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The Geoeconomics of China's Belt and Road Initiative: Strategy, Objectives, and Global Implications

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Abstract

The rise of geoeconomics has transformed contemporary geopolitics by highlighting the subtle use of economic tools in political and strategic plans. In this context, China's Belt and Road Initiative (BRI) projects a mammoth example of geoeconomic statecraft, combining infrastructure development, investment, trade connectivity, and technological collision to proliferate China's global influence. This article examines the geoeconomics of the BRI by analysing its strategic foundations, objectives, and global implications. It explores the evolution of geoeconomics and its application in China's foreign policy through economic statecraft, including infrastructure corridors, the Maritime Silk Road, and the Digital Silk Road. Particularly, this article argues that the BRI extends beyond economic cooperation by serving as a strategic framework to maximise China's geopolitical position, secure resources and markets, and influence global governance. It also evaluates the opportunities and challenges arising from China's expanding geoeconomic engagement in the emerging world order.

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INTRODUCTION

The distribution of power in the twenty-first century has increasingly been shaped by economic capabilities rather than by conventional military strength alone. Among the most significant developments in this transformation has been China's rapid economic ascent, which has altered the dynamics of international political economy and challenged established understandings of global power. Within four decades of the economic restructuring unleashed in 1978, China was propelled to the position of the world's second-largest economy, the largest trading nation for many countries, and one of the most influential providers of overseas infrastructure finance and development assistance. This unprecedented economic transformation has substantially expanded Beijing's capacity **[1]** to influence international affairs through economic instruments.

"China's Belt and Road Initiative" (BRI), unveiled by President Xi Jinping in 2013, proclaimed the most comprehensive manifestation of this evolving geoeconomic strategy. Encompassing the "Silk Road Economic Belt and the Twenty-First Century Maritime Silk Road", the initiative seeks to strengthen transcontinental connectivity through investments in transport infrastructure, logistics corridors, energy projects, industrial parks, digital networks, and trade facilitation mechanisms. Extending across Asia, Africa, Europe, Latin America, and parts of the Pacific, the BRI has become one of the largest international development initiatives undertaken in the contemporary era. Beyond its developmental rhetoric, however, the initiative has generated extensive scholarly debate regarding its strategic implications, particularly concerning China's expanding economic influence, regional leadership ambitions, and capacity to reshape the existing international order. **[2]**

In this respect, the BRI illustrates the growing convergence between economic globalisation and strategic statecraft. The concept of geoeconomics provides a useful analytical framework for understanding this transformation. While classical geopolitical thought emphasised geography and military capabilities as the principal determinants of state power, contemporary scholarship increasingly recognises that economic instruments have become central to interstate competition. Rather than replacing geopolitics, geoeconomics complements and reconfigures it by employing investment, trade, finance, technology, and infrastructure as mechanisms for advancing strategic interests. China's expanding overseas economic engagement demonstrates this evolution, where commercial initiatives simultaneously generate economic returns and enhance geopolitical leverage across strategically significant regions. **[3]**

Accordingly, this article argues that the "Belt and Road Initiative" should be comprehended as China's comprehensive geoeconomic strategy that integrates infrastructure investment, trade networks, financial cooperation, and connectivity initiatives to convert economic capabilities into long-term strategic influence. By examining the interaction between these economic instruments and China's broader foreign policy objectives, the study demonstrates how the BRI has become a central pillar of Beijing's international engagement and an important factor in the changing nature of the world's political economy.

Geoeconomics and the Evolution of Contemporary Geopolitics

The relationship between economic power and geopolitical influence has long occupied a central position in the study of international relations. Although classical geopolitical theories traditionally emphasised territorial control, military capability, and strategic geography as the principal determinants of state power, contemporary global political economy demonstrates that economic resources increasingly shape interstate competition and the international distribution of influence. Structural changes in the global economy, technological advancements, expanding trade networks, and financial interdependence have transformed the nature of statecraft, making economic capabilities an indispensable component of national power. Consequently, geoeconomics has emerged as an analytical framework that explains how states employ economic tools to navigate towards a long-term vision of strategic upheaval without relying exclusively on military coercion. **[4]**

The intellectual foundations of this perspective can be traced to Robert Gilpin's theory of hegemonic change, which argues that shifts in economic productivity and material capabilities ultimately alter the balance of power within the international system. According to Gilpin (1981), sustained economic growth enables rising powers to accumulate resources that gradually challenge the dominance of established states, thereby creating conditions for structural transformation and potential hegemonic transition. Although historical evidence offers only a limited number of such systemic transitions, contemporary discussions surrounding China's economic rise have revitalised debates regarding whether shifts in economic power inevitably translate into geopolitical influence. **[5]** Rather than assuming a deterministic relationship between economic expansion and political dominance, current scholarship increasingly examines the mechanisms through which economic capabilities are strategically converted into diplomatic leverage, institutional influence, and regional leadership.

The Horn of Africa provides a particularly significant illustration of the intersection between geoeconomics and geopolitics. Owing to its strategic location connecting the Red Sea, the Gulf of Aden, and the Indian Ocean, the region occupies a critical position within global maritime commerce. China's investments in Djibouti, Ethiopia, and Kenya—including port development, railway connectivity, and logistics infrastructure—demonstrate how commercial projects simultaneously enhance regional integration and advance broader strategic objectives. The development of the Doraleh Port, the Addis Ababa–Djibouti Railway, and the expansion of transport corridors linking East African markets have strengthened regional connectivity while improving China's access to African markets and trade routes. Rather than functioning as isolated development projects, **[6]** these investments collectively establish economic networks that reinforce China's long-term strategic presence in the most important geostrategic areas.

The Belt and Road Initiative (BRI) has institutionalised this broader geoeconomic approach by integrating "infrastructure investment, trade facilitation, financial cooperation", and connectivity into a comprehensive foreign policy strategy. With the BRI, China attempts not only to improve physical infrastructure but also to construct transnational production networks, expand commercial linkages, and strengthen economic interdependence across participating countries. Such connectivity simultaneously enhances market access for Chinese enterprises, secures overseas supply chains, and creates favourable conditions for sustained economic engagement. Consequently, infrastructure development under the BRI must be perceived as both an economic and strategic undertaking that enhances China's capacity to shape regional economic governance. **[7]**

The emergence of geoeconomics as a dominant feature of international politics is closely associated with the structural changes that occurred at fag of the Cold War. During the bipolar era, strategic competition was largely illustrated by schism conflict and defence limbo. The dismantling of the USSR fundamentally altered this environment by reducing the centrality of ideological rivalry and creating greater opportunities for economic globalisation. Edward Luttwak argued that this transformation shifted interstate competition from military confrontation toward economic competition, with trade, finance, technology, and industrial competitiveness becoming increasingly significant instruments of national strategy.**[8]** Earlier contributions on economic statecraft similarly emphasised that states could employ economic incentives and restrictions to influence the behaviour of other governments, suggesting that power could be exercised through commercial rather than military means.

Geoeconomics in Practice: China's Economic Statecraft and the Belt and Road Initiative

The growing prominence of geoeconomics within International Relations reflects a broader transformation in the instruments through which states pursue strategic objectives. In an increasingly interconnected global economy, influence is no longer exercised solely through military capabilities or territorial expansion but also through trade, investment, finance, technology, infrastructure, and production networks. The remarkable rise of China has accelerated this intellectual shift, compelling scholars to reconsider how economic capabilities can be strategically employed to advance national interests. Consequently, geoeconomics has emerged as one of the most influential analytical frameworks for understanding China's expanding global engagement, particularly under the Belt and Road Initiative (BRI).

Despite its growing relevance, geoeconomics remains a contested concept within the literature. One influential interpretation defines it as the strategic way of maintaining economic tools to accomplish geopolitical motives. Blackwill and Harris argue that states increasingly utilise "trade policies, investment flows, financial assistance, sanctions, and technological cooperation" to change the political nature of other countries. From this realist perspective, economic interactions are not merely commercial transactions but strategic tools that enhance national power and reinforce geopolitical influence. In the Chinese context, this approach suggests that expanding economic interdependence creates asymmetric relationships in which partner countries become progressively integrated into China's economic sphere, thereby increasing Beijing's ability to shape regional political preferences and strategic outcomes. **[9]**

Other scholars propose a broader interpretation that extends beyond conventional realist assumptions. Cowen and Smith contend that geoeconomics should not be understood as a replacement for geopolitics but rather as its contemporary evolution, where market forces, financial systems, production networks, and global supply chains increasingly determine the exercise of power. Under this perspective, strategic competition has become embedded within the architecture of global capitalism, allowing states to influence international affairs through economic connectivity instead of direct military confrontation. Accordingly, geoeconomic competition encompasses not only governments but also multinational corporations, financial institutions, state-owned enterprises, development banks, and transnational infrastructure networks, all of which collectively reshape the contemporary international order. **[10]**

Nevertheless, China's integration into the liberal international economic system did not produce complete convergence with Western political and economic models. Although market-oriented reforms transformed significant sectors of the Chinese economy, the Communist Party of China (CPC) retained its dominant position in directing national development. Strategic industries, state-owned enterprises, industrial planning, and long-term development strategies continued to play central roles in China's economic governance. Consequently, China's development trajectory represents a hybrid model in which market mechanisms operate alongside strong state coordination, allowing Beijing to employ economic resources in pursuit of broader national objectives. This institutional configuration distinguishes China's approach from the predominantly market-driven models associated with Anglo-American neoliberalism and has contributed to renewed debates regarding alternative pathways to economic modernisation.

Africa has emerged as one of the most significant laboratories for China's geoeconomic engagement. Large-scale infrastructure projects, concessional financing, industrial cooperation, and expanding trade relations have strengthened China's economic presence across the continent while providing African governments with alternative sources of development finance beyond traditional Western institutions. Although this engagement has generated debates concerning debt sustainability, transparency, and long-term dependency, it has also accelerated infrastructure development, enhanced regional connectivity, and expanded opportunities for industrialisation in several African economies. Consequently, China's African engagement illustrates how economic cooperation simultaneously advances developmental objectives and broader strategic interests. **[11]**

China's geoeconomic strategy also reflects a distinctive understanding of national security. Unlike traditional security frameworks that prioritise military threats, Chinese strategic thinking increasingly adopts a comprehensive conception of security that integrates economic growth, political stability, technological innovation, energy security, and international connectivity. Within this framework, overseas investments, secure supply chains, uninterrupted access to critical resources, and resilient trade networks are considered essential components of national security. Accordingly, geoeconomic instruments become integral to safeguarding China's long-term development while enhancing its international influence. The Belt and Road Initiative embodies this strategic transformation by integrating commercial expansion with geopolitical objectives, illustrating how economic statecraft has become one of China's most significant instruments for advancing its national interests in an increasingly multipolar international system.

The Belt and Road Initiative: Operationalising China's Geoeconomic Strategy

The "Belt and Road Initiative" (BRI) represents the most comprehensive manifestation of China's geoeconomic statecraft in the present times. Emerging from China's remarkable economic transformation and expanding global aspirations, the initiative reflects Beijing's strategic effort to change emerging economic capabilities into sustained soft power and geopolitical influence. While officially presented as a framework for enhancing international connectivity, economic cooperation, and shared development, the BRI simultaneously serves broader national objectives by integrating "infrastructure investment, trade facilitation, financial cooperation, industrial relocation, and regional economic integration" into a combined foreign policy vision. Consequently, the initiative has become the principal instrument through which China projects its economic power beyond its borders while reshaping patterns of regional and global connectivity.

The intellectual foundations of the BRI are closely linked to China's evolving development strategy and its aspiration to assume a more influential role in global governance. Following decades of export-led industrialisation and sustained economic growth, Chinese policymakers increasingly recognised that maintaining long-term development required expanding overseas markets, diversifying trade routes, securing access to strategic resources, and strengthening external economic partnerships. Simultaneously, rising national confidence under President Xi Jinping encouraged a transition from Deng Xiaoping's cautious diplomatic approach towards a more proactive and globally engaged foreign policy. Within this broader strategic context, the recreation of the historic Silk Road became both a symbolic representation of China's civilisational legacy and a **[12]** practical blueprint for constructing new transcontinental networks of trade and economic cooperation.

Structurally, the "Belt and Road Initiative" consists of two complementary components: the "Silk Road Economic Belt (SREB) and the Twenty-First Century Maritime Silk Road (MSR)". The overland "Silk Road Economic Belt" seeks to enhance connectivity between China, Central Asia, Russia, the Middle East, and Europe through the construction of railways, highways, logistics hubs, pipelines, and industrial corridors. In contrast, the Maritime Silk Road focuses on strengthening maritime connectivity by developing strategic ports, shipping routes, and coastal infrastructure across Southeast Asia, the Indian Ocean, Africa, and the Mediterranean. Together, these two corridors form an integrated transcontinental network designed to channelise the flow of goods, capital, technology, and services while reducing logistical constraints on international commerce. Rather than functioning as isolated infrastructure projects, these initiatives collectively establish new economic corridors that reinforce China's central position within regional and global production networks.

Unlike conventional development assistance programmes, the BRI combines infrastructure financing with broader objectives of economic integration and industrial cooperation. Investments in ports, railways, highways, energy pipelines, special economic zones, digital infrastructure, and cross-border logistics are intended not only to improve physical connectivity but also to stimulate trade expansion, attract investment, strengthen regional value chains, and facilitate industrial development. **[13]** Through these interconnected initiatives, Beijing seeks to deepen economic interdependence with participating countries while creating mutually beneficial commercial relationships that support long-term regional growth. At the same time, these expanding networks strengthen Beijing's control on supply chains and increase its influence over the architecture of international commerce.

The implementation of the BRI also reflects the distinctive characteristics of China's developmental state. Although market-oriented reforms have significantly transformed the Chinese economy, state institutions stick to playing a role in coordinating long-term economic strategy. Central government agencies, particularly the "National Development and Reform Commission" (NDRC), together with "state-owned enterprises", policy banks, and provincial governments, remain central actors in planning, financing, and implementing major overseas infrastructure projects. This institutional coordination enables China to mobilise financial resources and administrative capacity on a scale that few countries can replicate. Consequently, the BRI illustrates how state-guided economic planning and market-oriented commercial expansion operate simultaneously within China's development model.

Geoeconomic statecraft of China

Domestic economic considerations have also significantly influenced the evolution of the "Belt and Road Initiative". Following the global financial crisis of 2008, China's investment-driven growth model generated increasing concerns regarding industrial overcapacity, declining returns on domestic infrastructure investment, and regional economic imbalances. Sectors such as steel, cement, construction machinery, and heavy manufacturing accumulated substantial excess production capacity, while large-scale domestic infrastructure expansion approached diminishing economic returns. In this context, overseas infrastructure development under the BRI provided an opportunity to internationalise surplus industrial capacity, create new markets for Chinese enterprises, sustain employment, and facilitate the outward expansion of Chinese capital. Rather than viewing the initiative solely as a foreign policy project, it should therefore also be understood as an extension of China's domestic economic restructuring strategy.

Beyond its economic rationale, the BRI has significant geopolitical implications. Infrastructure corridors, maritime connectivity, and expanding trade networks enhance China's access to strategic regions while simultaneously reducing dependence on vulnerable transportation routes. Diversifying energy supply chains, improving overland connectivity with Eurasia, and strengthening maritime infrastructure across the Indian Ocean collectively enhance China's economic resilience and strategic freedom. Particularly in this respect, economic connectivity hooks not merely as a commercial objective but also as a mechanism for improving national security by reducing external vulnerabilities and expanding China's long-term strategic options. **[14]**

Nevertheless, the BRI has generated considerable international debate. Supporters regard the initiative as an important mechanism for addressing global infrastructure deficits, promoting regional integration, and stimulating economic development across developing countries. However, experts articulate that few projects would create a debt trap and that it will engulf the sphere of influence, which will reduce economic transparency and create asymmetric dependencies between China and recipient states. These competing interpretations reflect broader disagreements concerning whether the BRI should primarily be seen as an international development initiative or as an instrument of Chinese geoeconomic statecraft. In practice, both dimensions are closely interconnected. While many participating countries derive tangible developmental benefits from improved infrastructure and enhanced connectivity, these projects simultaneously reinforce China's economic centrality and expand its capacity to shape regional political and economic relationships.

From a geoeconomic perspective, the significance of the "Belt and Road Initiative" extends beyond the building of physical infrastructure. It represents a strategic framework through which investments, trade, financial cooperation, industrial relocation, and connectivity are integrated into a comprehensive mechanism for advancing China's long-term national interests. By transforming economic resources into strategic influence, the BRI demonstrates how contemporary great powers increasingly employ economic instruments rather than military coercion to expand their international influence. Consequently, the initiative has become an imperative mechanism of China's rise and a central pillar of the evolving international political economy. **[15]**

China's remarkable economic transformation has significantly expanded the strategic autonomy and policy choices available to its political leadership, particularly under Xi Jinping. The growing material capabilities generated through decades of economic development have enabled Beijing to pursue a more ambitious role in global affairs, seeking to re-establish China as a central actor in international diplomacy and great power politics. The aspiration to restore China's historical prominence, especially within its surrounding region, has gained considerable support among both the Chinese leadership and broader sections of society, although debates continue regarding the implications of this ambition for China's foreign policy orientation. Nevertheless, China's expanding geoeconomic capabilities have undoubtedly accelerated its ability to translate economic strength into diplomatic influence and strategic outcomes at a pace that many observers had not anticipated two decades ago. **[16]**

Within this context, the central question is not whether China possesses the capacity to pursue a more influential global role, but rather how Beijing intends to employ its growing economic resources and what significance initiatives such as the Belt and Road Initiative (BRI) hold within this broader strategic vision. As Miller argues, Xi Jinping's overarching objective is closely associated with restoring China's perceived historical status as the predominant power in Asia. This ambition does not necessarily imply replacing the United States as the sole global superpower; rather, it reflects a desire to establish China as the primary organising force within its regional environment. Through economic diplomacy, connectivity projects, and strategic investments, Beijing seeks to create networks of interdependence in which China occupies a central position.

The launch of the Belt and Road Initiative demonstrates that China's conception of its sphere of influence neighbourhood has expanded considerably beyond the traditional geographical boundaries of East and Southeast Asia. **[17]** Unlike earlier regional approaches, the BRI extends China's economic and diplomatic engagement across Central Asia, South Asia, Africa, Europe, and beyond. Through this expansive connectivity framework, Beijing aims to reshape patterns of 'trade, investment, infrastructure development, and political cooperation' in ways that enhance its long-term geoeconomic influence.

CONCLUSION

The Belt and Road Initiative represents both a symbolic expression and a practical mechanism of China's emerging global strategy. Its success would not only strengthen China's diplomatic outreach but also consolidate its geoeconomic position by embedding Chinese influence within transnational networks of infrastructure, finance, and trade. Although domestic economic challenges and political uncertainties may affect its trajectory, the BRI remains an imperative manifestation of China's pursuit of regional primacy and its broader aspiration to reshape the world order. From a historical perspective, such behaviour is consistent with the patterns of established and emerging great powers, which have frequently sought to translate economic capabilities into broader international leadership. The United States, following the Second World War, similarly utilised its enhanced economic position to construct institutions, alliances, and economic frameworks that supported its dominant role in global governance. Therefore, China's attempt to assume a more prominent position in international affairs must look within the broader dynamics of emerging power politics rather than as an exceptional phenomenon. Eventually, when we analyse America's and China's policies, it is ubiquitous that it is also shaped by a strong sense of historical identity, national rejuvenation, and exceptionalism.

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