



Wilfried
Martens Centre
for European Studies

The State of Play of the Belt and Road Initiative

How should the EU respond to BRI 2.0?

Jacob Mardell



Summary

May 2026

A decade after its launch, the Belt and Road Initiative (BRI) is being reinterpreted as a more selective but durable 'BRI 2.0', rather than a project in terminal retreat. Drawing on official Chinese statistics, third-party datasets, and an original study of the China Road and Bridge Corporation's recent portfolio, the analysis shows how large, risk-tolerant policy-bank lending has sharply contracted, even as Chinese firms' contracts, outward direct investment and trade with BRI partners continue to expand. Three shifts stand out: a reconfigured financing model in which host-country budgets, development finance institutions and commercial capital play a larger role; a sectoral turn towards the energy transition, critical minerals and high-tech manufacturing; and a political rebranding around 'green, clean and small yet beautiful' projects and people-to-people connectivity. Taken together, these changes amount to a form of market-shaped mercantilism in which 'Global China Inc.' is more deeply embedded in partner economies while environmental, social and fiscal risks are redistributed rather than resolved. The concluding section outlines the implications for the EU's Global Gateway, urging a focus on shaping rules, standards and soft connectivity in a world where BRI 2.0 is a structural feature, not a passing phase.

Keywords Belt and Road Initiative – BRI 2.0 – China – Development finance – Global Gateway – Chinese outward direct investment – Infrastructure



Introduction

More than a decade after Xi Jinping first unveiled the Belt and Road Initiative (BRI), a new conventional wisdom has taken hold that the initiative is in decline. Declining loan volumes from China's policy banks and Beijing's own economic slowdown are often read as signs that the BRI is in structural retreat.¹ However, the initiative remains a central tenet of Chinese foreign economic policy and is having a real material impact. Rather than disappearing, the initiative has evolved. In the era of 'BRI 2.0', 'Global China Inc.'—the ecosystem of state-owned enterprises, private manufacturers and Chinese financial institutions—sits even more squarely at the centre of the BRI than before. The original BRI served as a loose umbrella for Chinese firms' globalisation. In BRI 2.0, this firm-led character is more pronounced, even as Beijing attempts to rebrand the initiative as greener, more 'small yet beautiful' and more fiscally disciplined.

Three shifts define this new phase. First, the financing model has changed. Since around 2016, the volume of large, risk-tolerant sovereign loans from policy banks has collapsed, while trade, outward direct investment and contracted projects with BRI countries have continued to grow. Chinese firms are still building roads, ports and power plants, but are doing so with a different mix of money: more host-country budgets; more co-financing from commercial banks and development finance institutes (DFIs), such as the World Bank; and more equity. Second, the sectoral balance has tilted. Traditional coal and large hydro projects have given way to renewables, transmission, and manufacturing investments in electric vehicles, batteries and solar—embedding Chinese firms even more deeply in the industrial ecosystems of partner countries. Third, the politics of the BRI has adjusted. Beijing's 'green development', 'small yet beautiful' and 'people-to-people connectivity' slogans are as much about reputational repair and risk management as they are about genuine development reorientation.

For the EU this matters because it means that the BRI is likely to be more durable than many assume. BRI 2.0 embodies a more selective but more embedded form of Chinese economic presence, supported by firms whose competitiveness increasingly rests on technology, cost and speed rather than simply on cheap sovereign credit. After providing a snapshot of the BRI's past decade in section one, this policy brief then looks at BRI 2.0 as defined by Beijing. In section three

¹ N. Clark, 'The Rise and Fall of the BRI', *Asia Unbound*, Council on Foreign Relations, 6 April 2023, accessed at <https://www.cfr.org/blog/rise-and-fall-bri> on 18 November 2025.



it interrogates the narrative of the BRI's decline, and in section four it draws on official data as well as original research. In sections five and six, the brief applies a reality test to Beijing's portrait of the BRI. Finally, it considers how the EU should respond: where the Global Gateway (GG) can realistically compete, how it should respond to the use of European funds for BRI projects and how Europe can learn to live in a world in which Global China Inc. is a structural feature.

The past decade of the BRI

Since its launch in 2013, the BRI has become one of the most widely recognised foreign policy slogans in the world. It has been written into the Chinese Communist Party's constitution,² has been the brand for more than \$800 billion of financing,³ and has sparked both enthusiasm and anxiety in capitals across the globe. Yet for all its prominence, the initiative remains stubbornly elusive. What exactly the BRI is, or was ever meant to be, resists easy definition. This is not accidental. The BRI was never a tightly coordinated masterplan, nor did it function as a rules-based international platform. It has always been something looser—an open-ended concept and brand rather than a concrete blueprint.⁴

Like many Chinese 'campaign style' policies, the BRI is best understood as a broad political vision onto which disparate projects and priorities have been grafted. In this way, it has proven extraordinarily adaptable—able to accommodate the interests of Chinese actors across ministries, provinces and firms, as well as those of partner country elites. The result has been a sprawling, decentralised bundle of activities that range from big-ticket energy deals and rail links to film festivals and space cooperation. It is just as geographically broad, technically encompassing all those countries that have signed a memorandum on the initiative's co-creation. The number of signed-up countries now stands at 150, though in

² *Xinhua News*, 'Full Text of Xi Jinping's Report at 19th CPC National Congress', 24 October 2017, accessed at <http://www.xinhuanet.com/english/special/19cpcnc/documents.htm> on 29 October 2025.

³ B. C. Parks et al., 'Belt and Road Reboot: Executive Summary', *AidData* (November 2023), accessed at <https://docs.aiddata.org/reports/belt-and-road-reboot/executive-summary.html> on 29 October 2025.

⁴ N. Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative*, National Bureau of Asian Research (2017), accessed at <https://muse.jhu.edu/book/52595/pdf> on 29 September 2025.



many cases this ‘membership’ is purely symbolic.⁵ Thus, what researchers define as a ‘BRI project’ is subjective, and often simply a reflection of branding in the Chinese state media.

At its launch, the BRI outlined myriad policy goals. To name a few: it provided a development outlet for China’s poor western provinces, promised better returns on Beijing’s large foreign exchange reserves and offered a partial solution to domestic industrial overcapacity. In doing so, it built upon pre-existing policies such as ‘Go Out’ and the Great Western Development campaign.⁶ What distinguished the BRI was not its substance, but its narrative packaging. The BRI was launched as part of China’s bid to reshape the global development discourse, casting itself as a benevolent partner offering ‘win–win’ cooperation and a ‘global public good’,⁷ largely to the Global South. It was an invitation to ‘board China’s express train of development’, marketed as a more egalitarian alternative to the West’s conditionality-heavy aid regime.⁸

Of course, the reality is more self-serving. The common thread across BRI projects has been that Chinese firms, often state-owned, benefit. The financial architecture underpinning the BRI is built to favour these companies, with policy bank loans tied to the use of Chinese contractors.⁹ China’s risk insurer, Sinosure, has also played a central role, having insured over \$1.3 trillion in BRI projects by 2022, particularly in high-risk sectors such as energy.¹⁰ The BRI has never been a

⁵ National Development and Reform Commission, ‘已同中国签订共建“一带一路”合作文件的国家一览’ [List of Countries That Have Signed Cooperation Documents With China on Jointly Building the Belt and Road] (26 June 2023), accessed at <https://web.archive.org/web/20230808151650> on 29 October 2025; Belt and Road Office, ‘Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road’, accessed at <https://www.beltandroad.gov.hk/visionandactions.html> on 29 October 2025.

⁶ J. Wang, ‘Marching Westwards: The Rebalancing of China’s Geostrategy’, in Zheng Y. (ed.), *China’s International Relations and Harmonious World: Time, Space and Multiplicity in World Politics* (Leiden: Brill, 2014), 85–103, accessed at https://brill.com/display/book/edcoll/9789004273917/B9789004273917_008.xml on 29 October 2025.

⁷ Ho L.-S., ‘Belt and Road Initiative an Unprecedented Global Public Good’, *South China Morning Post*, 22 May 2023, accessed at <https://www.chinadailyhk.com/hk/article/332324> on 29 October 2025.

⁸ *Xinhua News*, ‘Xinhua Insight: Xi’s World Vision: A Community of Common Destiny, a Shared Home for Humanity’, 15 January 2017, accessed at http://www.xinhuanet.com/english/2017-01/15/c_135983586.htm on 29 October 2025.

⁹ J. Mardell, *Lessons From China’s Belt and Road Initiative: Strategic Pathways for the EU’s Global Gateway*, Konrad Adenauer Foundation (27 March 2025), accessed at <https://www.kas.de/en/web/mned-bruessel/laenderberichte/detail/-/content/lessons-from-china-s-belt-and-road-initiative-strategic-pathways-for-the-eu-s-global-gateway> on 29 September 2025.

¹⁰ Y. Chen and Z. L. Zongyuan, *Hedging Belts, De-Risking Roads: Sinosure in China’s Overseas Finance and the Evolving International Response*, ODI (London, 14 December 2023), accessed at <https://odi.org/en/publications/hedging-belts-de-risking-roads-sinosure-in-chinas-overseas-finance-and-the-evolving-international-response/> on 29 October 2025.



formal institution. Over 10 years since its launch, it still lacks a centralised project list, blueprint or any agreed upon definition of what constitutes a BRI project. Indeed, BRI participation is as simple as signing a non-binding memorandum of understanding with Beijing, and project selection is often demand-driven—shaped as much by partner country wish lists and local lobbying as by any coherent plan directed from Beijing. The ad hoc, decentralised nature of the initiative remains underappreciated, yet it explains both the BRI’s appeal and its shortcomings.

Compared with Western development finance, the BRI offers greater flexibility and fewer conditions. Its financing is typically shaped by partner-country wish lists, giving host governments a stronger sense of ownership. Minimal safeguards and a reliance on host-country standards lower barriers to access for administrations with limited capacity. Fewer bureaucratic hurdles, meanwhile, allow projects to be delivered at ‘China speed’—a feature prized by political elites eager for visible results before elections.¹¹ The BRI, in this sense, is characterised by accessibility, agency and rapid delivery. The same traits, however, carry costs. In countries with weaker institutions, the absence of strict standards has amplified economic, social and governance (ESG) risks, enabling vanity projects, opaque contracting and corruption. This accountability deficit sits at the core of many critiques of the BRI.¹² Decentralisation has also constrained the initiative’s capacity to achieve its loftier goals. The envisaged ‘economic corridors’ and ‘policy coordination’ have rarely materialised beyond memoranda and summit rhetoric. While Chinese finance has contributed to infrastructure and growth in some countries, genuine regional integration remains limited.

The BRI’s clearest success is the way in which it has functioned effectively as a mercantilist instrument. It has opened markets for Chinese firms, elevated national champions and secured footholds in strategic sectors.¹³ If the initiative possesses a single unifying logic, it is the outward expansion of Global China Inc.—the interwoven commercial and political reach of the Chinese state and its companies.

Finally, the BRI’s ambiguity and flexibility also make it a fast-moving target, providing European researchers and policymakers with a challenge. For instance,

¹¹ S. B. Kaplan, *The Rise of Patient Capital: The Political Economy of Chinese Global Finance*, International Institute for Economic Policy (26 April 2018), accessed at <https://iiep.gwu.edu/rise-patient-capital-political-economy-chinese-global-finance> on 29 October 2025.

¹² M. L. Larsen, T. Voituriez and C. Nedopil, ‘Chinese Overseas Development Funds: An Assessment of Their Sustainability Approaches’, *Journal of International Development* 36/5 (2023), 1–15, doi:10.1002/jid.3778.

¹³ J. Mardell, ‘A Bridge Bid Too Good to Be True’, *Berlin Policy Journal*, 5 September 2019, accessed at <https://berlinpolicyjournal.com/a-bridge-bid-too-good-to-be-true> on 29 October 2025.



while big-ticket lending for infrastructure still defines China's development model abroad in the imaginations of many policymakers, Chinese policy-bank loans actually peaked in 2016, before drastically declining post 2019.¹⁴ Misconceptions about the past decade of the BRI are still prevalent, but an even more formidable challenge lies in providing an up-to-date picture of the initiative. This brief attempts to provide such a picture, interrogating assumptions about how the BRI has evolved and what we can say about it in 2025.

BRI 2.0 on paper

Beijing's official line is that the BRI has entered a new stage of 'high-quality' development, characterised in part by 'open, green, and clean cooperation'.¹⁵ Although the earliest BRI policy blueprint in 2015 also referenced 'openness' and 'green development',¹⁶ the BRI's green turn took a clearer shape in 2017 with the publication of *Guiding Opinions on Promoting the Construction of a Green Belt and Road*, a joint document issued by four ministries, which called for environmental risk control to be integrated into project planning and implementation.¹⁷ Momentum accelerated after Xi Jinping's September 2021 pledge to end new overseas coal-fired power,¹⁸ alongside the development by the BRI International Green Development Coalition of a 'traffic-light' system for classifying environmental risk.¹⁹ Then, in 2022, the powerful National Development and Reform Commission added a green process notice, urging reference to higher international standards where

¹⁴ A. Dreher et al., *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program* (Cambridge: Cambridge University Press, 2022), accessed at <https://www.aiddata.org/publications/banking-on-beijing-the-aims-and-impacts-of-chinas-overseas-development-program> on 29 October 2025.

¹⁵ Ministry of Foreign Affairs of the People's Republic of China, 'Xi Jinping Attends the Opening Ceremony of the Second Belt and Road Forum for International Cooperation (BRF) and Delivers a Keynote Speech' (26 April 2019), accessed at https://www.fmprc.gov.cn/eng/xw/zyxw/202405/t20240530_11327871.html on 29 October 2025.

¹⁶ Belt and Road Office, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road' (March 2015), accessed at <https://www.beltandroad.gov.hk/visionandactions.html> on 29 October 2025.

¹⁷ Ministry of Ecology and Environment of the People's Republic of China, 'Guidance on Promoting Green Belt and Road' (28 June 2017), accessed at https://english.mee.gov.cn/Resources/Policies/policies/Frameworkp1/201706/t20170628_416864.shtml on 29 October 2025.

¹⁸ *Reuters*, 'In Climate Pledge, Xi Says China Will Not Build New Coal-Fired Power Projects Abroad', 22 September 2021, accessed at <https://www.reuters.com/world/china/xi-says-china-aims-provide-2-bl-n-vaccine-doses-by-year-end-2021-09-21/> on 29 October 2025.

¹⁹ GFDC, 'New Guidance for Green Development for BRI Projects – Second Phase Report to Scale up Green Finance and Green Development' (13 December 2021), accessed at <https://greenfdc.org/green-development-guidance-for-bri-project-traffic-light-system-phase-2/> on 29 October 2025.



local rules are weak, nudging practice beyond the traditional Chinese mode of host-country compliance.²⁰ Over the years Beijing has introduced multiple green finance initiatives to expand renewable energy lending,²¹ while Chinese ministries and regulators have also issued a number of ‘green’ guidelines for overseas investment.²² Ultimately though, most of these measures remain soft-law signals rather than binding requirements.

The BRI’s ‘clean’ turn crystallised around 2019 with the Beijing Initiative for a Clean Silk Road,²³ and was operationalised in 2023 as part of Xi’s ‘Eight Major Steps’, including plans to build an integrity and compliance evaluation system for BRI companies and to run joint research/training with international organisations.²⁴ As with the green track, most measures remain soft-law signals rather than enforceable rules. Beijing’s emphasis on quality and sustainability coincides with a rebalancing away from grand, capital-intensive corridors towards ‘small yet beautiful’ livelihood-oriented projects. This partly reflects a more cautious, risk-averse stance in China’s outward lending since around 2018 and partly aligns with the high-quality emphasis on people-centred delivery. The ‘small yet beautiful’ slogan predates 2023, but the rebalance was codified in that year when Xi pledged to ‘advance both flagship projects and “small yet beautiful” projects’, backed by renminbi-denominated financing windows.²⁵

Financially, Beijing now stresses prudence. Even as policy-bank lending peaked in the mid-2010s, Beijing was already signalling the shifting of risk onto Chinese firms by pushing ‘market- and business-oriented’ cooperation—especially public—

²⁰ National Development and Reform Commission, ‘《关于推进共建“一带一路”绿色发展的意见》’ [Opinions on Promoting Green Development of the Belt and Road], Document no. 408 (Open Development), 28 March 2022, accessed at https://www.ndrc.gov.cn/xxgk/zcfb/tz/202203/t20220328_1320629_ext.html on 29 October 2025.

²¹ Belt and Road Forum, ‘List of Multilateral Cooperation Deliverables of the Third Belt and Road Forum for International Cooperation (89 items)’ (18 October 2023), accessed at <http://www.beltandroadforum.org/english/n101/2023/1020/c127-1272.html> on 29 October 2025.

²² GFDC, ‘Interpretation: New CBIRC “Green Finance Guidelines for the Banking and Insurance Industry”’ (14 July 2022), accessed at <https://greenfdc.org/interpretation-new-cbirc-green-finance-guidelines-for-the-banking-and-insurance-industry/> on 29 October 2025.

²³ Ministry of Foreign Affairs of the People’s Republic of China, ‘Working Together to Deliver a Brighter Future for Belt and Road Cooperation’ (26 April 2019), accessed at https://www.mfa.gov.cn/eng/xw/zyjh/202405/t20240530_11341284.html on 29 October 2025.

²⁴ Xi J., keynote speech at the Third Belt and Road Forum for International Cooperation, 19 October 2023, accessed at <https://www.ciie.org/zbh/en/new/2023/ydyj/20231101/41121.html> on 29 October 2025.

²⁵ Ibid.



private partnerships and greater co-financing.²⁶ The Ministry of Finance rolled out a Debt Sustainability Framework for low-income BRI countries in 2019²⁷ and a companion to this scheme for ‘market-access’ countries in 2023, aligning its analysis with International Monetary Fund tools and pitching ‘sustainable financing’ as the main goal.²⁸ Another phrase associated with this maturation towards more granular, high-quality development is the metaphor of moving from ‘broad’ to ‘fine brushwork’²⁹—language that intentionally echoes the domestic shift from high-speed to high-quality development since the late 2010s.

In terms of sectors, BRI 2.0 supposedly focuses on digital, green and health-related cooperation.³⁰ Again, this sectoral mix, which includes fields such as AI governance, mirrors China’s domestic push to power the economy through high-tech ‘new quality productive forces’.³¹ Alongside high-tech themes, BRI 2.0 also foregrounds soft connectivity—standards, regulatory cooperation and e-commerce pilots—and people-to-people programmes such as scholarships, vocational training workshops and culture/tourism ties. Both strands have been present in the BRI since day one, but the new phase amplifies them rhetorically and dovetails with the BRI’s newer ‘small yet beautiful’, people-centred profile. In summary, Beijing portrays BRI 2.0 as a cleaner, greener and higher-quality initiative. It is more focused on China’s domestic high-tech priorities and has also moved from broad brushstrokes to finer detail, emphasising smaller, but higher-quality people-centred projects. That is the case on paper at least—but what about in reality?

²⁶ H. Zhang, ‘From Shielding to Pushing: Evolving Risk Management Regimes in China’s Infrastructure Export Industrial Policy’, *Studies in Comparative International Development* (2025), doi:10.1007/s12116-025-09483-1.

²⁷ Ministry of Finance of the People’s Republic of China, ‘China MOF Releases Debt Sustainability Framework for Participating Countries of the Belt and Road Initiative’ (25 April 2019), accessed at https://wjb.mof.gov.cn/ywwz_14955/news/mn/202011/t20201104_3616472.htm on 29 October 2025.

²⁸ Ministry of Finance of the People’s Republic of China, ‘«财政部发布”一带一路”债务可持续性分析框架（市场融资国家适用）»’ [Ministry of Finance Releases Belt and Road Debt Sustainability Analysis Framework (Applicable to Market-Financed Countries)] (19 October 2023), accessed at https://www.gov.cn/lianbo/bumen/202310/content_6910202.htm on 29 October 2025.

²⁹ Xi J., keynote speech at the Third Belt and Road Forum for International Cooperation.

³⁰ China, State Council Information Office, ‘The Belt and Road Initiative: A Key Pillar of the Global Community of Shared Future’ (10 October 2023), accessed at https://english.www.gov.cn/archive/whitepaper/202310/10/content_WS6524b55fc6d0868f4e8e014c.html on 29 October 2025.

³¹ State Council of the People’s Republic of China, ‘China Unleashes New Quality Productive Forces in Push for Reform, Innovation’ (25 June 2024), accessed at https://english.www.gov.cn/news/202406/25/content_WS667a2943c6d0868f4e8e8835.html on 29 October 2025.



The BRI's decline?

The model of development finance traditionally associated with China involves a single, multibillion-dollar loan from one of two policy banks—the China Development Bank or the Export–Import Bank of China (CHEXIM)—backing a flagship infrastructure project such as a highway, power plant or railway. Crucially, such loans have often been tied to the use of Chinese state-owned contractors and suppliers. This is the model that most clearly defines China's statist challenge to the Western-led status quo of development finance, with its emphasis on poverty alleviation and untied aid. However, the data show that this model, though still in play, is not characteristic of BRI 2.0. Chinese policy-bank commitments peaked in 2016 and then fell sharply from 2019 onwards, with AidData observing a 96% decline from 2016 to an all-time low of \$3.7 billion in 2021.³² These external shifts intersect with powerful domestic drivers. China's protracted property slowdown, mounting local-government debt and tighter capital controls have narrowed the space available for another wave of large, risk-tolerant overseas lending.³³ Regulatory changes since 2017 have also pushed banks to clean up their balance sheets and reassess politically driven projects with weak cash flows.

By 2020–1 this trend had led many Western observers to pronounce that the BRI was in decline.³⁴ The retrenchment coincided with the BRI's fading prominence as a slogan within China, rising Western criticism and the rollout of Xi Jinping's new 'global' banners, starting with the Global Development Initiative in September 2021.³⁵ Others pushed back, noting the staying power of an initiative that had been written into the Chinese Communist Party's constitution and pointing out that Beijing has always counted far more than policy-bank lending under the BRI umbrella, including Chinese state-owned commercial lending, trade, foreign direct investment and contracts signed by Chinese firms.³⁶ On the slogan's continued relevance, elite and public use of the BRI label has certainly cycled, from hype

³² B. C. Parks et al., 'Belt and Road Reboot: Executive Summary'.

³³ Parks et al., *Belt and Road Reboot*, AidData (November 2023).

³⁴ Clark, 'The Rise and Fall of the BRI'.

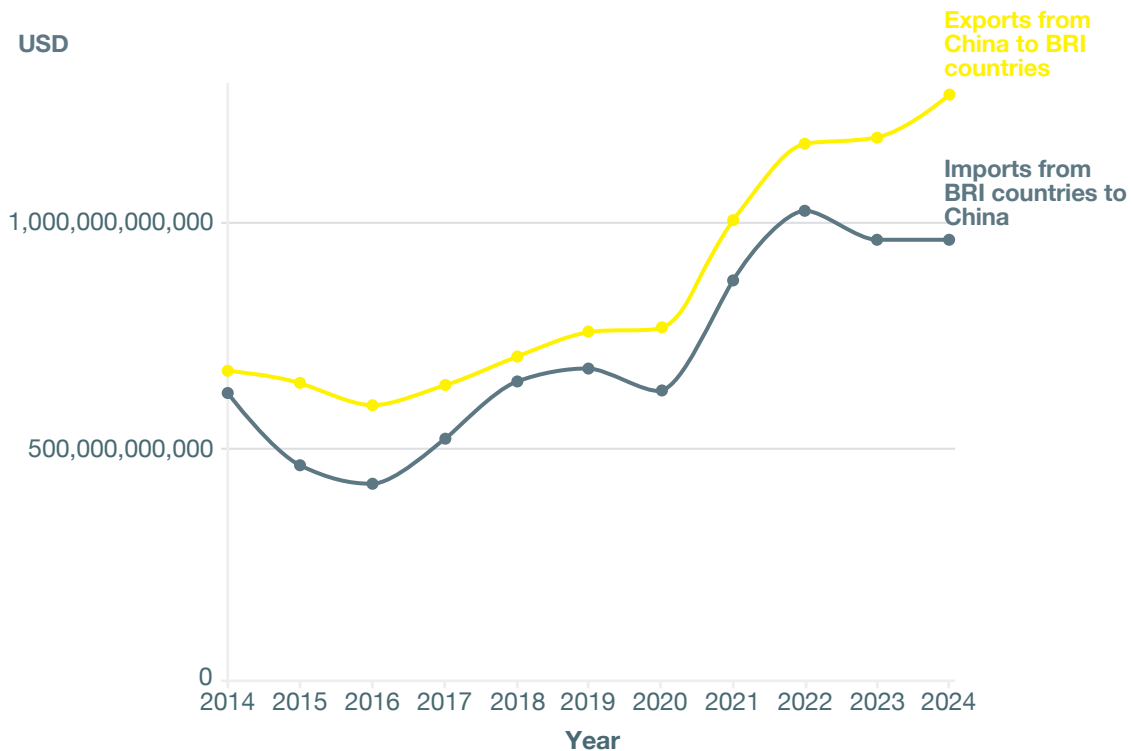
³⁵ State Council of the People's Republic of China, 'Xi Calls for Bolstering Confidence, Jointly Addressing Global Challenges at UNGA' (22 September 2021), accessed at https://english.www.gov.cn/news/topnews/202109/22/content_WS614a816dc6d0df57f98e0a56.html on 29 October 2025.

³⁶ M. Mingey and A. Kratz, 'China's Belt and Road: Down but Not Out', *Rhodium Group*, 4 January 2021, accessed at <https://rhg.com/research/bri-down-out/> on 29 October 2025; H. Zhang, 'Is China's Belt and Road Initiative Slowing Down?', *The People's Map*, 21 June 2021, accessed at <https://thepeoplesmap.net/2021/06/21/is-chinas-belt-and-road-initiative-slowing-down/> on 29 October 2025.



and ubiquitous branding in the mid-2010s to a steadier, sometimes slightly more cynical equilibrium today, but the term remains prominent in top-level speeches. The latest, fifth official collection of Xi Jinping's speeches, titled *Governance of China*, published in October 2025, contains, like the second, third and fourth editions before it, a whole section on the BRI.³⁷

Figure 1 China–BRI trade



Source: Data from UN Statistics Division, *UN Comtrade Database*, extracted 12 October 2025.

Note: BRI countries are defined as those that have active BRI cooperation agreements with China as of October 2025.

In other words, the BRI is less ubiquitous, but far from obsolete, and it still heavily structures Beijing's external narrative. If we follow the lead of Chinese policy documents to count trade and foreign direct investment as part of the BRI, then the data also demonstrate that the initiative is in better health than the sceptics claim—for instance, trade with BRI countries has climbed since 2014, both in absolute terms and as a percentage of total trade.³⁸

³⁷ China.org.cn, 'Xi Jinping: The Governance of China V', accessed at http://www.china.org.cn/governanceofchina/volume5/node_9016730.html on 29 October 2025.

³⁸ UN, *UN Comtrade Database*, accessed at <https://comtrade.un.org/> on 29 October 2025.



The Chinese Ministry of Commerce (MOFCOM) also releases monthly and annual data on China's non-financial outward direct investment in BRI partners, as well as data on foreign-contracted projects in BRI countries.³⁹

In 2023 MOFCOM revised its BRI partner definition from the smaller set of 'countries along the BRI' to 'co-building' countries—generally understood to be those that have signed BRI cooperation documents. Year-on-year percentage changes are also available, and while back-extrapolating across this shift is imperfect, it is sufficient to illustrate a general growth pattern that certainly does not match the decline seen in policy-bank lending.

MOFCOM's aggregate outward direct investment figures should, however, be treated with caution. Transaction-level data compiled by Rhodium Group suggest that official statistics significantly overstate real-economy investment, with much of the post-Covid rebound reflecting retained earnings and financial flows rather than new productive investment.⁴⁰

Recent data compiled by the Green Finance and Development Centre (GFDC) at Fudan University in Shanghai show the BRI rebounding in 2023 after a Covid-era slump and then reaching new heights in the first half of 2025. The GFDC's data include any Chinese state or private investment, as well as construction contracts, in countries that have joined the BRI. In 2023 the GFDC recorded \$96.3 billion worth of construction and investment—almost, but not quite reaching pre-Covid levels. In 2024 that figure grew to \$122 billion, and in just the first half of 2025, they noted \$124 billion of engagement, the second highest share (46%) of investment recorded.⁴¹ According to the GFDC's latest report, the backbone of this engagement is 'energy', as has long been the case, but also 'technology', which has all but replaced 'transport' as the dominant sector in the 2013 data. 'Metals and mining' has also grown in importance, suggesting that the BRI has moved away from more traditional connectivity to serve China's high-tech ambitions.

³⁹ MOFCOM, "'Go Global" Public Service Platform – "Belt and Road" Statistical Data', accessed at <https://fec.mofcom.gov.cn/article/fwyydyl/tjsj/> on 29 October 2025.

⁴⁰ A. Kratz et al., 'The Next Generation of China's Outbound Investment', *Rhodium Group China Cross-Border Monitor* (2025), accessed at <https://cbm.rhg.com/research-note/next-generation-chinas-outbound-investment> on 29 October 2025.

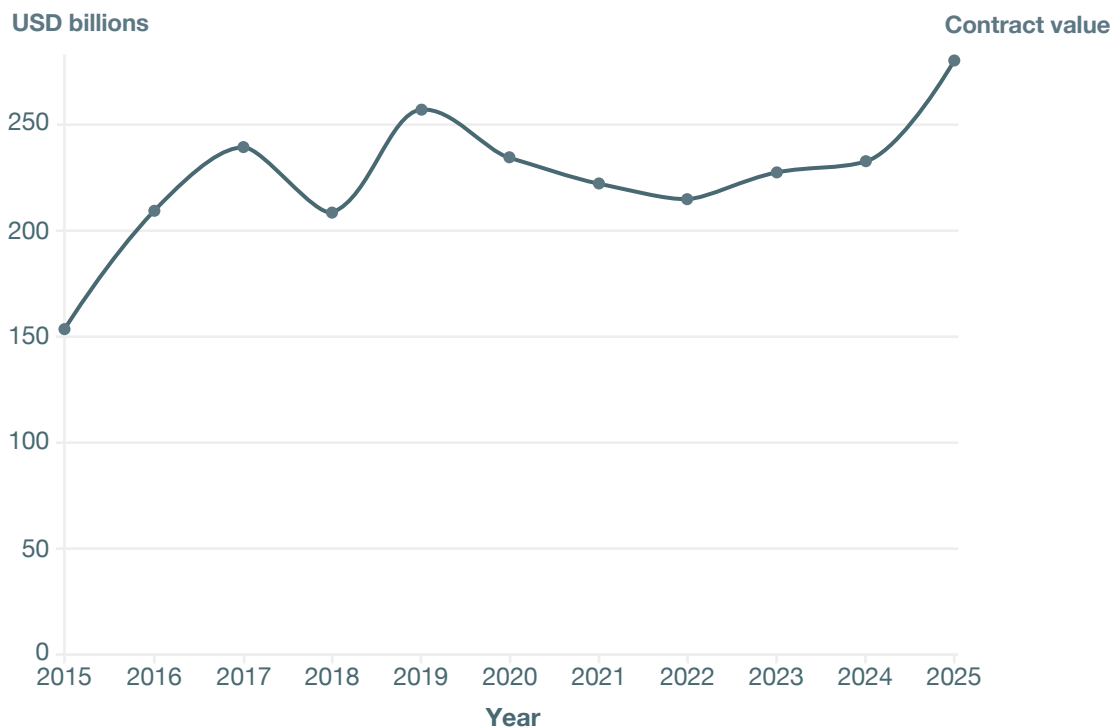
⁴¹ C. Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2025*, Griffith Asia Institute, GFDC and FISF (Brisbane, July 2025), doi:10.25904/1912/5798.



Who's picking up the cheque for BRI companies?

Between January and August 2025, aggregate MOFCOM data also demonstrate a strong growth in foreign-contracted projects in BRI countries—a 20.4% year-on-year increase. Although measuring the BRI by contract value jars somewhat with the Western focus on Chinese finance, it aligns closely with Beijing's own framing of the initiative. Beijing explicitly treats Chinese-built projects as part of the BRI even when third parties foot the bill. A striking European example is the Chinese-built Pelješac Bridge in Croatia, which was 85% funded by EU cohesion funds, but celebrated in Chinese state media as a flagship BRI project and opened by Premier Li Keqiang.⁴²

Figure 2 Cumulative value of newly signed BRI contracts



Source: Data from Ministry of Commerce of the People's Republic of China (MOFCOM), "Go Global" Public Service Platform – Belt and Road Statistical Data.

Note: Pre-2023 data are back-extrapolated from year-on-year growth rate.

⁴² State Council of the People's Republic of China, 'BRI's Global Impact Beyond Flagship Projects', 15 October 2023, accessed at https://english.www.gov.cn/news/202310/15/content_WS652b1f42c6d-0868f4e8e036d.html on 29 October 2025.



The BRI is many things, and part of the difficulty in assessing its current state is that it is all-encompassing and can be defined using multiple sets of parameters. But one thing that can be said with clarity about the BRI is that it is a mercantilist endeavour, fundamentally tied to the fortunes of Chinese firms, and by this metric, the BRI continues to prosper. But with policy-bank lending (the traditional form of financing for BRI contracts) still down, the obvious question becomes: who is financing all of these contracts?

The state-owned China Road and Bridge Corporation (CRBC) is the big beast of the BRI. It is the external outfit of its parent company, China Communications Construction Company, which is ranked fourth on *Engineering News-Record's* list of the largest global contractors and is associated with hundreds of high-profile Chinese infrastructure projects, including the Kenya Standard Gauge Railway.⁴³ The CRBC has benefited massively from the BRI and the policy-bank loans attached to it. The first infrastructure project built by a Chinese firm in Europe was the Mihaljo Pupin Bridge in Belgrade.⁴⁴ Otherwise known as the Serbian–Chinese Friendship Bridge, it was opened in 2014 by Premier Li Keqiang and, like many such projects, was financed by a loan from CHEXIM.

According to the general manager of the Serbia CRBC office, speaking in 2012, ‘to be able to build roads and bridges in Europe . . . is the dream of CRBC people’.⁴⁵ This dream was realised with finance from CHEXIM, which, given the CRBC’s lack of track record at the time, was the only means by which the CRBC could build its European portfolio. Chinese firms went on to build at least 13 very large infrastructure projects in Serbia tied to financing from CHEXIM, and they are still very active in the Serbian market, although they are no longer paid with policy-bank finance.

Instead, projects awarded to Chinese firms tend to be financed through a combination of funds from DFIs, loans from Chinese and non-Chinese commercial banks, and, in large part, simply by the Serbian government budget. For example, one of the largest contracts signed in recent years—by China Shandong International—was for a highway with an estimated investment value of almost €1.6 billion, which

⁴³ *Engineering News-Record*, ‘ENR 2024 Top 250 Global Contractors’, accessed at <https://www.enr.com/toplists/2024-Top-250-Global-Contractors-Preview> on 29 October 2025.

⁴⁴ J. Mardell, ‘The Belt and Road at 10: Revisiting the Last Decade of China’s Landmark Foreign Policy Initiative’, *The China Project*, 11 September 2023, accessed at <https://thechinaproject.com/2023/09/11/the-belt-and-road-at-10/> on 29 October 2025.

⁴⁵ CRRC Meishan Co., Ltd, ‘中国路桥塞尔维亚路桥项目建设纪实’ [Record of CRBC Road and Bridge Project Construction in Serbia] (1 November 2012), accessed at <https://web.archive.org/web/20231108002518/https://www.crrcgc.cc/znkj/g14245/s25855/t79924.aspx> on 29 October 2025.



was financed by domestic commercial loans and the state budget.⁴⁶ Beyond Serbia, the CRBC's global contract awards mirror this trend. In the 18-month period to 30 October 2025, the CRBC announced 76 newly signed contracts on WeChat, China's social media and messaging 'super app'.

This CRBC sample should be read as an illustrative case study rather than a comprehensive map of BRI 2.0 financing. It captures the work of only one contractor, with its own sectoral and regional profile, over an 18-month window and only for projects publicised via corporate communications. However, even with these caveats, the portfolio clearly points to a strategic shift. These contracts are estimated to be worth a total of almost \$5 billion, but not a single contract for projects financed by Chinese state financial institutions can be identified, with the exception of one linked to a Chinese government grant of roughly \$37 million.

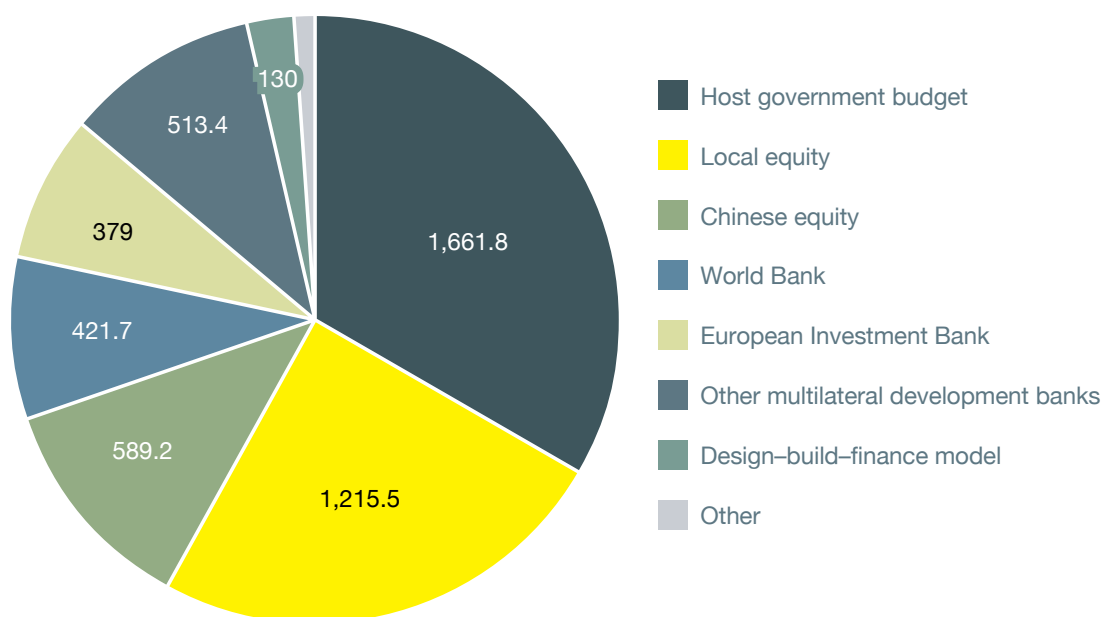
Financing for these projects thus mostly fell into three very broad buckets, in order of prevalence: equity from firms, host government budgets and DFIs.

- Of the total, 39% was linked to equity from firms: 11.9% Chinese and 24.5% private, local equity.
 - A small percentage—2.6%—was associated with non-equity financing arranged directly by the CRBC, perhaps as balance sheet loans.
- Of the total, 33.5% was attributable to host government budgets, meaning no other forms of financing were identified in the project funding.
 - Contracts receiving more than 75% of their funding from a single external source were fully attributed to that source. In reality, some externally funded projects required a 5%–15% contribution from the host budget, meaning that the host country budget share is likely higher than reflected here.
- Of the total contract value, 26.7% was linked to nine different DFIs, chief amongst which were the World Bank and the European Investment Bank (EIB), which accounted for 8.5% and 7.6% of the total contract value respectively.
 - Add in German and French development funds to those provided by the EIB and 9.6% of the total contract value can be attributed to European DFIs.

⁴⁶ Ministry of Construction, Transport and Infrastructure of the Republic of Serbia, 'Construction of the Belgrade – Zrenjanin – Novi Sad Highway', 31 July 2025, accessed at <https://www.mgsi.gov.rs/en/projekti/construction-belgrade-zrenjanin-novi-sad-highway> on 17 November 2025.



Figure 3 Who picks up the cheque for the CRBC?



Source: Data compiled from contracts announced on the CRBC official WeChat account, 30 April 2024–30 October 2025.

Note: This graph shows the financing arrangements for 78 newly signed contracts announced on CRBC's WeChat page between 30 April 2024 and 30 October 2025. Contract value is attributed to the principal financier, unless under 75%.

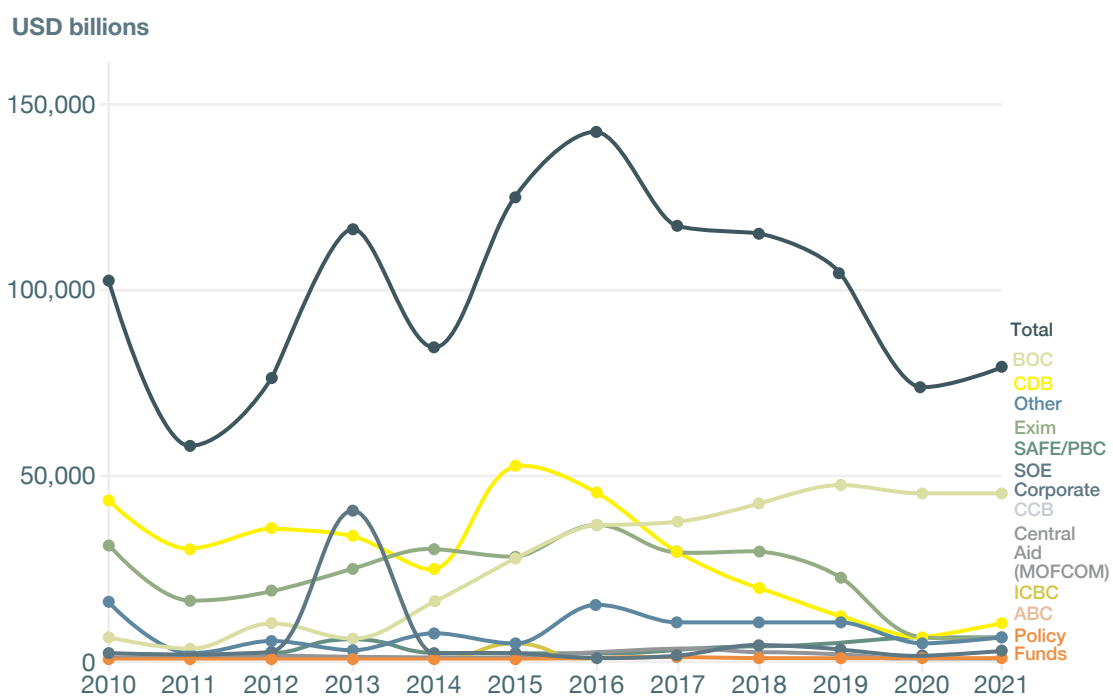
Chinese policy-bank loans are far more common in the CRBC contracts announced in the era of BRI 1.0. The much smaller figure of \$1.85 billion for this period, compared to the one analysed above, may in part be due to the CRBC having a smaller revenue in 2016 than now, but the CRBC's more limited social media presence in 2016 is probably a more significant factor. Almost half of the \$1.85 billion worth of contracts announced on the CRBC's official WeChat account during the 18-month period between 1 May 2016 and 30 October 2017 were linked to lending from CHEXIM. Nevertheless, the proportion of policy-bank funding in 2016–17 compared to 2024–5 is telling.

If these data are indicative of how Chinese-built projects are being financed in the era of BRI 2.0, then the main conclusion is that projects appear to be driven more by market conditions. Companies such as the CRBC may have built their positions on the back of state lending, but they have sustained their revenue in its absence and are doing so with projects built by those who can afford them. The appearance of multiple commercial property deals and projects in middle or high-income countries including Morocco, Indonesia, Malaysia, Guyana and Croatia supports this observation. Although no such loans were identified in the



CRBC data, excellent work from other researchers has highlighted the increasing role of Chinese state-owned commercial banks, as well as syndicated loans, in financing the BRI. However, this trend is not particularly new—according to AidData, lending from the Bank of China began to take off at the start of the BRI, in 2013, and rose steadily before plateauing from 2019. Meanwhile, lending from CHEXIM and China Development Bank was already substantial in the early 2010s, peaked around 2015–16, and then declined.

Figure 4 Volume of Chinese financial flows

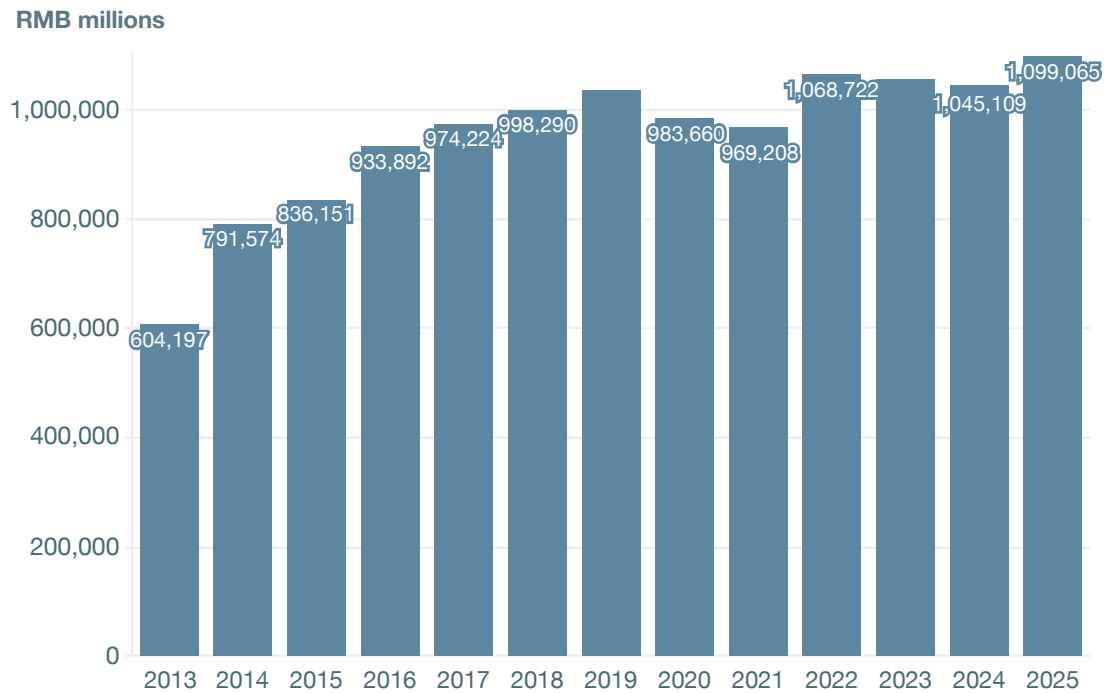


Source: Data from AidData, *Global Chinese Development Finance Dataset*, Version 3.0 (November 2023).

Note: BOC = Bank of China; CDB = China Development Bank; Exim = CHEXIM; SAFE/PBC = State Administration of Foreign Exchange/People's Bank of China; CCB = China Construction Bank; ICBC = Industrial and Commercial Bank of China; ABC = Agricultural Bank of China; SOE Corporate = state-owned enterprise corporate lending.



Figure 5 Bank of China overseas loan stock



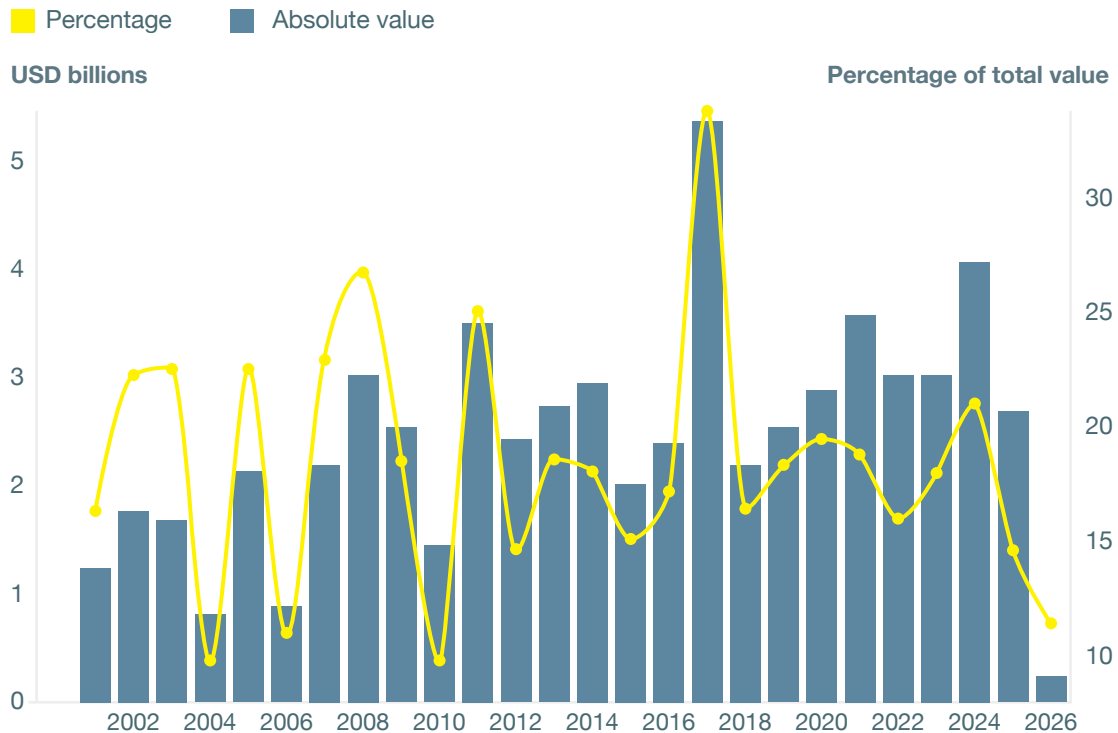
Source: Data from Bank of China Annual Reports (2013–25).

Note: The 2025 figure is from the Bank of China’s interim report (first half of 2025).

Rather than Chinese commercial lending stepping into the gap left by policy-bank lending post 2016, a more nuanced reading is that commercial lending has grown across the BRI’s lifetime and has simply not suffered the same decline as policy-bank lending. A similar story is true for multilateral development bank (MDB) financing of Chinese-built projects. There is no reason to suspect that the 26.7% of development finance in our CRBC data is a new phenomenon. An analysis of MDB procurement reports shows a significant, if spiky, relationship with Chinese contractors, but nothing that looks like strong growth between 2016 and now—Chinese firms have long occupied a strong position in MDB procurement. World Bank data provide the greatest range, but data from the European Bank for Reconstruction and Development, the African Development Bank and the Asian Development Bank all show similar patterns.



Figure 6 World Bank contracts awarded to Chinese firms



Source: Data from World Bank, *Procurement Contracts Award Summary*, accessed at <https://www.worldbank.org/en/projects-operations/products-and-services/brief/summary-and-detailed-borrower-procurement-reports>

Note: Bars show the absolute value of World Bank contracts awarded to Chinese firms (USD billions, left axis). The line shows Chinese firms' share of total World Bank contract value (percentage, right axis). Data for 2026 are partial.

Is the BRI any greener, cleaner or more sustainable?

The 'Green Silk Road' is a more significant element of the BRI now than it was at the initiative's inception in 2013, though this is hardly surprising, given how China has come to dominate so many of the supply chains around clean energy technology. But the BRI's green turn is less the result of Beijing's rhetoric and soft policy goals and more a reflection of Chinese firms' commercial priorities. China's domestic green transition has been led in part by a cohort of fiercely competitive private champions in solar, batteries and electric vehicles, and the BRI is now being pulled along by these firms' commercial logic. For instance,



Rhodium Group has found that private firms dominate China's global electric vehicle push, accounting for 85% of investment.⁴⁷

Since 2022 Chinese firms have pledged at least \$227 billion in investment across green manufacturing sectors.⁴⁸ These firms' overseas investments in gigafactories, component plants and renewables generation are motivated above all by market access, trade barriers and cost, even if they still sit inside a policy ecosystem shaped by subsidies. This makes today's 'green BRI' less a centrally choreographed foreign policy instrument and more a messy overlay of industrial policy, corporate strategy and host-country incentives. It should also be noted that despite Xi Jinping's moratorium on coal in 2021, investment in oil and gas continues apace. For example, the GFDC found that oil and gas constituted 62% of BRI energy engagement in 2024,⁴⁹ and although the first half of 2025 was also the 'greenest' period on record, oil engagement still outpaced green growth.⁵⁰

Whether the BRI is greener at a project level remains to be seen. More broadly, in ESG ratings, such as those produced by MSCI, Sustainalytics and FTSE Russell, scores for Chinese firms have edged up in recent years, but they still sit near the bottom of global rankings and are at a relatively early stage of development. There is tentative evidence that some Chinese contractors are narrowing the ESG gap with Western competitors, at least on headline standards. AidData's *Belt and Road Reboot* study tentatively suggests a modest improvement in ESG risk profiles for BRI projects since 2018.⁵¹ More broadly, ESG scores for Chinese firms have been trending upwards. Post-2018 projects in sectors such as wind and solar increasingly cite compliance with International Finance Corporation-style safeguards and host-country environmental and labour regulations, and several large Chinese state-owned enterprises now publish sustainability reports aligned with global reporting frameworks.⁵² Still, none of this resolves long-standing

⁴⁷ *China Cross-Border Monitor*, 'China's Global Investments in the EV Value Chain', Rhodium Group, 30 September 2025, accessed at <https://cbm.rhg.com/research-note/chinas-global-investments-ev-value-chain> on 29 October 2025.

⁴⁸ X. Xue and M. Larsen, *China's Green Leap Outward: The Rapid Scale-Up of Overseas Chinese Clean-Tech Manufacturing Investments*, Net-Zero Industrial Policy Lab (9 September 2025), accessed at <https://www.netzeropolicylab.com/china-green-leap> on 29 October 2025.

⁴⁹ C. Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2024*, Griffith Asia Institute, GFDC and FISF (Brisbane, February 2025), doi:10.25904/1912/5784.

⁵⁰ Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2025*.

⁵¹ Parks et al., *Belt and Road Reboot*.

⁵² N. Nishimura and S. Xu, 'Would Integrating ESG in Chinese Equities Have Worked?', *MSCI Research & Insights*, 7 July 2020, accessed at <https://www.msci.com/research-and-insights/blog-post/would-integrating-esg-in-chinese-equities-have-worked> on 18 November 2025.



concerns about transparency and local accountability, and Chinese firms remain laggards by global standards and at a relatively early stage of ESG development.

The Asian Infrastructure Investment Bank (AIIB), China's flagship multilateral lender, is also relevant to this debate. Set up in parallel to the BRI, the AIIB is now explicitly linked to it via the Multilateral Cooperation Center for Development Finance, which supports project preparation and ESG capacity along the BRI corridors. Although launched amid concerns that it would undercut existing standards, the AIIB has, in practice, anchored itself in the mainstream MDB regime, with its environmental and social framework closely mirroring those of the World Bank and the Asian Development Bank.⁵³ It largely reinforces rather than contests the prevailing script of development finance, including on social and environmental protections, even as it has begun morphing into more of a norm-setting organisation, promoting a stronger emphasis on Chinese priorities such as adherence to host country standards.⁵⁴

Given the sharp drop in lending by China's policy banks since 2016, it may stand to reason that the BRI is also becoming more economically sustainable. From China's perspective, there are fewer large, risky sovereign loans sitting on the policy banks' books and there is less scope for the kind of opaque, off-balance-sheet arrangements that characterised the most problematic early phase deals. For many partner countries, however, the picture is more ambiguous. Risk has not disappeared so much as shifted—onto host-country budgets, commercial lenders and corporate balance sheets, and into more complex collateralised structures. The sustainability of BRI 2.0 therefore needs to be assessed not only from the vantage point of Chinese lenders but also in terms of the fiscal and political constraints facing borrowers.

Although Chinese authorities have recognised the adverse outcomes of overlending,⁵⁵ more than 60 low- and lower-middle-income countries face elevated debt vulnerabilities, and China has become a central actor in many of the largest restructuring cases. Recent assessments of these deals describe progress in bringing China into coordinated restructurings, but warn of Beijing's reluctance to grant permanent debt relief. At the same time, new contract-level evidence shows that almost half of China's publicly guaranteed loan portfolio to low- and

⁵³ Urgewald, *A Critical Assessment of European Membership in the Asian Infrastructure Investment Bank* (Germany, 2025), accessed at <https://coilink.org/20.500.12592/1b78mq5> on 18 November 2025.

⁵⁴ G. T. Chin and K. P. Gallagher, *China and the Global Economic Order* (Cambridge: Cambridge University Press, 2025).

⁵⁵ T. Nishizawa, 'China's Role in Sovereign Debt Restructuring', *China International Strategy Review* 6 (2024), 100–21, doi:10.1007/s42533-024-00158-5.



middle-income countries is effectively collateralised via escrow and ringfencing arrangements, giving Chinese creditors de facto seniority and complicating debt-sustainability assessments.⁵⁶

Small, beautiful and people-centred?

A cynical reading of Beijing's emphasis on 'small yet beautiful' projects is that China is leaning on cheaper, reputation-friendly tools now that policy-bank lending for new projects is no longer flowing. In other words, now that big and beautiful is no longer an option, the BRI has been necessarily downsized. Many of the 'small yet beautiful' livelihood projects showcased in official materials are designed and implemented through China's aid budget or ministries' grant programmes, then retroactively folded into BRI branding. This makes it difficult to tell where the BRI ends and China's conventional development cooperation begins—and it allows Beijing to use a relatively small universe of micro-projects (e.g. clinics, water systems and village roads) as rhetorical cover for a sharp decline in large-scale policy-bank lending. The aid budget itself does not show a decisive, sustained ramp-up that would correspond to a pivot towards people-centred, grant-funded development.

In short, the 'small yet beautiful' shift is more clearly visible in the composition of Beijing's storytelling than in the structure of its external economic footprint. At the same time, the 'people-centred' discourse overlaps with a broader, gradually intensifying soft-power agenda. Initiatives such as Luban Workshops, media and think tank partnerships, youth exchanges, training programmes for officials and journalists, and cultural and health campaigns remain tiny in financial terms compared with a single power plant or expressway, but they are clearly growing in number and sophistication.

Luban Workshops are the flagship example. They are China-branded vocational training hubs, typically pairing colleges in Tianjin and other Chinese cities with

⁵⁶ A. Gelpern et al., *How China Collateralizes*, Kiel Institute for the World Economy, Working Paper 2293 (June 2025), accessed at <https://www.kielinstitut.de/publications/how-china-collateralizes-18199/> on 18 November 2025; G. Makoff, T. Maret and L. Wright, *Sovereign Debt Restructuring With China at the Table: Forward Progress but Lost Decade Risk Remains*, Mossavar-Rahmani Center for Business & Government, Harvard Kennedy School, M-RCBG Associate Working Paper no. 248 (Cambridge, MA, 2024), accessed at <https://www.hks.harvard.edu/centers/mrcbg/publications/awp/awp248> on 18 November 2025.



partner institutions overseas, where students learn on Chinese-made equipment to Chinese curricula and industry standards. Presented as ‘win–win’ skills partnerships, they also familiarise a new generation of technicians and engineers with Chinese platforms, embed local training systems in Chinese-centred value chains, and tighten the ecosystem ties that make Chinese firms, software and hardware the default option.⁵⁷

Policy recommendations: how should the EU respond to BRI 2.0?

The EU’s GG was launched in 2021 as part of a wider European course correction responding to China’s rise. It was not explicitly branded as a counter to the BRI, yet the very existence of a new EU connectivity strategy implied that there was something in China’s approach worth responding to. Reading between the lines, it is clear that Brussels understood the BRI to be successful on two fronts. First, the EU has long complained about its visibility relative to China. The BRI put Chinese development finance on the map; by more assertively branding its efforts under a single label, Brussels hoped to increase the EU’s perceived impact. Second, Brussels understood Beijing to be effectively leveraging its connectivity agenda to achieve its strategic interests—the GG first and foremost marks a paradigm shift towards a more interests-first connectivity policy. However, Brussels responded to the BRI a full eight years after Xi Jinping’s announcement—it is important to ensure that the EU is nimbler in responding to BRI 2.0.

Treat BRI 2.0 as a structural feature of the landscape, not a temporary surge

The narrative of the BRI’s decline is overstated. The initiative has proved adaptable and resilient, and now looks set to remain a permanent feature of the global connectivity and development-finance landscape. As the international environment shifts, we are moving past the era in which China was merely a challenger to the status quo. Through the BRI, green industrial exports and standard-setting, Beijing is increasingly becoming one of the norm-setters—from what counts as ‘green’ infrastructure in taxonomies and project guidelines

⁵⁷ N. Yau and D. van der Kley, ‘China’s Global Network of Vocational Colleges to Train the World’, *The Diplomat*, 11 November 2021, accessed at <https://thediplomat.com/2021/11/chinas-global-network-of-vocational-colleges-to-train-the-world/> on 4 December 2025.



to technical standards in sectors such as solar, batteries and electric vehicles. In this context, the EU should focus less on countering the BRI per se and more on shaping the political economy and rules of connectivity in partner countries where European and Chinese interests intersect. It should also integrate any BRI monitoring underway into a broader analysis of Global China Inc., looking more widely at firms, supply chains and standards, rather than treating the BRI as a stand-alone initiative.

The EU should not rest on its laurels

GG rhetoric often suggests that the EU enjoys a qualitative advantage over China—that the European offer is more sustainable, fairer and generally higher quality. This echoes Japan’s earlier ‘quality infrastructure’ narrative and might work for the EU as marketing. But the EU should be careful not to believe its own advertising. Chinese firms are narrowing the gap on ESG performance, and in construction the idea that China speed necessarily comes at the expense of quality is long out of date. At the same time, China’s dominance in key green supply chains suggests that in many sectors the Chinese offer now also brings the most advanced technology. To remain competitive, the European offer cannot remain static; it needs to be continually upgraded in terms of standards, technology and delivery rather than relying on legacy reputational advantages.

Invest in people-centred connectivity on Europe’s terms

Europe currently has a relative advantage over China in soft connectivity—standard-setting, training, higher education and regulatory cooperation. But BRI 2.0 is laser-focused on closing this gap, rolling out Luban Workshops, vocational training centres, cultural institutions and technical standards across partner countries. Rather than trying to compete head-on in construction markets where Chinese firms enjoy scale and incumbency advantages, the EU should double down on areas where it can still shape the agenda. This means funding long-horizon EU–partner knowledge networks—for journalism, think tanks, regulators and universities—with predictable, multi-year budgets that are plugged into real trade, investment and regulatory ties, so that they build ecosystems comparable in density to China-linked ones.



Understand the BRI's commercial currents

BRI 2.0 is more market-driven than the initiative launched in 2013. It is still a mercantilist endeavour, but BRI 2.0 is best understood as a form of market-shaped mercantilism: Chinese firms continue to benefit from industrial policy and diplomatic backing, but they are now increasingly competing in their own right, drawing on accumulated experience, scale and integration in global value chains. In designing tools to compete with China, it is not enough for the EU to fall back on familiar complaints about subsidies. Tackling distortive subsidies is necessary but insufficient. The EU also needs a proactive agenda to support European firms: industrial policy, export-finance instruments and risk-sharing tools that allow them to bid credibly for large projects. The EU should also develop a standing Global China Inc. monitoring function that tracks Chinese contractors, suppliers and financiers at firm level across BRI countries. This intelligence should then be used to target GG offers where European firms can realistically compete.

Bring European finance back on side

It should give Brussels pause that roughly a tenth of the CRBC's project pipeline over the last 18 months has been backed by European DFIs. According to the logic of the GG—which seeks to prioritise European strategic interests—'Team Europe' actors should not, by default, be bankrolling projects that are politically branded as BRI. Brussels needs to decide whether institutions such as the EIB are primarily development banks or are also policy banks, and adjust their mandates accordingly. If Brussels wants to pursue the GG agenda in the spirit in which it was conceived, it will need more openly mercantilist instruments: it cannot simply update procurement rules on the assumption that Chinese firms cannot compete on ESG grounds, but must accept that European public finance should be deployed where it advances European strategic and industrial interests.

Advance green competition

BRI 2.0 is increasingly about green manufacturing, technology and standards, rather than just hard transport corridors. Although China now dominates many of these supply chains, Europe retains areas of strength—for example, in wind—and has its own de-risking agenda that depends on diversifying green-industrial ecosystems. The EU should use trade, competition and industrial policy to respond to overcapacity and subsidised Chinese green exports, while simultaneously using the GG to support local green supply chains and grid upgrades in partner countries, structured around European participation. The objective is to avoid



a world in which the green transition in third countries is locked into Chinese technology and finance by default.

Use the GG to shape the financing environment

Given the sharp fall in Chinese policy-bank lending and the rising role of host budgets, commercial finance and DFIs, the EU's leverage increasingly lies in shaping the rules and standards around financing, rather than trying to match Chinese volumes. The GG should focus on upstream project preparation, procurement support and feasibility studies, so that 'bankable' pipelines are not de facto tailored to Chinese incumbents. By improving transparency, competitive tendering and fiscal risk assessment, the EU can help partner governments set the terms of engagement in ways that benefit them—and incidentally create more space for European firms.

The world cannot afford to neglect the development agenda

The data suggest that host governments are stepping into the gap left by Chinese policy-bank retrenchment. Some of the slack may be taken up by private capital and by Chinese firms assuming more risk, but it appears that many countries are paying more out of their own budgets for basic infrastructure and development. At the same time, the US has hollowed out its Agency for International Development and the UK has sharply reduced its development spending. China, meanwhile, shows little sign of scaling up concessional lending to low-income countries. If anything, BRI 2.0 points to a retreat from non-market-oriented finance. The result is a global retreat from concessional development finance precisely when it is most needed. From a visibility and influence perspective, this presents an opportunity for the EU. While it should retool the GG to function as an effective policy instrument, low-income countries are more in need than ever of genuine development support. If the EU wishes to present itself as both a geopolitical actor and a development power, it will have to sustain—and in some cases increase—its commitment to non-market-driven development finance alongside more strategic connectivity tools.



About the author

Jacob Mardell is the Lead Analyst at Sinification and the Non-Resident Fellow for Global Realignment at the China–Global South Project. A former analyst at the Mercator Institute for China Studies, he has spent the past eight years tracking ‘Global China’, with a particular focus on the BRI, Chinese outbound investment and competition with China in third markets. His work combines data-driven research with fieldwork in more than 20 BRI countries.

Credits

The Wilfried Martens Centre for European Studies is the political foundation and think tank of the European People’s Party (EPP), dedicated to the promotion of Christian Democrat, conservative and like-minded political values.

Wilfried Martens Centre for European Studies
Rue du Commerce 20
Brussels, BE 1000

For more information, please visit www.martenscentre.eu.

External editing: Pole Star Editing CommV

Typesetting: Victoria Agency

Printed in Belgium by Abij bv.

Internal editor: Dimitar Lilkov, Wilfried Martens Centre for European Studies

This publication receives funding from the European Parliament.

© 2026 Wilfried Martens Centre for European Studies

The European Parliament and the Wilfried Martens Centre for European Studies assume no responsibility for facts or opinions expressed in this publication or their subsequent use. Sole responsibility lies with the author of this publication.