



Issue

Brief

ISSUE NO. 834
SEPTEMBER 2025

Bigger, Smarter: BRI 2.0 After the Third Belt and Road Forum

Prithvi Gupta

Abstract

In 2023, a decade after inaugurating the Belt and Road Initiative (BRI), Chinese President Xi Jinping convened the Third Belt and Road Forum for International Cooperation (third BRF) in Beijing. In his Chair's Statement, he pledged reforms and institutionalisation to address the connectivity initiative's myriad problems and international criticisms. The third BRF focused on practical cooperation, multimodal connectivity, globalisation of trade, cooperation in new and green transition technologies, setting global standards for connectivity and greater accountability through institutionalisation. Nearly two years later, a detailed assessment of the real-time implementation of the third BRF's deliverables and promised adaptations has become imperative. This brief assesses the BRI's structural shifts and analyses the evolved BRI in the context of the broader geopolitical contestation in connectivity cooperation.

Chinese President Xi Jinping launched the Belt and Road Initiative (BRI) in 2013 during his state visits to Kazakhstan and Indonesia. He envisioned a continental belt linking Eurasia and the 21st-century Maritime Silk Road, connecting all critical maritime chokepoints, sea trade lanes, and global routes. Initially called ‘One Belt, One Road,’ the project was rebranded as the BRI in 2015 to convey a more inclusive and open approach, distancing it from perceptions of being a China-centric project.¹ In 2017, after channelling US\$240 billion into 64 countries through investments, loans, and contracts,² China added the Digital Silk Road (DSR) and the Health Silk Road (HSR) to the BRI. The DSR^a and the HSR^b are the BRI’s digital and health arms, respectively. Between 2017 and 2024, Chinese economic engagement under the HSR and DSR amounted to US\$62 billion across 96 countries.^{3,4} Since its inception to July 2025, Beijing’s collective economic engagement under the different BRI frameworks has amounted to US\$1.308 trillion (US\$775 billion in construction contracts and US\$533 billion in investments).⁵

In the same timeframe, China hosted three BRFs in 2017, 2019, and 2023. Their overarching aim has been to foster legitimacy and build international consensus around the BRI’s development cooperation models. They also serve as platforms to address the criticisms against the BRI, discuss the pitfalls, and adapt the project’s cooperation frameworks to Beijing’s evolving domestic priorities and the changing global geopolitical landscape.

Additionally, the BRFs reflect China’s evolving approach to global leadership, coalition-building, and contesting Western-dominated institutions. The 2017 BRF signalled China’s ambition to institutionalise the BRI as a cornerstone of an alternative global order, attracting 29 heads of state and signalling strategic inroads into Eurasia and Africa.⁶ The first BRF focused on infrastructure connectivity, financial integration, and policy coordination through large-scale project financing and infrastructure building. By the 2019 BRF, amid rising scrutiny over debt and transparency, China sought to re-legitimise the BRI, introducing the Debt Sustainability Framework and broadening participation to 37 world leaders.⁷

a The DSR, launched in 2017, is the technological and digital arm of the BRI. Through the DSR, China deepened technological and digital cooperation under its BRI smart city frameworks and through cooperation in subsea cables, 5G cooperation, and hi-tech surveillance equipment, among others. Till date, China has signed 39 DSR cooperation agreements globally.

b The HSR, launched in 2017, expanded significantly during COVID-19, with China delivering over 2.2 billion vaccine doses to more than 120 countries by 2022. It focuses on building hospitals, training medical personnel, and enhancing public health infrastructure, particularly across Africa, Southeast Asia, and Latin America. HSR also supports China’s effort to shape global health governance norms, with initiatives like the BRI Vaccine Partnership and promotion of Chinese-developed vaccines such as Sinovac and Sinopharm.

Introduction

The 2023 BRF took place against the backdrop of heightened US-China rivalry and Western decoupling. In his Chair's Statement during the forum, President Xi Jinping pledged reforms and institutionalisation to address the BRI's myriad problems and international criticisms.⁸ With US\$97.2 billion pledged and participation skewing toward the Global South, it marked a geographical recalibration, underscoring Beijing's pivot to a "multipolar" narrative and South-South solidarity.⁹ The absence of G7 leaders underscored declining Western participation and revealed the BRI's transformation from a globalist vision to a selectively aligned bloc-building strategy, mirroring China's broader geopolitical repositioning. At the third BRF, China institutionalised the BRI's restructuring in five ways: greening projects; focusing more on partner countries' debt sustainability; increasing Chinese private sector involvement; enhancing partnerships with international organisations; and shifting from grandiose to smaller, more refined projects.

The Belt and Road's Second Phase

Greening the BRI: At the Third BRF, Chinese President Xi Jinping pledged greater alignment and coordination between initiatives like the Green Investment Principles for the Belt and Road, the Green Development Guidance for BRI projects, and the Beijing Initiative for Green Development to align BRI projects with global sustainability goals. These initiatives aim to promote green finance, low-carbon infrastructure, and environmental governance across partner countries, forming part of China's broader push to "green" the BRI's economic engagement. Economic engagement under the BRI has increasingly targeted green technology, energy, and natural resources. It is driven by multiple objectives: addressing domestic industrial overcapacity in green energy and technology sectors; responding to international criticisms of the BRI's conventional sectors-focused engagement; detrimental environmental impacts of large-scale BRI projects; and maintaining China's lead in these sunrise economic sectors through construction contracts, exports, and securing necessary raw material exports.

Prima facie, China's BRI projects portfolio has undergone a paradigm shift, with investments in renewable and clean energy projects rising sharply. In 2023 and 2024, green energy investments and construction contracts amounted to US\$12.4 billion and US\$7.9 billion, respectively.¹⁰ Averaging 29.22 percent of total energy engagement, these figures denote the largest-ever green energy engagement under the BRI framework in absolute and relative terms. In the first half of 2025, Beijing's BRI exceeded all past records at US\$9.7 billion in wind, solar, and waste-to-energy projects, adding about 11.9 GW of capacity. Chinese state and private firms are also expanding into critical technology and green sectors (metals and mining, green tech manufacturing), as evidenced by record high BRI investments in batteries, high tech manufacturing, green energy supply chains, and minerals processing and mining for renewables-related minerals in 2024 (US\$30 billion) and 2025 (US\$48.1 billion).¹¹

However, the picture remains mixed, as Chinese firms continue to invest heavily in fossil fuels. Oil and gas BRI engagement jumped from US\$15.7 billion in 2023 to US\$24.3 billion in 2024 (a 55-percent rise). In 2024, roughly 62 percent of China's overseas energy spending was on oil and gas (its highest ever in absolute terms).¹² In the first half of 2025, the BRI registered its highest-ever conventional energy engagement, recording US\$44 billion in oil and gas investments. Coal is not entirely phased out, either. Although China stopped financing new coal plants in 2021, it has kept backing coal-related projects through mines and infrastructure between 2023 and

The Belt and Road's Second Phase

2025,¹³ amounting to US\$4.8 billion. Projects include State Power Investment Corp's coal transport and plant projects in Mongolia and Bangladesh (2024), and Zhejiang Energy's coal mine in Indonesia.¹⁴ While green BRI spending has reached new highs, China's continued fossil fuel investments suggest incomplete implementation of its green pledges. Global trade and investment volatility is likely to push China toward greater investments in supply chain resilience and alternative export markets, reflecting its role across the global energy supply chain.

BRI energy investment is growing greener but remains dominated by fossil fuels. Between 2023 and 2025, renewables grew from US\$9.5 billion to US\$11.8 billion, then to US\$9.4 billion (in the first half of 2025), while oil and gas grew from US\$15.7 billion to US\$24.3 billion to US\$44 billion. Even in 2024 and 2025, the BRI's greenest years, fossil fuel spending was roughly double that of renewables. Beijing's green BRI rhetoric has been backed by policy commitments and rising renewable investment, but execution has been uneven: coal and oil deals still proceed, and environmental safeguards are not a uniform practice across all BRI projects.

Debt Sustainability: Between 2013 and 2023, Chinese policy bank loans carried stringent terms, including confidentiality and “no Paris Club” clauses (explicitly forbidding debt restructuring under the Paris Club or similar frameworks), and relied on formal and informal collateral, i.e., borrowers channelled export revenues into escrow accounts controlled by Chinese banks. Such arrangements gave Chinese lenders senior claims on foreign-currency receipts (oil and minerals) ahead of other creditors.¹⁵ About half of these loans were effectively commodity-backed, with export proceeds diverted directly into lender-controlled accounts. Chinese contracts often included broad cross-default and policy-change clauses, allowing debt acceleration if the borrowers acted “averse to the interests of a PRC entity” or if diplomatic ties were broken. Early BRI loans were characterised by aggressive seniority and secrecy as well: sovereign immunity waivers, choice-of-law (often PRC law) and domestic arbitration, and elaborate penalty rates, all tilting negotiations in China's favour.¹⁶ These design features gave Chinese creditors outsized leverage.

The Belt and Road's Second Phase

Since 2020, Chinese policy banks have sharply reduced overseas lending. Once responsible for nearly 75 percent of flows, their share fell below 25 percent by 2024.¹⁷ Commercial banks and syndicated loans now dominate: about 50 percent of new non-emergency loans are syndicated, and 80 percent of these are co-financed with Western banks or multilateral development banks.¹⁸ This shift allows China to share risk and defer due diligence to external partners.

In parallel, crisis-period lending and rollovers have skyrocketed, making China a “lender of last resort” for many emerging markets.¹⁹ By 2022, roughly 60 percent of China’s loan portfolio to developing countries was distressed. Between 2018 and 2023, Beijing made 128 rescue or rollover loans (often extending short-term credits) of about US\$170 billion.²⁰ Since 2022, roughly three-fifths of new Chinese finance has gone to refinancing maturing obligations rather than building new infrastructure. China is projected to collect US\$22 billion in debt principal and interest repayments in 2025.²¹ These bailouts primarily support middle-income BRI borrowers, such as Pakistan (balance-of-payments), Sri Lanka (liquidity aid), and Laos (currency swap lines).²² Poorer borrowers, by contrast, often receive only grace-period extensions.²³ The interest rates on Chinese rescue loans are high—typically 5 percent or more—and repayments are secured by project revenues or export flows, reinforcing China’s seniority among sovereign lenders.²⁴

China has taken limited steps for reform, such as signing the G20 Common Framework (2020) and issuing new debt guidelines (2023). While collateral terms have tightened and penalties increased, restructurings remain maturity extensions without principal relief. Relief is often repackaged as costly new loans. In cases like Laos, Sri Lanka, Pakistan, and Zambia, state revenues or assets are tied to Chinese repayments, frequently via offshore escrow accounts. Thus, despite formal changes, China’s lending remains collateralised, opaque, and structurally risk-laden for debtor states.

China’s lending changes in the 2020s are tactical rather than systemic. The form is shifting—more syndication and emergency lending—but structural risks persist: opacity, state guarantees, and cash collateral (rollover traps) still vest Chinese creditors with priority. The much-touted pivot to “sustainable” finance—through debt sustainability trainings, green investment platforms, or new lending guidelines—has not delivered broad debt relief for distressed borrowers. Chinese lenders continue to avoid principal haircuts, preferring

The Belt and Road's Second Phase

extensions or refinancing on senior terms. While the BRI's second phase looks different on paper, old incentives and debt burdens continue to shape outcomes for partner countries.

Private-Sector Involvement: In the Third BRF's Chair's Statement, President Xi emphasised high-quality BRI cooperation through market-led initiatives and private sector involvement.²⁵ In the early years of big-ticket infrastructure development and connectivity corridors, all major BRI projects were executed by Chinese state companies across economic sectors. Since 2022, however, leading Chinese private firms have emerged as top investors in technology and green industries. Between 2022 and 2025, companies such as battery-maker CATL, electronics firm Huawei (often state-related but not state-owned), and metallurgy/mining majors like Huayou Cobalt and Zijin Mining have spearheaded overseas projects worth billions in Africa, Latin America, and Southeast Asia.²⁶ These firms pursue "greenfield" investments (factories, mines, industrial hubs and smart cities) rather than contractor-led builds, reflecting China's private-sector upgrading. By the end of 2023, for the first time since the BRI's inception, Chinese non-state firms were behind over half of new equity investments for the project, at 54 percent (US\$25.94 billion).²⁷ Moreover, in 2025, four Chinese private companies—East Hope Group, Xinfu Group, Longi Energy, and Bytedance—comprised 57 percent of total BRI investments at US\$32.54 billion.

However, in 2024, state players had reasserted their weight. BRI investments in 2024 were led by Sinopec (oil) and followed by a few large private deals, while in all three years, construction contracts remained 100 percent in SOE hands. In other words, many high-visibility deals (oil refineries, pipelines, major mines, rail networks) are still state-backed. The private share tends to be larger in sunrise sectors: financing, fintech, green energy, and hi-tech manufacturing. Chinese private firms like CATL, Alibaba and Wang Group have become prominent in the BRI (e.g., battery factories in Europe, data centres in Asia).

In 2023, 2024 and 2025, China's top three foreign equity investors in the BRI were all private firms.²⁸ In contrast, top BRI construction projects were still by Chinese state-owned companies. This bifurcation means the BRI now mixes traditional state-led infrastructure development (rail, ports, and oil refineries) with big private-led industrial deals (solar panel plants, green and hi-tech manufacturing, EV batteries, metals, and mining).

The Belt and Road's Second Phase

Critically, the push to involve private firms remains tactical. The retrenchment of large state-bank financing, prompted by debt sustainability concerns among partner countries, has created space for private capital to play a more prominent role. Crucially, this shift reflects structural changes within China's economy itself. Booming sectors such as technology, green energy, high-tech manufacturing, and critical minerals are now dominated by private champions rather than state-owned enterprises (SOEs). Firms like CATL, BYD, Huawei, and LONGi Solar are spearheading global expansion, aligning their outward investments with BRI corridors.

This contrasts with the earlier phase of the BRI, when SOEs in construction, steel, and conventional energy dominated, exporting overcapacity under state-backed industrial policy. A similar logic now applies to these emerging sectors. Significant domestic overcapacity in electric vehicle (EV) batteries, solar panels, and critical mineral processing has pushed Chinese private enterprises to seek external markets, with the BRI providing institutional and logistical frameworks for such expansion. Therefore, private sector involvement is not merely evidence of BRI's diversification or liberalisation; it is also a function of China's internal economic restructuring, using the BRI as a conduit to channel surplus production into new global markets.

Partnerships with International Organisations: A hallmark of the Third BRF was an openness to multilateralism. Under its banner, Beijing hosted seven high-level intergovernmental forums on connectivity, technological cooperation, green and sustainable energy development, investments and transport innovation.²⁹ It is also convened 11 thematic and CEO conferences, producing 10 deliverables on intergovernmental cooperation in blue economy, sustainability, principles and integrity along the Belt and Road for deepening trust among BRI partners, think-tank cooperation, and privatisation.³⁰ The forum also yielded 19 inter-governmental deliverables, emphasising green finance, trade facilitation, disaster risk reduction, and cultural-tourism cooperation.³¹ Fourteen non-governmental deliverables focused on science-tech innovation, media collaboration, academic exchanges, and cultural industries.³² In 2023 and 2024, according to various BRF documents, 39 BRI forums advanced cooperation in sustainable transport, green development, science-technology, health, disaster management, intellectual property, and cultural heritage.³³ In criticisms to the BRI's decadal Sino-centrism, Beijing often cites these cooperation forums and mechanisms with multilateral organisations and BRI partners.

The Belt and Road's Second Phase

Despite the forum's multilateral commitments and cooperative rhetoric, its projects and institutional cooperation remain heavily driven by Chinese interests and controlled by Beijing. Of the 39 promised forums, only 19 were held.³⁴ Further, in the implementation of deliverables under the BRI's multilateral cooperative framework, there is no clear institutional strategy, including, for example, a database, to monitor how the commitments are translated into projects.

Table 1: UN–BRI Cooperation Trends (2015–2025)

Dimension	2015–2019 (Peak Engagement)	2020–2025 (Decline Phase)
Formal Agreements	12 UN entities signed BRI-related MoUs, with China's NDRC; focus on infrastructure, green development, and industrial cooperation.	No new MoUs signed after late 2019; existing agreements dormant.
Project Initiatives	50 percent of UN-SDG entities launched at least one BRI-linked project; United Nations Development Programme, United Nations Environmental Programme, and United Nations Industrial Development Organization were most active.	Only three UN entities approved new BRI-related projects post-2020; sharp contraction of operational initiatives.
Public Endorsements	BRI mentioned frequently in UN flagship reports, with peak visibility in 2018; UN Secretary-General António Guterres publicly endorsed BRI as supporting SDGs.	Mentions dropped sharply; high-level endorsements became rare after 2020.

The Belt and Road's Second Phase

Dimension	2015–2019 (Peak Engagement)	2020–2025 (Decline Phase)
Member State Dynamics	Mutual legitimation: UN sought Chinese buy-in; Beijing leveraged UN credibility to present BRI as global public good.	Western pushback: US, France, Japan, and others pressured rollback; UNDP dismantled BRI team (2021), UNEP cut China-focused South–South unit (2020).
Nature of Cooperation	Engagement aimed at aligning BRI with SDGs; some formalised initiatives (e.g., Green Development Coalition).	Cooperation narrowed to symbolic acts—white papers, joint reports, and BRI symposiums organised by Chinese delegations.

Source: *Mutual legitimation attempts, International Affairs Journal*³⁵

Despite Beijing’s multilateral rhetoric, BRI cooperation with organisations like the United Nations (UN) and the International Labour Organization has been instrumental rather than integrative, aimed at legitimising Chinese developmental leadership rather than embedding the initiative within global governance structures. As shown in Table 1, the surge in Memoranda of Understanding and joint reports between 2015 and 2019 reflected mutual legitimation: the UN sought Chinese political and financial support amid shifting buy-in at power dynamics, while Beijing used UN platforms to project the BRI as a benign contributor to the Sustainable Development Goals (SDGs). However, this alignment proved fragile. Post-2020, Western donor pressure and concerns over debt sustainability, environmental standards, and Chinese geopolitical leverage led to a steep decline in BRI-related UN initiatives, exposing the transactional and audience-driven nature of these collaborations (see Table 1).

This dynamic mirrors the broader recalibration of the BRI’s second phase, marked by a shift from grand, capital-intensive projects to small but smart and standards-focused initiatives. Yet even this recalibration remains state-centric and tightly controlled by Beijing, with multilateral partnerships largely confined to producing white papers, policy dialogues, and development

The Belt and Road's Second Phase

narratives that reinforce Chinese preferences. The reluctance to subject the BRI to transparent multilateral oversight underscores a structural tension: while China seeks global recognition for its developmental role, it simultaneously resists ceding authority to multilateral institutions, keeping the BRI fundamentally bilateral and Sino-centric under a multilateral veneer.

From Mega-Projects to Smaller Initiatives: The Third BRF also embraced “smaller and beautiful” projects over grand ventures. However, the data shows complexities. In 2023 and 2024, BRI deals numbered 212 and 314, worth US\$92.4 billion and US\$121.7 billion, respectively.³⁶ This marks a decline from the 2013-2022 annual average of 312 deals. Deal sizes have also shrunk: from an average of US\$0.5 billion between 2013 and 2020 to below US\$0.4 billion between 2022 and 2024.³⁷ A shift toward “small but beautiful” projects have gained ground. In part as a response to host-country debt pushback and reputational costs, China is encouraging partners to avoid wasteful megadeals and instead favour modular investments under US\$0.5 billion. These include mid-size factories, renewable energy plants, local road upgrades, and data centres. These projects are quicker to deploy, carry lower risk, and are increasingly co-financed with local governments, the private sector, or multilateral development banks. This shift is visible in the 60 percent year-on-year growth in proliferation of power transmission projects, electricity distribution infrastructure, and solar, wind, and digital infrastructure deals in 2024 and 2025.³⁸

However, 2025 presents a reversal to early BRI deal sizes of big projects and outsized strategic investments.³⁹ Total BRI engagement in 2025 amounted to US\$124 billion across 176 deals, surpassing 2024 levels on all metrics. Crucially though, the average deal size rebounded sharply: investments larger than US\$100 million averaged US\$1.24 billion, and construction deals hit US\$783 million: the highest levels on record. These increases were driven by a handful of outsized strategic engagements, including a US\$20-billion gas industrial park in Nigeria, US\$23-billion worth of metals and mining projects in Kazakhstan, and a Sinopec US\$3.7-billion oil refinery in Sri Lanka.⁴⁰

The Belt and Road's Second Phase

These projects continue to serve China's energy security and strategic access goals. The continuity of megaprojects also denotes that while the idea of "less is more" is gaining traction, it does not signal the end of large projects—only their more targeted and strategic deployment. Typically, these outsized strategic projects are backed by sovereign-guaranteed loans, state-owned contractors, and resource-exchange frameworks, reflecting the classic BRI model of state-to-state financing.

The BRI has evolved into a deliberately mixed portfolio, combining selective large-scale strategic projects with a growing number of smaller, lower-risk, and co-financed initiatives. This pragmatic rebalancing toward diversified, risk-aware, and sectorally flexible engagements is arguably the most tangible innovation of the evolved Belt and Road. While the depth and consistency of this transformation vary by region and sector, 2025 marks a turning point: the BRI is no longer just bigger—it is becoming smarter, more adaptive, and increasingly hybrid in its financial and political logic.

Strategic and Geopolitical Implications

Over the past decade, the BRI has become a linchpin of Chinese foreign policy, fusing infrastructure finance with diplomacy and strategic objectives to expand China's global influence. Through massive roads, railways, ports, and digital networks, China exports its industrial capacity and creates new markets for its goods and services, thereby directly advancing its economic and strategic interests. Beijing's approach to the BRI is pragmatic: it seeks economic returns while simultaneously cultivating geopolitical leverage. BRI projects cement bilateral ties, as partner governments in Africa, Asia, and Latin America become economically interlinked with China through Chinese-built ports, pipelines, and energy infrastructure. This initiative has enhanced China's image in many developing countries (especially in Southeast Asia and Africa) precisely because of the economic development it enables. This helps China win soft power and strategic alignment across the Global South, which is now the primary focus of its connectivity.

The BRI's economic heft underpins these strategic gains. By July 2025, cumulative BRI economic engagement exceeded US\$1.3 trillion, embedding China deeply in partner economies. Chinese firms have built roads, ports, and power plants that will serve local industries and trade routes for decades. The infrastructure itself, paid for or co-financed by China, often opens previously inaccessible resources and markets—from Central Asian oil fields to African mines—effectively wiring these countries into a China-centric economic network.

This economic footprint translates directly into wide foreign policy influence. China's investments along trade and energy routes allow it to project power without overt military means. For instance, under BRI deals, it holds stakes in major ports from Gwadar (Pakistan) to Piraeus (Greece) and is financing high-speed rail links across Asia and Africa.⁴¹ These projects create a network of dependencies: host governments, reliant on Chinese financing and trade, become more amenable to Beijing's strategic priorities. By building infrastructure in key regions, China quietly extends its influence along trade corridors and chokepoints, allowing it to undermine the US, its strategic rival, without engaging in direct military conflict. In effect, each BRI corridor is a conduit for Chinese influence through continued financing, local partnerships, or even dual-use capabilities at ports and airfields.

Strategic and Geopolitical Implications

Moreover, the BRI helps China shape the global economic order in line with its own rules. Beijing presents it as a development model alternative to Western aid, advancing its larger foreign-policy goals of presenting itself as a responsible global leader and forging a multipolar world where multilateral institutions are no longer pre-eminent. The BRI is now woven into a broader strategic framework alongside the Global Development, Security, and Civilisation initiatives to assert a more comprehensive global leadership role in economics, security, and culture.⁴² The BRI's outputs (roads, bridges, rails, ports, power grids, and telecoms) provide China with both the hard (economic ties, access to resources) and soft (reputation, political backing) assets it needs to pursue its broader foreign-policy objectives across Eurasia, Africa, and beyond.

China's assertive push for global infrastructure has triggered countermeasures from other powers. Western countries and their allies have launched alternative initiatives targeting the same regions, offering financing under different standards. In June 2021, the G7 announced the Build Back Better World (B3W) initiative—later rebranded the Partnership for Global Infrastructure and Investment—as a “transparent infrastructure partnership” to “help narrow the nearly \$40 trillion needed” in developing nations.⁴³ Similarly, the European Union's Global Gateway (launched 2021) is explicitly presented as Europe's answer to the BRI.⁴⁴ It pledges dozens of flagship projects (e.g., in Africa and Latin America) with financing focused on quality, sustainability, and the UN SDGs. These programmes emphasise private-sector funding, environmental standards, and local ownership, designed to contrast with criticisms of Chinese financing practices.

In Asia, regional powers have also stepped up connectivity efforts. India, which has never joined the BRI, has pursued its own corridors and partnerships (often in the Indian subcontinent) to counter China's influence.⁴⁵ For instance, India has developed alternative trade routes to Central Asia via Iran's Chabahar port and collaborated with Japan on projects in Southeast Asia. Indian officials openly protested Chinese-led corridors, refusing to attend the Belt and Road Forum in 2017, 2019, and 2023, and explicitly opposing the China–Pakistan Economic Corridor on sovereignty grounds. Likewise, the quadrilateral grouping (US–Japan–India–Australia) has emphasised Indo-Pacific connectivity projects and supply-chain resilience to offer partner countries options beyond the BRI.

Strategic and Geopolitical Implications

These developments show the ripple effects of the BRI: China's large-scale initiative has reshaped the landscape of global infrastructure cooperation. Many developing countries now have multiple funding sources, as global powers compete for infrastructure contracts. Although Western and multilateral offers lack the scale of Chinese funding, they often impose stricter conditions on transparency and standards that some governments prefer. For China, this competition has two implications: it challenges Beijing's premier role in infrastructure diplomacy but also validates the importance of the connectivity agenda. Rivals have created parallel platforms, but none have dislodged the BRI's momentum. Instead, they underscore the global salience of infrastructure development as a tool of statecraft and highlight the BRI's role in underlining the geopolitical imperative of connectivity cooperation.

Far from petering out, the BRI is evolving rather than decelerating and remains central to China's grand strategy. Chinese leaders emphasise its permanence even as its form adapts. Recent data support this: 2023 and 2024 saw the highest annual Chinese BRI investment since 2018, with continued growth across regions. By the end of 2024, over 150 countries and 30 international organisations had signed BRI partnership agreements, surpassing a trillion dollars in total engagement.⁴⁶ Even as deal sizes shrink and Western attendance at forums declines, China struck new contracts in 2024 and continues to move capital abroad aggressively.⁴⁷ Notably, the number of private Chinese firms leading BRI investments is at a historic high: in 2023, non-state companies accounted for over 50 percent of new equity projects. This shift reflects China's own economic transition (from SOE-led growth to private-sector-led tech and green industries), enabling the BRI to tap booming sectors such as batteries and telecommunications. For example, Chinese companies invested US\$50 billion in overseas metals, mining, and green and high-tech manufacturing projects in 2024.⁴⁸

At the same time, Beijing has implemented strategic course-corrections—greener projects, debt guidelines, and smaller “beauty” projects—that improve the BRI's sustainability and perception. These adaptations have restored some investor confidence and allowed new financing to continue flowing. Crucially, they do not imply a retreat from China's objectives. On the contrary, by focusing on renewable energy, digital infrastructure, and other modern sectors, the second-phase BRI deepens China's leverage in future-facing industries.

Strategic and Geopolitical Implications

Chinese technology and mining firms are now internationalising via BRI routes, aligning with state ambitions to control key supply chains. Meanwhile, China's continued readiness to bail out struggling partner countries or roll over loans ensures that even high debt becomes a source of influence rather than a barrier.

The evolved BRI reinforces China's long-term geopolitical aims. It continues to bind developing countries into a China-centric economic order through infrastructure that sustains trade and goodwill. It also gives China a larger voice in global governance: by co-financing projects and convening forums, China gains influence in setting technical standards and international development norms. The BRI's success is less about short-term benchmarks and more about shaping the global narrative in China's favour. The rebadged BRI—modest in scale but broader in reach—remains a strategic tool, reflecting Beijing's commitment to connectivity-led diplomacy. Far from waning, the BRI today acts as a multipurpose instrument: spurring exports, securing resources and allies, and advancing China's geopolitical agenda across multiple continents.

Two years after the Third BRF, the BRI exhibits genuine adaptation alongside persistent structural risks. On one hand, China’s environmental rhetoric has translated into a record US\$11.8 billion and US\$9.8 billion in renewable-energy commitments in 2024 and 2025, respectively, with “small-but-beautiful” projects averaging under US\$0.4 billion in 2023 and 2024, accelerating completion times, and attracting co-financing from multilateral institutions. The rise of private capital, accounting for 54 percent of new equity investments in 2023 has alleviated pressure on Chinese policy banks and aligned projects more closely with market viability. Moreover, China’s emergency rollovers and swap-line extensions have served as vital liquidity backstops for crisis-hit economies such as Pakistan and Sri Lanka, preserving macroeconomic stability in turbulent times.

Yet beneath this semblance of reform, continuities remain. In 2024 and 2025, fossil-fuel financing more than doubled renewables, underscoring Beijing’s prioritisation of resource security over sustainability. Roughly 60 percent of new Chinese finance now takes the form of emergency loans laden with confidentiality clauses and high rates, perpetuating opaque debt-dependence rather than offering genuine relief. Implementation shortfalls remain significant: about one-third of projects face cost overruns, delays, or cancellations, eroding local confidence in delivered benefits. Multilateral engagement has also underperformed, with less than half of the 39 forums pledged in 2023 convening and most deliverables lacking transparent follow-through, reinforcing perceptions of a Sino-centric, state-driven agenda.

The BRI’s second phase reflects tactical adaptation (greener branding, diversified funding, and crisis support) while preserving its core model of strategic infrastructure diplomacy. Partner nations must therefore balance the allure of faster, smaller projects and expanded liquidity against the long-term risks of fossil dependence, opaque debt terms, and uneven implementation. [ORF](#)

Prithvi Gupta is a former Junior Fellow with the Strategic Studies Programme at the Observer Research Foundation.

All views expressed in this publication are solely those of the author, and do not represent the Observer Research Foundation, either in its entirety or its officials and personnel.

- 1 Christoph Nedopil Wang, “Ten Years of China’s Belt and Road Initiative (BRI): Evolution and the Road Ahead,” *Green Finance & Development Center*, October 2023, <https://greenfdc.org/ten-years-of-chinas-belt-and-road-initiative-bri-evolution-and-the-road-ahead>.
- 2 “China Global Investment Tracker,” *American Enterprise Institute*, <https://www.aei.org/china-global-investment-tracker>
- 3 Mingying Zhu, “China’s ‘Healthy Silk Road’ Initiative: Implications for Maternal and Infant Health,” *Journal of the Asia Pacific Economy* (2025), <https://www.tandfonline.com/doi/full/10.1080/13547860.2025.2457212>.
- 4 Sameer Patil and Prithvi Gupta, “The Digital Silk Road in the Indo-Pacific: Mapping China’s Vision for Global Tech Expansion,” *Observer Research Foundation*, Issue Brief no. 683 (January 2024), <https://www.orfonline.org/research/the-digital-silk-road-in-the-indo-pacific-mapping-china-s-vision-for-global-tech-expansion>.
- 5 Christoph Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report 2025 H1*, Brisbane, Griffith Asia Institute and Green Finance & Development Center, 2025, https://www.griffith.edu.au/__data/assets/pdf_file/0028/2184418/Nedopil-2025-China-Belt-and-Road-Initiative-BRI-Investment-Report-2025-H1.pdf.
- 6 “Full Text of President Xi’s Speech at Opening of Belt and Road Forum,” *Xinhua News Agency*, May 14, 2017, http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm.
- 7 “Keynote Speech by HE Xi Jinping President of the People’s Republic of China at the Opening Ceremony of the Second Belt and Road Forum for International Cooperation,” *UN Association of China*, April 26, 2019, <https://www.unachina.org/en/article/876>.
- 8 “Chairman’s Statement of the Third Belt and Road Forum for International Cooperation,” *Belt and Road Forum*, October 18, 2023, <http://www.beltandroadforum.org/english/n101/2023/1020/c127-1271.html>
- 9 Third Belt and Road Forum, “Chairman’s Statement.”
- 10 Christoph Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report 2023*, Griffith Asia Institute and Green Finance & Development Center, 2024, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023>; Christoph Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report 2024*, Griffith Asia Institute and Green Finance & Development Center, 2025, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2024>.
- 11 “China Belt and Road Initiative (BRI) Investment Report 2024”.
- 12 “China Belt and Road Initiative (BRI) Investment Report 2024”
- 13 Daniel Nesan, *Three Years Later: Impacts of China’s Overseas Coal Power Ban*, Centre for Research on Energy and Clean Air, 2024, https://energyandcleanair.org/wp/wp-content/uploads/2024/10/CREA_China_Overseas-Coal_3-Years_10.2024.pdf.

- 14 American Enterprise Association, “China Global Investment Tracker”.
- 15 Anna Gelpern, Sebastian Horn, Scott Morris, Brad Parks, and Christoph Trebesch, *How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments*, AidData at William & Mary, 2021, <https://www.aiddata.org/publications/how-china-lends>.
- 16 “How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments.”
- 17 Anna Gelpern, Omar Haddad, Sebastian Horn, Paulina Kintzinger, Bradley C. Parks, and Christoph Trebesch, *How China Lends 2.0: Introducing an extended dataset of 371 debt contracts*, AidData at William & Mary, 2025, <https://www.aiddata.org/publications/how-china-lends-2-0-research-brief>.
- 18 “How China Lends 2.0: Introducing an extended dataset of 371 debt contracts.”
- 19 Alex Wooley, “Belt and Road Bailout Lending Reaches Record Levels,” *AidData*, March 27, 2023, <https://www.aiddata.org/blog/belt-and-road-bailout-lending-reaches-record-levels>.
- 20 Sebastian Horn, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch, *China as an International Lender of Last Resort*, Washington DC, World Bank Group, 2023, <https://openknowledge.worldbank.org/entities/publication/5212dbe8-aae3-4bf6-869c-23f312e03435>.
- 21 Press Trust of India (PTI), “China to collect record \$22 billion BRI debt repayments from developing nations this year,” *The Hindu*, May 27, 2025, <https://www.thehindu.com/business/china-to-collect-record-22-billion-bri-debt-repayments-from-developing-nations-this-year/article69625073.ece>
- 22 Sebastian Horn, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch, *China as an International Lender of Last Resort Dataset, Version 1.0.1*, AidData at William & Mary, 2023, <https://www.aiddata.org/data/china-as-an-international-lender-of-last-resort-dataset-version-1-0>
- 23 “China as an International Lender of Last Resort.”
- 24 “China as an International Lender of Last Resort.”
- 25 Third Belt and Road Forum, “Chairman’s Statement.”
- 26 American Enterprise Association, “China Global Investment Tracker”.
- 27 “China Belt and Road Initiative (BRI) Investment Report 2023”.
- 28 Christoph Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report 2025 H1*, Griffith Asia Institute and Green Finance & Development Center, 2025, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2025-h1>; “China Belt and Road Initiative (BRI) Investment Report 2024”.
- 29 Third Belt and Road Forum, “Chairman’s Statement.”

- 30 Third Belt and Road Forum, “Chairman’s Statement.”
- 31 Third Belt and Road Forum, “Chairman’s Statement.”
- 32 Third Belt and Road Forum, “Chairman’s Statement.”
- 33 Author’s own estimations calculated from the BRI’s multilateral deliverables scattered across the 3rd BRF’s various official documents.
- 34 Author’s own estimations calculated from the various Chinese government press releases concerning the BRI’s multilateral cooperation.
- 35 Constantin Haug, “Mutual Legitimation Attempts: The United Nations and China’s Belt and Road Initiative,” *International Affairs* 100, no. 3 (2024), <https://academic.oup.com/ia/article/100/3/1207/7663931>.
- 36 “Ten Years of China’s Belt and Road Initiative (BRI): Evolution and the Road Ahead.”
- 37 “Ten Years of China’s Belt and Road Initiative (BRI): Evolution and the Road Ahead.”
- 38 “China Belt and Road Initiative (BRI) Investment Report 2024”; “China Belt and Road Initiative (BRI) Investment Report 2025 H1.”
- 39 “China Belt and Road Initiative (BRI) Investment Report 2025 H1.”
- 40 “China Belt and Road Initiative (BRI) Investment Report 2025 H1.”
- 41 “China Belt and Road Initiative (BRI) Investment Report 2025 H1.”
- 42 Yang Xiaoguang, “China’s Three Global Initiatives: China’s Solutions to Addressing Global Challenges” (speech, Embassy of the People’s Republic of China in Papua New Guinea, Port Moresby, March 13, 2025), Ministry of Foreign Affairs, People’s Republic of China, https://www.fmprc.gov.cn/mfa_eng/xw/zwbd/202503/t20250318_11577782.html
- 43 Briefing Room, The White House, <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2024/06/13/fact-sheet-partnership-for-global-infrastructure-and-investment-at-the-g7-summit-2/>
- 44 European Commission, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6433
- 45 Riya Sinha, “A New Regional Connectivity Strategy for India,” *India’s World*, 2024, <https://indiasworld.in/a-new-regional-connectivity-strategy-for-india>
- 46 Green Finance & Development Center, “*Countries of the Belt and Road Initiative (BRI)*,” 2024, <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri>
- 47 “China Belt and Road Initiative (BRI) Investment Report 2024”
- 48 “China Belt and Road Initiative (BRI) Investment Report 2024”



Ideas . Forums . Leadership . Impact

20, Rouse Avenue Institutional Area,
New Delhi - 110 002, INDIA

Ph. : +91-11-35332000. Fax : +91-11-35332005

E-mail: contactus@orfonline.org

Website: www.orfonline.org