 2022, vocational education and training was being provided at 25 locations in 23 countries in Asia, Africa, and Europe (Table 4)(30). And it seems that since 2023, even more workshops have been set up, in Ghana, Kyrgyzstan, and possibly other countries. According to Chinese media reports, Luban Workshops have so far produced 9,000 graduates and 18,000 trainees(31).

A look at when the 25 workshops in 23 countries were set up reveals that only seven of them, or one-third of the total, had been established by the end of 2018. Since 2019, apart from workshops in two European countries, all the new workshops have been in Africa.

By industry, the emphasis for vocational education and training has been on railways, mechatronics, machinery, and automobiles(32).

(5) Digital Silk Road

China has called for the creation of a "Digital Silk Road" since 2017 and has been pushing forward with expansion in the digital sphere, mainly targeting countries along the Belt and Road(33). Therefore, I compared indicators related to the Digital Silk Road for two periods: until 2018 and from 2019 onwards. In doing so, I and confirmed that there has been a change in the pace of progress.

In a report from 2019 titled "The Belt and Road Initiative: Progress, Contributions and Prospects," the Chinese government claimed that 16 countries had signed MoUs for the Digital Silk Road(34). Although the actual names of 16 countries were not mentioned in the report, the Eurasia Group (an American political risk consulting firm) named them as Egypt, Türkiye, Bangladesh, Laos, South

Table 4 Progress with the Luban Workshops project

Country	Date established	Main industries for vocational education and training	Region	Belt and Road	Remarks
Thailand	March 8, 2016	Mechatronics, Internet of Things, NC (numerical control) machine tools, new energy vehicles, railways (automatic control of high-speed rail signals, rail transport operation management)	Asia	○	
U.K.	May 18, 2017	Chinese cuisine	Europe	×	
India	December 8, 2017	Solar power generation technology and application, NC machine tools	Asia	×	
Indonesia	December 12, 2017	Automotive maintenance, electronic technology application, Chinese cuisine	Asia	○	
Pakistan	July 8, 2018	Mechatronics	Asia	○	
Cambodia	October 28, 2018	Machining, communications, mechatronics	Asia	○	
Portugal	December 6, 2018	Electrical control systems, industrial robots	Europe	○	
Djibouti	March 28, 2019	Railway transport operation management and railway engineering technology	Africa	○	
Kenya 1)	December 14, 2019	Information technology (especially cloud computing and the Internet of Things)	Africa	○	
South Africa	December 16, 2019	Internet of Things, additive manufacturing (3D printing)	Africa	○	
Mali	December 20, 2019	Traditional Chinese medicine	Africa	○	
Nigeria	November 28, 2020	Track transportation such as railways	Africa	○	
Egypt 1)	November 30, 2020	Computer numerical control (CNC) application and maintenance, new energy application technology, automotive maintenance	Africa	○	High-school graduate level
Egypt 2)	November 30, 2020	CNC machining technology, automotive maintenance technology	Africa	○	Middle-school graduate level
Cote d'Ivoire	December 9, 2020	Mechanical and electrical engineering, automation	Africa	○	
Uganda	December 10, 2020	Ferrous metals, mechatronics	Africa	○	
Madagascar	December 22, 2020	Electrical engineering, automotive engineering	Africa	○	
Ethiopia	April 28, 2021	Industrial sensors, mechatronics, industrial robots	Africa	○	
Bulgaria	October 15, 2021	Agriculture (biotechnology, smart agriculture)	Europe	○	
Morocco	December 3, 2021	E-commerce	Africa	○	
Rwanda	August 20, 2022	E-commerce, mechatronics	Africa	○	
Benin	August 20, 2022	Computers, electrical engineering, machines	Africa	○	
Kenya 2)	August 20, 2022	Railway (transport operation management, engineering such as infrastructure development, automatic signal control), power supply, railway-related information and communications	Africa	○	
Serbia	August 20, 2022	Tourism, Chinese cuisine	Europe	○	
Gabon	August 20, 2022	Machining, electronics and electricity, automotive inspection and maintenance	Africa	○	

Notes 1: The double line in the table marks the divide between establishment (commencement of operation or unveiling ceremony of the facility) until 2018 or from 2019 onwards.
Notes 2: August 20, 2022 was the date of the World Vocational and Technical Education Development Conference in Tianjin, and the workshops given that date in the table could be confirmed as Luban Workshops because they were mentioned in the report on that event on the official website.
Source: Prepared by JRI based on information from the Luban Workshops official website, Yang Yan and Wang Lan eds. [2023], and various media reports

Korea, Kazakhstan, the Czech Republic, Serbia, Poland, Hungary, Estonia, the U.K., Cuba, Peru, Saudi Arabia, and the UAE[35]. Later, in "The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future," a white paper published by the Chinese government in October 2023, it was stated that the number of signatories of Digital Silk Road MoUs as of the end of 2022 was 17[36]. This means that only one country has officially declared its participation in the Digital Silk Road initiative from 2019 onwards, indicating that growth has stalled.

However, as far as the digital economy is concerned, there has been steady progress in cooperation between China and countries along the Belt and Road. In the area of e-commerce, 33 countries (including four non-BRI countries such as Australia) had signed an MoU for this field as of July 2024, with Chile becoming the first in 2016 (Table 5). Looking at the timeline, 17 countries had signed up by the end of 2018, and 16 countries have joined since 2019, so the pace of expansion has only slightly slowed when compared to the Digital Silk Road. By region, the increase in the number of Asian signatories since 2019 is notable, with Asian nations accounting for nine out of the 16 countries.

Also in the area of the digital economy, the Chinese government, along with 13 countries in Asia, Africa, and Latin America launched the "Beijing Initiative on Belt and Road International Digital Economy Cooperation" in 2023[37]. Some of these 13 countries, including Myanmar and São Tomé and Príncipe, appear not to have signed e-commerce or Digital Silk Road MoUs, so this new initiative could represent evidence of further China-led expansion in the digital sphere.

In terms of specific support, the yearly average number and amount of external loans provided to the information and communications sector (Telecom) in countries along the Belt and Road by the two policy banks was 4.5 loans worth a total of $510 million in 2019-2020. This was lower than the 6.83 loans worth $1.09 billion in 2013-2018[38]. However, for seven African countries, such as the Democratic Republic of the Congo, the average annual loan amount in 2019-2020 exceeded that in 2013-2018[39].

Table 5 Signing of MoUs for cooperation in the field of e-commerce

Date signed	Country	Belt and Road
November 22, 2016	Chile	○
March 27, 2017	New Zealand	○
May 11, 2017	Vietnam	○
September 1, 2017	Brazil	
September 15, 2017	Australia	
November 10, 2017	Cambodia	○
November 27, 2017	Estonia	○
November 28, 2017	Hungary	○
April 9, 2018	Austria	○
June 7, 2018	Kazakhstan	○
June 8, 2018	Russia	○
July 9, 2018	Kuwait	○
July 20, 2018	UAE	○
July 23, 2018	Rwanda	○
September 7, 2018	Iceland	
December 1, 2018	Argentina	○
December 3, 2018	Panama	○
March 23, 2019	Italy	▲
July 31, 2019	Colombia	
October 19, 2019	Samoa	○
October 20, 2019	Vanuatu	○
November 1-2, 2019	Uzbekistan	○
November 29-30, 2021	Senegal	○
September 28, 2022	Belarus	○
October 27, 2022	Singapore	○
November 2, 2022	Pakistan	○
November 19, 2022	Thailand	○
November 29, 2022	Laos	○
January 4, 2023	Philippines	○
September 8, 2023	Indonesia	○
May 8, 2024	Serbia	○
May 31, 2024	Bahrain	○
July 4-6, 2024	Tajikistan	○

Notes: Italy did not renew its MoU and withdrew from the BRI.
Source: Prepared by JRI based on information from the website of the Ministry of Commerce and other sources

In addition, using the AEI database, I compared the number and value of construction projects (large-scale projects worth $100 million or more) in the information and communications sector (Telecom subsector of the Technology sector) by Chinese companies in the two periods (annual average). In 2019-2024, there were 0.8 projects worth $240 million, a reduction compared to the 2013-2018 figure of 3.0 projects worth $360 million. While there are years without a single project in any of the more than 150 countries along the Belt and Road, contracts for new construction projects were signed in five countries, such as Cambodia and Bangladesh, from 2019 onwards.

4. Overall assessment of the "shift from quantity to quality"

The two-period comparison of relevant data shows that China's external lending peaked in the late 2010s, and that stance of refraining from splurging has been maintained in the 2020s.

But in addition to preventing any re-expansion of lending, the Chinese government also put in place a mechanism for continuing to provide economic support to emerging countries. This involves the use of direct investment as a means of offering financial assistance.

China holds a "Forum on China-Africa Cooperation" with African countries once every three years. Comparing the Forums in 2015 and 2018, the scale of financial assistance to Africa was unchanged, at $60 billion, but in 2018 the figure included $10 billion in direct investment by Chinese companies, with government-led aid and lending being reduced by the same amount(40). At the 2021 Forum, investment in Africa by Chinese companies stayed at $10 billion, but government-led lending was cut, reducing the overall scale of financial assistance to Africa from $60 billion to $40 billion(41).

In this way, China has departed from the quantitative expansion approach, but if we examine individually the four areas of focus that most reflect the "quality" advocated by President Xi Jinping, we see a great deal of variation in the levels of progress. I would therefore like to show how far the "shift from quantity to quality" for the BRI has progressed overall by comprehensively assessing progress of the four areas, while also referring to previous research and relevant media reports.

(1) Goals related to narrowing down the list of priority countries/territories have been more or less achieved

First, goals for shrinking the list of priority countries/territories have been more or less achieved in two senses. Taking 100% to denote China accomplishing all its objectives, the narrowing down of the list of priority countries/territories has produced a high score in the range of 80-90%.

The first goal was to achieve balance in external lending. As mentioned above, loans promised have been greatly reduced in recent years, both in terms of amount and the number of recipient countries, but they have not been reduced in a uniform manner. Rather, with an eye to building supply chains and securing critical mineral resources, China has maintained a restrained stance in external lending as a whole, while expanding support to certain resource-rich countries and countries positioned at logistical chokepoints. In that sense, the increase in loans promised to Egypt, which surrounds the Suez Canal and the Democratic Republic of the Congo, one of the world's leading producers of cobalt, can be viewed as illustrative of balance in external lending.

The second goal was to avoid withdrawals from the BRI by countries along the Belt and Road. Given the current situation, where it is no longer possible for China to splurge in providing external support, it has had to determine its priorities, and this means concentrating money and resources on certain countries along the Belt and Road, and relegating assistance for others. This could result in a backlash from those other countries, even lead to them withdrawing from the BRI. Looking back, however, there have been no instances of countries leaving the BRI just because their exports to China have been sluggish or they did not receive as much investment from China as they had hoped. Only one country, Italy, has quit the BRI, and that was because in addition to not receiving much in the way of economic benefits, it had also been weighing up the political pros and cons of remaining.

The biggest reason that the other 153 countries are not withdrawing is that their expectations for economic assistance from China still outweigh any concerns they might have[(42)]. Of the 153 countries, 122 had signed an MoU by the end of 2018 during the period when the Chinese government's approach was one of quantitative expansion of the BRI, and they originally had high expectations that China would eventually provide them with large-scale support in areas such as infrastructure construction. The 31 countries that have joined the BRI since 2019 have also decided that the pros, such as support from China, are greater than the cons, and are therefore remaining in the BRI[(43)]. Of course, it is also impossible to ignore the fact that the Chinese government's diplomatic maneuvers, such as bilateral meetings, have served to keep the countries along the Belt and Road connected.

With the narrowing down of the list of priority countries/territories, China's stances toward countries along the Belt and Road can now be divided into three types (Table 6).

The first stance is to strengthen the relationship. Examples include ASEAN members (excluding the Philippines), important resource producers such as the Democratic Republic of the Congo and Chile, and countries such as Pakistan that are important for China's security. Even amid quantitative contraction, these countries are treated as exceptions, and prioritized in the promotion of direct investment, policies for expanding trade, and support for infrastructure projects.

The second stance is to maintain the current relationship. Most countries along the Belt and Road fall into this category. Although economic relations with them are being strengthened, these countries do not have a direct role to play in China's efforts to build supply chains and secure critical mineral resources, so they are not being prioritized as much. However, with some countries, such as Kenya and Ethiopia, China has taken steps to prevent the relationship from deteriorating. For example, although it has substantially reduced lending given the high risk of loans souring, it has been implementing vocational education and training projects in such countries. The reasons for China's continued generosity toward countries like Kenya and Ethiopia include not only the fact that they have been China-friendly for many years, but also geographical factors such as they or their neighbors facing the sea and possessing vital ports for importing resources.

The third stance is to downgrade the relationship. China has chosen to do this with resource producers whose development has stagnated due to political instability, countries that have become increasingly anti-China, non-peripheral (i.e., distant) countries, and other countries that China has determined cannot bring it any special benefits. The three Baltic countries, starting with Lithuania, are prime examples of countries with which the relationship has been downgraded. The Baltic states began to distance themselves from the BRI as they became increasingly critical of China's handling of Hong Kong and the Uyghur issue, and were not seeing much economic benefit. Therefore, the Chinese government made clear its stance of downgrading economic relations with the three Baltic countries.

However, there are some countries along the Belt and Road where the "narrowing down" strategy has not worked as well as planned. For example, given its geographical location, the Philippines ought to be in the "strengthen the rela-

Table 6 China's stances toward countries along the Belt and Road

Categories	Example countries
Strengthen relationship	ASEAN members (excluding the Philippines), Pakistan, UAE, Democratic Republic of Congo, Chile
Maintain current relationship	Many countries in Africa, Oceania, and Latin America, including Kenya, Ethiopia, Papua New Guinea, Bolivia, and some countries in Asia and Europe
Reduce relationship	Baltic states, Venezuela, Fiji, Italy

Source: Prepared by JRI based on various media reports tionship" category, but diplomatic relations have deteriorated over the issue of territorial rights in the South China Sea. This has also hindered the strengthening of economic relations via the BRI.

(2) Some progress in fostering pro-China sentiment through vocational education and training

It can also be said that some progress has been made in fostering pro-China sentiment through vocational education and training. Though progress has not been as significant as with the narrowing down of the list of priority countries/territories, it can reasonably be scored at 60-70%.

Specifically, the following three factors warrant high marks. The first is that educational content in countries already receiving assistance with vocational education and training has continued to expand. In the case of Thailand, where the first Luban Workshop was established, the workshop had only one department, mechatronics, when it began providing education and training in 2016. But by 2018, the total number of departments had increased to six, with new programs for new energy vehicles, railways, and digital machine tools(44).

The second is that vocational education and training is genuinely helping to boost the supply of highly skilled human resources. The skills the students acquire serve as a weapon, making it possible for many of them to find employment in positions and companies where they can earn high salaries. For example, in Cambodia, the local average wage is $250, but graduates of the Luban Workshop earn an average of $400, with high-flyers making more than $650(45).

The third is that vocational education and training is expanding support for China in emerging countries. At the Luban Workshops, the education and training programs involve a lot of interaction between the Chinese teachers and the local students, which has played a part in producing talented people who feel positive about China(46).

Certainly, the process of winning support for China through vocational education and training is still a work in progress. In Oceania and Latin America, for instance, there are no Luban Workshops, so there is variation in terms of geographical spread.

(3) Slow progress in the digital sphere

In contrast to the high marks assigned to narrowing down the list of priority countries and to vocational education, efforts to expand in the digital sphere have been less successful, so the score for this area would be about 40%.

The reason is that hardly any progress has been made in strengthening cooperation in areas other than e-commerce, such as in AI-related regulation. At the Third Belt and Road Forum for International Cooperation in October 2023, President Xi Jinping launched the "Global AI Governance Initiative"(47). Initiatives related to the digital economy have often taken the form of joint proposals with the governments of other countries, but this one was proposed by China alone. Though a year has passed since the announcement, , I was unable to find any country that had signed an AI-related bilateral MoU with China in official reports from the Chinese government.

In addition, participation in the Digital Silk Road initiative is flat. According to an official announcement made in 2023, only 17 countries are taking part, meaning that just one country has been added since 2019. The weakened relationship with Estonia, regarded as advanced in the digital field, has also been a factor in the slow progress of the Digital Silk Road initiative (Table 7).

On the other hand, e-commerce has steadily proliferated, contributing to China-led expansion in the digital sphere. However, keen to nurture their own domestic companies, many countries remain cautious about Chinese cross-border e-commerce. This can be seen in Southeast Asian countries, which have tightened controls on Chinese e-commerce firms supplying cheap wares, although the measures appear to be temporary(48).

Table 7 China's stance on external cooperation in the digital field

	2013-18	From 2019
Geographical scope of the Digital Silk Road initiative	Positioning of Western Europe (U.K.) and the Baltic States (Estonia) as key players in the initiative	In Europe, the initiative limited to Eastern European countries as cooperation with Western Europe and the Baltic states stalls
	Some countries in Asia, Africa, and Latin America also brought into the initiative	Focus on bringing in Asian, African, and Latin American countries
Cooperation in the digital field	Efforts to expand comprehensive cooperation with countries around the world	Prioritization of promotion of the digital economy/industry, e.g., cross-border e-commerce, and accelerating cooperation with neighboring countries and emerging countries

Source: Prepared by JRI based on information from the website of the Ministry of Commerce and various media reports

(4) Scant progress in supporting the green economy

Progress with efforts to support the green economy, in areas such as renewable energy, has also been lackluster. The reason for the low score in this area, as with the expansion of the digital sphere, is the delay in the Chinese government's efforts.

At the United Nations General Assembly in September 2020, President Xi Jinping pledged that his country's CO_2 emissions would peak by 2030, and that China would achieve carbon neutrality by 2060. But this reduction target was for China, not the entire world(49). After the announcement, the Chinese government prioritized concrete domestic efforts to achieve the goal, postponing support for the green economy in emerging countries. As a result, with the policy banks already curbing loans to emerging countries, there was also a drop in external lending for renewable energy projects, and the figure fell to zero in 2021 and 2022. Finally, the Chinese government began to emphasize support for the green economy in emerging countries in 2023, making it a part of the eight-point action plan announced at the Third Belt and Road Forum for International Cooperation that year, for example.

This delayed action by the Chinese government also affected investment by Chinese companies. Looking at the number of renewable energy-related investment projects in the AEI database, we find that it has been gradually increasing since bottoming out in 2020, but remains at a low level.

5. Background to inconsistency in the "shift from quantity to quality"

In the assessment of progress with the "shift from quantity to quality", why were the scores in each of the focus areas so different? In this section, I will present both the factors that have facilitated the "shift from quantity to quality" and the factors that have delayed it, in order to shed light on what underlies the differences.

(1) Background to progress with the shift to quality

There are three background factors behind the progress with the shift to quality: 1) strong government control over companies and policy banks, 2) diplomatic activities appropriate for keeping emerging countries in the BRI, and 3) alignment with recipient countries' needs. The BRI was promoted on the basis of external lending by policy banks and investment and contract work by SOEs, but agencies of the Chinese government are deeply involved in the management of these SOEs and policy banks.

It is also significant that the government has some control over large private-sector companies such as Huawei. In fact, while the government has become more proactive in supporting and protecting the overseas operations of private-sector companies, it has also been urging them to adhere to its foreign policy in their activities. In return for government support and protection, private-sector companies have begun conducting business activities overseas that contribute to national policy goals.

In this way, under the Chinese government's guidance, SOEs, policy banks, and private-sector companies have been able to work together to reduce external lending. Cooperation with Luban Workshops in countries along the Belt and Road is also positioned as a business activity carried about under national policy.

Diplomatic activities appropriate for keeping emerging countries in the BRI have arisen out of a situation where the Chinese government can concentrate on reciprocal visits to and from other countries, attending international conferences, and so on. Firstly, China not only has a president and foreign minister, but also many high-ranking Communist Party and government officials who can act as their deputies, meaning it has plenty of people who can make trips overseas and receive visiting dignitaries. Another of China's strengths is that it has ambassadors across the whole of Africa and Oceania. In addition, the role of the National People's Congress (Parliament of China) is to agree with, rather than rigorously monitor and restrain, the diplomatic activities of the government. And unless an issue could trigger an angry backlash from citizens, the government does not need to consider public opinion in diplomatic matters.

The alignment of China's support with the needs of recipient countries is best understood when contrasted with the assistance provided by developed countries that are members of the OECD's Development Assistance Committee (DAC). In general, the support provided by developed countries is often contingent on the recipient countries taking steps to improve their economic policies and administrative methods. Therefore, in emerging countries where democracy has not been sufficiently established, i.e., countries still ruled by dictators, where the people or the parliament are unable to check the activities of the government, there is often reluctance to receive assistance from developed countries. When China provides support, however, its policy is not to interfere in the internal affairs of the countries concerned, so such support is readily accepted by emerging countries that dislike other countries intervening in their affairs.

(2) Background of delays in the shift to quality

Conversely, there are two factors that can be pointed to as having delayed the shift to quality.

The first is the gap between China and emerging countries in terms of priorities. Whereas China wants to limit support for the construction of big-ticket public facilities, emerging countries want to build infrastructure. China, in order to reduce default risk, wants to minimize costly and risky infrastructure development. Emerging countries, on the other hand, are urging China to make large-scale support for infrastructure development the top priority, in order to accelerate their economic development. What emerging countries expect from China is for it to deploy its immense economic might to help them. The gap in the perceptions of the two sides is clear to all.

The September 2024 meeting between the leaders of China and South Africa was a symbolic event. This meeting took place on the sidelines of the Forum on China-Africa Cooperation, where President Xi Jinping called for an emphasis on "small yet smart" projects, i.e., a shift to quality. It is highly likely that he also brought this up during his bilateral talk with South Africa(50). Even so, South African President Cyril Ramaphosa asked China for investment in manufacturing and job creation and support for infrastructure development[51]. Ultimately, the official readout from the meeting between the two leaders did not mention the emphasis on “small yet smart” projects, but did state that cooperation in infrastructure development would be expanded, though the scale of this expansion was not specified[52].

The second is the diplomatic stances of emerging countries. In their diplomacy, many emerging countries have decided that they also want economic support from and deeper economic relationships with Western developed countries, including the U.S. Although China has the second largest economy in the world, as emerging countries, they cannot ignore the G7 nations, whose economies combined are 2.5 times the size of China’s. Therefore, while maintaining their relationships with China, they are being careful not to do anything that would get them labeled as members of a Chinese bloc.

This diplomatic stance among emerging countries is especially apparent in the field of information and communications, where the U.S.-China battle for hegemony is intensifying but the U.S. remains dominant. The fact that only a small number of countries along the Belt and Road have admitted to formal participation in the Digital Silk Road is presumably due to the Chinese government having been forced to take on board the wishes of emerging countries.

Conclusion

Based on the analysis so far, what kind of path will the BRI follow in the future?

China is likely to remain restrained in terms of how much it provides for external lending and infrastructure development. The Xi Jinping administration wants to avoid being saddled with non-performing loans and is now prioritizing domestic policies such as those aimed at addressing inequalities. Given the harsh environment surrounding its own economy, the Chinese government is becoming increasingly steadfast in curbing support for emerging countries, making it hard to envisage a return to the quantitative expansion approach.

While continuing to scale back its support, China will likely move to further strengthen its economic relations with key countries/territories. It will probably maintain as its criterion for deciding whether to strengthen relations the extent that the country/territory concerned can contribute to the establishment of a China-led bloc and supply chain. Of course, even if the criterion on the Chinese side does not change, the countries/territories that China positions as priorities will likely change according to the circumstances. This can be seen in the fact that securing critical minerals has recently emerged as China’s top priority, making the Democratic Republic of the Congo, the world’s largest cobalt producer, a priority country. On the other hand, Kenya and Ethiopia, though once regarded as priority countries and lent huge sums of money by China, have seen the amount of money lent to them reduced as they are perceived as being at high risk of defaulting. Instead, China has just tried to maintain its current relationships with them through the provision of vocational education and training.

Overall, while a “shift from quantity to quality” is expected to become increasingly apparent, moves to expand in the digital sphere and support the green economy are unlikely to progress as the Chinese government had hoped.

Regarding support for the green economy, in addition to the aforementioned gap between the needs of China and the recipient countries in the area of infrastructure development, there is huge variation among emerging countries in the extent to which they want environmentally friendly infrastructure. While the number of emerging countries that are committed to achieving a green economy is gradually rising, many still prioritize economic development over environmental considerations. As a result, it is unclear how far the number of green economy support projects will grow.

Regarding expansion in the digital sphere, concerns about China and its companies pose a major obstacle. If their only desire is to strengthen social control, emerging countries may benefit from joining a Chinese-led digital economic bloc. However, doing so would also come with numerous drawbacks. One concern is the potential hindrance to domestic industrial development. As Mochinaga [2022] points out, deeper dependency on China in the digital field could lead to declines in national autonomy and the weakening of political systems, as well as difficulties in introducing advanced technologies from non-Chinese sources(53). Such a situation could be described as "vendor lock-in" at a national level. Cons like this are not something most emerging countries could readily accept, and this is likely to be a factor in causing them to maintain a certain distance from a China-led digital sphere.

Going forward, the Xi Jinping administration will remain keen to leverage the BRI as a key tool for getting the Global South on side. That being the case, the key question is whether emerging countries that have not joined the BRI, notably India and Brazil, will eventually sign on to it. If China's only goal were to expand its influence in Global South, an increase in the number of participating emerging countries would clearly be desirable. But the more the number of countries along the Belt and Road rises, the more the costs associated with coordination, such as making decisions on whether to keep providing external loans, will inevitably increase too. To make a smooth "shift from quantity to quality," China will likely maintain a cautious stance toward expanding the number of countries along the Belt and Road for the time being.

Meanwhile, with Donald Trump having returned to power in the U.S. in January 2025, China is certain to place even greater emphasis on using the BRI to keep the Global South close. However, it would be overly simplistic to assume that dissatisfaction with an "America First"-oriented U.S. will automatically accelerate support for China among emerging countries. The key question is whether the Xi Jinping administration can avoid being rocked by the Trump administration's China policy and stay the course on the "shift from quantity to quality" for the BRI. The Xi Jinping administration's diplomatic skills are about to be put to the test.

End Notes

1. In this paper, as is typical in media reports, I will use the title “President Xi Jinping”when referring to Mr. Xi Jinping.

2. 「弘揚人民友誼　共創美好未来ー在納扎爾巴耶夫大学的演講」2013年９月８日　人民網．(http://politics.people.com.cn/n/2013/0908/c1001-22842914.html).

3. 「習近平在印尼国会発表演講：携手建設中国ー東盟命運共同体」2013年10月３日　新華網．(http://www.xinhuanet.com//politics/2013-10/03/c_117591652_4.htm).

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5. For information about U.S. policy toward China under the Obama administration, see Sahashi [2021].

6. “Statement by the President on the Trans-Pacific Partnership” 5 October 2015, The White House. (https://obamawhitehouse.archives.gov/the-press-office/2015/10/05/statement-president-trans-pacific-partnership).

7. Wang is the person credited as providing “theoretical backbone” to the BRI (Nishimura [2015] p.40).

8. National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Commerce, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road,” Belt and Road Portal. (“Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road,” the Belt and Road Portal is the official Chinese government website for the BRI, https://www.yidaiyilu.gov.cn/wcm.files/upload/CMSydylgw/201702/20170207051 9013.pdf).

9. “Special Statement of the Second Ministerial Meeting of the China-CELAC Forum on the Belt and Road Initiative,” Ministry of Foreign Affairs website. (https://www.fmprc.gov.cn/web/ziliao_674904/zt_674979/dnzt_674981/qtzt/ydyl_675049/zyxw_675051/201802/t20180202_7952054.shtml).

10. The Chinese government divides transportation infrastructure into four categories: railways, roads, water transport, and aviation. Along with energy and communications, these components are positioned as the "six routes," which have been most emphasized for infrastructure construction and interconnection.

11. "AIIB debuts on international capital markets with first foreign bonds issuance of 275 billion yen," May 10, 2019, *Nihon Keizai Shimbun* (https://www.nikkei.com/article/DGXMZO44610730Q9A510C1000000/).

12. "Guidelines and Cases for Third-Party Market Cooperation" September 4, 2019, National Development and Reform Commission website. (https://www.ndrc.gov.cn/fzggw/jgsj/wzs/sjjdt/201909/W020190909393562005115.pdf).

13. "Turning point for BRI as China sees loans to emerging countries worth 10 trillion yen sour between 2020 and 2022 amid COVID-19 and inflation," June 1, 2023, *Nihon Keizai Shimbun* (https://www.nikkei.com/article/DGKKZO71509880R00C23A6MM8000/).

14. 「習近平出席推進"一帯一路"建設工作 5 周年座談会並発表重要講話」2018年 8 月27日　中国政府網.（一帯一路建設活動推進 5 周年座談会、https://www.gov.cn/xinwen/2018-08/27/content_5316913.htm).

15. "Xi Jinping's keynote speech at the opening ceremony of the Second Belt and Road Forum for International Cooperation (full text)," April 26, 2019, Second Belt and Road Forum for International Cooperation website (http://2019.beltandroadforum.org/n100/2019/0426/c26-1261.html).

16. The titles of the symposiums have changed each time. The first in 2016 was called the "symposium on development of the BRI," the second was called the "symposium marking the fifth anniversary of the BRI," and the third was called the "third symposium on development of the BRI."

17. 「実打実、沈甸甸的成就ー習近平総書記出席第三次"一帯一路"建設座談会側記」2021年11月21日　中国政府網.(http://www.gov.cn/xinwen/2021-11/21/content_5652298.htm).

18. 「以高標準可持続恵民生為目標継続推動共建"一帯一路"高質量発展」2021年11月20日　中国共産党新聞網.(http://cpc.people.com.cn/n1/2021/1120/c64094-32287341.html).

19. 習近平「高挙中国特色社会主義偉大旗幟　為全面建設社会主義現代化国家而団結奮闘」中国共産党新聞網.(http://cpc.people.com.cn/20th/n1/2022/1026/c448334-32551867.html).

20. “Xi Jinping’s keynote speech at the opening ceremony of the Third Belt and Road Forum for International Cooperation (full text),” October 18, 2023, Third Belt and Road Forum for International Cooperation website (http://www.beltandroadforum.org/n101/2023/1018/c132-1174.html).

21. “List of Practical Cooperation Deliverables of the Third Belt and Road Forum for International Cooperation,” October 18, 2023, Third Belt and Road Forum for International Cooperation website (http://www.beltandroadforum.org/n101/2023/1018/c134-1212.html).

22. 「中共中央関於進一歩全面深化改革　推進中国式現代化的決定」2024年７月21日　中国政府網. (https://www.gov.cn/zhengce/202407/content_6963772.htm).

23. In October 2023, the Chinese government published a document on foreign policy toward Asia entitled “Outlook on China’s Foreign Policy on Its Neighborhood in the New Era.”

24. In this paper, I do not attempt to estimate or assess the extent to which participating countries and their residents have benefited economically from economic cooperation. I defined “quality” as endeavoring to maintain international influence while curbing external lending, and made an overall assessment of progress in this area based on the results of my analysis of relevant indicators.

25. My analysis was based on data available as of November 2024.

26. “Green Horizons? China’s Global Energy Finance in 2022” Boston University Global Development Policy Center. (https://www.bu.edu/gdp/2023/11/13/green-horizons-chinas-global-energy-finance-in-2022/).

27. The projects listed for 2024 are until June.

28. The page on bilateral relations lists visits/meetings until around July (or October) 2024.

29. "Can China overcome the headwinds of opposition to Confucius Institutes and expand its influence overseas with vocational training schools?" November 6, 2022, *Record China* (https://www.recordchina.co.jp/newsinfo?id=903927).

30. In Kenya and Egypt, vocational education and training is provided in two different locations. Among the 23 countries, only two, the U.K. and India, are not along the Belt and Road, so "Luban Workshops" can basically be regarded as a project for countries along the Belt and Road.

31. "China's 'Luban Workshops,' providing training to numerous people overseas since their launch seven years ago," May 5, 2023, People's Daily Online Japanese version (http://j.people.com.cn/n3/2023/0505/c94475-20014734.html).

32. Mechatronics refers to sectors leveraging technology (e.g., electronic control circuits) that combines mechanical engineering, electronic engineering, and other disciplines to enable machines to perform complex movements.

33. In March 2015, the Chinese government published "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," which called for the establishment of an "Information Silk Road," and the "Digital Silk Road" can be viewed as a more refined version of the "Information Silk Road."

34. Office of the Leading Group for Promoting the Belt and Road Initiative, "The Belt and Road Initiative: Progress, Contributions and Prospects," April 22, 2019, Belt and Road Portal ("The Belt and Road Initiative: Progress, Contributions and Prospects," https://www.yidaiyilu.gov.cn/p/86697.html).

35. Eurasia Group [2020] P.2.

36. State Council Information Office, "The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future," October 10, 2023, Third Belt and Road Forum for International Cooperation website ("The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future," White Paper, http://www.beltandroadforum.org/n101/2023/1010/c134-915.html).

37. "Beijing Initiative on Belt and Road International Digital Economy Cooperation," October 19, 2023, Belt and Road Portal ("Beijing Initiative on Belt and Road International Digital Economy Cooperation," https://www.yidaiyilu.gov.cn/p/0BDNJ2BM.html).

38. Boston University's database on external lending by the two policy banks is up to 2021, but no external loans were provided to the information and communications sector in 2021.

39. Regarding the provision of external loans to the five countries other than Kenya for information and communications, there was zero lending in 2013-2018 and lending in only one of the years of 2019 and 2020. Kenya received one loan each in 2016 and 2019.

40. Kitano [2022] pp. 33-34.

41. At the Forum on China-Africa Cooperation in 2024, China pledged financial support of 360 billion yuan, including investment by companies. In dollar terms, this is more than the $40 billion promised at the previous Forum (2021), but less than the peak figure of $60 billion ("China stops short of Africa debt relief as it pledges more cash," September 7, 2024, Reuters (https://www.reuters.com/economy/PAVDBDJYCJJ4XPWC6BONUYI6NU-2024-09-10/)).

42. In February 2025, after I finished writing this paper, Panama did not renew its MoU and withdrew from the BRI. However, the reason for this was U.S. concerns about the operation of the Panama Canal, not the meager economic benefits.

43. Italy's decision to join the BRI in 2019 was also because it deemed that the economic advantages would be substantial.

44. 楊延　王嵐［2023］P.18.

45. "Promoting people-to-people and cultural exchanges between China and foreign countries, training more than 2,800 skilled personnel in the Luban Workshop in Cambodia" August 19, 2022, Tjyun website (http://www.tjyun.com/system/2022/08/19/053024228.shtml).

46. Same as Note 30.

47. "Global Artificial Intelligence Governance Initiative," Cyberspace Administration of China website (https://www.cac.gov.cn/2023-10/18/c_1699291032884978.htm).

48. "Southeast Asian countries tighten controls on Chinese cheap e-commerce sites one after another to protect domestic industry," December 14, 2024, Nihon *Keizai Shimbun* (https://www.nikkei.com/article/DGKKZO85464750T11C24A2TEZ000/).

49. 「習近平在第七十五届聯合国大会一般性辯論上的講話（全文）」2020年 9 月22日　新華網. (http://www.xinhuanet.com/politics/leaders/2020-09/22/c_1126527652.htm).

50. Xi Jinping, "Joining Hands to Advance Modernization and Build a Community with a Shared Future," keynote speech at the opening ceremony of the Beijing Summit of the Forum on China-Africa Cooperation, September 5, 2024, Ministry of Foreign Affairs website (https://www.mfa.gov.cn/web/gjhdq_676201/gjhdqzz_681964/zfhzlt_682902/zyjh_682912/202409/t20240905_11485600.shtml).

51. "Indebtedness to China swells as Chinese assistance for Africa surpasses seven trillion yen, prompting moves to review relations," September 5, 2024, *Asahi Shimbun* digital version (https://digital.asahi.com/member_scrapbook/detail.html?aid=ASS954134S95UHBI01YM&cflag=0&psub=1&page=1&limit=20&sort=regtime.desc).

52. "Meeting between Xi Jinping and South African President Cyril Ramaphosa," September 2, 2024, Ministry of Foreign Affairs website (https://www.mfa.gov.cn/web/gjhdq_676201/gj_676203/fz_677316/1206_ 678284/xgxw_678290/202409/t20240902_11483479.shtml).

53. Mochinaga [2022] pp. 223-224.

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