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Belt and Road Initiative: A Debate in Context with the New World Order with Chinese Characteristics

Abstract: *The existing global governance system in which an unparalleled growth of China is exceedingly constrained and overwhelmed by the US and its allies. President Xi's all-encompassing foreign policy such as the Belt and Road Initiative (BRI) primarily seeks out to develop the much-needed infrastructure, global financial integration and trade liberalisation. This paper examines the impression of China's initiative, such as BRI on the global governance system—an area in which China has gradually expanded its input. Inspired from China's historical prestige and ideology, Chinese institutions present three significant challenges to the existing world order; (i) the emerging non-western ideology, (ii) the non-western multilateralism, and (iii) the introduction of diversity and equality in international relations. The paper concludes that China's unprecedented economic growth coupled with its assertive foreign policy means an alternative global governance system is emerging with Chinese characteristics.*

Key Words: AIIB; BRI; China; Global Governance; World Order

Introduction

The BRI, initially presented by President Xi in 2013, is a transcontinental long-term investment policy that aims at infrastructure development along the historical Silk Road. It was the occasion of the 19th National Congress in 2017 when the BRI was incorporated into the party structure and declared the guiding principle for future policy directions ([Bora Ly 2020](#)).

Chinese leaders are calling up for reforms in the existing global governance arrangements. To this end, the Chinese President is demanding his country “shepherd the global governance reform, which is the set of global rules, methods and implementation mechanisms the international community used to resolve common problems” ([Xinhua Net 2018](#)). It is significant to understand

that China's idea for global governance contradicts that of the West. China pursues to make the present international order more democratic to ‘shared future community for mankind’ ([Xinhua Net 2017](#)).

The calls for reforms in the current global governance structure and BRI have a direct correlation. The Official Action Plan for BRI 2015 gives some insight into China's burgeoning discontent which mentions that ‘China is not happy with the prevailing global governance and world order’ (NDRC & [MOFA 2015](#)). Based on the recent developments since the BRI, it can be said that China intends to inject new global governance ideas such as economic factors, equality in resource distribution, monetary policy coordination and comprehensive and

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regional economic architecture. China's desire for reforms in global governance architecture can best be understood through its historical role before the Western domination. For more than two thousand years, Chinese sovereigns considered their realm one of the chief players in the world. The concept of Zhongguo—China calls itself the Middle Kingdom is not merely a geographic term (Babones 2018). It proposes that China is the economic, political and cultural centre of the world. The weakening of China, however, lessened the influence on global governance. The West came and conquered China and imposed harsh penalties and treaties. Consequently, China degenerated into a very low position in global affairs.

The reforms inspire even Chinese political thoughts on global governance. The current global governance system presents many problems, including the growing distance of wealth between the North and the South, the use of unilateral force to solve many global issues, the dominance of power politics and the suppression of different value systems. As a critic of the present global governance model, China vehemently proposes reforms in the current global order. The theory of the 'harmonious world' presents four main principles of reforms in the global governance system: (1) 'uphold multilateralism to realise common security', (2) 'development for all', (3) inclusiveness, (4) agenda of UN reforms (Wang Youming 2010).

To compensate its marginalised status in global affairs, China adopts a two-pronged strategy: (1) to maximise its influence in the current global financial architect, and (2) to establish new global institutions like BRI. This study argues that there appear many visible shifts in the current global governance: (i) the emergence of an alternative global governance ideology based on the Chinese characteristics, (ii) the non-western multilateralism, (iii) a way forward to equality in the international financial system, and (iv) the introduction of an element of diversity and equality in international relations.

Based on the analysis and observations made in this study, it is concluded that BRI has profound effects on the current global order and

likely reshaping the new one. Asia is the largest continent globally; however, it has a very low presentation in global governance affairs. After thorough discussion, the research suggests that Chinese thoughts such as the Harmonious World and BRI are the best remedies for deficiencies in the existing global governance system.

Theoretical Explanation

Despite the predominant power of many factors other than states, states are the main force in foreign relations (Weiss, 2016). Kenneth N. Waltz accepts as true that the state is the irreplaceable institution that performs political and economic functions. The state remains an integral component of global peace in the neoliberal school. However, liberalism itself depends on the bodies to consider who gets what and how in global frameworks (Sterling-Folker, 2014). In this case, the study of BRI and global governance shall not be limited to states as an actor exclusively.

According to the systemic realists, strong power involvement is required to develop an efficient global governance system (Waltz in Sterling-Folker, 2014). Nye classifies the term 'power' into 'hard and soft power'. Nye explains that 'hard power' is the combination of both military and economic. In contrast, 'soft power' relates to influencing political ideas. Nye claims that 'hard power' and 'soft power' augment each other (Nye, 2002). Since the launch of BRI, China's geo-economic and political influence has expanded across all the world regions.

The world is characterised by scarce resources. Power distribution among states is dynamic. States are striving to survive in the rebellious international environment. They are looking to rise their influence in the international system (Gilpin, 1981; Waltz 1979). States practice various programmes, including economic, military, institutional building and propaganda campaigns, which are the key factors in enhancing their ideas and prestige. When a new state emerges, it maximises influence in moulding the norms of existing global governance and institution building (Gilpin, 1981). The decaying power will try to maintain

its preponderance by challenging the revisionist powers.

The hegemonic Theory of Stability (HST) necessitates a guardian for the global economy. According to Gilpin, “the creation, maintenance and successful functioning of a liberal international economy require the exercise of political leadership” (Robert Gilpin, p. 364).

According to the liberal institutionalists, Ikenberry and Lim contend ([Ikenberry and Lim, 2017](#)), that due to the fragmented global governance, China is facing institutional preferences. China can opt out as a ‘status-quo stakeholder’. BRI scheme, according to Ikenberry and Lim, is considered under the framework of external innovation.

Neoclassical realism also explains assertive Chinese foreign policy and especially considers the ‘domestic stimuli and elite perception. The theorists contend that the internal situation plays a significant part in determining the attitude, which is due to elite acuity and domestic interests, of which Elite perception is particularly important ([Rose, 1998](#)).

China’s Evolving Role in Global Governance

Imperial China and Views on International Order

For more than two thousand years, Chinese sovereigns considered their realm one of the world’s chief players. The concept of Zhongguo, which China calls itself the Middle Kingdom, is not merely a geographic term ([Babones 2018](#)). It proposes that China is the economic, political, and cultural centre of the world. The perception of historical grandeur still holds weight in the Chinese psyche.

The Republic of China: Revitalising the Chinese Nation

The Republic of China (ROC) was founded in 1912. Sun-Yet-Sen, also recognised as the father of modern China, presented the idea of ‘revitalising the Chinese nation’. He believed that one day China would again be the political, economic, military, and cultural power of the world ([Guangming Net 2016](#)).

Addressing the troops in December 1921, he stated, “upon the success of the revolution, the treasure left behind by our forefathers throughout history shall be exploited. The nation shall endeavour to provide for the people’s four major needs: food, clothing, shelter, and transport, to strive for the public’s happiness. Meanwhile, the young will be taught; the strong will be used, and the old will be cared for” (L. [Zhang and Hu 2017](#)).

ROC’s international prestige was constrained by multiple factors, including colonial liabilities in the form of ‘Unequal Treaties’ and great powers’ interference. The Communists and Nationalists power struggle further debilitated the ROC. Under the allied camp’s patronage, ROC joined the United Nations Organisation (UNO) as a founding member on October 24 1945 ([United Nations 2020](#)).

Mao Challenges the International Order

Later in 1949, the Chinese Communist Party secured the civil war and abolished the nationalist government. In the early period of its independence, the capitalist and the world’s socialist division imprinted the Chinese global vision. However, China preferred the socialist camp patronised by the Soviet Union ([Wang and Rosenau 2009](#)). In 1953, Zhou Enlai presented the “The Five Principles of Peaceful Coexistence’ – mutual respect for territorial integrity and sovereignty, equality and mutual benefit, non-interference in each other internal affairs, mutual non-aggression, and peaceful coexistence”. These values later became the foundational principles of the non-aligned movement (NAM) ([Huang and Kurlantzick 2020](#)).

In the 1960s, China’s antagonism to the western-led global governance became more pronounced and visible. China exported the anti-western revolution to Africa, Latin America, and Asia. Yafeng Xia says that the anti-western policy was exposed amidst the ‘Cultural Revolution’ in 1960s ([Chang Liao 2018](#)). Beijing proposed an international united front against the superpowers and urged revolutionary changes to the global governance system. Y. Zhang further

argues that the period from 1949 to 1970 was characterised by China's absence from international organisations and international institutions (Y. [Zhang 2003](#)).

China vehemently denounced the hegemonic policies of both the Soviet Union and America. On February 22, 1974, Chairman Mao Zedong met with Zambia's President Kaunda and exhibited his strategic rationale for the three worlds'. He detected, "in my view, the United States and the Soviet Union belong to the first world. In-between, Japan, Europe, and Canada belong to the second world. The third world is very populous. Except for Japan, Asia belongs to the third world. So does the whole of Africa and Latin America" ([MOFA-PRC 2020a](#)).

Deng Xiaoping said that China fits the third world. At the 6th session of the UN General Assembly in 1974, he further elaborated on Mao's division of three worlds. He explained, "from the perspective of the changes that have taken place in international affairs, the world today has three sides or three worlds in existence which are mutually related as well as contradictory. The United States and the Soviet Union belong to the first world. Developing countries in Asia, Africa, Latin America, and other regions belong to the third world. Moreover, the developed countries between the two belong to the second world" ([MOFA-PRC 2020a](#)).

China Returns to the International System

China's rapprochement with the West, the UN General Assembly voted to include the People's Republic of China (PRC) as a permanent Security Council member in October 1971. China gradually attached itself to US-led global governance institutions. In this context, China defined itself from a force against the international system to a restricted contributor to global institutions. Samuel Kim explains, "China abandoned its radical system-transforming approach to adopt a system-reforming, and then a system maintaining approach" ([Kim 2015](#)).

In 1980, China became a part of the World Bank and International Monetary Fund (IMF). Economic Cooperation and Development

(OECD), the UN Development Program (UNDP), and the UN Educational, Scientific and Cultural Organisation (UNESCO) since 1946.

The June 1989 Tiananmen incident brought a significant shift in Chinese behaviour towards global governance ([Harding 1990](#)). Almost immediately, China gained a new identity as a pariah anti-people regime. To compensate for its exclusion from the international system, significant foreign policy changes were materialised, i.e., China endorsed the UN human rights covenant and the Kyoto protocol ([Harding 1990](#)). Similarly, later in 2001, China adopted the membership of the World Trade Organisation (WTO).

China Creates Its Own Institutions

Besides participating in US-dominated global institutions, China also constructs new global frameworks avoiding western dominance. This dual approach raises the question, why? In 2019, President Xi strained the necessity for BRICS countries to reinforce their partnership and endorse global governance. He further said, "the world finds itself in a difficult period with increasing uncertainty and instability. Therefore, BRICS countries should strengthen solidarity and cooperation, advance the building of a new type of international relations based on mutual respect, fairness, justice, and win-win cooperation, and foster a sound international environment" ([Lukin and Xuesong 2019](#)).

On the occasion of the 18th SCO summit, Xi stressed the same principles for cooperation as in the BRICS statement as mentioned above. He noted "the need for SCO members to forge a constructive partnership featuring the non-alliance, the non-confrontation and not targeting any third party. In doing so, we have achieved a breakthrough in the theories and practices of international relations, created a new model for regional cooperation, and made a new contribution to peace and development in our region" ([Xinhua Net 2018a](#)).

The fundamentals of Chinese foreign policy reverberate in President Xi's speech at the inaugural ceremony of BRI. President Xi denounced the western principles of international relations. He said, "China will enhance

friendship and cooperation with all countries involved in the BRI based on the Five Principles of Peaceful Coexistence. We are ready to share practices of development with other countries. Still, we have no intention of interfering in other countries' internal affairs, exporting our social system and model of development, or imposing our own will on others. In pursuing the BRI, we will not resort to outdated geopolitical manoeuvring. What we hope to achieve is a new model of win-win cooperation" ([Xinhua Net 2017b](#)).

At the fifth annual conference of AIIB in July 2020, the same discontent with the western governance system surfaced in President Xi's speech. He said, "to address issues emerging in the course of economic globalisation, and countries should pursue more inclusive global governance, more effective multilateral institution. In this context, the AIIB may grow into a new platform that promotes development for all of its members and facilitate the building of a community with a shared future for humanity" ([MOFA-PRC 2020b](#)).

The analysis of China's historical and current role in global institutions shows that China has never been a willing partner in the western frameworks, which appears less accommodative for its emerging demands.

Chinese Norms of Global Governance: A Community of Common Destiny

Chinese analysts distrust the western-defined principles of good governance such as market competition, the rule of law, democracy, transparency, and accountability. In current years, China has presented the concept of global governance under the rubric of the 'harmonious world' as described hereunder.

The Harmonious World and Global Governance System

In September 2005, Hu Jintao made a landmark speech titled 'Build towards a Harmonious World of Long-lasting Peace and Common Prosperity. 'President Hu meticulously mentioned the inkling of a harmonious world and sketched out its characteristics ([United Nations 2005](#)).

In December 2005, this concept was extensively expounded in the Chinese white paper entitled 'China's Passage of Peaceful Development'. President Hu also mentioned and explained this concept in his speech at Yale University ([PRC Embassy 2006](#)). So, the idea of a peaceful rise came into the Chinese international debate.

The present global governance system presents many problems, including the growing distance of wealth between the North and the South, the use of unilateral force to solve many global issues, the dominance of power politics, and the suppression of different value systems. As a critic of the present global governance model, China vehemently proposes reforms in the current global order. The concept of the 'harmonious world' presents principles of reforms in the global governance system.

The first belief of the 'harmonious world' stresses the need to 'defend multilateralism to realise common security'. Lasting Peace is the first prerequisite for the common development of humanity. Without peace, the world can neither get the benefits of previous growth nor materialise future progress. Global security threats must be the common agenda of all countries. President Hu added, "We must abandon the cold war mentality, cultivate a new security concept featuring mutual trust, mutual benefit, equality and cooperation, and build a fair and effective collective security mechanism aimed at jointly preventing war and conflict. As the core of the collective security mechanism, the UN plays an irreplaceable role in international cooperation to ensure global security" ([United Nations 2005](#)).

The second principle upholds mutually beneficial cooperation to achieve shared prosperity. This principle puts emphasise the fact that in the era of deepening economic globalisation, global development can only be achieved through collaboration. To materialise the dream of 'development for all', the UN should take tangible actions to device the 'Millennium Development Goals'. The international economic regime must be transparent for all countries. Also, transparency in energy, food, education, and public health

security should be the priority for humanity's common development.

The third principle is to support the essence of all-inclusiveness to shape a harmonious world. For expected human progress, the diversity of civilisation is the priority to be respected. Differences in the political systems, history, way of thinking, social structure, and culture should not become barriers to cooperation between countries. Every country has the right to act according to its social system. The democratisation of international relations should be the priority to accommodate every single country.

The fourth principle talks about the UN reforms. The UN charter is consistent with the central needs of the people around the world. The UN reforms should be conducted more efficiently to ensure maximum benefits for the developing countries. Moreover, security council reforms are the necessary target to be achieved for the welfare of the developing countries, mainly African countries.

Two Ideas Compared

Chinese political analysts find multiple commonalities between the idea of the 'harmonious world' and the western theories of global governance. Wang Youming points out the fundamental similarities, such as multilateralism and sustainable development ([Youming 2010](#)).

First, both prefer multilateralism over unilateralism. The western global governance theory prefers cooperation of power rather than a balance. It also chooses a cooperative approach to global contests such as energy, environmental and other social issues. The 'Harmonious World' also holds multilateralism as a useful tool to deal with critical international problems. China now is a member of multilateral organisations such as SCO, G20, the Association of Southeast Asian Nations (ASEAN) Plus One, BRICs, and World Trade Organisation (WTO).

Secondly, the present global development is largely based on an unsustainable development model. Both advocate the sustainable development model as a panacea for sustained economic growth. Wang Youming also points

out three diverging points between the 'harmonious world' and the global governance theories, namely (i) the receipt of core values, (ii) the meaning of the nation-state, and (iii) the yielding of sovereignty ([Youming 2010](#)). Firstly, the global governance theories lay emphasis on the acceptance of core values to form an international order. On the contrary, the 'harmonious world' does not put core values as a prerequisite for forming a world order. It gets different religions, cultures, societal values, and political systems.

Thirdly, modern global governance theorists believe that the 'age of Westphalia' has gone. The post-Westphalia system presents an idea of 'governance without government'. The state's role is not more than the NGOs, civil society, and transnational companies. China still believes that the nation-state remains the predominant role in global governance. China does not assign primary importance to NGOs, civil society, and multinational companies in global governance. The nation-state only has the last verdict over global governance.

Fourthly, the global governance theorists believe that sovereignty must be yielded to the world organisations for effective global governance. On the other hand, the 'Harmonious World' is based on principles of 'peaceful coexistence', which lays emphasis over reverence for sovereignty. The 'Harmonious World' opines that successful international cooperation is only possible by respecting each other's sovereignty. It succinctly presents the Chinese version of international relations. The fading western dominance accelerates the acceptance of the Chinese version of international relations for the world.

BRI in Reshaping the Global Governance System

The Hegemonic stability theory argues, "the rising power will de-legitimise the hegemon's global authority and order owing to the strongly revisionist existence of the rise in power under a unipolar and institutionalised state, before the actual assertion of hegemonic governance" ([Schweller and Pu, 2011, p. 44](#)).

China Links Global Governance with BRI

In September 2013, President Xi figured out a 'Silk Road Economic Belt', linking China with Asia and Europe ([MOFA-PRC 2013](#)). President Xi put forward the idea of building a 'Maritime Silk Road', a system from Chinese coastal ports to the South China Sea and the Indian Ocean, and ends reaching out to Europe. Their collective name is (BRI).

The scale of BRI is gigantic. The BRI's physical sphere so far covers 70 countries. It also includes 65% of the world's population and one-third of (GDP) (Yen Chiang [Chang 2020](#)). The budget allocated for the BRI contains over US\$ 1 trillion in investment for roads, railways, airports, power plants, telecommunication networks, and infrastructure developments for ports. The official Action Plan 2015 declares that the BRI is an open and inclusive project for the world. Further, China also claims that BRI is in mark with the values of the UN charter; it will not be confined to the ancient Silk route (NDRC & [MOFA 2015](#)).

The official Action Plan for the BRI 2015 pronounces the concept of future global governance and world order. Firstly, this document declares that this massive project will follow the UN charter guidelines and its five peaceful coexistence principles. The document states, "the BRI is in line with the purposes and principles of the UN charter. It upholds the five principles of peaceful coexistence: mutual respect's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence" (NDRC & [MOFA 2015](#)).

Further study of the document indirectly indicates that China is not happy with the prevailing global governance and world order. Based on the recent geopolitical developments, it seems like China wants to inject new global governance ideas such as the free flow of economic factors, equality in resource distribution, monetary policy coordination, and comprehensive and balanced regional economic cooperation architecture (NDRC & [MOFA 2015](#)). The document states these factors as

positive endeavours to pursue new models of global cooperation and governance. The official Action Plan 2015 articulates that China only intends to rectify the existing international order through BRI.

One of the declared aims of BRI is to increase the Chinese financial foothold in the world through economic diplomacy. The question arises, how far the BRI will be able to formulate the Sino-centric world? The above paragraph addresses this question by presenting that more than 70 countries have officially contributed to the BRI as compared to the 'Harmonious World', the BRI is a tangible policy with the maximum potential to deliver economic benefits to countries attached to it (F. [Zhang 2016](#)).

BRI envisions greater Chinese involvement with Asia, Europe, and Africa. China's monetary investment through the BRI project will bind it to security activities to safeguard the project. Many analysts are of the view that the People Liberation Army (PLA) involvement is pertinent to the security of Chinese nationals and investments outside China ([Chance and Mafinezam 2016](#)). The Chinese economic dominance, coupled with the creeping Chinese military might, will likely change Chinese strategic thinking. The West, particularly the US, considers it a threat to its hegemony in the world.

Western analysts are of the view that BRI is a threat to liberal norms ([Chance and Mafinezam, 2016](#)). Chance and Mafinezam argue that The Chinese-led initiatives follow Chinese standards. The US commentators have concerns that the Chinese-led initiatives do not follow the environment protection law and labour rights. The Chinese indifference to these laws, according to the US, gives China a competitive advantage over the western corporates, particularly in developing countries. The US has also worried that China will practise its economic influence to degrade and substitute the current post-war international economic order ([Chance and Mafinezam 2016](#)). It also implies that liberal norms are losing legitimacy with the growing Chinese economic clout.

Disperse Conventional Lending Capacity away from the West

China established multilateral financing institutions as part of the BRI. It diversifies traditional lending, which creates more favourable choices for the borrowing countries. The China-led BRI will diversify the traditional lending capacity away from the US-led financial institutions.

As part of the BRI, AIIB is the most significant Chinese-led global governance institution. It was established in 2014 and started to work in January 2016. It intends to drive infrastructure-led development in Asia. Its original vowed capitalisation was US\$ 100 billion. This amount is equal to 2/3 funds of the Asian Development Bank (ADB) and World Bank ([Hameiri 2018](#)). Till May 16, 2020, AIIB has 103 members worldwide.

China needs capital investment and institutional backing to run the mega-projects like BRI. Capital and finance are the two prerequisites for economic development. Major western countries have joined the AIIB despite the severe opposition of the US. The joining of AIIB by western governments is particularly interesting and important. The West in AIIB may turn out to be very significant for the global economic order.

With the establishment of AIIB, the analysts point out two critical challenges to the current global financial order; namely, i) Japan-dominated ADB and ii) one of the essential pillars of the US Bretton Wood System—World Bank and IMF (F. [Zhang 2016](#)). The US strained to influence its key partners such as Britain, South Korea, France, and Australia not to join the AIIB, but these countries rebuffed the American pressure ([BBC 2015](#)).

China's powerful influence can be gauged from the data; according to the US-based Aid Data Project, between 2000 to 2014, the Chinese government devoted US\$ 350 billion in finance to the countries in Asia, Africa, the Pacific, the Caribbean, Latin America, Central, and Eastern Europe. China's annual finance now rivals that of the US ([Axel Dreher 2017](#)).

The Development Assistant Committee (DAC) of OECD defines the standards of aid

distribution. According to experts, China's expanding role as a creditor marginalises the DAC's means of aid distribution. China's International Development Finance (IDF) follows only a fifth of DAC's Official Development Assistant (ODA) standards ([Harman and Williams 2014](#)). Thus, AIIB appears as an instrument for China to disregard international standards further.

The question arises: why does China try to contest and ultimately topple the current Western-dominated Bretton Wood financial order? The evidence points to the fact that China, so far, shows no desire to demolish the existing Bretton Wood system. China's policy has been focused on getting maximum influence in the current international order ([Suisheng Zhao 2016](#)).

In the case of AIIB, China is discussing with western counterparts about the functioning, maximum transparency standards, regulatory ethos, and corporate norms of the newly established bank. So, it seems highly improbable for China to break away from the western corporate models. However, China's slow penetration in the global financial order appears to shift the balance in favouring China-centric international economic order (F. [Zhang 2016](#)). China believes that maximum influence in the existing international order is the prerequisite before the all-out Sino-centric financial order. Feng Zhang sees AIIB as a threat to the ADB and World Bank dominated by the US and its key allies. Accordingly, AIIB will hit the traditional influence of the Bretton Wood system (F. [Zhang 2016](#)).

The American response to the AIIB was startling for the world. The former US President Obama administration aggressively lobbied governments to boycott the AIIB – even the traditional allies like the UK and Australia did not endorse the American stance ([Etzioni 2016](#)). Many experts agree that the leading cause of China's establishment of AIIB was the US congress's refusal to approve legislation for more weightage for China at the IMF and World Bank after the global financial crisis ([Etzioni 2016](#)).

The experts agree that it is the US reluctance

To restructure the voting structure of the IMF and World Bank behind China's disagreement with the current international liberal order. The present Bretton Wood financial system is entirely out of context with the global shift of power. Therefore, the number of AIIB members has reached 103 countries.

Echoing the Hegemonic Stability Theory, BRI appears as mechanism for diffusing the traditional financial networks by incorporating the new global financial institutions.

Re-engineering of Global Governance

In the procedure of de-legitimisation of the global governance system through BRI, the current liberal financial order is also changing to reflect the transformation in global governance decision-making. Restructuring the IMF's central quota and governance reforms that the Board of Governors decided on in 2010, the US congress failed to decide on the matter. Possessions improved after the formation of AIIB, which ultimately controlled the US Congress to approve the reform ([Ikenberry and Lim, 2017](#)). China's share has risen from 3.8 to 6 percent among the developed countries ([BBC, 2015](#)). In 2017, the US projected the World Bank (WB) to help as a counter to the Chinese architect ([LY, B, 2020](#)). The US, although hesitantly, gives some leverage to China to prevent its relative decline. According to Ikenberry and Lim, "it may enable China to push for further adjustment of the Bretton Wood System in its favour" ([Ikenberry and Lim, 2017, p.13](#)).

The appropriate application of BRI necessitates China's vigorous financial global institutions to maximise the impacts of the project. With the establishment of AIIB, China's weight in the global financial system is gradually increasing.

Way Forward

After thoroughly analysing the Chinese-led initiative BRI and its impacts on the existing world order, the research argues that despite China's attachment to it, there appears to be a considerable difference in their approaches, a way of thinking and handling of global affairs. The deviation is obvious on the agendas, i.e., the

functioning of the nation-state, sovereignty issue, human rights, and aid conditionalities. The following suggestions may bring congruence between the two systems: First, the global governance system should be inclusive for all the regions of the world. Second, fair representation in global institutions, i.e., the UN Security Council, financial institutions, and the G8 summit, must be followed to satiate the demands of emerging industrial nations. Third, global cooperation is urgently required in energy markets, illicit drug control, health, environment protection, and security domains.

Conclusion

Chinese President Xi presented a transcontinental long-term investment policy that aims at infrastructure-led development across Europe, Asia, and Africa along the ancient Silk Road. During the 19th National Congress of the Communist Party of China in 2017, the BRI was encompassed in the party constitution and declared as the guiding principle for future policy directions.

The relation between the BRI and the liberal governance system surfaced in the Official Action Plan 2015. It clearly announces that China is no more content with the liberal world order and enthusiastic to slowly and simultaneously injecting new global governance ideas such as the free flow of economic factors, equality in resource distribution, monetary policy coordination, and comprehensive and balanced regional economic cooperation architecture (NDRC and [MOFA 2015](#)).

Under the concept of Zhongguo, the Middle Kingdom, China believes itself at the centre of the universe. It denotes that China was the economic, political, and cultural centre of the world. The downfall of imperial China in the early 1900s, however, faded the Chinese influence in global affairs. To regain its lost global influence, China adopts a dual strategy: on one side, it participates in the US-led international institutions, a signatory of norms and protocols, i.e., the World Bank, IMF, and Paris Agreement on climate change. On the other side, it seeks to make alternative institutions, i.e., BRI and AIIB.

Since President Xi assumed office, China has adopted a proactive approach to global affairs. China pursues compatibility between its emerging industrial status and existing global governance institutions. To make that happen, China established new initiatives such as BRI imbued with Chinese characteristics. The concept of a 'Harmonious World' provides the ideological foundation for this global initiative.

The research concludes that the Chinese-led initiative is slowly and surely becoming an alternative for the western global institutions. The western-led global governance system bears three-pronged attacks from the Chinese

initiative: ideology, an alternative competitor, and its rising popularity among developing countries. On the positive side, BRI will likely perform to supplement the shortages of the current global governance system.

To make the global governance more responsive to the demands of emerging industrial nations, it is highly required to introduce diversity, equality, and partnership in it. During the Covid-19 period, China's response and economic growth brought a firm belief that the Western global institutions have miserably failed to address this miserable situation.

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