

# The Future of China's Belt and Road Initiative (BRI) in the "Dual Circulation Era"

Development of China's Internal Market

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*China's new development paradigm of dual circulation is not a repudiation of its prior BRI-driven model of globalization, but is actually complementary to it. Observers shouldn't forget that many of the hundreds of billions of dollars of BRI-related loans are for long-term infrastructure investments.*

The Financial Times published an article on Tuesday titled "[China curtails overseas lending in face of geopolitical backlash](#)". It reported on a recent study by researchers at Boston University which found that the China Development Bank and the Export-Import Bank of China only lent \$4 billion last year compared to \$75 in 2016. The outlet then relies heavily on a report from the [partially US government-funded](#) "Overseas Development Institute" and a Chatham House expert to editorialize that this due to the alleged model of prioritizing Chinese interests over recipient countries' and the "reputational damage" caused by Belt & Road Initiative (BRI) deals.

These interpretations are inaccurate and likely being promoted only to smear BRI. It's also suspicious that the quoted Chatham House expert claimed without any evidence that the Chinese public is pressuring decision makers to curtail international lending in order to focus on revitalizing the domestic healthcare industry after COVID-19. The fact of the matter is that China's healthcare system succeeded in containing the pandemic and saving countless lives. While every system in any country across the world continually seeks to improve, China's has proven itself to be [far superior](#) to most of its peers in this respect, so that point is a propagandist one.

The only other element of value in the Financial Times' article besides the statistics that they cited in the introduction was the explanation provided by Kevin Gallagher, director of the Boston University Global Development Policy Center, which compiled the data. He attributed this drastic decline in international lending to the US' trade war against China. That development was the first serious structural change in the global economy since the end of the Cold War, hence why his theory that China wanted to keep dollar assets at home because of the prevailing uncertainty makes a lot of sense.

Still, these observations raise questions about BRI's future, but there's actually nothing to be worried about even if China's international lending remains low for the foreseeable future. The global economy is in the midst of crisis due to the world's uncoordinated efforts to contain COVID-19, and certain protectionist trends have proliferated to the point of becoming commonplace in many countries. That doesn't mean that the era of globalization is over, but just that it's presently undergoing a transformation, and it might still take some

time for the entire world to recover to the pre-COVID-19 status quo.

As these complex processes unfold, China also recently unveiled its new development paradigm of [dual circulation](#) whereby domestic and international circulation will be equally prioritized. This pragmatic policy will enable the world's largest marketplace to flexibly react to the forthcoming shocks that are expected to continue shaking the global economy during this era of uncertainty. It is not, however, a repudiation of its prior BRI-driven model of globalization, but is actually complementary to it. Observers shouldn't forget that many of the hundreds of billions of dollars of BRI-related loans are for long-term infrastructure investments.

Many of these have yet to fully materialize, such as those connected to BRI's flagship project of the China-Pakistan Economic Corridor ([CPEC](#)), which has already attracted at least \$60 billion worth of investments, but their projected implementation is such that they should all be completed by the end of the decade at the latest. That should be more than enough time for the global economy to recover, prior to which Pakistan and China's other BRI partners will continue to develop as they finish constructing their planned large-scale infrastructure projects. These will in turn enable them to increase their exports to the growing Chinese economy.

The dual circulation paradigm wouldn't be possible without BRI, and all BRI countries will benefit from this new development paradigm since they'll have greater access to the Chinese economy. While China's international lending might remain low as it prioritizes more domestic projects, the seeds that hundreds of billions of dollars' worth of BRI investments have planted across the world will continue to grow in the interim, thus mutually reinforcing each other's economies. As China grows, so does the world, and vice-versa, with BRI being the bridge connecting them all together towards the ultimate goal of a community of shared future for mankind.

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