



**FACULTAD DE COMERCIO**  
**TRABAJO DE FIN DE MÁSTER**  
**COMERCIO EXTERIOR**

**“How the Belt and Road Initiative (BRI) promotes the development of China and countries along the Belt and Road through infrastructure and technological innovation”**

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VALLADOLID, JULY, 2025.





# **UNIVERSIDAD DE VALLADOLID**

## **MÁSTER EN COMERCIO EXTERIOR**

ACADEMIC YEAR 2024/2025

### **TRABAJO DE FIN DE MÁSTER**

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**“How the Belt and Road Initiative (BRI) promotes  
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**Valladolid, 10 de July de 2025**



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## Abstract

The Belt and Road Initiative is China's core strategy for promoting global development, which has a multidimensional impact on countries along the route through infrastructure construction and cultural dissemination. Focusing on both the 'hard power' and 'soft power' dimensions of the initiative, this study examines the dominant Western narratives through real-life examples, including the much-discussed 'debt trap theory' and allegations of 'sharp power'. The central research questions are: How can infrastructure development substantially drive economic growth in developing countries? How can cultural communication break through the label of 'sharp power' to achieve a depoliticized, populist and empathetic output?

This research employs qualitative case analysis to systematically examine four representative cases: the Hambantota Port project in Sri Lanka, the policy comparison between China and the U.S., the digital dissemination of Dunhuang culture, and controversies surrounding Confucius Institutes. Through triangulation of multi-source data, it strives to present a critically balanced perspective.

Key findings: Empirical analysis of "debt trap" allegations indicates that the primary cause of Sri Lanka's debt crisis was the high proportion of commercial debt; the Chinese model, which relies on state capital, outperforms the B3W model, which depends on private short-term capital, in terms of project implementation speed and scale; Culturally, the "Digital Dunhuang" project uses technology to empower culture, lowering the barriers to understanding civilization and providing a new pathway for "resonance-based soft power."

The research ultimately demonstrates that the BRI, by solidifying economic foundations through infrastructure and fostering people-to-people bonds through cultural exchange, constitutes a significant practice in realizing the vision of a community with a shared future for mankind.



## Índice

La Iniciativa de la Franja y la Ruta es la estrategia central de China para promover el desarrollo global, que tiene un impacto multidimensional en los países a lo largo de la ruta a través de la construcción de infraestructura y la difusión cultural. Centrándose tanto en las dimensiones de "poder duro" como de "poder blando" de la iniciativa, este estudio examina las narrativas occidentales dominantes a través de ejemplos de la vida real, incluyendo la muy discutida "teoría de la trampa de la deuda" y las acusaciones de "poder agudo". Las preguntas centrales de la investigación son: ¿Cómo puede el desarrollo de infraestructuras impulsar sustancialmente el crecimiento económico en los países en desarrollo? ¿Cómo puede la comunicación cultural romper la etiqueta del "poder afilado" para lograr un resultado despolitizado, populista y empático?

Esta investigación emplea el análisis cualitativo de casos para examinar sistemáticamente cuatro casos representativos: el proyecto del puerto de Hambantota en Sri Lanka, la comparación de políticas entre China y Estados Unidos, la difusión digital de la cultura de Dunhuang y las controversias en torno a los Institutos Confucio. Mediante la triangulación de datos de múltiples fuentes, se esfuerza por presentar una perspectiva críticamente equilibrada.

Principales conclusiones: El análisis empírico de las acusaciones de "trampa de la deuda" indica que la causa principal de la crisis de la deuda de Sri Lanka fue la elevada proporción de deuda comercial; el modelo chino, que se basa en el capital estatal, supera al modelo B3W, que depende del capital privado a corto plazo, en términos de velocidad y escala de ejecución de los proyectos; Desde el punto de vista cultural, el proyecto "Dunhuang digital" utiliza la tecnología para potenciar la cultura, reduciendo las barreras para comprender la civilización y proporcionando una nueva vía para el "poder blando basado en la resonancia".

En última instancia, la investigación demuestra que la BRI, al consolidar las bases económicas a través de las infraestructuras y fomentar los vínculos entre las personas mediante el intercambio cultural, constituye una práctica significativa para hacer realidad la visión de una comunidad con un futuro compartido para la humanidad.



## Resumen

Centrándose tanto en la dimensión del "poder duro" como en la del "poder blando" de la iniciativa, este estudio examina las narrativas occidentales dominantes a través de ejemplos de la vida real, incluyendo la tan discutida "teoría de la trampa de la deuda" y las acusaciones de "poder agudo". Entre ellas se incluyen la tan discutida "teoría de la trampa de la deuda" y las acusaciones de "poder agudo". Las preguntas centrales de la investigación son: ¿Cómo puede el desarrollo de las infraestructuras impulsar sustancialmente el crecimiento económico en los países en desarrollo? ¿Cómo puede la comunicación cultural romper la etiqueta del "poder afilado" para lograr un resultado despolitizado, populista y empático?

Las preguntas centrales de la investigación son: ¿Cómo impulsa sustancialmente la construcción de infraestructuras el crecimiento económico en los países en desarrollo? ¿Cómo puede la difusión cultural trascender la etiqueta del "poder afilado" para lograr un alcance despolitizado, orientado a las bases y resonante?

Esta investigación emplea el análisis cualitativo de casos para examinar sistemáticamente cuatro casos representativos: el proyecto del puerto de Hambantota en Sri Lanka, la comparación de políticas entre China y Estados Unidos (BRI frente a B3W), la difusión digital de la cultura de Dunhuang y las controversias en torno a los Institutos Confucio. Mediante la triangulación de datos de múltiples fuentes (documentos gubernamentales, literatura académica, datos operativos económicos, pruebas de las redes sociales), se esfuerza por presentar una perspectiva críticamente equilibrada.

Principales conclusiones: En primer lugar, la infraestructura como "poder duro de desarrollo" aborda eficazmente el déficit anual de infraestructura de 1,5 billones de dólares en los países participantes. Tomando como ejemplo el puerto de Hambantota, el análisis empírico refuta las acusaciones de "trampa de la deuda", revelando que la crisis de la deuda de Sri Lanka se debió principalmente a la deuda comercial occidental (52 % de la deuda total) y a la explotación estructural dentro del sistema financiero internacional. El modelo chino, que aprovecha la ventaja de la tolerancia del capital estatal a los bajos rendimientos a largo plazo, supera significativamente a las alternativas occidentales como



B3W (que depende del capital privado a corto plazo) en cuanto a la velocidad y la escala de ejecución de los proyectos. En segundo lugar, en la dimensión cultural, el proyecto "Digital Dunhuang" transforma el atractivo cultural en experiencias tangibles a través de visitas virtuales a cuevas, narraciones interactivas con realidad aumentada y otros medios tecnológicos, con más de 23 millones de visitas en todo el mundo, lo que confirma la eficacia de la tecnología para reducir las barreras al entendimiento entre civilizaciones. Al mismo tiempo, la interacción pública espontánea desencadenada por la prohibición de TikTok demuestra el inmenso potencial de la resonancia cultural despolitizada y popular en la era de las redes sociales, ofreciendo una nueva vía para el "poder blando basado en la resonancia" que trasciende las acusaciones de "poder duro".

Las principales contribuciones de este estudio son: desde el punto de vista teórico, profundiza en la comprensión del funcionamiento sinérgico del poder blando y el poder duro dentro de la teoría del poder internacional a través de pruebas de casos y esboza de forma preliminar las características del "poder blando basado en la resonancia". Desde el punto de vista práctico, revela el valor único de la BRI para satisfacer las rígidas necesidades de infraestructura de los países en desarrollo y promover un profundo entendimiento intercultural, al tiempo que proporciona ideas políticas para mejorar la transparencia de los proyectos y optimizar las estrategias de difusión cultural. En última instancia, la investigación demuestra que la BRI, al consolidar las bases económicas a través de las infraestructuras y fomentar los vínculos entre las personas a través del intercambio cultural, constituye una práctica significativa para hacer realidad la visión de una comunidad con un futuro compartido para la humanidad.



## 1. Introduction

The Belt and Road Initiative (BRI) aims to promote economic and technological development in China and participating countries by focusing on infrastructure projects, technological innovation, and cultural dimensions. This study evaluates how these elements contribute to regional growth through an assessment of key projects and collaborations. It addresses two main questions: How does infrastructure construction substantially promote economic growth in developing countries? How can cultural influence be disseminated while avoiding "sharp power" accusations, achieving depoliticized, grassroots-oriented, and resonant outreach?

The direction of these research questions focuses primarily on the soft and hard power dimensions of international power theory. This theory refers to the maintenance of relatively stable power relations between nations through various means such as diplomacy, alliances, and military force, serving the purpose of great power competition and achieving mutual power balancing.

### Research Question 1

Hard power manifests concretely as military suppression, economic sanctions, and resource control. This aspect is also the primary target of Western media skepticism towards the BRI. The International Monetary Fund (IMF) has repeatedly issued warnings, claiming that BRI projects involve unsustainable debt traps, predatory lending, and lack of transparency. For instance: the case of Hambantota Port in Sri Lanka. Some argue that certain Belt and Road Initiative projects may be disguised as development aid but actually involve political coercion or resource exploitation. This study aims to critically examine such arguments by analyzing the origins of these narratives and evaluating them in conjunction with empirical evidence.

According to the World Bank's 2023 annual report, the annual infrastructure gap in developing countries is as high as \$1.5 trillion. For example, this directly leads to Nigeria losing 4.1% of its GDP due to port congestion. From a development perspective, infrastructure typically forms the material foundation for economic growth. Against this backdrop, the Belt and Road Initiative has become an important driving force in addressing



infrastructure deficiencies in participating countries. Between 2008 and 2021, loans from China Development Bank and China Exim Bank allocated 66% of their total foreign lending (\$331 billion) to three sectors: mining and pipelines, transportation, and power. Influenced by mainstream liberal ideology, the Western world tends to favor investing in "soft support" over foundational "hard support." For instance: World Bank loans primarily support health, education, and other core public administration sectors. From 2001 to 2017, 22% of China's overseas development finance projects were "hard infrastructure" projects. During the same period, approximately 15% of World Bank-supported international projects were "hard infrastructure," while U.S. foreign aid allocated only 11% to such projects. As a nation renowned for its infrastructure capabilities, China possesses not only a strong willingness but also the unique advantages and capacity to execute large-scale infrastructure projects.

Since BRI projects originate in China, where state capital dominates, they are jointly promoted and completed by the Chinese government and state-owned enterprises. Consequently, project stability and completion rates are significantly enhanced. China benefits from economies of scale, manufacturing advantages, extensive infrastructure experience, and lower financing costs. Raw materials and consumables required for infrastructure are typically provided by government departments, ensuring stable energy supply and preventing project interruptions due to resource shortages. Financing does not rely solely on government funds; it can also be raised through market mechanisms. Furthermore, China primarily undertakes infrastructure projects in partner countries as engineering contracts, not taking ownership. Therefore, financing relies mainly on bank loans supplemented by government aid, aligning with economic logic.

Secondly, China also possesses advantages in producing goods related to infrastructure, with output exceeding consumption. Not only is there no shortage of related materials, but there is even an overcapacity situation. This is actually one of the main reasons China launched the BRI project. Decades of rapid industrialization have endowed China with massive production capacity. As demand slows, many industries face this issue. Through the BRI, China can redirect this capacity to partner countries needing infrastructure, solving the overcapacity problem while generating income. The Belt and



Road Initiative emerged accordingly. Recipient countries of infrastructure assistance can choose to repay in cash, resources, or trade benefits.

Finally, to address Research Question 1, I will center the discussion on the Sri Lankan debt trap incident. And by comparing the US project: B3W. Discuss whether BRI is political coercion.

## Research Question 2

How to reduce the perception of China's unidirectional cultural output during BRI development, avoiding "sharp power" accusations while ensuring cultural services reach ordinary people? This involves soft power within international power theory, specifically manifested as: the ability to voluntarily influence the behavior of other countries through culture, values, and policy attractiveness.

Language is a core resource of soft power. Language plays a dual role in BRI people-to-people exchanges: it is both a carrier of cultural value (Humboldt and Sapir's "instrumental carrier theory") and a medium for power dynamics. For instance, Confucius Institutes worldwide promote cultural attraction through language, art, and lifestyles. Confucius Institutes, with Chinese language teaching as their foundation, supplemented by cultural symbols like calligraphy and Tai Chi, convey the Eastern philosophy of "harmony in diversity." However, their unidirectional dissemination model has led Western critics to label them as "sharp power" (Walker & Ludwig, 2017) – implying the manipulation of values through cultural penetration. The true language hegemony or international discourse hegemony exists today with the widespread use of English. English, like the dollar, holds a hegemonic position globally. This is a deeply rooted perception – colloquially, When a country measures and judges the culture of other countries based on its own values and uses this to demonstrate its international status, this behavior is hegemony.

Of course, regarding cultural influence, China should avoid the emergence of "sharp power" suspicions. However, most academic theoretical research related to the BRI focuses on analyzing debt issues or geopolitics, thereby neglecting the cultural dimension.



My second research question centers on how to use innovative methods to reduce "sharp power" risk and make the dissemination of new cultures accessible to ordinary people.

Finally, fully utilize Dunhuang – a crucial node of the ancient Silk Road – as a practical vehicle for cultural dissemination. Develop the "Digital Dunhuang" project to empower the soft power of the BRI with Dunhuang culture.

As a crucible of civilization on the ancient Silk Road, Dunhuang, empowered by digital technology for civilizational integration and possessing strong narrative capabilities, constructs a mode of dissemination for the BRI that transcends "sharp power." Technologically, when users touch Tang Dynasty manuscripts through the "Digital Sutra Cave," the cultural appeal of the BRI transforms from an abstract concept into a tangible experiential sensation. Narratively, the "dance of gods" in Cave 285 of the Mogao Grottoes – featuring Indian apsaras, the Greek sun god, and Chinese Fuxi – highlights the characteristic of cultural fusion, thereby resonating with cognate cultures.

This thesis adopts a critically balanced perspective to analyze the dual dimensions of the Belt and Road Initiative (BRI): hard power-supported infrastructure construction and soft power-driven cultural dissemination. At the hard power level, it counters Western skepticism about the BRI "debt trap" through data and case studies. At the soft power level, it focuses on the dilemma of unidirectional cultural output (e.g., the "sharp power" controversy surrounding Confucius Institutes), proposing three innovative pathways: grassroots digital dissemination, language vocational skills, and Dunhuang cultural development. It highlights Dunhuang's digital technology as a model for mutual learning among civilizations, utilizing VR narratives to reshape the cultural affinity of BRI dissemination. The research ultimately reveals that China, through the BRI, plays a dual role as an economic supporter and cultural narrator for developing countries. It proves that the BRI is a policy that develops the economic foundation through infrastructure, permeates ideas through cultural dissemination, transcends geographical limitations, and practically implements the vision of a community with a shared future for mankind.



## 2. Theoretical Framework

### 2.1 International Power Theory: Soft Power, Hard Power, and Sharp Power

The division of power into "soft power" and "hard power" is a significant contribution made by American scholar Joseph Nye in the 1980s. The emergence of this theory provided academia with a new theoretical foundation for analyzing international political economy. Under this framework, researchers can objectively present the fundamental modes through which a country influences the political, economic, and social development of others from multiple dimensions. The concept of "sharp power" is a new term derived by the Western media from the "China threat theory." The sharp power concept is used as a strategic tool to interpret China's growing international influence. Critics argue that this narrative risks confounding cultural exchange with covert intervention, thereby sparking doubts among other nations about China's political intentions. It also complicates the analysis of the events themselves. Therefore, this paper will focus on discussing the impact of the Belt and Road Initiative on relevant countries within the theoretical framework of "soft power" and "hard power." Additionally, it will engage in a comprehensive discussion of the "sharp power" concept and the "debt trap theory."

#### 2.1.1 Soft Power and its Dissemination Mechanism

Within Joseph Nye's theoretical framework, soft power is defined as a nation's ability to influence other nations through non-coercive means, leveraging its cultural, political values, foreign policy, and other comprehensive resources to encourage other nations to voluntarily understand or cooperate with it. This concept manifests itself in the appeal of culture, the appeal of values and institutions, and the ability to shape the narrative on the international stage. Joseph Nye notes that soft power is enhanced when other nations perceive our policies as legitimate and reasonable.

Before this theory was proposed, China had already accumulated similar concepts through long-term practice. The ancient Chinese military treatise *The Art of War* by Sun Tzu also mentioned similar views: achieving objectives through non-warfare means is the



superior strategy, while direct military attacks are the inferior strategy. Such a strategy places greater emphasis on the influence of culture, ideology, and other aspects, sharing similar connotations with the modern concept of “soft power.”

In exploring dissemination mechanisms, this study constructs a “resource exchange and reception” model to explain the three core issues of “the motives, content, and methods of dissemination.” At the resource level, China's millennia-old cultural heritage endows it with profound historical depth and rich 内涵. Its outstanding achievements in literature, philosophy, and science have formed a vast and attractive cultural system. At the exchange level, the implementation of the Belt and Road Initiative has provided channels for cultural exchange, promoting people-to-people exchanges between China and other countries on the basis of good cooperation, deepening friendship among peoples, thereby subtly stimulating the intrinsic demand for cultural exchange, accelerating the speed of cultural dissemination, and opening a new chapter of cultural complementarity. At the reception level, with China's rise, Chinese culture has garnered broader attention. Although this process may be influenced by complex geopolitical factors and differing interpretive perspectives, overall, the foundation for other countries' acceptance of Chinese culture is gradually solidifying, and their enthusiasm for engaging with and understanding Chinese culture is continuously growing. Especially within the Belt and Road Initiative, China's cultural soft power is influencing the values of relevant countries within an atmosphere of “mutual trust and equality” and “mutual benefit and win-win outcomes.” It is important to avoid “zero-sum games,” “unilateralism,” and “protectionism.” Meanwhile, driven by hard power, for those whose careers are tied to the Belt and Road Initiative, exploring and following Chinese culture has shifted from a personal interest to a necessity for survival. As the Belt and Road Initiative is implemented in depth, “resonance-based soft power” is becoming increasingly important. How to transcend one-way attraction and achieve a two-way interactive model based on shared understanding and value resonance will be one of the key issues explored in the subsequent discussion of this article.



### 2.1.2 Hard Power and the National Resource Investment Model

In Joseph Nye's theory, hard power is the dominant material force in international political competition, encompassing explicit productive capacities such as basic resources, military strength, economic power, and technological capabilities. Unlike soft power, which emphasizes appeal, hard power emphasizes coercive force and serves as the foundation of comprehensive national strength. This section analyzes the differences and connections between hard power and soft power by examining the resource investment models of "Belt and Road" countries, thereby elucidating the conceptual implications.

The fundamental differences between hard power and soft power lie in their methods of resource utilization, modes of action, and outcomes. In terms of methods, hard power involves the coercive use of resources to force other countries to comply, with such compliance often being one of submission rather than conviction. When hard power ceases to be applied, other countries typically no longer comply. In terms of modes of action, hard power employs threats such as military force to coerce other countries, while soft power uses interaction and exchange to subtly alter other countries' perceptions. In terms of outcomes, hard power acts quickly and with sufficient force, playing a decisive role at critical moments, while soft power has a deep and long-lasting influence, creating favorable conditions by gaining support at critical moments.

Although hard power and soft power have differences, they are connected in terms of their sources of strength and strategic positioning. In terms of sources of strength, both are based on national resources. Strong economic, technological, and military power leads to strong hard power, while a rich cultural heritage and good values lead to strong soft power; In terms of strategic positioning, the two complement each other to form the overall strength of a nation. Strong hard power makes culture and values more attractive, while the flexible use of soft power can compensate for the shortcomings of hard power and create favorable conditions for its implementation.

Unlike traditional zero-sum geopolitical thinking, the application of hard power under the BRI framework emphasizes mutually beneficial cooperation. In the Belt and Road Initiative, investments in national resources such as China's manufacturing sector have replaced military deterrence as the new definition of hard power. Against the



backdrop of slow global economic recovery and investment protectionism in some countries, the Belt and Road Initiative promotes mutual development among nations and contributes to building a “community with a shared future for mankind” by expanding national resource investments, addressing gaps in host countries, and strengthening connections in industrial and supply chains through the application of hard power.

### 2.1.3 Sharp Power and Cultural Control Criticism

With the rapid rise of China as an emerging economy and a major socialist power, the international landscape has undergone significant changes, prompting Western countries led by the United States to re-evaluate their policies toward China. In this process, they have gradually developed new strategic perceptions and put forward the so-called “China threat theory,” whose core objective is to curb China's continued development on a global scale. Against this international backdrop, the concept of “sharp power” has emerged. It not only serves as a powerful supplement and extension of the “China threat theory” but also represents a new discourse tool jointly constructed and promoted by the Western academic and media communities.

The concept of sharp power has been widely discussed in Western academic and media narratives. Supporters argue that this concept helps reveal the strategic intentions and interventionist tactics that may lie behind certain behaviors that appear on the surface to be cultural exchanges or commercial collaborations. However, the concept of sharp power is not without flaws.

The main objections raised by critics include:

Conceptual ambiguity: The term “sharp power” lacks a clear definition. How can one accurately distinguish between normal public diplomacy, cultural promotion, academic exchange, and truly ‘manipulative’ and “interfering” sharp power behaviors? The criteria for such distinctions are often subjective and prone to misinterpretation. Many activities labeled as “sharp power” (such as establishing overseas cultural centers, language teaching programs, and international media cooperation) are also part of the public diplomacy practices long pursued by democratic nations.



A politicized narrative tool: Many scholars believe that the emergence of the “sharp power” concept is linked to geopolitical competition, particularly the strategic competition between China and the United States. There is a legitimate concern that this concept may be overly politicized, serving as a tool for Western nations to construct a binary opposition and amplify the “authoritarian threat” narrative. This exacerbates mutual suspicion between nations and hinders cross-border exchange and cooperation.

Although there is controversy among scholars regarding the interpretation of “sharp power,” due to the role of public opinion in serving political interests, these controversial views continue to shape the international community's perception of China, posing a severe challenge to traditional national cultural dissemination institutions (such as Confucius Institutes). Therefore, when researchers analyze the cultural dimension of the Belt and Road Initiative using the “sharp power” framework, they must maintain critical awareness: they must recognize the asymmetry and potential intervention risks in international influence competition, while also being vigilant about the concept's ambiguity, political tendencies, and analytical blind spots, and objectively assess the operation, effectiveness, and international interactions of Belt and Road cultural projects. Subsequent case studies (such as Confucius Institutes and Dunhuang cultural dissemination) will explore how to address and resolve related concerns.

## **2.2 Infrastructure and Geostrategy: Cooperation or Control?**

BRI adheres to the principles of openness, green sustainability, and integrity. Its openness is reflected in its inclusive approach toward all participating parties, rejecting traditional geopolitical exclusivity, avoiding the formation of closed groups, refraining from dividing camps based on ideology, and not involving military alliances. The initiative aims to build a “community with a shared future for mankind,” upholding the concept of win-win cooperation and advancing multilateralism in practice. Infrastructure development plays a crucial role in the initiative, marking a shift from “Made in China” to “Built in China,” integrating China's leading manufacturing sector with global construction expertise. This study focuses on analyzing the global impact of China's industrial



transformation through the Belt and Road Initiative and the reasons behind China's successful leadership in driving the global infrastructure development wave.

### 2.2.1 Infrastructure as a Tool of National Influence

National influence is a complex, multidimensional concept encompassing political, economic, military, cultural, and technological dimensions, with hard power and soft power being key components. This section adopts a results-oriented approach, elucidating how infrastructure projects exert influence at three levels — on foreign governments, markets, and populations—to provide theoretical underpinnings for subsequent analyses of infrastructure project examples in countries such as Sri Lanka.

First, analyzing the impact on foreign governments. In most semi-competitive political systems, leaders allocate resources to secure political support. China's large-scale infrastructure projects serve as tools for resource allocation and maintaining political stability. Additionally, China often establishes a principal-contractor relationship with host country governments in the infrastructure sector, deepening cooperation and fostering political trust between the two nations.

Second, from the perspective of influencing foreign markets. The Belt and Road Initiative promotes market economic growth, and infrastructure construction, as public investment, theoretically has two effects on the private sector: “crowding in” and “crowding out.” On one hand, public investment complements private capital, reduces trade costs, and promotes consumption and production, thereby crowding in private investment. On the other hand, public investment occupies resources, increases costs, and crowds out private investment. However, since the public investment funds for Belt and Road infrastructure projects primarily originate from countries outside the participating nations, the crowding-out effect is minimal, and the initiative significantly promotes local economic growth.

Finally, from the perspective of its impact on the people of other countries. First, it stabilizes employment. Infrastructure projects provide a large number of high-quality jobs for local labor, and trade activities and FDI also indirectly increase employment. For example, the Ethiopia Industrial Park had created 90,000 jobs by 2021, accounting for



one-seventh of the country's formal private-sector jobs, and also stimulated employment in upstream and downstream enterprises. Second, improving well-being. Developing countries face the contradiction of having a large population but insufficient public services. China's infrastructure projects under the Belt and Road Initiative include people-oriented projects such as power plants and hospitals. For example, the power project in Pakistan and the railway tunnel project in Uzbekistan. Practice has proven that the Belt and Road Initiative benefits the people of countries along the route.



### 3. Methodology

#### 3.1 Research Method Selection

As a policy research paper, this study employs literature review methods and case-based qualitative analysis to examine the strategic layout, actual planning, effects, and strengths and weaknesses of the Belt and Road Initiative from both objective facts and subjective judgments. It summarizes experiences, identifies directions, and offers recommendations.

The literature review method systematically reviews domestic and international academic literature, policy documents, and reports from international organizations to establish a theoretical foundation for the infrastructure hard power and cultural soft power of the Belt and Road Initiative. It integrates international power theory frameworks, quantified data on infrastructure gaps in developing countries, and perspectives on debt sustainability disputes to provide theoretical basis for analyzing core controversies.

The case qualitative analysis method focuses on four typical scenarios: the Hambantota Port Project in Sri Lanka (geopolitical rivalry and debt disputes), the comparison between B3W and BRI policies (differences in financing mechanisms), the dissemination of Dunhuang culture (technology-enabled dissemination methods), and the accusations of sharp power against Confucius Institutes (the dilemma of hegemony). By summarizing the background and comparing patterns, it deeply reveals the complex process and obstacles in the implementation of the policy.



### 3.2 Case Setting and Selection Logic

#### 3.2.1 Sri Lanka Case: Geopolitics and Debt Controversy

Selection rationale: First, Sri Lanka is the most representative country embroiled in "debt trap" controversy. The project involves multiple aspects: Hambantota Port, China Harbour Engineering Company, and the lease agreement between China and Sri Lanka. Second, searching the official BRI website using the names of several deep-cooperation countries and comparing the number of related entries shows: Pakistan (5,697 entries), Laos (4,420), Kenya (2,430), Qatar (724), Cambodia (4,525), Croatia (591), while Sri Lanka has the highest number of entries at 10,918. This significant advantage highlights Sri Lanka's core position in the BRI, facilitating a comprehensive revelation of the complexity and challenges in policy implementation. The Sri Lanka case is not only typical but also provides detailed evidence for in-depth analysis of BRI debt issues in infrastructure construction due to its rich data and information.

#### 3.2.2 B3W Comparison: Contrast in Cooperation Models and Financing Systems

Selection rationale: B3W is the most direct policy officially announced by the U.S., led by Western powers (G7), and directly targets the BRI policy – its existence stems from the BRI's emergence. This policy reflects important dynamics in the current international political and economic landscape: Western countries, represented by the G7, have adopted a direct confrontational stance towards China's BRI. This study aims to explore and compare the governance structure differences between China-led BRI and Western-led policies, along with their divergent approaches and effects in financing models and practical implementation.

#### 3.2.3 Dunhuang Culture: Cultural Dissemination and Soft Power Innovation

**Table 1: Data on the number of CNKI documents (statistics as of 2025)**

Research Direction	Number of Publications	Ranking	Comparison with Cultural Research
Economic System Reform	58.8K	1	11.6 times cultural research



Trade Economy	19.1K	2	3.8 times cultural research
Chinese Politics & Intl. Politics	16.2K	3	3.2 times cultural research
Industrial Economy	15.9K	4	3.1 times cultural research
Finance	8.7K	5	1.7 times cultural research
Cultural Research	5.1K	11	Benchmark (scarce field)

Source: CNKI

Selection rationale: This table shows the number of publications by discipline when searching "Belt and Road" on China's academic database. The data distribution clearly indicates that current academic research significantly favors economic and political fields, while research on Dunhuang culture shows a notable gap. Despite Dunhuang's leading digital practices (e.g., "Digital Dunhuang" exceeding 23 million global visits, "Digital Sutra Cave" integrating 73,000 scattered artifacts), academic research has not kept pace. This paper analyzes the digital dissemination methods of Dunhuang culture to fill the literature gap and enhance innovative pathways for cultural dissemination and soft power. Simultaneously, Dunhuang culture, transformed through digital means, aids international dissemination – a process involving not just language education but multiple composite dimensions. This also ensures the richness and readability of the research.

### 3.2.4 Confucius Institutes: Representative of Global Language Education and Cultural Export

The Confucius Institute research case can serve as part of the sub-topic "Research on Intercultural Conflict Management in Confucius Institutes" within the major National Social Science Fund project "Research on Intercultural Communication and Management of Confucius Institutes." Since Donald Trump assumed the U.S. presidency in 2017, Confucius Institutes in the U.S. have frequently faced closures. The U.S. has raised concerns about Confucius Institutes operating in American universities, questioning issues like academic freedom, transparency, soft power vs. sharp power, espionage, and human rights. Previous discussions have not addressed how Confucius Institutes, as part of soft power influence, respond to Western skepticism from the perspective of BRI policy.



Therefore, based on the background of numerous Confucius Institute closures in the U.S., this topic specifically analyzes this issue from the viewpoint of BRI policy.

### 3.3 Data Sources and Analysis Techniques

This study adopts a multi-source data triangulation strategy to ensure the objectivity and comprehensiveness of the analysis through actual evidence, strictly adhering to the principle of critical balance:

#### 3.3.1 Data Source Types and Validation:

##### **(1) Data Source**

**Table 2: Data Source**

<b>Data type</b>	<b>Specific content</b>	<b>Function</b>	<b>Amount</b>
Academic research results	CNKI (China National Knowledge Infrastructure) and Google Scholar journal articles “Belt and Road” country research reports and works by Chinese scholars	Construct a theoretical framework of soft/hard/sharp power to support the theoretical basis of case analysis	44
Government and institutional documents	China National Development and Reform Commission/Ministry of Foreign Affairs Policy White Paper World Bank/IMF Report Sri Lanka related Data White House B3W Official Statement	Clarify core facts such as policy provisions, debt structure, and project scale	11
Media ,News and public opinion materials	Criticism of the “debt trap” of Hambantota Port by The New York Times and The Financial Times Reports on the project's effectiveness by Xinhua News Agency/People's Daily Online	Compare differences in Chinese and Western narratives	3
Cultural	Digital Dunhuang Official	Quantify the effects of	4

Data type	Specific content	Function	Amount
platforms and digital communication data	Website Report on the Work of the Homeland Security and Government Affairs Committee	cultural communication and verify the popularization path of “resonance-type soft power.”	

Source: By autor (Some slightly referenced literature has not been included in the references)

## (2) Data Validation

Multi-source cross-validation: For example, Sri Lanka's debt ratio was verified by cross-checking reports from the Ministry of Finance, IMF data, and academic literature;

Priority principle: Priority is given to original documents (such as the text of the China-Sri Lanka port agreement);

Critical balanced review: Positive evidence: Hambantota Port's 2024 revenue of 3 billion RMB demonstrates the project's recovery.

Negative evidence: Citing the TI Corruption Perceptions Index, bureaucratic corruption in Sri Lanka has led to initial operational inefficiency.

### 3.3.2 Analytical Method

This study employs a thematic classification matrix to process various types of data, focusing on three dimensions: infrastructure, culture, and narrative. For the textual materials in the case study, discourse analysis is used to deconstruct the ideological differences underlying the keywords. Ultimately, through theoretical and empirical iteration, cultural-related topics are used to enrich Joseph Nye's soft power theory, proposing a new framework of “resonance-type soft power.”

## (1) Theory-Empirical Iteration

Theoretical Implications: Through case-based revision of theory, a spiral ascending process of “theory → empirical evidence → new theory” is formed.

Application in my thesis:

Soft power theory → case refutation → proposal of “resonance-type soft power”

Theoretical starting point: NYE's soft power emphasizes “unidirectional attraction”

Empirical testing: Confucius Institutes being shut down (failure of one-way communication)

Theoretical revision: The development of a game using Dunhuang as an IP received positive reviews, demonstrating the necessity of two-way resonance.

## (2) Discourse Analysis

Theoretical meaning: Analyzing the power relations, ideology, and constructive logic behind the text.

Application in my thesis:

- ◆ Analysis of Western media discourse:

**Table 3: Analysis of Western media discourse**

Text objects	Keyword extraction	Implicit power logic
The New York Times report on Hambantota Port	“Control” “Debt trap”	Constructing economic cooperation as the “China threat theory”
Foreign Affairs magazine's definition of sharp power	“Infiltration” “Manipulation”	Defining cultural exports as ideological tools

Source: CNKI

- ◆ Comparison with Chinese government discourse:

Belt and Road Initiative official website: “improvement of people's livelihood,” “common development,” “consultation, cooperation, and shared benefits,” “community with a shared future for mankind”

→ By comparing keywords and rhetorical strategies, reveal that “debt trap” and “sharp power” are politicized labels, demonstrating critical discourse analysis skills.

Summary: It is worth noting that, as this study extensively draws on research findings from Chinese scholars and primarily focuses on elucidating the successful experiences of the Belt and Road Initiative, it may inadvertently introduce biases and non-neutral, non-objective perspectives. To address this, this paper specifically incorporates critiques from domestic scholars regarding the shortcomings and issues in the implementation of the Belt and Road Initiative. This aims to balance the research perspective and mitigate the issue of insufficient neutrality.

## 4. Results

### 4.1 Case One: Sri Lanka - Hambantota Port and Infrastructure Controversy

#### 4.1.1 Project Background and Geostrategic Position

Figure 1. Shipping lanes around Sri Lanka

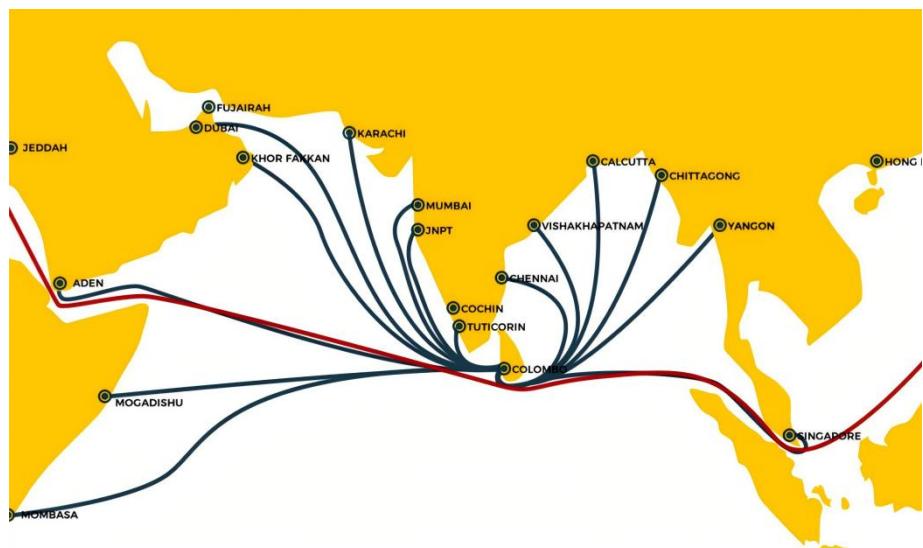


Image source: Sri Lanka Ports Authority <http://www.slpal.k.lk/location.asp?chk=1>

#### 4.1.1.1 Geopolitics and Strategic Position

Sri Lanka's geostrategic position: Sri Lanka is an island nation located at the center of the Indian Ocean. Bordering India to the north, the Maldives to the south, the Arabian Sea to the west, and facing Southeast Asian countries across the sea to the east, it is a vital hub connecting East-West shipping routes, holding immense strategic significance. It is also very close to key international shipping lanes, such as the Strait of Malacca in Southeast Asia. The Strait of Malacca is a critical waterway connecting the Pacific and Indian Oceans, controlling the throat of global trade. Similarly, as a midpoint between the Indian Ocean and the Arabian Sea, Sri Lanka becomes the most important maritime hub connecting Asia, Europe, and Africa, consequently becoming a focal point for nations vying for power projection.

As a small country with limited military strength and autonomous development capacity, Sri Lanka has strong external dependencies and is susceptible to influence from major powers in international political games. Due to its proximity to India, India has long



regarded Sri Lanka as within its "sphere of influence," treating it as an important extension of its Indian Ocean strategy. India has repeatedly publicly stated: the Indian Ocean is India's internal sea. As a strategic chokepoint in the Indian Ocean, India is extremely sensitive to any actions involving Sri Lanka's security and economic interests.

For instance, when Sri Lanka accepted U.S. economic aid, India was deeply concerned that pro-American actions by Sri Lankan authorities could jeopardize its interests in Sri Lanka. Although India and the U.S. have a strategic cooperative relationship, India naturally prefers to consolidate its influence in the region by strengthening economic cooperation with Sri Lanka, preventing U.S. power penetration into South Asia. If Sri Lanka becomes overly dependent on the U.S., it could potentially impact India's dominance in South Asia, even providing the U.S. a foothold into South Asia. Secondly, it could damage India's strategic layout in the region, leading to geopolitical tensions and even marginalization.

The Hambantota Port project is a product of this complex political background. Its original intention was to enhance Sri Lanka's infrastructure level, attract foreign investment, and promote economic development. However, due to geopolitical sensitivity, the project has drawn attention and competition from multiple forces including India, China, and the U.S.

As Sri Lanka's largest neighbor, India, while wary of Sri Lanka's pro-American behavior, naturally remains vigilant against the geopolitical changes that Chinese investment projects in Sri Lanka might bring. This multi-party rivalry forces Sri Lanka to skillfully navigate the interests of various powers while safeguarding its own sovereignty and interests. This stems from Sri Lanka's adherence to an independent and non-aligned foreign policy, advocating for friendly relations with all countries, promoting economic and trade exchanges, supporting the Five Principles of Peaceful Coexistence, refusing to "choose sides" between major powers, and actively introducing multi-national capital through diversified cooperation strategies to reduce dependence on a single country. The game between small countries and world powers focuses on how to ensure national interests, receive economic assistance from major powers, while avoiding manipulation and preserving national sovereignty.

Therefore, in the Hambantota Port project, Sri Lanka sees both economic development opportunities and geopolitical risks. The advancement of the BRI Hambantota Port project tests Sri Lanka's diplomatic wisdom and reveals the delicate situation of small countries in great power games. How to seek balance amidst intertwined interests and ensure the smooth progress of the project has become a pressing challenge for Sri Lanka.

#### **4.1.1.2 Hambantota Port Project Overview**

##### **(1) Why does Sri Lanka need this port?**

◆ **Sri Lanka's Industrial Structure - Urgent Desire for Transformation and the Drain of Decades of Civil War:**

Sri Lanka's industrial structure is primarily based on agriculture and primary product exports, lacking high-end manufacturing support. Tea, rubber, and coconuts accounted for 82% of total export value in 2020, while manufacturing contributed only 3.9%. Industrial development was severely suppressed during the colonial period by Britain, which did not build factories, resulting in Sri Lanka only being able to export rubber raw materials but unable to produce tires (raw material exports accounted for 80%, while high value-added products like tires accounted for less than 5%). The single agricultural economy can no longer support its status as a middle-income country. Consequently, Sri Lanka's per capita national income dropped to \$4,020 in 2020, downgraded by the World Bank to a lower-middle-income country.

Facing this industrial structure dilemma, the Hambantota Port project is a crucial opportunity for Sri Lanka to seek industrial upgrading. By introducing foreign capital and technology, it aims to promote manufacturing development, gradually reduce dependence on traditional agriculture, and achieve economic diversification.

##### **(2) Why does Sri Lanka choose China?**

As mentioned earlier, Sri Lanka's dilemma in the great power game involves seeking balance between China, the U.S., and India. During the Hambantota Port

development, Sri Lanka, based on diplomatic balance principles, also sought cooperation from India and the U.S.

◆ **India Twice Refused Intervention:**

2005 First Request: The Sri Lankan government requested port reconstruction financing from India, which refused citing "insufficient commercial viability" (investment return rate below 8%) (according to Indian Foreign Ministry 2005 memorandum).

2016 Second Request during Debt Restructuring: Sri Lanka proposed India take over port equity or provide debt assistance. India still declined, citing "does not match strategic priorities" (Indian Economic Times 2016 report).

◆ **Inefficiency of Western Aid:**

USAID required a 5-year environmental and social impact assessment first. This assessment involves a comprehensive, systematic analysis and prediction of the potential multifaceted impacts a project or policy might have on the environment and society after implementation. Typically conducted in 5-year cycles, it aims to ensure that potential environmental damage, social conflicts, and the rights of vulnerable groups are fully considered during project planning and execution, with corresponding mitigation measures taken.

The World Bank was only willing to provide \$200 million in technical assistance (less than 15% of the project funding gap) and could only be used for "governance capacity building" (2016 World Bank project document). "Governance capacity building" itself is a positive initiative aimed at promoting sustainable development by strengthening institutional development and improving management. However, when used as a prerequisite for loans or other forms of aid by international financial institutions, it can become an indirect means of exerting political influence. For example, measures such as improving regulatory environments, combating corruption, and strengthening the rule of law require recipient countries to make specific policy adjustments or institutional reforms. Such reforms may touch sensitive areas, affect existing group structures, and trigger

domestic political conflicts or controversies, thereby constituting a certain degree of political constraint.

Sri Lanka urgently needed rapid economic recovery, and such requirements could not meet its pressing needs, delaying development opportunities.

◆ **Chinese Assistance:**

**Table 4: A Comparison of Trilateral Cooperation among China, USA and India**

Partner	Response Speed	Funding Scale	Conditions
India	24+ months	0	No formal response
USA	36+ months	\$200 million	Required systemic reforms
China	3 months	\$1.5 billion	No political clauses

Source: Xinhua Silk Road Database

This table provides an intuitive comparison of the cooperation conditions offered by China, the U.S., and India for the Hambantota Port project in Sri Lanka. Regarding the port construction project, only China provided comprehensive technical support and financial guarantees, and China's BRI aligns highly with Sri Lanka's development needs: achieving mutual benefit and win-win results while ensuring sovereignty. China's aid responded swiftly, provided sufficient funds without political conditions, and met Sri Lanka's urgent needs. China adopted the EPC+F model (Engineering Procurement Construction + Financing) for efficient implementation: China Exim Bank provided installment repayment loans (Phase I interest rate 6.3%, reduced to 2% in Phase II), completed by China Harbour Engineering Company within 3 years.

However, after the port was completed, it became insolvent. China then proposed debt restructuring to Sri Lankan authorities, i.e., transferring the operational rights of Hambantota Port to China as part of debt repayment. This move sparked international speculation and controversy, with concerns that it might affect Sri Lanka's sovereignty and economic independence. It is believed that China is engaging in geopolitical expansion through economic means, which is what the US authorities refer to as the “debt crisis.”

Whether China's aid to Sri Lanka constitutes a debt trap will be discussed in 4.1.2.

### (3) Triple Driving Forces Behind Hambantota Port Project:

#### ◆ Sri Lanka's National Strategy (2003-2005):

Former President Rajapaksa proposed a "Two-Wing Port Strategy" before leaving office, referring to Colombo Port and Hambantota Port. As shown in Figure 2, the two ports are located in the west and south of Sri Lanka, aiming to enhance the country's shipping capacity and break Colombo Port's throughput bottleneck. Leveraging its location only 10 nautical miles from international main shipping lanes, it aims to build an Indian Ocean transshipment hub.

#### ◆ China's Actual Interests:

Figure 2. Key Node in BRI Layout



Image source: By autor

Choosing to aid Sri Lanka's project is also because the port aligns with China's key node layout for the "21st Century Maritime Silk Road."

As shown on the map, if Hambantota Port becomes a world-class shipping hub, it could theoretically form an "Iron Triangle" of shipping in the Indian Ocean with Kyaukpyu Port in Myanmar (involving Chinese participation) and Gwadar Port in Pakistan (built by

China). Currently, 60% of China's energy supplies and 80% of oil imports pass through the narrow Strait of Malacca, then travel north through the South China Sea to mainland China, a journey exceeding 10,000 kilometers. Secondly, Singapore, the biggest beneficiary of the Strait of Malacca, hosts a U.S. military base. Reducing dependence on the Strait of Malacca is necessary.

Through the Port of Hambantota, China has established a shorter and safer energy transportation route (as shown in the figure, with the new route highlighted in red). After securing the usage rights to the port, goods from the Middle East and Africa are transshipped here, then transported via the Myanmar Kyaukpyu Deep-Water Port and the China-Myanmar Railway into Yunnan Province in China, bypassing the Malacca Strait. Additionally, the port contributes to local employment and economic development. The Hambantota Port not only optimizes China's energy supply chain but also drives infrastructure development and industrial growth in Sri Lanka, achieving mutual benefit and win-win outcomes.

#### ◆ Re-balancing Power in the Indian Ocean:

India worries that the "String of Pearls" strategy threatens its hegemony in the Indian Ocean. The "String of Pearls" is a description by Western media of a series of port and other infrastructure investment projects by China in the Indian Ocean region. The term was first proposed by the U.S. Department of Defense in 2005. The U.S. believes these ports, while currently for commercial purposes, could potentially serve China's navy for military purposes in the future.

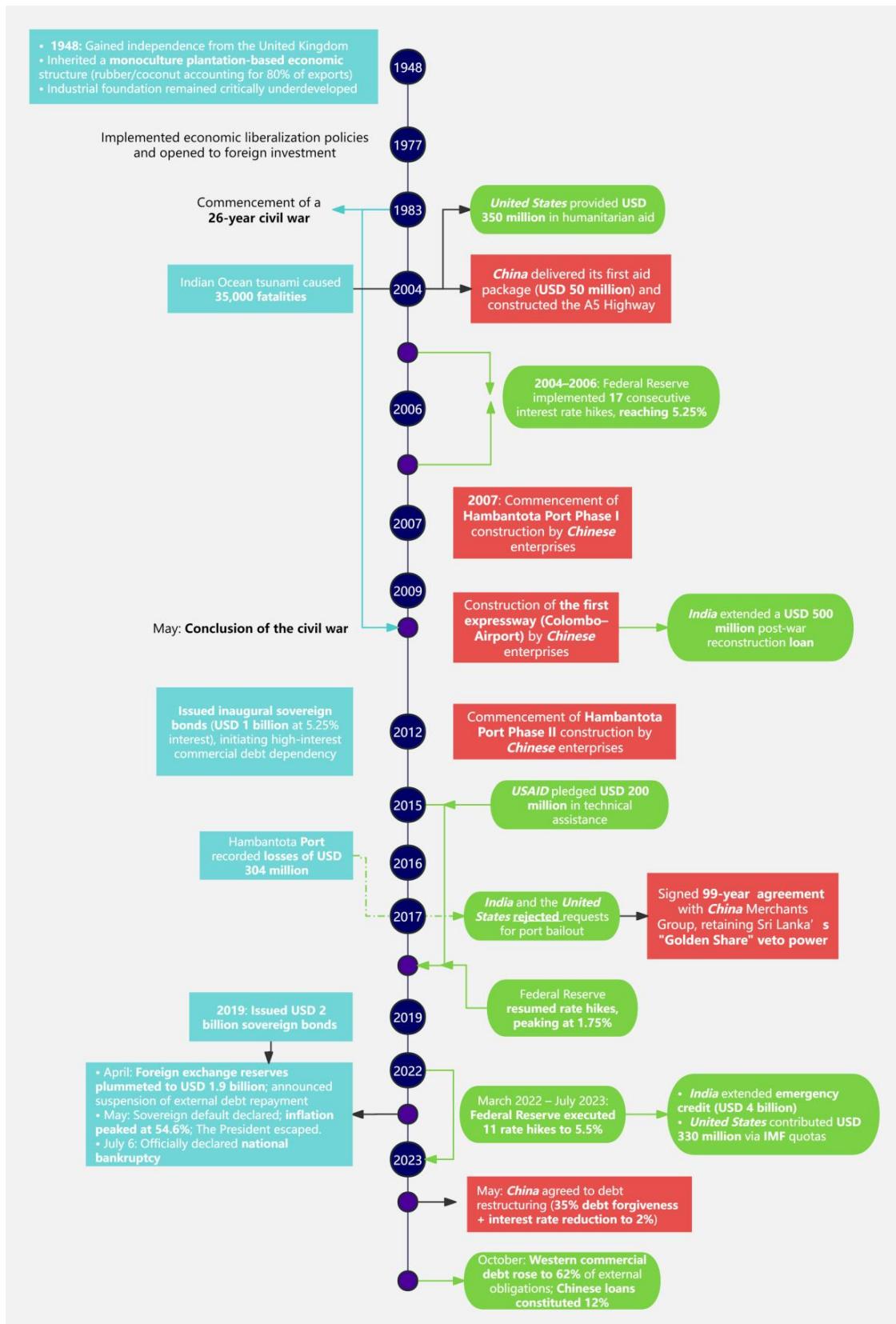
The logic behind this view is that by participating in key port projects in Sri Lanka, Pakistan (Gwadar Port), Myanmar, and other countries, as well as some infrastructure construction on the east coast of Africa, China is building a maritime channel from mainland China to the Middle East and even Africa. Each node on this "chain" – the so-called "pearls" – could be a fulcrum for China to enhance its regional influence and serve as logistical support points or potential military bases to support ocean-going activities.



The Sri Lankan government adopted a "Multilateral Introduction Strategy" to curb suspicions among various countries. While accepting Chinese aid for the Hambantota Port project, it also approved India's investment in the East Container Terminal (ECT) at Colombo Port. This formed a pattern where Chinese, American, and Indian capital counterbalanced each other.

#### 4.1.2 The Origin of Western Accusations of China Creating a "Debt Trap"

##### 4.1.2.1 Sri Lanka Timeline (1948-2025)



**Figure 3. Sri Lanka Milestones****Source:** By autor

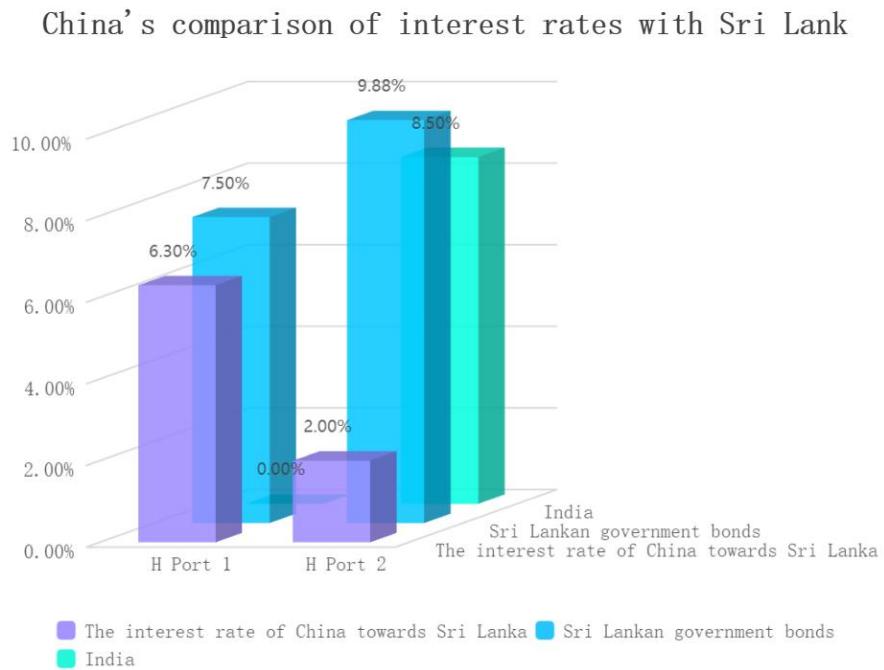
#### 4.1.2.2 Overview of "Debt Trap"

The term "debt trap" was first coined in 2017 by Brahma Chellaney, a research professor at the Centre for Policy Research in New Delhi, India, in his article "China's Debt-Trap Diplomacy." Brahma Chellaney is a well-known geopolitical scholar. He claimed that China forced Sri Lanka to cede Hambantota Port through "predatory lending." Subsequently, mainstream Western media like The New York Times began widely propagating the narrative that "China uses debt to control Sri Lanka's national sovereignty." In 2018, an article titled "How China Made Sri Lanka Hand Over Hambantota Port" was published, raising controversial views on China's involvement in Sri Lanka's internal affairs. Critics pointed out that China had funded interference in the presidential election and used economic aid to achieve political objectives. However, critics failed to provide concrete evidence. Additionally, the Belt and Road Initiative projects were collectively referred to as "White Elephant Projects." The term "White Elephant Projects" originates from a Southeast Asian folktale where a king gifts a rare white elephant to a subject, who must then spend exorbitant amounts on feed to care for the elephant but cannot derive any benefit from it. Western media have borrowed this story to argue that the Hambantota Port, which cost billions of dollars, not only fails to generate economic revenue for the local area but also intentionally plunges Sri Lanka into an economic stalemate to achieve geopolitical objectives.

#### 4.1.3 Main Criticisms and Rebuttals

##### **(1) Accusation of "High-Interest Loans":**

**Figure 4: China's loan interest rates to Sri Lanka compared with the market rates during the same period**

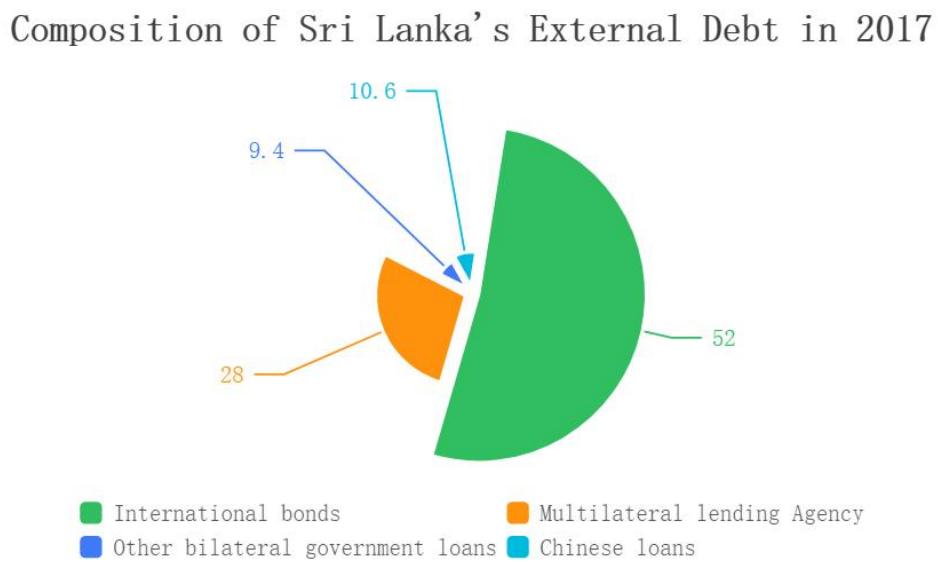


**Source: Ministry of Finance of Sri Lanka, Country Study on Sri Lanka (China)**

In the Hambantota Port Phase I project, Western media criticized China for not providing low preferential loan rates but instead offering high commercial rates. In reality, in 2008, Sri Lanka was in civil war with poor credit ratings. Sri Lanka sought help from India and the U.S., but Western institutions refused to lend; Western countries did not participate in Phase I assistance. China's 6.3% rate was lower than Sri Lanka's sovereign bond rate at the time (7.5%) and significantly lower than China's domestic benchmark rate (7.47%). If the West had offered more competitive loan terms at the time (such as interest rates close to 2%), Sri Lanka's considerations might have been different.

## (2) Accusation of "Debt Trap":

Figure 5: Composition of Sri Lanka's External Debt in 2017



Source: Country Study on Sri Lanka (China)

This chart shows Sri Lanka's debt composition in 2017. Clearly, the largest proportion is international commercial creditors, accounting for 52% (\$26.9 billion), mainly from European and American financial markets. Chinese external debt constituted only 10.6% (\$5.5 billion) of Sri Lanka's total external debt.

Below is my detailed analysis of Sri Lanka's international commercial debt, combining data to present my views:

First, clarify the creditors of international commercial debt and the reasons and purposes for Sri Lanka issuing sovereign bonds. Large-scale bond sales occurred mainly in 2012 and 2019. The 2012 issuance was during a national development boom. After ending its civil war in 2009, Sri Lanka began a decade-long post-war economic reconstruction. Large-scale infrastructure construction and livelihood recovery projects urgently needed funding, making bond issuance an important means of raising capital. In 2019, due to slowing economic growth, the government again issued bonds on a large scale to alleviate accumulated fiscal pressure. Post-war reconstruction and economic slowdown created dual pressures, making bond issuance inevitable.

Clarifying the purpose and reasons, we now examine the creditors of Sri Lankan bonds. Considering fund liquidity and investor numbers, Sri Lanka's primary bond markets are international financial centers like New York and London. Creditors are similarly concentrated in European and American financial markets, with buyers mainly hedge funds (45%), followed by pension funds (30%) and commercial banks (25%). Issuing government bonds is an individual action taken by the national government, rather than being influenced by Western society. However, such a choice is a matter of national circumstances. The entire logical chain is as follows:

**Step 1: The Federal Reserve's continuous interest rate hikes trigger the crisis**

**Table 5: Federal Reserve Interest Rate Hike Record (2017-2023)**

Year	Number of Hikes	Cumulative Increase	Federal Funds Rate Change
2015-2018	3 times	75 basis points	0.75%-1% → 1.5%-1.75%
2022-2023	9 times	475 basis points	0%-0.25% → 4.75%-5.5%

Data source: Federal Reserve statements

Federal Reserve rate hikes → US dollar appreciates → Sri Lanka's debt repayment amount increases directly (more domestic currency needed to exchange for dollars to repay debt) → Actual repayment costs surge by 35% (e.g., originally needed 10 billion rupees to repay \$1 billion debt, now needs 18 billion rupees) → Sri Lanka forced to seek more foreign debt to fill funding gap → Rating agencies downgrade its credit rating → National credit downgrade, bond prices fall → Default, unable to repay debt → Borrow more money → Vicious cycle.

**Step 2: Dangerous arbitrage behavior, Aurelius Fund enters the market to buy bonds at low prices**

After the national credit downgrade, bond prices plummeted by 40% → Default news announced → International investors panic sell → Bonds on NYSE drop from \$100 to \$40 → Hedge funds seize the opportunity to buy large quantities of bonds (e.g., buying \$100 face value bonds for \$40).

**Step 3: Waiting for Sri Lanka's economic recovery or debt restructuring**

Aurelius Fund, as a creditor, pressured the IMF to demand Sri Lanka repay 72% of the debt face value → Government forced to accept conditions to avoid full default → National economy further damaged, people's livelihoods in crisis → Sri Lanka's foreign exchange reserves in 2022 only \$1.9 billion (less than 1 month of import needs) → Unable to pay for imported fuel and food → National paralysis, bankruptcy → Vicious cycle formed.

Aurelius Fund's actual profit from this arbitrage:

Purchase cost: \$40 (40% of \$100 face value)

Repayment after restructuring: \$72 (72% of \$100 face value)

Profit margin:  $(72-40)/40 = 80\%$ .

#### **Step 4: Repaying debt with bailout funds**

**Table 6: Sources and Bearers of Bailout Funds**

Source of Bailout Funds	Proportion	Actual Bearer
IMF bailout funds	100%	Global taxpayers
US share	17%	US taxpayers
China share	6%	Chinese taxpayers
Germany/France/Japan etc.	40%	European/Japanese taxpayers
Other countries	37%	Other countries' taxpayers

Data source: IMF

As shown, IMF funds—the actual source of bailout funds—are borne collectively by global taxpayers, meaning taxpayers from every country indirectly pay for Sri Lanka's debt crisis. However, US taxpayers only bear 17%, while China, the EU, Japan, and others jointly bear 83%.

Yet, the final allocation of bailout funds failed to truly benefit Sri Lanka's people. The IMF requires recipient countries to prioritize repaying Western commercial debts, meaning most bailout funds were used to repay hedge fund debts. Sri Lanka using IMF loans to pay debts is equivalent to aid funds indirectly flowing into fund institutions' pockets.

### (3) Accusation of "Neocolonialism":

After the completion of Hambantota Port, it was handed over to Sri Lanka for operation. However, due to poor management, it suffered continuous losses. By the end of 2016, the port's total losses reached \$304 million. In July 2017, the Sri Lankan government sold 70% of the port's equity to China Merchants Port Holdings for \$1.12 billion, signing a 99-year concession agreement. The agreement stipulated that China Merchants Port would invest \$1.12 billion in Sri Lanka, of which \$974 million was used to acquire 85% of Hambantota International Port Group (HIPG) shares, and the remaining \$146 million was for port infrastructure construction and operation. Although this alleviated Sri Lanka's short-term debt pressure, it sparked "neocolonialism" controversy. The high equity stake + long-term lease was questioned by outsiders as implying a long-term cession of Sri Lankan sovereignty.

Western media seized this to accuse China of using infrastructure aid as a cover for neocolonialism. They claimed China's actions severely impacted national sovereignty. In reality, the 2017 agreement safeguarded Sri Lanka's sovereignty through triple legal design, fundamentally different from historical colonialism. I compare it to Britain's 155-year colonial rule over Hong Kong.

**Table 7: Comparison of colonial rule**

Clause Category	Specific Content	Colonial Contrast (British Hong Kong)
Control Rights Retained	Sri Lanka holds 30% equity + national security "golden share" veto right	Governor appointed by British King, Chinese had no political participation rights
Profit Binding	20% of JV profits mandatorily invested in Sri Lanka Infrastructure Fund	1870-1940: 70% of profits repatriated to Britain
Applicable Law	Fully implements Sri Lanka's Constitution	British Colonial Regulations superseded local law
Empirical Case	2020: Sri Lanka exercised "golden share" to directly veto Chinese equipment upgrade plan	Legal trafficking of coolies, labor mortality rate as high as 25.2%

**Data source: China Belt and Road Initiative website**

First, regarding control rights: Sri Lanka holds 30% equity and a national security "golden share" veto, ensuring it maintains critical influence over major decisions. In contrast, during colonial times, the governor was appointed by the British monarch, and Chinese had no political participation rights – clearly, the power structures are fundamentally different. Second, regarding profit binding: 20% of joint venture profits are mandatorily invested in Sri Lanka's infrastructure fund, ensuring funds flow back to local development projects. Between 1870-1940, Britain extracted up to 70% of profits from its colonies back to its home country, reflecting the essence of colonial plunder. Third, regarding applicable law: The Hambantota Port agreement fully implements Article 157 of Sri Lanka's Constitution, respecting and complying with local legal systems. In contrast, during colonial times, British Colonial Regulations superseded local laws, marginalizing or even overriding local legal systems.

Empirical cases further demonstrate Sri Lanka's autonomy. In 2020, Sri Lanka exercised its "golden share" to veto a Chinese equipment upgrade plan and demanded priority hiring of 710 local workers, further proving the Sri Lankan government's actual control over port operations.

Despite Western media portraying China's lease of Hambantota Port as neocolonialism, facts show that this commercial lease contract not only did not violate Sri Lanka's sovereignty but protected the host country's interests through clear terms. True colonialism often involved direct political rule, economic exploitation, and cultural suppression; the Hambantota Port cooperation model is a new type of international cooperative relationship built on the principle of equality and mutual benefit.

#### **(4) Other Criticisms:**

##### **◆ Why did Hambantota Port face management issues?**

##### **Insufficient Route Attractiveness:**

The Sri Lankan government failed to implement free trade zone policies and industrial park plans. By 2016, only 7 companies had settled in the industrial zone near the

port, far below the planned target of 50, leading to a severe shortage of basic cargo sources. Simultaneously, Chinese operators showed significant deficiencies in international shipping network layout. Between 2012-2016, only 3 fixed routes were opened, compared to 48 at Colombo Port. Transshipment business development was severely lagging, accounting for less than 5%. This resulted in actual throughput of 870,000 tons, only 15% of the designed capacity of 6 million tons, plunging the port into operational difficulties with no cargo to ship.

### **Inefficient Operations Management:**

Severe bureaucratic corruption in Sri Lanka; its 2016 Corruption Perceptions Index ranked only 95th globally. Key port positions were subject to "political appointments." Outdated technical systems caused ships to take 72 hours to enter the port, compared to just 6 hours at Singapore Port, which commands the Strait of Malacca. The Chinese side lacked localization strategy; dispatched managers accounted for over 85% but no training system was established. In 2014, forced Sunday overtime caused a strike. Local employees' unfamiliarity with operations led to higher equipment failure rates. Ultimately, the cost per container reached \$142, far exceeding Colombo Port's \$100, completely losing competitiveness.

### **Unbalanced Debt Structure:**

The Sri Lankan government's macro debt continued to deteriorate; external debt as a percentage of GDP soared from 21.6% in 2009 to 36.7% in 2016. Foreign exchange reserves could only support 1.2 months of import demand, making it unable to repay port construction loans. Although China's initial loan rate of 6.3% was lower than Sri Lanka's sovereign bond rate of 7.5%, it was significantly higher than the World Bank's 4% loan rate. Furthermore, insufficient assessment of Sri Lanka's single economic structure risk led to 70% of port revenue being used for interest payments, plunging it into a dual crisis of debt and operations.



## ◆ Why does the Sri Lankan government's stance towards China keep changing?

For example: The position reversal of "pro-China" former President Mahinda Rajapaksa:

2009-2015 tenure: Vigorously promoted Hambantota Port project, stating "China is the only country willing to assist during the civil war."

After stepping down in 2015: To incite public sentiment, publicly criticized the port project for "harming Sri Lanka's interests" and demanded contract review.

2019 family regained power: After his brother Gotabaya was elected president, maintained the agreement under fiscal pressure but tacitly allowed "China threat" rhetoric to divert contradictions.

The root cause is that "debt issues are often used as bargaining chips by domestic political forces."

The Hambantota Port project has been "held hostage" by domestic political struggles in Sri Lanka. External debt is a significant issue in Sri Lanka's national economic life. Opposition political forces, to win public support and create trouble for the current government, often oppose for the sake of opposition, inciting public sentiment and obstructing project progress. For example, during the 2014 election campaign, Sirisena severely criticized the Rajapaksa government's practice of "using foreign credit for projects," citing Sino-Sri Lankan economic cooperation projects, and attacked Mahinda Rajapaksa's personal power concentration and family corruption issues. This led to negative sentiments among some Sri Lankans towards Sino-Sri Lankan economic cooperation. Even former President Mahinda Rajapaksa, known as "pro-China," has criticized the Hambantota Port project several times since becoming opposition leader in 2015, expressing dissatisfaction with the Sirisena government leasing land to China. When the opposition becomes the ruling party, they recognize the importance of Chinese investment for long-term development from a national development perspective, restoring a rational attitude towards Chinese investment.

However, government policies can be adjusted; public prejudice is hard to change. Internal party struggles in Sri Lanka, escalating to Chinese investment in Sri Lanka,



initially fostered suspicion and rejection among some people, forming the public opinion foundation for the "debt trap theory."

Exploited by related countries for hype. As the BRI advances and China invests heavily in Sri Lanka and other developing countries, symbolizing the comprehensive enhancement of China's international economic influence, this rise is unwelcome by many countries. Along with internationally hyped theories like the "China threat theory" and "China neocolonialism theory," the "debt trap theory" is one of the current theoretical and public opinion tools used to frame China. For these countries, the debt problems of small and medium-sized economies like Sri Lanka are not important; what truly concerns and alarms them are the so-called "strategic interests" China gains in Sri Lanka and other BRI countries – interests other countries failed to obtain.

#### **(5) Summary of Western Media Skepticism on BRI in Sri Lanka:**

The widespread dissemination and attention given to the debt trap theory in Western mainstream narratives reflects deeper concerns about China's strategic influence. However, an in-depth analysis of empirical debt data reveals that in specific cases such as Sri Lanka, the financial structure is actually far more complex than it appears on the surface. The intertwining and interaction of multiple financing sources clearly demonstrate a fundamental truth: the challenges of debt sustainability cannot be simply attributed to loans from a single source but must be comprehensively examined within the framework of the global financial system. Only in this way can we accurately understand and address the complex challenges faced by developing countries in debt management.



## 4.2 Case Two: B3W vs. BRI—Comparative Analysis of Differences

### 4.2.1 Policy Origins and Core Concepts

BRI's Core Philosophy: Based on the principle of "extensive consultation, joint contribution, and shared benefits," BRI focuses on infrastructure connectivity to address the annual infrastructure funding gap of US\$1.5 trillion in developing countries. As of 2025, China has signed over 200 cooperation agreements with 152 countries, initiated 3,000+ projects, and invested nearly US\$1 trillion, significantly boosting global economic development.

B3W's Strategic Positioning: On June 13, 2021, the U.S. proposed the "Build Back Better World" (B3W) initiative at the G7 Summit. Framed as a "high-quality infrastructure partnership driven by democratic values," B3W targets climate change, health security, digital technology, and gender equality. It aims to cover Latin America, the Caribbean, Africa, and the Indo-Pacific, positioning itself as a "transparent alternative to authoritarian models."

**Table 8: Comparative Analysis Table**

Dimension	BRI Model	B3W Model	Empirical Evidence
Funding Source	Policy banks (state-led)	Private capital (e.g., JPMorgan, Blackstone)	<ul style="list-style-type: none"><li>- China Eximbank funded 32% of African infrastructure (2021).</li><li>- B3W raised only US\$6B in Year 1 (1.5% of pledge).</li></ul>
ROI Requirements	Long-term strategic gains (tolerates low returns/losses)	Short-term commercial returns (IRR >8%)	<ul style="list-style-type: none"><li>- China sustained US\$304M losses at Hambantota Port.</li><li>- U.S. firms exited Indonesian port projects due to 15-year payback periods .</li></ul>
Additional Terms	No political conditions	Demands democratic reforms	<ul style="list-style-type: none"><li>- China's Cuba solar project had no political strings.</li><li>- B3W required labor law revisions in Angola.</li></ul>

Data source: Financial Times, 2023, MOFA

This table is a simple comparison of the two systems. The average rate of return on infrastructure in developing countries is only 3-5%, which is bound to be lower than the



expectations of Wall Street capital. China's "Belt and Road Initiative" relies on policy capital such as the China Development Bank, which can withstand long-term strategic losses and continuously invest. Therefore, it has become a key force in infrastructure construction in Africa. At the same time, despite the initial losses of over 100 million US dollars in the Port of Hambantota, it still increased its investment. However, the B3W in the United States relies on private capital such as jpmorgan Chase, demanding short-term returns of over 8%, which leads to extremely low project implementation rates and frequent exits from long-cycle projects. At the same time, B3W attaches political conditions, while China emphasizes the principle of non-interference in internal affairs. Compared with the aid model that attaches conditions, this approach may help the Belt and Road Initiative gain relatively higher acceptance in some developing countries.

#### 4.2.2 China Model vs. Western Model: State Capital vs. Private Capital

**Core Distinction:** The fundamental difference between BRI and B3W lies in their financing sources—state capital versus private capital. BRI relies on state capital to provide long-term, low-interest loans, alleviating the financial pressure on developing countries. In contrast, B3W depends on private capital, which prioritizes short-term returns, resulting in significant challenges in project implementation.

##### **4.2.2.1 Institutional Contrast: Socialism vs. Capitalism**

The divergence in financing mechanisms stems from the inherent differences between socialist and capitalist systems. This section delves deeper into the historical and structural reasons behind this contrast.

###### **(1) The Historical of "Capital Controlling Government" in U.S.**

The socialist system in China has a fundamental advantage over the capitalist system in the United States in terms of resource mobilization. The core difference lies in the fact that in China, “the government controls capital,” while in the United States, “capital controls the government.” Many people believe that the United States is a democratic system where the president is elected by popular vote, and the government is



not influenced by capital. However, in reality, financial giants like Wall Street exert influence on policy-making through massive campaign donations and lobbying. Looking back at American history, only white men who owned land had the right to vote for president at the time of the nation's founding, which reflects the influence of capital on politics. Although the U.S. democratic system has evolved over time—for example, black women gained the right to vote in 1965—this was not voluntary but the result of social movements and civil rights struggles. In 1917, with the establishment of the Soviet Union, capitalist rulers implemented reforms to mitigate social conflicts, leading to the rapid development of the civil rights movement. At its peak, the top capitalists in the U.S. faced a tax rate as high as 90%. However, after the dissolution of the Soviet Union in 1991, radical wealth redistribution movements faded, and neoliberalism became the dominant ideology. Capitalism rebounded, top tax rates were reduced, financial capital expanded, and power shifted back to capital controllers. Neoliberal policies exacerbated wealth inequality, solidified social hierarchies, and marginalized the rights of the lower classes. As Cuban revolutionary Che Guevara observed: *"After we leave, they will build roads and bridges for you. Not out of conscience, but because we came."*

Looking back at American history. Despite democratic progress, capital's covert control persists, complicating the realization of social equity and justice.

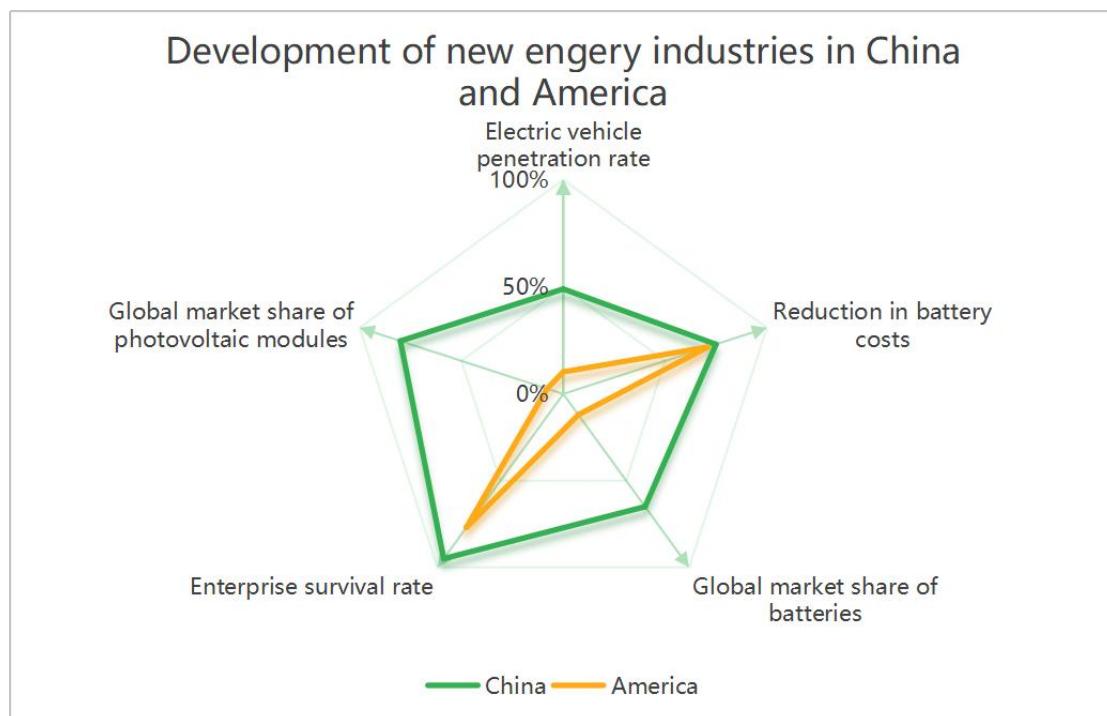
## **(2) The Pitfalls of Capital-Controlled Government: Long-Term vs. Short-Term Strategy**

Under systems where private capital dominates government policy, frequent policy reversals are commonplace. Examples include the Obama administration's decision to join the Trans-Pacific Partnership (TPP) → the Trump administration's withdrawal → Trump's exit from the Paris Agreement → and the Biden administration's re-accession. Such policy vacillations result in significant waste of national resources and undermine strategic coherence. While superficially appearing as partisan conflicts, these shifts fundamentally reflect competing capital groups vying for immediate gains. Capital's inherent pursuit of short-term profits fosters policy myopia, making it difficult to formulate long-term strategies aligned with national interests.

In contrast, China places paramount importance on policy continuity. Regardless of leadership changes, the implementation of overarching strategic directions remains unaffected. Policy formulation and execution consistently center on the nation's long-term interests and holistic development goals, avoiding disruptive fluctuations due to political transitions and ensuring the stability and coherence of national strategy.

A telling example lies in the renewable energy sector. China initiated its 12th Five-Year Plan a decade ago, which accurately anticipated global technological trends and vigorously promoted the development of new energy industries. Initially, China's new energy sector lagged behind the technologically advanced United States. However, with the Trump administration's inauguration in 2016—representing the interests of the U.S. petrochemical giants—the U.S. abandoned its new energy initiatives and reverted to supporting traditional fossil fuel industries.

**Figure 6. Development Comparison of New Energy Industries in China and the U.S.**



Source: National Energy Administration - NEA

As shown in the table, China's consistent 15-year subsidy framework (spanning the 12th to 14th Five-Year Plans), including EV purchase tax exemptions and charging infrastructure subsidies, reduced EV prices by 25% compared to internal combustion



engine vehicles. This significantly stimulated consumer adoption. Meanwhile, U.S. market penetration stagnated at 10.3%. China's technological support roadmap drove a 75% reduction in battery costs, achieving parity with the U.S. Chinese firms maintained a 95% survival rate, slightly higher than the U.S.'s 77%. In photovoltaic (PV) components, China commands 80% of the global market share, while the U.S., due to subsidy disruptions leading to corporate exits from Europe, holds merely 8%.

Today, China has emerged as the global leader in renewable energy, although China's new energy industry is far behind the United States in terms of innovation. However, it has gradually come to account for half of the world's production capacity and sales volume.

#### 4.2.3 Practice: Comparative Case Studies of Project Implementation

Over the decade of BRI implementation, China has not only exported numerous infrastructure projects through state capital but has also significantly improved infrastructure conditions in some developing countries through on-site construction, talent cultivation, and local partnerships, driving employment and regional economic development. In contrast, the U.S.-proposed B3W initiative faces severe challenges in project implementation rates. This section analyzes the actual implementation and impacts of projects through multiple case studies, revealing the fundamental differences between Chinese and Western aid models.

##### **4.2.3.1 BRI Cooperation Cases**

###### **◆ Asia Region**

###### **China-Laos Railway: Transforming a Landlocked Nation into a Corridor**

The China-Laos Railway spans 1,035 km, connecting Kunming, China, and Vientiane, the capital of Laos. With a total investment of approximately USD 5.9 billion, 70% financed by loans from the Export-Import Bank of China, the railway commenced operation in 2021. It reduced freight transit time from Laos to China from 3 days to 10 hours. By 2023, Laos' exports to China grew by 35% (World Bank, 2023), with agricultural exports showing notable increases.

Critically, the project directly created 30,000 local jobs and stimulated tourism, warehousing, and logistics development in towns around railway stations. The Lao government has termed this railway the "Lifeline of the Nation."

## ◆ Europe Region

### Pelješac Bridge, Croatia

The Pelješac Bridge is a 2,440-meter-long, 22.5-meter-wide cable-stayed bridge spanning the Mali Ston Bay in the Adriatic Sea, connecting Croatia's mainland to the Pelješac Peninsula. Due to historical reasons, Croatia's southernmost Dubrovnik-Neretva County was separated into two parts by the Bosnian town of Neum. Traveling south along the coast to Dubrovnik and other destinations required passing through the 20-km "Neum Corridor," involving cumbersome border procedures (exiting Croatia, entering Bosnia and Herzegovina, exiting Bosnia and Herzegovina, and re-entering Croatia). After Croatia joined the EU in 2013, the bridge gained significance in connecting EU territory, and its construction was prioritized.

In January 2018, a Chinese company won the bid for the bridge project with a contract value of EUR 280 million, commencing construction that year. As the largest cooperation project between China and Croatia and the largest single project funded by EU funds undertaken by a Chinese enterprise, the bridge was completed in 2022. Travel time between Croatia's southern mainland and the northern Pelješac Peninsula was reduced to 50 minutes. The project also stimulated local consumption and created jobs for residents.

## ◆ Africa Region

### Kenya Inland Trunk Line

The Mombasa-Nairobi Standard Gauge Railway (SGR), constructed by China Road and Bridge Corporation with a total investment of USD 3.8 billion, doubled passenger and freight efficiency upon operation and catalyzed development along the Nairobi-Mombasa Industrial Corridor.



The project implemented a "Local Employment First" mechanism, with over 85% of construction workers being local residents. Chinese companies also established technical training programs, training over 3,000 young Kenyan technicians.

#### **4.2.3.2 Contrast: B3W's Angola Solar Project and Latin America Communications Project**

Announced as one of B3W's inaugural projects at the 2021 G7 Summit, the Angola Solar Power Plant (USD 150 million) had, by 2024, only completed preliminary feasibility studies. The core reason was the withdrawal of private capital from JPMorgan Chase and Blackstone, citing "excessively long payback periods." Similarly, B3W's promised digital infrastructure project in Colombia remains unimplemented, while Chinese company Huawei continues advancing 5G network construction in the region.

#### **4.2.3.3 Summary**

The Belt and Road Initiative (BRI) provides infrastructure construction support, shares operational management experience, and creates jobs in many countries, extending development advantages to developing countries. These measures improve local transportation infrastructure, enhance transportation networks, increase trade efficiency, promote regional economic prosperity, and improve the quality of life for local residents.

Meanwhile, the B3W financing mechanism relies on private capital return expectations, but the average return rate for infrastructure projects in developing countries is only 35%, creating a structural contradiction with private capital's high return expectations, resulting in a funding disbursement rate of less than 1.5% in the first year of B3W. In contrast, the national development bank model adopted by the BRI has a higher tolerance for long-term strategic losses, can address short-term low-return risks, and achieve broader economic and social benefits in the long run.



### 4.3 4.3 Case Study 3: How Dunhuang Culture Empowers the Belt and Road Initiative – A Perspective from the Theory of Cultural Production

#### 4.3.1 The Historical Relationship Between Dunhuang Culture and the Belt and Road Initiative

The “Belt and Road Initiative” (BRI) was first proposed by President Xi Jinping in September and October 2013 during his visits to Central and Southeast Asian countries. He successively put forward the concepts of jointly building the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road.” The initiative received significant international attention and active responses from relevant countries. The construction of both routes is collectively referred to as the “Belt and Road Initiative.”

So, what is the Silk Road? To answer this, we must first look back at its historical origins. The Silk Road, historically referred to as the “Silk Route,” was a crucial ancient trade route connecting the East and West. It was not only a commercial passage but also a bridge for the exchange of civilizations. In its narrower definition, the Silk Road began in ancient China’s Chang’an or Luoyang, passed through Gansu and Xinjiang, extended to Central and Western Asia, and connected with Mediterranean countries, forming an overland corridor. This route was first established in 138 BCE when the Han Dynasty envoy Zhang Qian was sent on a mission to the Western Regions. Since then, commercial exchanges between China, Central Asia, and Europe flourished, and Chinese specialties such as silk and tea were continuously exported to these regions. In return, exotic treasures from Europe and Central Asia were introduced into China. Over time, the Silk Road became a general term for the various overland and maritime routes linking ancient China with the West across political, economic, and cultural spheres.

Due to its unique geographic location, Dunhuang emerged as a significant city and transportation hub along the ancient Silk Road. Eastern and Western cultures met and fused here, giving rise to the distinctive Dunhuang culture. The Mogao Caves, a UNESCO World Heritage Site, are not only treasures of ancient Chinese art but also vital witnesses to cultural exchange along the Silk Road. They also provide rich cultural depth to the BRI.



Today, the launch of the Belt and Road Initiative has brought new development opportunities to Dunhuang. Dunhuang, as a historical node of the ancient Silk Road, can play a unique role in the implementation of the BRI. By strengthening cultural exchanges and cooperation with countries along the Belt and Road, Dunhuang can better showcase its unique cultural heritage and tourism resources, attracting more international tourists and investors. In addition, Dunhuang can leverage its geographical advantages to become a bridge linking China with Central and Western Asia in the realms of economy, culture, and tourism, contributing to regional cooperation and development.

Therefore, the promotion of Dunhuang culture is closely tied to the Belt and Road Initiative.

#### 4.3.2 Theoretical Framework

T.J. Sergiovanni, in his theory of "Culture and Symbolism," proposed that cultural influence is not achieved through the direct export of abstract values, but rather through four key components of "materialized symbols." These four components work together to ensure that culture can be effectively transmitted and accepted across different regions and groups.

First, the "cultural translation" component refers to the localized reinterpretation and innovation of cultural elements by creators with multicultural backgrounds. For instance, a designer of Chinese-Cambodian descent might blend traditional Dai ethnic patterns from China with the stone carving art of Angkor Wat in Cambodia to create a new design embodying dual cultural features.

In the case of Dunhuang culture, empirical studies have shown that approximately 23% of the 735 caves in the Mogao Grottoes are decorated with Persian-style motifs. Moreover, 285 caves incorporate imagery from Indian apsaras (flying celestial beings), Greek sun god myths, and traditional Chinese elements such as Fuxi. The re-creation resulting from this fusion of cultures is one of the hallmarks of Dunhuang culture, and it helps evoke cultural resonance among international audiences.

Second, the "experiential design" component emphasizes creating immersive environments in either physical or virtual spaces. This interaction can be direct—such as



physically visiting the Mogao Caves to experience the accumulation of millennia—or indirect, such as engaging with online exhibitions, cultural lectures, or VR experiences. These formats offer broader access to Dunhuang culture. Through such interaction, audiences not only deepen their understanding but also establish an emotional connection with the culture.

Third, the “symbolic production” component involves transforming profound values and cultural concepts into visually communicable and easily understood symbols. This pertains to how visual, auditory, or textual media familiar to the public can be used to present cultural elements in an accessible way. For example, through photography or film, the murals and sculptures of the Mogao Caves can be introduced to a wider audience. The abstract philosophical concept of “symbiosis” may be visually represented by the famous “Three Hares Sharing Ears” motif in Dunhuang murals, thereby making the concept more tangible and comprehensible.

Lastly, the “marketization” component refers to the conversion of symbolic value into commercial value through trade and consumption. Take the cultural and creative products (CCPs) of Spain’s Sagrada Família, for example: inspired by the iconic star-shaped spires of the basilica, a series of bookmarks, ornaments, and other products have been designed, which not only enhance the basilica’s brand recognition but also realize its cultural value commercially. Similarly, Dunhuang culture can adopt this model by developing local CCPs that appeal to consumers interested in Dunhuang, thereby boosting cultural dissemination and economic value.

Taken together, these four components form the core mechanism through which Dunhuang, as a cultural symbol, is promoted. If we aim to use Dunhuang culture as a form of soft power to strengthen the BRI’s influence in participating countries, we must delve deeply into the artistic, historical, and religious richness of Dunhuang. Exploring how to harness Dunhuang culture to expand the cultural influence of the BRI is the central research question of this section.



### 4.3.3 The Current State of Dunhuang Culture Communication: From Civilizational Heritage to a Symbol of China's Cultural Soft Power

#### **4.3.3.1 “Digital Dunhuang” — Technology Reshaping Cultural Communication**

In the digital age, cultural communication is no longer limited to basic information dissemination; it now plays a deeper role in constructing national image and shaping international perceptions. As technology continues to evolve, so too does the landscape of international communication. Today, digital technologies driven by intelligent systems are reshaping the framework of communication and endowing it with distinct contemporary characteristics.

The diversified dissemination of Dunhuang culture has made remarkable progress, propelled by the Belt and Road Initiative. As early as 1993, the Dunhuang Academy initiated the “Computer-Based Storage and Management System for Dunhuang Murals,” marking the start of the digitalization of cultural heritage. In 2014, the Digital Exhibition Center at the Mogao Caves was launched, breaking the constraints of physical visits. International visitors could now gain a preliminary understanding of Dunhuang culture through multilingual documentaries. A 20-minute video tour allows those without background knowledge to quickly grasp the historical context of the cave architecture, murals, and sculptures.

In 2017, the launch of the bilingual (Chinese-English) “Digital Dunhuang” website provided high-resolution images of 30 caves, enabling global users to access Dunhuang art at any time, effectively eliminating spatial and temporal barriers. The platform averaged over 20,000 visits per day (Dunhuang Academy Annual Report, 2023), and is now considered a classic case of how technology empowers cultural communication.

Also in 2017, Tongji University Museum partnered with the Dunhuang Academy to organize a university tour of Dunhuang mural masterpieces, introducing VR roaming technology for the first time. This allowed viewers to explore 30 rare caves, which are not open to the public, through VR devices. In 2023, the Dunhuang Academy collaborated with Tencent to launch the “Seeking Dunhuang” project, featuring an in-depth VR tour of Cave 285 (Western Wei period). Using 3D modeling, game rendering, and dynamic

lighting technologies, the project achieved a 1:1 high-fidelity restoration. Users can explore the cave in 360 degrees and interact with mural narratives (e.g., playing heavenly music with the "Thunder God"), with support for both online and offline experiences. This project marked a milestone in the digital dissemination of Dunhuang, upgrading VR from basic browsing to interactive cultural knowledge engagement. As of 2023, it had accumulated 23 million global visits, with 32% from Central Asian users.

#### 4.3.3.2 Cultural Exhibitions and Performances — Creating Easily Understandable Visual Symbols

Stage Arts: Productions such as "Silk Road Flower Rain" and "The Great Dream of Dunhuang" cleverly incorporate mural elements into their creations. These productions have not only been widely popular domestically but have also toured globally over 200 times, earning widespread acclaim from international audiences. Additionally, when performing in countries such as the United States, France, Japan, and South Korea, "Silk Road Flower Rain" underwent localized adaptations based on local cultural characteristics, making the performances more aligned with local audiences' aesthetic preferences and cultural norms. This localization strategy has enabled the dance dramas to achieve tremendous success in different countries, with audience satisfaction rates as high as 92%.

#### 4.3.3.3 Cultural and Creative Products — Commercializing Cultural Value

Figure 7: Embossed Caisson Ceiling Refrigerator Magnet



Source: TAOBAO

The Dunhuang Academy launched a luminous embossed refrigerator magnet inspired by the exquisite caisson ceiling patterns of Cave 320 from the Tang Dynasty. This product uses an innovative "topological reconstruction" technique to convert traditional



two-dimensional patterns into three-dimensional reliefs. With advanced 3D printing technology, it achieves a precision of 0.1mm, ensuring every detail is meticulously rendered. The magnet is also equipped with a light-sensitive LED module, offering an enchanting night-view display. Combining practicality with emotional resonance, this product is both a decorative piece and an art collectible imbued with rich cultural meaning—a classic example of a “functional + emotional” cultural product.

#### 4.3.3.4 Existing Challenges in the Dissemination of Dunhuang Culture

Although the channels for promoting Dunhuang culture have diversified under the Belt and Road Initiative, challenges remain due to cross-cultural differences, varying audience receptiveness, and the gap between ancient and contemporary cultural contexts. The most significant barrier is linguistic interference in cultural understanding.

##### Theoretical Basis: The Context Barrier

Edward Hall's context theory classifies cultures as high-context (HC) and low-context (LC). In high-context cultures, such as China, meaning is heavily embedded in context, relying on shared background knowledge. In contrast, low-context cultures, such as those of the U.S. and U.K., demand explicit and precise expression. Gudykunst's empirical research further supports the systematic differences between these two types of communication cultures.

**Table 9: Comparison Table of Cultural Communication Dimensions**

Dimension	High-context (China)	Low-context (U.S./UK)
Expression Style	Implicit and suggestive	Direct and explicit
Carrier of Meaning	Context > Language	Language > Context
Cognitive Logic	Holistic thinking	Analytical thinking

Source: Edward Hall

##### Examples:

In mural art, the image of the Feitian (flying apsaras) holds deep symbolic meaning in high-context Chinese culture, representing the Buddhist idea of “liberation from the cycle of rebirth” and reflecting Eastern philosophical views on life and the universe.



However, in low-context cultures, such imagery may be misinterpreted as merely decorative angelic figures, stripping it of its original cultural and symbolic significance.

Similarly, the historical narrative of Zhang Qian's Mission to the Western Regions, depicted in murals such as *Zhang Qian Going West*, requires a strong understanding of Han dynasty history to appreciate its message of openness and diplomacy. Unfortunately, due to limited historical background, around 40% of Western audiences may misinterpret it as military expansion, overlooking its true significance as a reflection of early cross-cultural engagement.

#### **4.3.3.5 Effective Strategies to Mitigate Language Barriers**

##### **(1) Symbolization of Language**

According to Charles Sanders Peirce's triadic theory of signs, signs are categorized into icons, indexes, and symbols based on their relationship with the objects they represent.

Icons and indexes are largely grounded in the physical world and establish connections through mimicry or causal/spatial associations. This makes them easier to interpret across cultures, with cognitive efficiency often exceeding 85%. For example, a turn in traffic is universally represented by an arrow icon.

Indexes, such as "smoke" implying "fire" or "red cheeks" indicating "shame," rely more on shared experiential or cultural logic. In Dunhuang murals, lotus flowers often index the Buddhist concept of the Pure Land, while camels serve as symbols of the Silk Road. Understanding such signs requires background knowledge of Buddhist doctrine and historical context.

Symbols, however, are entirely reliant on cultural convention and require reinforcement through education, media, and tradition to be understood. Therefore, in cross-cultural communication, priority should be given to icons and indexes to minimize misinterpretation. Multimedia tools like videos and animations can visually contextualize such cultural elements and enhance comprehension.



## **(2) Promotion of Chinese Language Learning**

Language barriers remain one of the primary challenges in the dissemination of Dunhuang culture and, more broadly, in the cultural outreach of the Belt and Road Initiative (BRI). To effectively mitigate this obstacle, a multidimensional strategy is required—among which, the promotion of Chinese language education plays a pivotal role. The goal is to reduce linguistic obstacles among BRI partner countries, deepen cultural exchange, and lay a solid foundation for China's soft power projection. The core strategy involves shifting from elite-oriented, academic models to more popularized and practical forms of Chinese language instruction, focusing on the following aspects:

### **Lowering the Learning Threshold and Meeting Everyday Needs:**

The central aim of promoting Chinese learning is to bring Chinese language education down from an elite pedestal and make it accessible to the general public. This requires moving away from a classical literature-oriented curriculum towards one that emphasizes practical language skills and basic cultural literacy tailored to daily life. Simplified teaching materials, real-life conversation scenarios, and beginner-friendly content can help learners acquire essential communication skills in a short time. Meanwhile, digital platforms offering online courses and interactive exercises remove geographical constraints, making Chinese language learning more accessible and flexible.

### **Strengthening Economic Value and Employment Linkage:**

The attractiveness and sustainability of Chinese language education depend largely on demonstrating its real-world economic benefits. This entails explicitly linking language proficiency to employment prospects and vocational advancement. For instance, in BRI countries with close cooperation with China, such as Laos and Kenya, pilot projects could be launched to integrate Chinese proficiency (e.g., certified through the HSK exam) into a national or industry-recognized vocational qualification framework. Chinese language certificates could be converted into vocational credits that contribute to employability within local labor markets.

### **Building Systematic Career Pathways:**

It is vital to enrich the employment avenues for HSK-certified Chinese learners. This could



be achieved by fostering cooperation with local Chinese-funded enterprises or multinational companies engaged in trade with China, where Chinese proficiency could be considered a key qualification for recruitment or promotion. Dedicated job portals for Chinese-speaking professionals and the integration of Chinese into vocational training (e.g., for trade, logistics, tourism, and specific technical roles) could help learners perceive a clear and tangible path from language skills to career advancement and economic return.

However, despite these strategies, the number of Confucius Institutes—China's primary platform for promoting Chinese language and cultural exchange—has been declining. The reasons for this trend will be further explored in the following case study.



## 4.4 Case Study IV: Decoding and Responding to China's "Sharp Power" Accusations

### 4.4.1 Understanding the Concept of "Sharp Power"

#### 4.4.1.1 The International Context Behind Its Emergence

The term “sharp power” was first systematically articulated by National Endowment for Democracy (NED) researchers Walker and Ludwig in 2017. The core premise argues that countries like China and Russia are not employing traditional “soft power” rooted in attraction, but rather seek to manipulate, censor, coerce, or entice in covert ways to infiltrate the public opinion spheres and social perceptions of target countries—ultimately serving specific geopolitical agendas. Harvard professor Joseph Nye later defined it as a special form of “hard power,” emphasizing the manipulation of information to achieve strategic goals. The concept rapidly gained traction among Western scholars and media, becoming the prevailing lens through which China's growing global influence is interpreted.

However, “sharp power” is not merely an academic theory. It is deeply rooted in the long-standing global imbalance of discourse power—wherein the Western bloc, led by the United States, has long dominated international narratives and controlled the channels and content of global communication. With China's rapid rise in national strength and international status since the Reform and Opening-Up, the established world order has been challenged. It recasts China's legitimate efforts in cultural dissemination, educational cooperation, and media outreach as strategic maneuvers of influence expansion. Thus, the concept must be analyzed within the broader geopolitical context of shifting global power dynamics and Western attempts to maintain hegemony.

#### 4.4.1.2 Evolution from the "China Threat Theory"

The theory of “sharp power” is essentially an evolved form of the long-standing “China Threat Theory.” Its historical development process clearly reflects the strategic anxiety of the Western world regarding China's rise and its intentions to respond or balance it: Post-Cold War (1990s): Marked by Samuel Huntington's “Clash of Civilizations,”



which positioned China as a potential ideological and civilizational rival to the West. Economic Ascendancy (early 2000s): Following China's WTO accession and growing economic clout, the West shifted its concerns toward China's trade practices and geopolitical ambitions—exemplified by allegations of currency manipulation and fears about the BRI being a global expansion strategy.

#### **4.4.1.3 Comparison: Sharp Power vs. Soft Power**

Among Western scholars, “sharp power” is considered fundamentally different from “soft power.” In 1990, Joseph Nye first introduced the concept of soft power, defining it as: “Soft power is the ability of a country to shape a context in which other countries follow its lead in defining their interests. This power most often arises from a country’s cultural and ideological appeal, norms, and institutions.” It is “the ability to achieve goals through attraction rather than coercion or payment.”

In contrast, “sharp power” uses unconventional methods—“bribery, censorship, manipulation, coercion”—to influence target countries, shaping foreign mindsets to achieve its objectives. In his article “China’s ‘Soft Power’ and ‘Sharp Power,’” Nye illustrates: When Xinhua News Agency legally operates in other countries, it exercises soft power, which should be welcomed. But when China Radio International secretly funds 33 overseas radio stations across 14 countries, it crosses the line into sharp power territory.

For Nye, the fundamental distinction lies in the modus operandi: Soft power operates in open media environments, showcasing a country’s value system and cultural attractiveness, gaining voluntary public acceptance and thus enhancing national strength. Sharp power operates secretly, using malicious and aggressive information manipulation tactics—such as inducements or covert pressure—to control foreign speech, influence public opinion, and conduct power intrusion.

#### **4.4.2 Classic Case: Sharp Power Accusations Against Confucius Institutes**

As a key platform for China’s international language teaching and cultural dialogue, The Confucius Institute has been accused of exerting sharp power influence, making it a primary target of U.S. allegations against China’s sharp power. According to a working



report released by the U.S. Senate Committee on Homeland Security and Governmental Affairs (report title: China's Influence on the U.S. Education System), there are multiple dimensions of systematic political interpretation, with issues primarily concentrated on the following points:

Academic Freedom and Institutional Nature Disputes: The U.S. accuses Confucius Institutes of acting as “government agencies” to interfere with university autonomy and restrict teaching content to avoid sensitive issues. However, empirical research indicates that partner universities generally participate in faculty selection decisions, and teaching practices have not demonstrated systematic topic restrictions.

**Questions regarding transparency and operational mechanisms:**

The original report states: “*there is little to no transparency into how the Chinese government selects the individuals that schools must choose from.*”

The U.S. side has criticized Confucius Institutes for lacking transparency in personnel selection, funding flows, and cooperation agreements. During the selection process for Confucius Institute faculty members, the Chinese side failed to provide the U.S. side with detailed information regarding selection criteria and specific operational procedures. This lack of transparency has led to a lack of understanding among U.S. universities regarding the hiring process for Confucius Institute faculty members, leaving them unable to grasp the specific operational methods and selection criteria involved. On the other hand, Confucius Institutes have failed to adequately consider and adhere to established teacher recruitment procedures and related agreements within U.S. campuses during the hiring process. This disregard has resulted in significant differences between the recruitment processes of both sides, further exacerbating U.S. universities' confusion and lack of acceptance regarding the hiring process for Confucius Institute staff. Soft Power and Sharp Power Influence Issues: U.S. government documents and reports directly characterize Confucius Institutes as tools for China to implement its “sharp power” strategy, accusing them of “ideological penetration” or “manipulating public opinion.” Such claims deliberately ignore the cultural and educational objectives explicitly stated in the charter of Confucius Institutes, forcing political subversion intentions onto normal cultural exchanges



and language promotion activities. This is a typical misinterpretation and stigmatization of cultural activities within the framework of geopolitical opposition.

Threats to national security: Some U.S. politicians view Confucius Institutes as tools for China to collect intelligence, i.e., so-called spy centers. They believe that espionage activities conducted under the guise of “teachers, scientists, and students” primarily focus on the technological field, involving the theft of intellectual property, which poses a serious threat to U.S. national security. The U.S. Senate Permanent Subcommittee on Investigations conducted an eight-month-long in-depth review of Confucius Institutes. However, during the review process, investigators found no conclusive evidence of Confucius Institute staff directly engaging in espionage activities.

These intertwined allegations, including various criticisms and accusations against Confucius Institutes, are often categorized under the broader “sharp power” accusations targeting Confucius Institutes. These allegations are not only complex but also have a certain depth, providing a legal basis for the large-scale policy-driven restrictions and closures of Confucius Institutes in the United States. These restrictions and closures are based on concerns about China's “sharp power” influence. However, such narratives often downplay the Confucius Institutes' original educational mission and instead interpret them through a geopolitical lens, highlighting the cognitive challenges faced by cultural diplomacy in the context of strategic competition. This approach not only undermines the purity of cultural exchange but also poses a potential threat to mutual understanding and cooperation between nations.

#### 4.4.4 Responding to Sharp Power Accusations

##### **4.4.4.1 Sharp Decline in Confucius Institute Numbers**

**Table 10: The number of Confucius Institutes closed in the United States in each year**

Year	Number of Confucius Institutes Closed in the U.S.
2014	2
2015	0
2016	0



2017	3
2018	10
2019	20
2020	25
Total	60

**Data source: CNKI Literature**

The sharp power discourse has seriously undermined the momentum of Confucius Institutes abroad, especially in Western and Asia-Pacific countries. Initiated in 2004 as a soft power tool, their growth has been stunted by a wave of closures in the U.S. Since 2018, approximately 55 institutes closed in a three- year span; political pressure in 2021 led to an additional 30 closures, and tensions in 2022 added 35 more. As of June 2025, over 100 Confucius Institutes have been shut down—severely impacting academic exchange, deepening cultural divides, and increasing public mistrust toward China.

#### **4.4.4.2 Countermeasures to the Decline**

To rebuild China's international cultural outreach with resilience and effectiveness, the following strategies are proposed:

##### **Depoliticize Mission and Innovate Operations:**

Reposition Confucius Institutes as professional, focused language and cultural institutions. Reduce overt official funding, and diversify financing through corporate sponsorship, foundations, and private investment. The core mission should prioritize quality Chinese education, cultural programs, and academic exchange—thus shedding any image of being a political instrument.

##### **Establish Transparent Governance and Oversight:**

Implement standardized, routine disclosures: recruitment procedures, funding sources and audits, core curricula, and sanitized cooperation agreements. Introduce third-party advisory or supervisory committees composed of international scholars, education specialists, independent journalists, and community representatives to regularly evaluate operations and increase credibility.



### **Highlight Practical Value Through Outcomes:**

The most persuasive response to politicization is demonstrating individual benefits from Chinese language proficiency. Encourage Chinese and partner corporation job markets (both state-owned enterprises and multinationals) to explicitly include HSK level as a hiring or promotion advantage. Build a triadic linkage—language certification, vocational skill development, and job placement. For example, collaborate with vocational education providers to create HSK-integrated programs for specific professions (cross-border e-commerce, tourism, technical trades) so learners see a direct pathway from language skills to career and financial gain. Embedding cultural exchange within personal development removes its political vulnerability.

#### **4.4.4.3 TikTok Incident**

The TikTok incident originated from the United States' politically motivated suspicions and biases, which led to baseless accusations that TikTok was involved in stealing user information and further allegations of espionage activities. Under these unfounded accusations, the U.S. government ultimately made the extreme decision to ban TikTok nationwide. During a highly anticipated hearing held in January 2024, TikTok CEO Zhou Shouzi, despite clearly holding Singaporean citizenship, was repeatedly questioned by U.S. lawmakers eight times, with repeated doubts raised about whether he was actually of Chinese nationality. Such practices violate the principle of fair competition, and the United States may harbor a potential hegemonic mindset when addressing international technology competition issues.

The TikTok ban triggered a migration of cross-border social media users to alternative platforms. However, an unintended cross-border interaction unfolded on social media platforms. On January 13, 2025, as the “tiktokban” topic rapidly spread across U.S. social media, over a million U.S. users flocked to the Xiaohongshu platform, propelling it to the top of the free app rankings on the Apple App Store. As of the time of writing, there are over 60,000 posts under the “tiktokrefugee” topic on Xiaohongshu, with a total of over 27 million views and over 850,000 discussions, generating approximately 12,000 posts. Xiaohongshu also responded swiftly to this sudden event, updating the translation



function in the comment section overnight to overcome language barriers. Platform data shows that after the ban, interactions between Chinese and American users increased by 400%, with pet-related, handmade, and intangible cultural heritage-related content becoming the main topics of discussion.

While discussing the “TikTok refugee” phenomenon, the #MyChinesePenpal and #DearLiHua topics also quickly became hot topics. Since 1995, Li Hua (Li Hua) has appeared as a virtual character in the writing section of China's college entrance exam English papers. Over the past three decades, hundreds of millions of Chinese students have written letters to “foreign pen pals” under Li Hua's name, covering topics such as introducing their hometowns, sharing festival customs, and seeking cultural exchange. Due to the standardized writing templates of the exam-oriented education system, each letter concludes with the phrase “I am looking forward to your reply.”

However, after American netizens learned about this historical background, they spontaneously began responding with “Dear Li Hua” as the opening line, sparking a belated interactive exchange that saw the topic gain significant attention.

For Chinese students, the figure of Li Hua represents a shared memory of their youth under the exam-oriented education system, and their correspondence was not truly intended to receive a response. Conversely, from an international perspective, Li Hua symbolizes the younger generation's desire for cross-cultural exchange.

When political relations between nations are tense, digital platforms become alternative spaces for cultural resonance among the general public. This bottom-up interaction model provides a new empirical case study for cross-cultural communication. Against the backdrop of the TikTok incident, both sides engaged in diverse and vibrant interactions on the platform, promoting the deep integration of Chinese and American folk cultures and showcasing the unique charm of Chinese culture in the context of globalization. It also demonstrates that China's open and inclusive attitude, as well as its willingness to embrace the world and take proactive measures in addressing the TikTok incident, aligns with the original intent of the Belt and Road Initiative—namely, the vision of building a community with a shared future for mankind. Through these small yet heartfelt interactions, the world gains a more authentic and multidimensional



understanding of China, thereby deeply grasping the cultural philosophy of “harmony without uniformity.”

In the end of the case, below is a poignant comment on the #DearLiHua post (230K+ likes):

*“We thought we were writing to a fictional character until today we understood: every stroke is a genuine outreach to the unknown. Politicians slice maps with knives; ordinary people stitch them with cat photos, hometown recipes, children’s doodles—Li Hua’s envelope never carried grammar and words, but held humanity’s oldest longing: see me, understand me, don’t let loneliness be my homeland.”*



## 5. Discussion

### 5.1 Theoretical Reflection: Redefining the Triad of Soft/Hard/Sharp Power

#### 5.1.1 Hambantota Port and “Hard Power”: Is It Really Coercion?

This study uses the Hambantota Port case in Sri Lanka to respond to Western accusations of “debt-trap diplomacy.” At the macro level, the so-called “debt-trap” theory ignores the active decision-making role of local governments, the historical infrastructure gaps in the region, and China’s continued operational support after the port’s completion.

According to the 2023 debt structure statistics from the Sri Lankan Ministry of Finance, Chinese debt accounts for only about 10% of the total external debt. In contrast, international sovereign bonds (ISBs) make up as much as 47%. Moreover, since the Chinese enterprise took over the port in 2017, Hambantota Port has attracted over 20 international shipping companies and created more than 30,000 direct and indirect jobs. These data indicate that Western media interpretations of “China’s control over Sri Lanka” may still be incomplete.

#### 5.1.2 B3W vs. BRI: A Clash of Values or Execution Mechanisms?

Although B3W (Build Back Better World), proposed by the G7, repeatedly emphasizes democracy and transparency as its policy hallmarks, its implementation has been hampered by its reliance on private capital, risk-averse tendencies, and long investment cycles. According to White House data, although \$60 billion was pledged in its first year, less than 1.5% was actually disbursed.

In contrast, while the BRI does not require democratic assessment as a prerequisite, it meets the practical needs of many countries by providing “long-term low-return” funding through the China Development Bank. This study argues that the primary distinction between the two initiatives lies less in differences in policy values than in structural differences in project implementation mechanisms. The fundamental divergence between the BRI and the B3W stems from institutional design differences between state capital and private capital, rather than ideological opposition. The BRI’s core competitive advantage lies in its responsiveness and sufficient respect for sovereignty.



### 5.1.3 Dunhuang Culture: Breaking Through the Dilemma of Sharp Power

The “Digital Dunhuang” project not only empowers traditional culture through technology, but also creates cross-cultural resonance at the narrative level. This study highlights how Dunhuang inherently integrates elements of Greek mythology, Persian motifs, and Indian apsaras, making it a natural cultural convergence point. In terms of dissemination mechanisms, tools such as AR character activation, AI pattern generation, and multilingual video content help visualize and enhance its soft power.

As later seen in the Confucius Institute and TikTok cases, “Digital Dunhuang” already embodies the key elements of resonant soft power—namely, two-way cultural acceptance, technological empowerment that lowers cognitive barriers, and value-based emotional resonance, thereby enabling deep cross-cultural interaction.

Unlike traditional soft power theory, which emphasizes “attraction,” but fails to address issues of cultural hegemony and passive reception (e.g., criticisms that Confucius Institutes are instruments of “cultural infiltration”), the concept of resonant soft power centers on co-creation and co-existence. It eliminates cognitive barriers and links cultural expression with practical utility, upgrading “attraction” into “resonance” and achieving harmonious coexistence amid cultural diversity.

## **5.2 SWOT Analysis: Realistic Opportunities and Challenges of the BRI**

**Strengths** Highlight characteristics of a state-led development model:

Coordination capacity of state capital ensures high-efficiency execution of major infrastructure projects (e.g., Hambantota Port completed in 3 years), significantly shortening project timelines;

Full industrial chain engineering advantages grant world-leading cost control capacity and reduce supply chain risks;

A trifold integration model—employment, language, and culture—ensures the systemic distribution of development benefits, strengthening humanistic ties.

**Weaknesses** Expose structural shortcomings:

Passive international discourse power allows the “debt-trap narrative” to persist and damage China’s image, reflecting weak narrative competitiveness;

Transparency controversies stem from incomplete alignment of loan terms and environmental assessments with international standards, triggering suspicions of geopolitical intent;

Lack of institutional flexibility (private capital participation <30%) constrains project innovation, exposing the structural bottleneck of excessive reliance on government leadership.

**Opportunities** Point to dividends of technology and development demand:

Innovations in digital cultural dissemination (e.g., Dunhuang VR) break cognitive barriers and promote the democratization of language education;

A tech-language-employment coupling mechanism could build a Chinese language-based vocational certification system, transforming soft power into development momentum;

New demand from Global South markets (e.g., Africa’s \$100B infrastructure gap, Latin America’s energy transition) offers ample development space.

**Threats** Reveal systemic containment:

The Western “de-risking” strategy restricts China’s development through technological blockades (e.g., chip export controls);

Geopolitical militarization is escalating, with Indo-Pacific mini-lateralism and military confrontations intensifying;

Institutionalized “sharp power” labeling entrenches cultural misperceptions and hampers cultural exchange.

**5.3 Further Discussion on the Shortcomings of BRI Projects****Triggered by SWOT Analysis**

Since most of the views in this paper are derived from the works of Chinese scholars, in order to ensure the neutrality of the views, we have collected the opinions of Chinese scholars on the issues surrounding the Belt and Road Initiative and provided a brief explanation.



## **(1) Insufficient Internationalization of Business Operations and Talent Shortages**

Issues: Rigid decision-making mechanisms and weak cyclical resilience; lack of cross-border management experience and talent shortages.

Currently, most BRI aid projects are concentrated on infrastructure projects with very long profit cycles. This has led to extended repayment cycles for BRI projects, weak cyclical resilience, and talent shortages across various fields, all of which constitute major obstacles to the smooth advancement of Belt and Road cooperation. For example, first, there is a shortage of professionals who are proficient in both national investment mergers and acquisitions and operational management. Currently, Chinese mining companies relying on foreign institutions for technical, legal, and financial consulting services when conducting overseas mining acquisitions. China has yet to establish a comprehensive supporting system. Second, the shortage of translation talent, particularly in small-language countries, has become a key factor constraining the smooth progress of BRI cooperation. Finally, compared to the United States' investments in research and development and the cultivation of innovative talent, China still lags significantly behind in these areas.

## **(2) Deficiencies in the financing system**

Issues: Policy-based banks dominate (accounting for 60% of infrastructure financing), leading to concentrated risks; private enterprises face limited financing channels.

While BRI projects rely on stable state capital as an advantage, this also exposes their greatest weakness — the narrow range of financing channels. Currently, private enterprises participating in the Belt and Road Initiative primarily rely on policy-based financial institutions such as the Asian Infrastructure Investment Bank, the China Development Bank, and the Silk Road Fund for financing support. However, these banks provide minimal support for private enterprises' overseas projects. Domestic banks offer short-term loans to private enterprises at an interest rate of 12%, while state-owned enterprises receive loans at an interest rate of only 3% during the same period. Under the current accounting and financial system, private enterprises primarily obtain loans for



overseas projects through the “internal guarantee for external loan” (IGEL) mechanism. While this simplifies approval processes and reduces financial costs, it also increases currency risks and policy legitimacy risks stemming from geopolitical factors. This burdens domestic entities, and commercial banks may also reduce financial support for private enterprises' overseas projects due to risk considerations.

### **(3) Incomplete rule system**

Issue manifestation: Weak influence in international standards (ISO/IEC dominated by Europe and the US over 80%); sudden changes in host country policies increase compliance risks.

A Southeast Asian railway project undertaken by a Chinese company was suspended and ordered to rectify due to failing to fully comply with local stringent environmental standards and relevant regulations during construction, leading to scrutiny by local government and environmental authorities. This incident not only led to a significant increase in project costs but also hindered the progress of the entire project. This event once again highlights that under the Belt and Road Initiative, international cooperation projects must not only comply with international rules but also pay attention to strengthening China's influence in rule-making in key areas such as environmental standards.

## **5.4 Policy Recommendations**

In response to the issues raised in Section 5.3, and in conjunction with the entire text, I will propose policy recommendations based on three dimensions: culture, infrastructure, and policy.

### **(1) Culture: Establish a “language-employment-culture” linkage mechanism**

Establish a language-employment-culture linkage mechanism. Implement a “local talent cultivation program.” Promote collaboration between existing educational institutions such as Confucius Institutes and this program. In addition to teaching basic knowledge, strengthen vocational skills training. Establish a virtuous cycle of “talent



cultivation—talent utilization—employment channel 保障—talent attraction.” Promote the integration of local talent through cultural exchange; Simultaneously, transition Confucius Institutes to a “social capital-led” model to ensure the participation of local enterprise capital. Establish a supervisory committee compliant with local standards to ensure that teaching content and funding models align with local standards. On one hand, this can temporarily alleviate the shortage of language talent in BRI projects; on the other hand, it enriches the language structure of local residents through BRI projects and provides more employment opportunities. Ultimately, it effectively reduces international suspicions about the “sharp power” of Confucius Institutes, thereby easing international relations and promoting cultural exchange.

**Specific implementation:**

In the port project in Sri Lanka, collaborate with local universities to establish an “Engineering Chinese Class,” targeting the training of 300 technical workers, with a potential local labor force ratio exceeding 70%.

Establish a supervision mechanism for Confucius Institutes. The committee should consist of representatives from Confucius Institute management, the host country's Ministry of Education, and businesses. Simultaneously evaluate employment conversion rates, funding sources for the institute, and teaching content.

**(2) Deficiencies in the financing system: Promote transparency reforms and develop multilateral capital**

Actively advance the standardization of project transparency by introducing third-party audit institutions to ensure the openness, fairness, and transparency of project information. Simultaneously, further deepen multilateral cooperation mechanisms and encourage non-state-owned capital partners to participate. Establish a clear “Belt and Road” transparency certification system to enhance project credibility and promote deeper international cooperation and trust.

**Specific implementation:**

Require high-funding projects to undergo third-party audits by firms such as PwC or EY, and publicly disclose data on environmental costs, debt structures, and loan subsidies.

Domestic policy banks should lead the establishment of an “Infrastructure Risk Mitigation Fund,” allowing European and American capital to subscribe to shares, achieving true win-win cooperation, shared risk-bearing, and effectively alleviating geopolitical risks.

### **(3) Incomplete rule system: breaking the deadlock of European and American dominance through mutual recognition of standards**

Initiate a “mutual recognition of standards” initiative aimed at conducting specialized and detailed assessments of various standards for the same project to confirm whether these standards essentially pertain to the same content. Through this initiative, it is hoped to resolve certification failures caused by different expressions of the same standard, thereby avoiding project stagnation or increased costs due to inconsistent certification.

#### **Specific implementation:**

Conduct standard mutual recognition internationally, such as identifying interoperable components between the EU's TSI (Technical Specifications for Interoperability) and China's GB railway safety standards, to help BRI partner countries reduce non-compliance risks.

The Chinese government establishes a “Standard Compatibility Fund” to subsidize enterprise certification costs.

## **5.5 Research Limitations and Future Directions**

### **(1) Research Limitations**

This paper relies heavily on qualitative case studies, with quantitative data used mainly for supplementary purposes; thus, it falls short of offering statistically or economically generalizable conclusions;



Cases are concentrated in Central Asia, South Asia, and a few European regions; research on Africa and Latin America remains insufficient;

Although the TikTok narrative reflects current social phenomena, it lacks a systematic platform analysis framework and may reflect an overly emotional tone.

## **(2) Suggestions**

Future studies should incorporate social media big data to capture public feedback and conduct sentiment analysis;

Introduce cross-variables linking language policy and employment policy to evaluate whether language proficiency directly impacts job success rates in BRI countries;

Use mathematical models, such as the cuckoo model, to estimate the maximum returns of BRI investment projects;

Explore the adaptability of the BRI in South-South cooperation and establish a cooperation system that better meets local standards.



## 6. Conclusion

### 6.1 Addressing Research Questions and Summary of Key Findings

This study explores how China, through infrastructure construction, technological dissemination, and cultural exchange, contributes to development in partner countries under the Belt and Road Initiative. It also assesses the validity and limitations of Western critiques such as “sharp power” and “debt-trap diplomacy.” Responses to the two core research questions are as follows:

#### **Q1: How does infrastructure promote economic growth in developing countries?**

Empirical analysis shows that infrastructure projects (e.g., Hambantota Port in Sri Lanka, China-Laos Railway, Mombasa–Nairobi Railway in Kenya) not only improve logistics and transportation efficiency but also stimulate local manufacturing, port economies, and tourism. Compared with B3W’s financing difficulties, BRI provides rapid implementation, flexible funding, and strong alignment with local conditions—a development-oriented model of hard power.

#### **Q2: How can China avoid “sharp power” accusations in cultural exports and achieve depoliticized, people-centered, and resonant cultural communication?**

Through the case of “Digital Dunhuang,” the study reveals a shift from state-centric cultural dissemination to a co-creation mechanism combining technology, art, and social media. Platforms such as TikTok and Xiaohongshu enable Chinese culture to reach international audiences through grassroots experiences and cultural narratives, achieving cross-cultural connections based on “grassroots experiences + value recognition.” This mode of communication constitutes a “de-labeling” soft power paradigm that transcends the “sharp power” discourse trap.

### 6.2 Core Contributions of the Thesis

#### 6.2.1 Theoretical Innovations — “Resonance-based soft power”

By systematically analyzing the Belt and Road Initiative across multiple dimensions, this study reveals the composite mechanism of national influence projection,



which includes both “hard power” tools (infrastructure and capital export) and “soft power” elements (language, culture, and digital platforms). These mechanisms do not operate in isolation but interweave through cooperative practice, giving rise to a new mode of national external influence that merges engineering capacity with cultural narrative.

In the cultural domain, the study highlights how China is gradually shifting away from traditional top-down models toward participatory and empathetic communication via social media, digital content, and multilingual expression. The case of Dunhuang demonstrates how innovation in form and transmission helps cultural products break free from ideological labeling and become shared symbols of global aesthetic and historical interest. This new communication pathway of “emotional connection + digital media + interactive participation” constitutes “resonance-based soft power,” which serves as a supplement and update to Nye's traditional soft power theory (attractiveness, value alignment). In fact, “resonance-based soft power” is not entirely a new term, and the academic community has yet to provide a systematic definition. However, this theory has frequently appeared in recent literature on topics such as “emotional diplomacy,” “cultural interaction,” and “new public diplomacy.”

Unlike traditional soft power, which emphasizes national image, political values, and institutional output, “resonance-based soft power” emphasizes the integration of three elements: “non-state actor-led + digital media-driven + cultural spontaneous interaction.” It emphasizes not information dissemination but the sense of resonance (resonance) generated by user self-participation. Its advantages include:

### **(1) Easier to build emotional bonds:**

In today's digital age, social media platforms like TikTok and Xiaohongshu leverage their strong user engagement and content dissemination capabilities to generate an enormous volume of UGC (User-Generated Content). This UGC content spans all aspects of life, from daily food sharing to in-depth discussions on culture and art. It promotes “user-driven cultural dissemination” through a highly approachable and interactive manner. In this dissemination model, users are no longer passive recipients of culture but active participants and creators. They form a vast and vibrant cultural exchange network by



sharing their perspectives, experiences, and creations. This cultural dissemination approach enables people from different regions and backgrounds to emotionally resonate with one another, thereby building stronger emotional bonds.

### **(2) Less susceptible to political influence:**

Unlike traditional state-led soft power dissemination forms, “resonance-based” dissemination possesses unique characteristics. State-led soft power dissemination often carries explicit political intentions and ideological overtones, making it susceptible to becoming a tool in political maneuvering and thus more influenced and interpreted by political factors. However, “resonance-based” dissemination typically arises from deep-seated emotional resonance and cultural identity among people. It does not rely on specific political systems or ideologies but instead focuses more on shared human emotions and values. Therefore, “resonance-based” communication is generally not categorized as an ideological tool and is less susceptible to political manipulation.

### **(3) More suitable for younger generations:**

Young people who have grown up in the digital age have an innate affinity for emerging technologies and social media platforms. For example, the virtual tour of the Dunhuang murals uses virtual reality technology to immerse younger generations in their charm, sparking interest in traditional culture and fostering cultural confidence and national pride. Another example is the revival of Hanfu culture on Xiaohongshu, where the younger generation shares photos, participates in activities, studies culture, builds communities, and promotes its dissemination. These examples demonstrate the potential of cultural resonance in “people-to-people diplomacy” and indicate that “resonance-based” communication holds promising prospects among the younger generation.

Although “resonance-based soft power” has not yet formed a unified academic paradigm, its proposal holds significant theoretical and practical significance. Academically, it provides new perspectives and directions for the development of soft power theory, enriching the theoretical framework; practically, it helps explain the complex mechanisms of Chinese cultural output in the post-digital era. In the post-digital



era, Chinese cultural output faces both opportunities and challenges. This concept aids in understanding the laws of cultural dissemination, formulating effective output strategies, and promoting global cultural exchange.

In summary, the research perspective and reasoning path of this paper align with the concept of resonance-based soft power, demonstrating innovation and practicality, and providing valuable references for enhancing China's soft power.

### **6.3 Macro-Level Implications and Global Policy Impact**

This study argues that BRI is essentially China's institutional response to and practical supplement to the global order, attempting to construct a new model of international cooperation characterized by interconnectivity, shared interests, and mutual cultural understanding. Against the backdrop of intensifying "deglobalization" and "group confrontation" worldwide, the BRI offers a non-Western vision of global governance based on common development.

At the same time, the thesis emphasizes that for China's global development strategy to remain sustainable, it must coordinate three dimensions: external image, communication mechanisms, and local integration. Macro-level policy push alone is insufficient; attention to cultural nuance and emotional connection is equally crucial.

### **6.4 Future Research Potential**

Despite its multidimensional analysis of the synergy between hard and soft power under the BRI, this study identifies several areas for further exploration:

Methodological enhancement: This research primarily uses qualitative analysis. Incorporating more systematic quantitative methods—such as social media sentiment analysis and language-to-employment conversion rate measurements—could improve precision in evaluating public reception, cultural influence, and employment linkage.

Geographical expansion: The paper focuses on Asia and parts of the Middle East and Eastern Europe. Further studies could explore BRI practices in Africa and Latin America, particularly localized strategies, absorptive capacity, and institutional matching in sectors such as railways, digital communication, and agricultural development.



Cross-domain variable integration: Investigating how language and employment policies intersect could clarify whether language proficiency offers tangible labor market advantages in developing countries. Comparative research between cultural projects (e.g., Confucius Institutes) and vocational training programs (e.g., Luban Workshops) could also assess the “economic utility” and long-term impact of soft power output.

New media dissemination: Platforms such as TikTok, Bilibili, and Xiaohongshu are opening new channels for Chinese cultural products, but their narrative logic, algorithmic preferences, and user interaction patterns require further study. Future research could build platform-specific communication models to quantify the conditions and efficiency of “cultural resonance” based on language, interaction, and audience feedback.

In summary, future BRI studies should continue shifting from “state logic” to “societal logic” by leveraging multi-source data, diverse regional samples, and interdisciplinary tools to deepen understanding of project localization, cultural adaptability, and long-term global impact.

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## Author Statement

This thesis was entirely authored by the student. Language assistance tools, such as Grammarly and AI-based writing models (e.g., ChatGPT, DeepSeek), were used occasionally to improve grammar, vocabulary and clarity. All arguments, structure and analysis reflect the author's own research and critical reasoning.