



G7's Build Back Better World Initiative

Why in News

The **G7 (Group of Seven)** Countries proposed a '**Build Back Better World (B3W)** initiative' at the recent [47th G7 summit](#) to **counter China's Belt and Road Initiative (BRI)**.

Group of Seven

- It is an **intergovernmental organisation** that was formed **in 1975**.
- The **bloc meets annually** to discuss **issues of common interest** like global economic governance, international security and energy policy.
- The G7 countries are **the UK, Canada, France, Germany, Italy, Japan and the US**.
 - All the **G7 countries and India** are a part of [G20](#).
- The G7 does **not have a formal constitution or a fixed headquarters**. The decisions taken by leaders during annual summits are non-binding.

Key Points

- **About:**
 - It **aims to address the infrastructure investment deficit in developing and lower income countries** - the **space which has been increasingly captured by China** through 2,600 BRI projects with trillions of dollars of investment.
 - **BRI projects are perceived as corrosive tactics or debt traps** laid by China for its strategic dominance in trade, foreign policy and geopolitics in the world.
 - The **overall focus is on developing transportation, logistics and communications, which would reduce trade and transaction cost for China's trade**, give more market access to Chinese markets and ensure stable supply of energy and other resources.
 - This infrastructure plan is **being led by the United States**.
 - B3W initiative will **provide a transparent infrastructure partnership to help narrow about \$40 trillion** needed by developing nations by 2035.
 - It calls for spending **hundreds of billions of dollars** in collaboration with **the private sector** while **adhering to climate standards and labour practices**.
 - However, the **announcement is yet to be made about how exactly the plan would work or how much capital it would ultimately allocate**.
- **China's BRI:**
 - **About:**
 - It was **launched in 2013**. It involves **development and investment initiatives**

that would **stretch from Asia to Europe and beyond.**

- More than 100 countries **have signed agreements with China** to cooperate in BRI projects like **railways, ports, highways and other infrastructure.**
- **China's Investment through BRI:**
 - Since its inception, **outward investment has been aggressive** as China's **FDI (Foreign Direct Investment)** outflow to inflow ratio increased to 1 from around 0.34 during 2001-10.
 - In volume terms, the **FDI outflow increased to an average of \$140 billion in 2016-19 from an annual average \$25 billion** during 2001-10.
 - China is **investing in Africa** to lay a comprehensive transportation network. China has **also signed various contacts with the East Asian region**, mostly focusing on transportation, railways, roadways and waterways, for better integration between China and **ASEAN countries.**
- **Important Projects:**
 - China-Pakistan Economic Corridor (CPEC), the Bangladesh-China, the Myanmar Economic Corridor (BCIM) and the Colombo Port City Project in Sri Lanka, amongst others, are important BRI projects.
 - China has a plan to complete 4,000 km of railways and 10,000 km of highways within the Central Asian region as part of BRI.
- **India's Concerns:**
 - India has expressed concerns about the **China-Pakistan Economic Corridor (CPEC)**, as it traverses through **Pakistan-occupied Kashmir (PoK).**
 - The massive infrastructure project **connects China's Xinjiang province with Gwadar port** in Pakistan's Balochistan province.
 - India **refused to join the Chinese initiative in the past** and raised its voice against the BRI.
 - India **also sees an adverse trade impact on its products' competitiveness, market access, resource extraction etc.** due to Chinese competition.
- **Significance of B3W:**
 - The **re-emergence of China as a leading global power** is considered to be one of the most significant geo-political events of recent times, alongside the **1991 fall of the Soviet Union** that ended the **Cold War.**
 - China in 1979 had an **economy that was smaller than Italy's**, but after opening to foreign investment and introducing market reforms, it has **become the world's second-largest economy** and is a global leader in a range of new technologies.
 - However, the **West had failed to offer a positive alternative** to the "lack of transparency, poor environmental and labour standards, and coercive approach" of the Chinese government that had left many countries worse off.

Way Forward

- The counter proposal of B3W is certainly a welcome step to contain the adverse implications of a Chinese mega plan. However, B3W lacks coherent thoughts and proper planning at this stage. Nevertheless, it is better late than never.
- Moreover, it remains to be seen what role India will play in B3W since it has been a strong opponent of China's BRI.
- The counter-strategy is necessary to bring down Chinese leverage. A macro view of BRI projects across geography — quantum and pattern of investment — clearly reflects the motive of China-centric international economic integration, production networks, hegemony in the Asia-Pacific region and, eventually, the global economy.

Source: IE

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