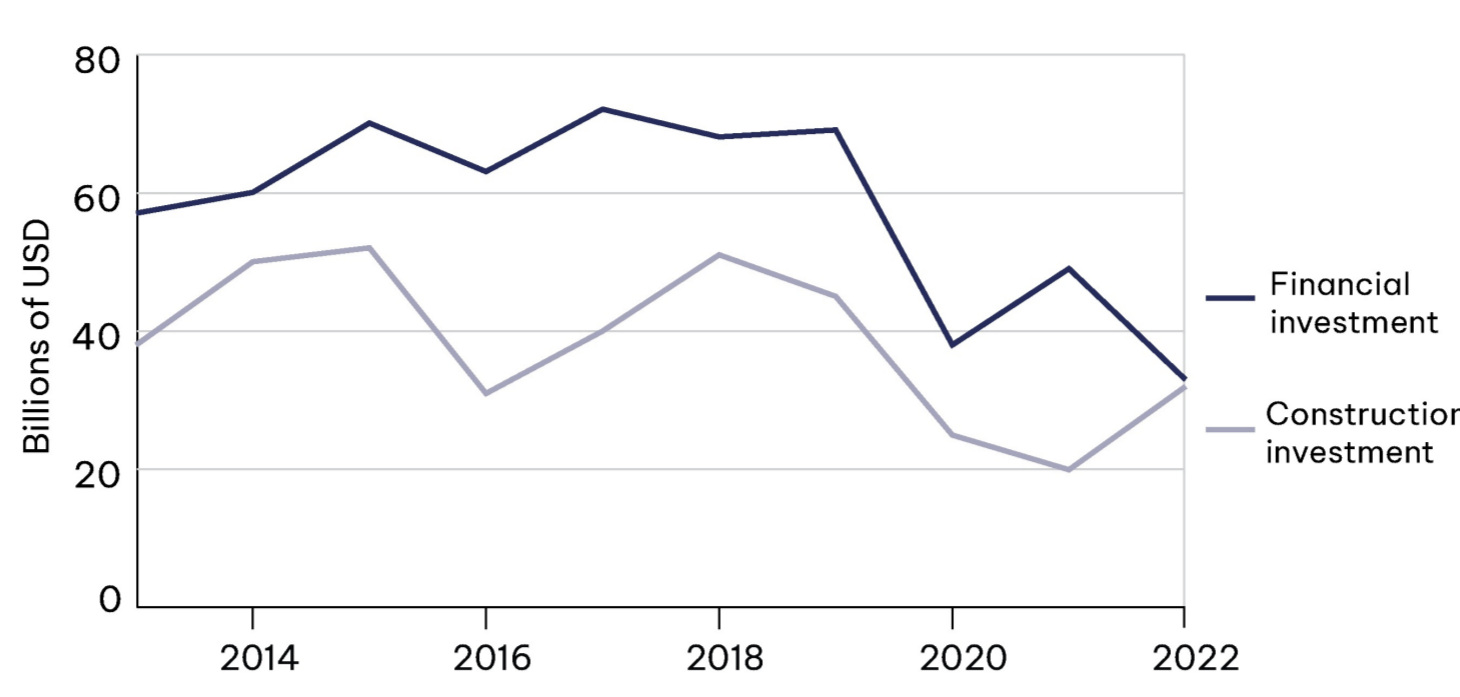




## Previewing China's Third Belt and Road Forum

### China's Overall Belt and Road Initiative Investment

- China's financial and, to a lesser extent, construction investments in its Belt and Road Initiative have largely declined since 2013. -



### Overview

On October 17-18, President Xi Jinping will **host** around 130 foreign **dignitaries** in Beijing for China's third "Belt and Road Forum for International Cooperation (BRF)" – the first in-person iteration since 2019. This year marks the tenth anniversary of the Belt and Road Initiative (BRI), China's landmark global infrastructure development program.

### Attendees and Agenda

Beijing seeks to promote the BRF as an event on par with other high-profile multilateral engagements – and China as the leader of the Global South. Media **reports**, however, suggest that fewer high-level Western officials will attend the 2023 BRF than in years past.

The leaders of the Czech Republic, Greece, and Italy – whose leaders attended in 2017 and 2019 – are among those planning to skip this year's event due to increased skepticism of China, as well as Russian leader Vladimir Putin's likely presence. Twenty-nine heads of state attended the first BRF in 2017, including from the Czech Republic, Greece, Hungary, Indonesia, Italy, Malaysia, the Philippines, Poland, and Vietnam. Thirty-seven foreign heads of state attended in 2019, including from countries that did not send a leader in 2017, such as Austria, Brunei, Papua New Guinea, Singapore, Thailand, and the United Arab Emirates.

China's Ministry of Foreign Affairs **said** that Serbia's President Aleksander Vucic and Argentina's President Alberto Fernandez will be among the foreign leaders in attendance this year. In what will be his most important trip outside Russia since the International Criminal Court (ICC) **issued** a warrant for his arrest in March, Putin plans to visit China around the same time as the BRF and will likely attend the forum. China is not a party to the ICC and is thus not legally obligated to arrest Putin.

At a press conference on October 10, Li Kexin, director general of the Department of International Economic Affairs of China's Foreign Ministry, **said** that the BRF will comprise an opening ceremony; three high-level sub-forums on connectivity, green development, and the digital economy; six seminars on as-yet-undefined topics; and an entrepreneur conference. Other discussions will likely center on issues such as infrastructure financing, science and technology cooperation, and customs harmonization. Xi will also hold numerous bilateral meetings, which will probably produce new pledges of China's support on infrastructure, science, and other cooperation.

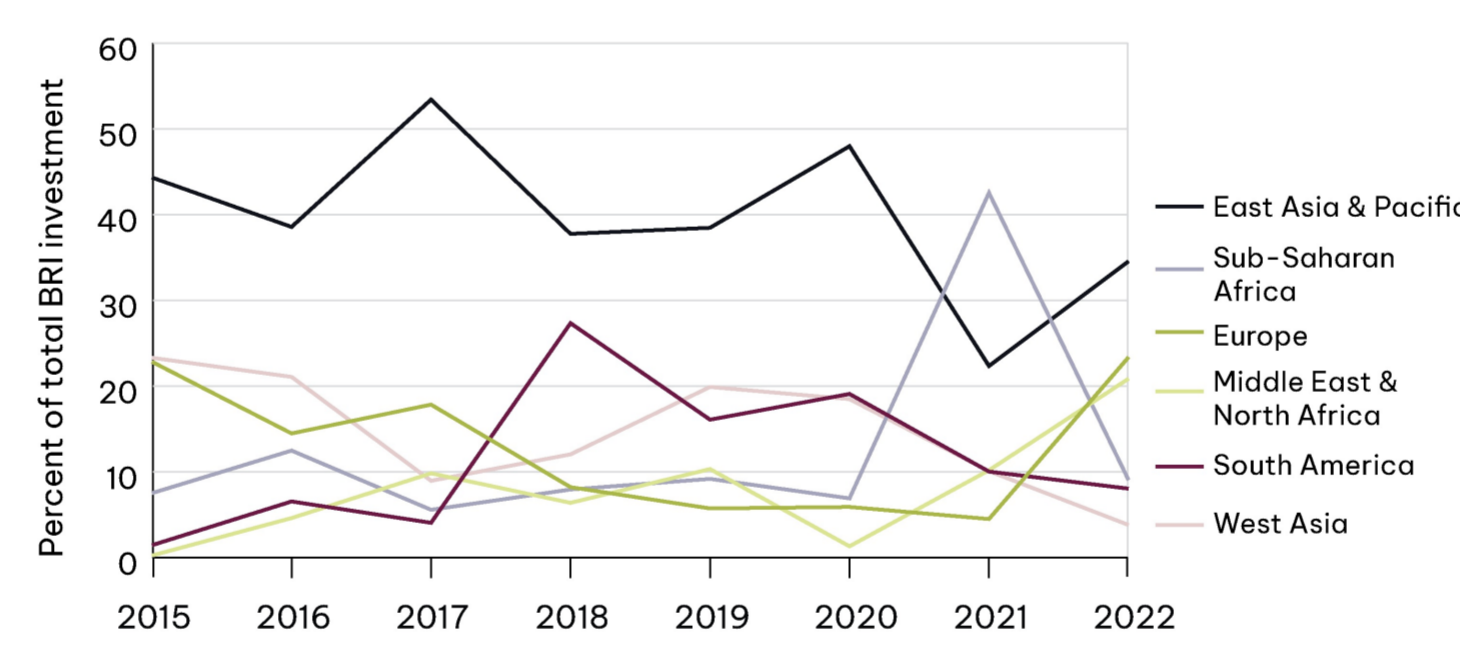
Xi will likely highlight specific BRI-backed projects like Indonesia's new high-speed railway – messaging that will find receptivity among many of the developing country leaders in attendance, and be compared to more **limited** outlays from most of the wealthiest Western nations. The fact that many BRI projects involve geographies that the U.S. Department of Treasury's Office of Foreign Assets Control considers money-laundering jurisdictions is one factor that has limited potential Western private sector investment, both through the BRI and otherwise.

From China's perspective, the BRI has succeeded in significant ways, such as by allowing Beijing to promote renminbi (RMB) internationalization, take the lead in defining technology standards, establish new trade linkages, and secure export markets. China-made products now dominate many Central Asia markets – like BYD for electric vehicles in Kazakhstan and Uzbekistan, and Xiaomi for phones across BRI countries.

Yet while China's State Council recently released a policy **note** promising to boost BRI investment with more financing channels from the Beijing-based Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, China's BRI spending has already **slowed** in recent years and is unlikely to rebound to pre-COVID **levels**. Beijing is reducing hazardous loans to financially distressed countries like Pakistan and Sri Lanka and focusing on risk-management as its own economy faces headwinds. China is pressing its banks – including over-leveraged development banks – to be more conservative lenders. China may also seek to mitigate risk in other ways, such as by pursuing BRI public-private partnerships instead of offering loans. The fact that most BRI projects are USD-financed also makes them more expensive and thus more complicated for Beijing, given recent RMB depreciation.

### Belt and Road Initiative Investment By Region

- East Asia remains the top beneficiary of China's BRI investment, with investment to Sub-Saharan Africa, South America, and West Asia falling since 2021. -



### TAG Take

Xi's decision to **invite** Putin – coupled with many European leaders' likely absence – means that BRF attendees will mainly be from the developing world, along with outliers such as Argentina, Hungary, Saudi Arabia, and Serbia, whose leaders are often sympathetic to China's complaints about the international order and/or seeking economic assistance from Beijing. Given the sympathetic audience and his role as host, Xi will be able to control the BRF summit, unlike the G20 summit he skipped last month.

Xi's prioritization of the BRF over other international engagements – other than the recent BRICS summit, over which China exerted substantial influence – may be a concerning signal, reflecting his skepticism of engaging with what he considers Western-dominated international institutions and his preference for engaging foreign governments on his terms. Largely one-way diplomatic engagement – with U.S. cabinet officials, along with the leaders of Germany, France, and the European Commission traveling to China without reciprocity from Xi – may also reflect that preference.

Beijing seems to be adopting a similar, but less pronounced, approach of "enforced centrality" toward the private sector. High-level executives increasingly find themselves pushed to travel to Beijing, with China's policymakers using senior-most-level engagement to solve complex issues. Several CEOs of foreign **tech**, **luxury**, and other companies have recently traveled to China to ensure positive ties – and stem any potential government action that could disrupt operations. Such trips, despite their increasing **political sensitivity** in Western countries, may become the norm as Xi limits his foreign trips, expecting more CEOs and foreign leaders to come to him instead.

*This report was prepared by **Charles Dunst**.  
**Jason Trinh** prepared the graphics.*



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