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## **ECONOMIC DOMINANCE IN A 'GLOBAL' WORLD: CHINA'S BELT AND ROAD INITIATIVE**

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### **ABSTRACT**

This paper contends that China's Belt and Road Initiative (BRI) challenges the neutrality of the "global" order by using economic tools and international law to convert economic power into structural dominance. As demonstrated by instances like Sri Lanka's Hambantota Port, China legally enforces long-term dependencies through bilateral investment treaties, the *pacta sunt servanda* principle, and organisations like the Asian Infrastructure Investment Bank. The BRI demonstrates how international law can be weaponised to reshape global hierarchies under the pretence of cooperation and development, even though recipient states may develop counter-strategies like transparent bidding and creditor diversification.

### **INTRODUCTION**

The modern international order, often described as a 'rules-based system,' suggests impartiality, justice, and an even playing field for all governments pitting it directly against the realities of the world; the widespread disparities in income, security, and power that exist. A select few countries dominate this international order as manifested through the four key indicators of power; military supremacy, ideological hegemony, and cohesive governance and economic primacy.<sup>1</sup> The idea of a global world which has at its heart a planetary scale and intimate interconnectedness, facilitates this domination. This essay seeks to highlight that international law is not a passive mirror of power but rather a fundamental framework that actively creates and maintains global hierarchy by looking at particular legal systems, the strategy at play with respect to the Belt and Road Initiative of China to dominate largely as an economic power. According to Simon Dalby, the duality of 'global' lies in providing a universalising framework of laws, essentially free trade and market access for all, that

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<sup>1</sup> Saul Cohen, *Geopolitics : The Geography of International Relations* (3rd ed. 2014).

simultaneously facilitates and conceals the projection of specific authority.<sup>2</sup> This is powerfully embodied in China's Belt and Road Initiative, which employs the universal language of global development while advancing a vision of Sino-centric economic order.

### ANALYSIS OF 'GLOBAL'

The word 'global', and its idea which emerged post the cold-war period is not a neutral concept; rather, it is a potent ideological construct that has significant economic manifestations. Through a critical duality, it is both cited as an essential prerequisite for advancement and status and as an external threat to domestic well-being, for it also seeks to occlude cultural differences. It has a great deal of ideological power because of this dualism. By referencing the size of the world, it conveys a sense of a common human predicament and global concerns while also suggesting a natural, taken-for-granted setting, where importing goods or interacting with foreign nationals is not a novelty anymore. The 'global' is strategically coded as being fundamentally more significant than the 'merely local,' which is written off as being outdated and local in the face of global demands. A contrarian opinion against this idea of global is looked down upon.

According to Vandana Shiva, the 'global' is the setting in which a "dominant local," whether it be a strong state or a business, projects its local interests over the globe while claiming universality.<sup>3</sup> The transformation of multinational firms into 'global' corporations, whose global reach validates authority and communicates competence, is a prime example of this. Through the principles of deregulation, capital mobility, and privatisation, the neo-liberal Washington Consensus operationalizes this philosophy. Additionally, governance itself "slips away" from democratic state institutions and into international organisations like the World Bank, World Trade Organisation, International Organisation for Standardisation (ISO), and IMF, which influence business practices, lending, and consumer experiences around the world.<sup>4</sup>

These organisations, dominated by major powers, through laws, which are accepted by an

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<sup>2</sup> Simon Dalby, *Global Geopolitics: Imagining the Post-Cold War World* (revised draft ch. 5.1 for Murray Low et al., Handbook of Political Geography (Sage, June 2005))

<sup>3</sup> Vandana Shiva, "Conflicts of Global Ecology: Environmental Activism in a Period of Global Reach," 195–207 (1994).

<sup>4</sup> Simon Dalby, *Global Geopolitics: Imagining the Post-Cold War World* (revised draft ch. 5.1 for Murray Low et al., Handbook of Political Geography (Sage, June 2005))

‘international community’ provide the technical mechanisms like Bilateral Investment Treaties or WTO rules that enforce the ‘global imperative.’<sup>5</sup> The ‘rules-based order’ is not neutral, as this framing makes clear; rather, it is the institutional and legal manifestation of this specific managerial vision of globality, which passes off particularistic economic power as universal common sense, and aids in exercising dominance.

The biggest threat to this system, which has historically been dominated by Western nations, is China's extraordinary economic growth. Instead of completely rejecting this system, China has adopted an approach of adaptation and integration, utilising the liberal international order's very mechanisms to forward its own global governance agenda.

## CHINA'S BELT AND ROAD INITIATIVE: INTERNATIONAL LAW AND GEOPOLITICAL ANALYSIS

The Belt and Road Initiative (BRI)<sup>6</sup>, is a real life manifestation of this where China is provided with a comprehensive framework to interact with, influence, and eventually try to alter the current global order.<sup>7</sup> Although the official rhetoric is that the Belt and Road Initiative (BRI) is an open, inclusive platform for global economic development, the Carnegie Endowment report indicates that the initiative is viewed as a vital tool for ensuring energy supplies and establishing new strategic corridors in China.<sup>8</sup> The BRI draws on the history of the Silk Road, a system of trade routes that supported successive Chinese dynasties' political and economic dominance while also promoting cross-cultural interaction. It was developed by Qin and Han dynasties. China has cleverly repurposed this historical narrative in the post-Cold War era, which was marked by a neoliberal globalisation spearheaded by the West. The duality of global

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<sup>5</sup> WTO | *Understanding the WTO - The case for open trade*, World Trade Organization - Home page - Global trade, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact3\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact3_e.htm).

<sup>6</sup> “According to China’s White Book issued in March 2015, the BRI aims to “promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries.” Elaborating on the five priority areas -- policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bond -- to be enhanced, later called the “five connectivities,” the White Book emphasizes that it is “an ambitious economic vision [highlighted by the author] of the opening-up of and cooperation among the countries along the Belt and Road.”

<sup>7</sup> Zhixin Zhang, *The Belt and Road Initiative: China's New Geopolitical Strategy?* (SWP Working Paper, Session 2, Oct. 2018),

[https://www.swp-berlin.org/publications/products/projekt\\_papiere/Zhang\\_BCAS\\_2018\\_BRI\\_China\\_7.pdf](https://www.swp-berlin.org/publications/products/projekt_papiere/Zhang_BCAS_2018_BRI_China_7.pdf)

<sup>8</sup> Feng Yujun et al., *The Belt and Road Initiative: Views from Washington, Moscow, and Beijing*, Carnegie Endowment for International Peace (Apr. 8, 2019), <https://carnegieendowment.org/research/2019/04/the-belt-and-road-initiative-views-from-washington-moscow-and-beijing?lang=en>.

put forth by Simon Dalby is reflected in China's actions: a hierarchical face that upholds power disparities and a universalising face that promises collaboration and shared wealth.

Global supremacy is established by strengthening the four identified pillars of power. Economic primacy which has at its heart establishing control over resources, capital, and trade networks which results in creating peripheral dependencies on industrialised economies. The coercive military force, normally in play during use of force against a nation or the threat to do so<sup>9</sup>, also makes for a force which aids in securing these economic interests on a global scale. Dominance in rule-making bodies by influencing governance norms for benefitting a select few nations is one way that institutional control is manifested. Ideological hegemony marginalises alternatives by establishing particular political and economic models as universal standards. Technological control provides control over innovation cycles which allows nations to monopolise value creation in global production networks. This in turn leads to economic power, which ultimately drives institutional influence. These dynamics work in tandem to normalise hierarchy.

The Belt and Road Initiative (BRI) addresses China's industrial overcapacity and establishes new dependencies by rerouting trade routes and cash flows through this infrastructure project and related projects. China's position as 'the world's factory' provides the material foundation for this approach. Additionally, the BRI becomes a means to accentuate the Chinese standards for 5G, trains, and energy infrastructure and helps in locking in markets. While avoiding direct military expansion, the BRI allows for acquiring strategic assets such as ports with dual-purpose potential. Ideologically, while China promotes the BRI as a symbol of South-South cooperation, by proposing a growth model based on sovereignty and non-interference it has underlying benefits of dominating parts of the global sphere.

Approximately 151 nations, such as Indonesia, Malaysia, Thailand, that make up the Belt and Road Initiative (BRI) are home to 5.1 billion people and \$41 trillion in economy. It addressed a reported \$26 trillion infrastructure shortfall in Asia by generating about \$1 trillion in contracts between 2013 and 2023. Megaprojects like the \$7.3 billion high-speed railway between Jakarta and Bandung are financed by it.<sup>10</sup> This scale illustrates how China uses its economic might to

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<sup>9</sup> Alexander L. George, *The Uses Of Military Force - The Role Of Force In Diplomacy* | *Give War A Chance* | *FRONTLINE* | PBS, PBS: Public Broadcasting Service, <https://www.pbs.org/wgbh/pages/frontline/shows/military/force/article.html>.

<sup>10</sup> *How will the Belt and Road Initiative advance China's interests?*, ChinaPower Project, <https://chinapower.csis.org/china-belt-and-road-initiative/>.

expand its influence globally by developing tangible infrastructure using Bi-lateral treaties.

China's 'debt-trap diplomacy' demonstrates how paradoxical this tactic is. Economic leverage can result in geopolitical benefits, as evidenced by the case of Sri Lanka's Hambantota Port, where insurmountable debt resulted in a 99-year lease to a Chinese state-owned company.<sup>11</sup> Although these agreements are economically framed under the universalising ideals of globalisation, they serve China's geopolitical goals, establishing a hierarchy concealed by the legality of the contracts, or treaties between states. Situated in the southern coast of Sri Lanka, Hambantota provides China with a "strategic foothold in a region critical to global energy supplies", given that it is one of the main shipping lanes of the Indian Ocean providing transit for China's oil imports.<sup>12</sup>

The port, as analysts suggest, has the potential to function as a strategic pivot in China's "String of Pearls" strategy, "a network of military and trade facilities with maritime links" complementing other BRI projects like Gwadar port in Pakistan, Chittagong port in Bangladesh and Kyaukpyu Port, Myanmar to create a network of dual-use facilities that enhance China's power projection capabilities. From the Chinese mainland to the Horn of Africa, this network of commercial and military facilities forms a strategic continuum that allows Beijing to project power well beyond its conventional area of influence. The freedom of navigation that has supported the liberal international order is effectively challenged by this which turns the Indian Ocean into a possible area of Chinese strategic influence. China's economic statecraft through the Belt and Road Initiative is a prime example of 'sharp power,' creating a modern sphere of influence where strategic dependencies derived from debt agreements and infrastructure contracts achieve geopolitical dominance without capturing territory. This is a perfect example of the dualistic co-optation of international legal and economic systems to turn economic primacy into structural hierarchy.<sup>13</sup>

China's want of influence is backed by the foundational principle, *pacta sunt servanda* of international law; essentially that agreements need to be honoured. All the agreements based on

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<sup>11</sup> "This is the case with other BRI countries too. China's deep pockets and willingness to fund their infrastructure development drew several Asian and African countries to join BRI. Of course, these countries have been observing Sri Lanka's experience in recent years, including its handing over of Hambantota Port to China and they have drawn lessons from it."

<sup>12</sup> Ajinkya Sonawane & Tushar Shitole, *Geo-strategic importance of Hambantota Port in the Indian Ocean: A Geo-political Analysis*, 5 IJSRST, (2018), <https://ijsrst.com/paper/4348.pdf>.

<sup>13</sup> Dr Reeta Kumari, *China's String of Pearls Policy: Implications for India*, Swadeshi Shodh Sansthan (May 26, 2025), <https://swadeshishodh.org/chinas-string-of-pearls-policy-implications-for-india/>.

which China is developing its BRI are Bilateral Investment Treaties (BIT), which are legally binding instruments. They act as sources of law and of obligations as per Article 38 of the ICJ Charter.<sup>14</sup> The *pacta sunt servanda*, concept guarantees that a treaty be executed<sup>15</sup> and this would uphold their execution even under financial pressure or limited knowledge about the intentions of the other state will still be upheld by the full power of the law. As per the Vienna Convention on the Law of Treaties(VCLT) only the coercion of a representative<sup>16</sup> or threatening use of force voids a treaty<sup>17</sup>. Given that this is not the case for the treaties of development, which are posed as illusions of choice for economic development to keep up with the global world, they are completely enforceable. Additionally, given that in bilateral treaties there is no scope of reservations, the dominant or the more powerful states, in this case China, have a way of shaping terms to suit their needs, thus protecting and upholding the benefits of the economically dominant.

*Pacta sunt servanda* is invoked to guarantee that the legal structure protects Chinese interests even when projects become financially unsustainable for Indonesia. This could result in asset transfers, such as the transfer of Sri Lanka's Hambantota port. The Indonesia-China Memorandum of Understanding specifically states in Article 5 that disagreements "will be resolved peacefully through consultation or negotiation,"<sup>18</sup> however ultimately giving preference to diplomatic channels in which China have a structural advantage, because if the issue is not resolved amicably amongst BRI members, the authority to resolve the same is usually China's International Commercial Court.<sup>19</sup> Extended concessions spanning over 50-80 years, stabilisation provisions; freezing of the environment at the moment of signing, and biased dispute settlement are some of the contractual processes that demonstrate how international law is used as a weapon to establish long-lasting dependency.<sup>20</sup>

Institutionally, China has established an alternate structure, Asian Infrastructure Investment Bank, where it collaborates with a set of key global and regional forums to shape infrastructure

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<sup>14</sup> Statute of the International Court of Justice, art. 38(1)

<sup>15</sup> Vienna Convention on the Law of Treaties, art. 26, 1969.

<sup>16</sup> Vienna Convention on the Law of Treaties, art. 51, 1969.

<sup>17</sup> Vienna Convention on the Law of Treaties, art. 52, 1969.

<sup>18</sup> Riska Fatmala Dewi, *China's Belt and Road (BRI) Policy for Trade Interests in Indonesia*, 6 J. Suara Hukum (2024).

<sup>19</sup> Dr Maximilian Clasmeier & Dr Matthew Secomb, *BRI-Related Disputes: Broader Access to Interim Relief and Enforcement in Mainland China* | White & Case LLP, White & Case LLP International Law Firm, Global Law Practice(May 19, 2023), <https://www.whitecase.com/insight-alert/bri-related-disputes-broader-access-interim-relief-and-enforcement-mainland-china>.

<sup>20</sup> Riska Fatmala Dewi, *China's Belt and Road (BRI) Policy for Trade Interests in Indonesia*, 6 J. Suara Hukum (2024).

development practices and mobilizes financial and technical resources to work towards to financing “Infrastructure for Tomorrow.” The AIIB, under a veneer of cooperative multilateralism, and by emphasizing upon co-financing with established institutions like the World Bank, is granted the legitimacy to ‘de-risk’ infrastructural projects, even with geopolitical advantages such as the BRI. Their ‘bankability’ is amplified given they are technically operating within the existing financial architecture, even though BRI has received criticism from countries like both India and the USA. By promoting a ‘country-led’ approach that “stands in contrast to models that impose external conditionalities,” and by framing its work around contributions to ‘global public goods,’ an ideological hegemony is created by appealing to sovereignty of nations and presenting an alternative development model. By controlling the institution that interprets these standards, China positions itself to shape the future "stable and predictable investment landscape," demonstrating a shift towards a competitively pluralistic global order where power is exercised through normative and institutional innovation. Its commitment to "implementing and promoting high international standards" is not a tactic of acquiescence.

## **SOLUTIONS**

Participating states may take a more strategic and legally astute approach to negotiation in response to the risks of asymmetric dependency inherent in BRI agreements. To reduce the risks of corruption and inflated costs that can result in unmanageable debt, they must insist on transparent, open bidding procedures for BRI-contracted projects rather than acquiescing to standard terms. Furthermore, recipient countries should leverage forum shopping as well as try and balance Chinese financing with alternative funding from other less hegemony inducing countries. This diversification of creditors may help them strengthen their bargaining power and provide a tangible alternative. Critically, states must try and renegotiate terms *ex-ante*, and embed clauses that mandate greater local employment, technology transfer, and strict adherence to domestic environmental and labour regulations. These actions reflect a deliberate attempt to rebalance the legal and economic power dynamics within BRI contracts, turning them from tools of potential hegemony and dependency into frameworks that can be salvaged for more sovereign-controlled, equitable, and sustainable development.

## **CONCLUSION**

To conclude, China’s Belt and Road Initiative demonstrates how international law aids in

operating as a dominant power even in the economic sphere. Asian Infrastructure Investment Bank (AIIB)'s institutional complement further illustrates this strategy, creating a parallel financial architecture that legitimizes Chinese influence while operating within the existing system's rules. Simon Dalby's dualism of the 'global' through the effective use of bilateral investment treaties and the indisputable tenet of *pacta sunt servanda* is reflected through the examples of the Jakarta-Bandung railway and Hambantota Port showing how economic priority can result in long-lasting structural power when it is converted into legally binding commitments. They reveal how development finance can mask strategic entrapment, leveraging legal enforceability to secure long-term advantages. To avoid a further advancement of this particularistic project of hierarchical control which utilises the universalising language of development, cooperation, and rules-based order and to reinforce China as a first-order state, a major power (as emphasized by Saul Cohen), the states must either take collective action or at least renegotiate terms to allow for a more equitable balance without compromising on their sovereignty.<sup>21</sup>

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<sup>21</sup> Saul Cohen, *Geopolitics : The Geography of International Relations* (3rd ed. 2014).