

**UNDERSTANDING THE IMPACT OF CHINA'S BELT AND ROAD  
INITIATIVE POLICY (BRI) ON THE UNITED STATES FROM 2016-2021  
THROUGH HEGEMONIC STABILITY THEORY ANALYSIS**

**UNDERGRADUATE THESIS**



Proposed by:

**BAYU SETYAWAN**

**(18323183)**

**INTERNATIONAL PROGRAM**

**DEPARTMENT OF INTERNATIONAL RELATIONS**

**FACULTY OF PSYCHOLOGY AND SOCIO-CULTURAL SCIENCES**

**UNIVERSITAS ISLAM INDONESIA**

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Proposed to the Department of International Relations  
Faculty of Psychology and Socio-Cultural Sciences  
Universitas Islam Indonesia  
As a partial fulfillment of requirement to earn  
Bachelor Degree in International Relations



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**AUTHORIZATION PAGE**

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## DECLARATION OF ACADEMIC INTEGRITY

I hereby declare that this undergraduate thesis is the result of my own independent scientific work, and that all material from the work of others (in books, articles, essays, dissertations, and on the internet) has been stated, and quotations and paraphrases are clearly indicated.

No other materials are used other than those contained. I have read and understood the university's rules and procedures regarding plagiarism.

Making false statements is considered a violation of academic integrity.

Saturday, 23 July 2022



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Bayu Setyawan

## **DEDICATION PAGE**

I dedicate this research to:

### **Mr. Daryono and Mrs Yuryah**

Thank you for your prayers, advice, role models, support, love and endless affection for me. Hopefully, the completion of this undergraduate study will be a stepping stone in order to become a person who is successful and beneficial for the world and the hereafter.

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**MOTTO PAGE**

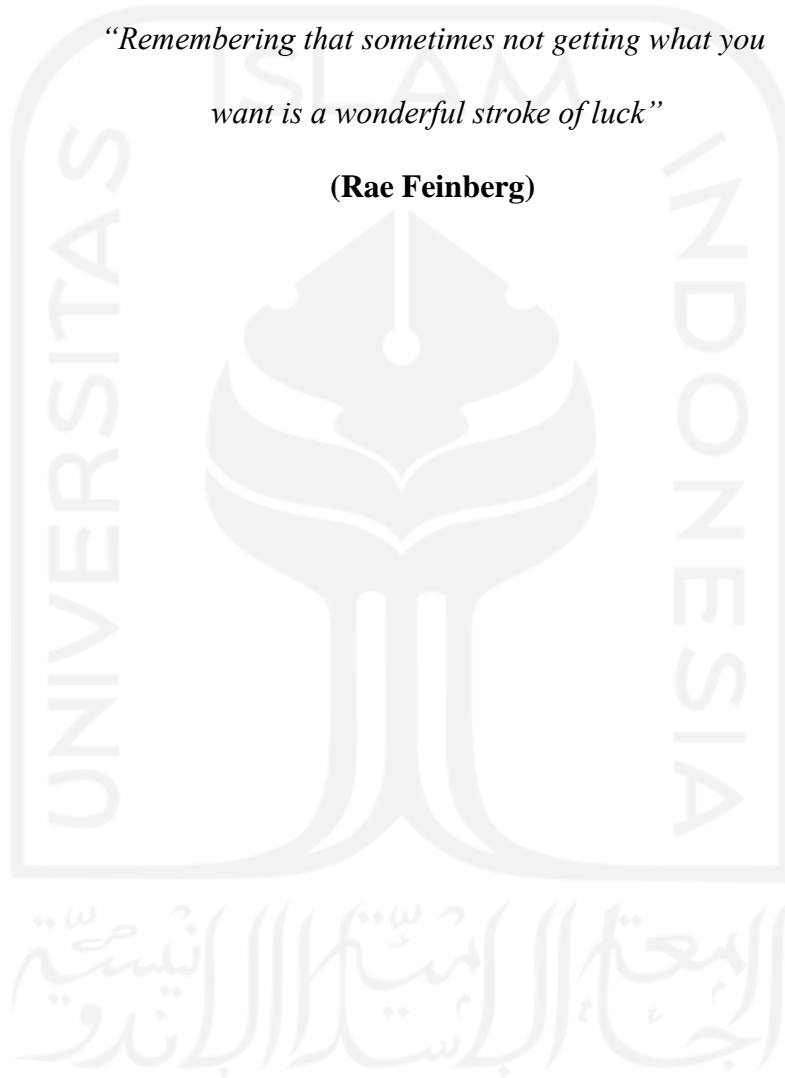
*“Fulfill Your Obligations First, Then Claim Your Rights”*

*“Be hard on yourself or the world will be hard on you”*

**(Bayu Setyawan)**

*“Remembering that sometimes not getting what you  
want is a wonderful stroke of luck”*

**(Rae Feinberg)**



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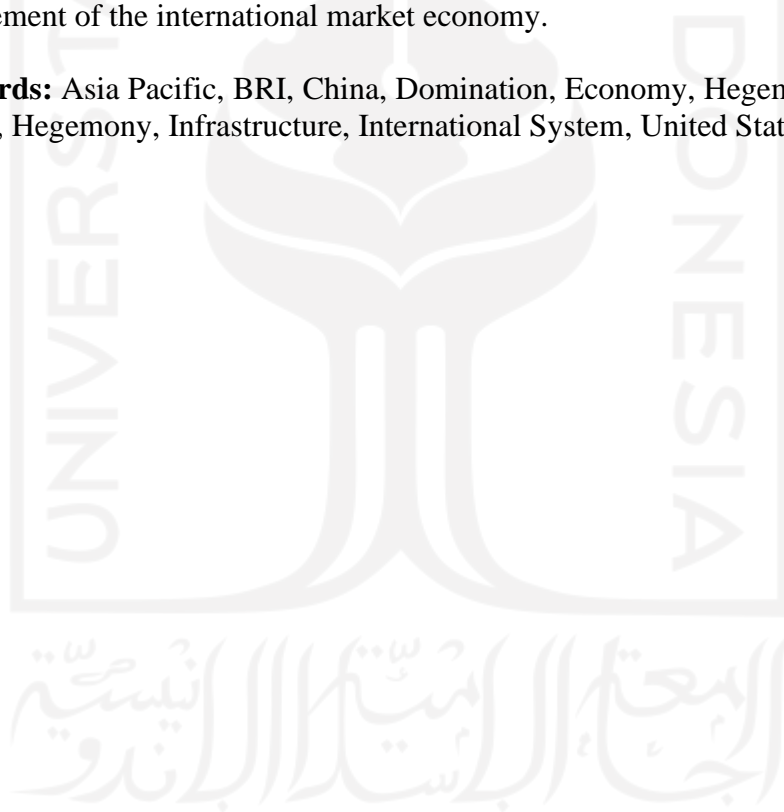
AIIB	: Asia Infrastructure Investment Bank
APEC	: Asia-Pacific Economic Cooperation
BRI	: Belt and Road Initiative Policy
FDI	: Foreign Direct Investment
GFDC	: Green Finance & Development Center
GMS	: Greater Mekong Sub-regional Economic Cooperation
ICBC	: Industrial and Commercial Bank of China
MOFA	: Ministry of Foreign Affairs
MOFCOM	: Ministry of Commerce
NDB	: New Development Bank
NDRC	: National Development and Reform Commission
OBOR	: One Belt One Road
OECD	: The Organization for Economic Co-operation and Development
PRC	: Republic of China
SCO	: Shanghai Cooperation Organization
SREB	: Silk Road Economic Belt
TPP	: Trans Pacific Partnership
UNCTAD	: United Nations Conference on Trade and Development
US	: United State



## ABSTRACT

The Belt and Road Initiative Policy (BRI) is a long-term investment policy and program on a transcontinental scale with the aim of infrastructure development and accelerating economic integration of countries covering the sub-regions of Asia, Africa and Europe. BRI's strategy is to expand its economic influence and grow into a new superpower that can challenge United States hegemony in an economic context. This study discusses how China's BRI policy has an impact on the United States as the dominant global economy in the Asia Pacific region with the Hegemony Stability Theory approach. Through this theory, the researcher observes how China's BRI influences the United States by looking at two indicators, namely economic domination and changes in the international system. The dominance of China's BRI has impacted the United States as the dominant global economy in the Asia Pacific region with significant changes to several policies and strategies. The ability of China through the BRI to exercise its power through the mechanism of economic interdependence contributes to the governance and management of the international market economy.

**Keywords:** Asia Pacific, BRI, China, Domination, Economy, Hegemony Stability Theory, Hegemony, Infrastructure, International System, United States.



# CHAPTER I

## INTRODUCTION

### 1.1 Background

The shift in globalization can be seen as the map of global economic power begins to roll slightly from east to west; China is beginning to grow into a new superpower. China's influence has begun to be felt by other countries in various parts of the world. In September 2013, President Xi Jinping announced a new trade and development for the China region and beyond known as *One Belt, One Road* (Tsui et al. 2017). This foreign policy is a rarity in China's most ambitious economic initiative, Xi Jinping's Vision, which is an infrastructure development program to connect neighboring countries with China's underdeveloped borders (Cai, n.d.).

In 2016 there was a revision of the name of the policy; what was originally named *One Belt, One Road* (OBOR) was changed to *Belt and Road Initiative* (BRI). China's strategy has broader expectations through an ever-expanding hierarchy, such as some of its goals which include to promote an international cooperation platform so as to form a stronger network and promote a more reasonable and balanced international system of government. These things underline China's ambition to strengthen its presence on the international stage. The application of the Belt and Road Initiative strategy is through the creation of two main routes called the "*Silk Road Economic Belt and 21st Century Maritime Silk Road*". The *Silk Road Economic Belt* is a giant land-based framework for reviving the ancient silk route, a trade route that existed from 2000 BC to the 1800s which served as the backbone of Euarasia's trade. This land route began in the middle and west of China,

passing through Central Asia, West Asia, Central and Eastern Europe and ending in Western Europe. *The 21st century Maritime Silk Road* is a new framework with the aim of building a maritime belt, specifically a sea trade route, that connects ports in Asia with ports in Europe. This would be a route created to connect coastal areas of China and Europe through the South China Sea, Indian Ocean, Persian Gulf and Mediterranean Sea (Aoyama 2016).

Since the initial launch of the BRI policy, the strategy has been to increase cooperation and spread China's economic advantages by investing hundreds of billions of US dollars in dozens of transportation and industrial infrastructure projects that embrace various countries on the 3 continents of Asia, Europe and Africa. The targets are Infrastructure and Industry, and the motivation behind this national strategy is the urgent need to improve the industrial structure that has excess capacity in China. Another consideration is that China is the country with the largest population in the world. Thus, it has a lot of human resources that can be trained, as well as many natural resources that can be explored. Furthermore, China is now a global industrial giant. So, China needs a new distribution channel through the creation of a foreign policy Belt and Road Initiative (Liu et al. 2017).

China's economic expansion through the BRI policy has collaborated with various countries. The Belt and Road Initiative involves approximately 70 countries in Asia, Europe and Africa and claims it can cover more than two thirds of the world's population based on data from 2013 to 2019. For countries with limited financial capabilities, the Belt and Road Initiative is an opportunity because they can get financial assistance from China to boost their country's infrastructure development. Joining the BRI policy has proven to have a positive impact on



countries. China's strategy through the BRI policy also benefits China through the expansion of its economic influence, and the growing into a new superpower that can challenge the hegemony of the US especially in the Asia Pacific Region (Zhou and Esteban 2018).

The United States is now a hegemonic country whose presence brings a dominant force in promoting international cooperation. The US took control and even facilitated several countries for cooperation in the economic and military fields. In the Asia-Pacific Region, the US, during the OBAMA era, prioritized the *Trans-Pacific Partnership* (TPP) negotiations and emphasized the importance of incorporating 21st century standards such as policy competition, but the Trump administration expressed doubts about the *Trans-Pacific Partnership* agreement and replaced it with an "America First" approach with a strong orientation towards bilateral agreements. Trump's policies paved the way for economic openness and globalization that is very dangerous, including the withdrawal of the US from the Trans-Pacific Partnership (Terada, n.d.). The problem that occurs now is that the absence of the US in Asia-Pacific trade has created an economic power vacuum where China can expand its influence by injecting more capital with the aim to maximize its economic influence in the Asia Pacific (Layne 2008).

This research discusses the presence of new economic power brought by China through the BRI policy strategy. Its presence brings dominant power and promotes International Cooperation, which presents a challenge to the hegemony of the US in the Asia Pacific. From the background provided above, it can be seen that China's opportunity to strengthen its role in the global economy is very strategic, and became even clearer when the Trump administration gave up

opportunities by withdrawing from the Asia-Pacific Partnership. This research is necessary for the examination of how China's robust economic power is exercised and how it challenges the US economic in the Asia Pacific from a hegemonic stability theory perspective.

## **1.2 Research Question**

How has China's BRI policy impact the US economic dominance in the Asia Pacific?

## **1.3 Research Objectives**

The objectives of this research are:

1. To investigate China's BRI policy strategies in the Asia Pacific and how successful the policy is;
2. To investigate if China's BRI policies have an important role and influence on the Asia Pacific economy;
3. To examine how China's domination is achieved through the BRI policy and its ability to challenge the US hegemony in the Asia Pacific.

## **1.4 Research Scope**

Based on the topics analyzed, this study focuses on how BRI's policies pose a challenge to the US economy. The 5-year timeframe of the 2016-2021 is used for the analysis of how China challenges US economic hegemony through BRI policies in the Asia Pacific Region. In accordance with the earlier explanation, 2016-2021 was chosen because during these 5 years China expanded its economy through the Belt and Road Initiative Policy, which involves approximately 70 countries in Asia,

Europe and Africa and claims to cover more than two thirds of the world's population .

In 2016-2021 China through BRI in asserting as an emerging economy that has a goal to change the Asia-Pacific regional order. On the other hand, the US in the 2016-2021 period in the Asia Pacific region actually experienced a significant decline, a number of policies that initially became the foundation of the US such as the Washington Consensus and the Trans Pacific Partnership were canceled by the Donald Trump administration, taking into account the previous study of the relevance of China BRI which is being intensively shown. new polarization in regionalism and economic cooperation that can form power and have an impact on the US economy in Asia Pacific.

### **1.5 Literature Review**

The main focus of this research is that China's BRI policy is a US challenge. In the dissertation written by "Davide Di Marino", it was explained that China has long been isolated from economies, politics and culture and it is very different that China does not want to form cooperations with Europe and America. According to The Economist Intelligence Unit, China has tended to experience large growth over time. It has become the world's largest economy when considering GDP in terms of Purchasing Power Parity, taking into account the cost of goods, services and the country's inflation. According to the book Future Is Asian, written by Parag Khanna, China launched the Belt and Road Initiative strategy to enhance cooperation and spread excess economic capacity; it is an investment plan aimed at improving transportation connectivity between Asia, Europe and Africa. This

strategy indicates that power politics in international institutions will inevitably increase, as will a bigger role on the world stage, meaning that China will have to tackle some global problems. In the dissertation written by "Davide Di Marino" also explained that China believed so much in the BRI initiative that they defined it as a gift to mankind. Since the inception of the Belt and Road Initiative, over US \$ 64 Billion allocated to the initiative and 283 "practical results" have been signed. The BRI policy has succeeded in penetrating Europe, Asia, Africa, Latin America and even Antarctica. Seeing this, the authors of this thesis underline the complexity and global perspective of this initiative, in particular China's ambition to strengthen its presence on the international stage (Marino 2018).

In another journal, Peter Cai explores the BRI policy as the most ambitious of President Xi Jinping's economic policies. It is a policy which aims to strengthen China's economic leadership through major infrastructure development programs in China's neighboring countries. Peter Cai takes the middle ground and believes that the BRI should not be ignored but also not be exaggerated. He believes China's influence will increase through BRI policy. This can be explained through two perspectives: (1) through a geopolitical lens that sees China use the BRI policy to gain political influence with the cooperating countries of the "Silk Road Economic Belt and 21st Century Maritime Silk Road", and (2) through a technological lens initiated through BRI, namely the exporting of Chinese technology and important technical standards to improve the position of the country's industry in the world through the influence of BRI. Peter Cai has also explained that the BRI policy is geostrategy and geoeconomics. The geostrategy that Peter Cai means is that China, through the BRI policy, has a "very significant strategic value" that can strengthen

economic ties, deepen security cooperation and maintain stability in the Chinese environment, and participate in the process of regional economic integration, infrastructure development and connectivity. Geoeconomics refers to China, through the BRI policy, being able to assert leadership through broad economic integration. The aim is to create a regional production chain in which China will become a center for advanced manufacturing and innovation, given China's ability to finance projects and to deal with the complex investment environment outside China (Cai, n.d.).

In the journal “Understanding China Belt & Road Initiative: Motivation, Framework, and Assessment”, Yiping Huang explains what the motivations behind China's BRI policy are and its framework and assessment. In this journal, the BRI policies, which are considered China's biggest international economic ambitions, aim to boost economic development in Asia, Europe and Africa. Chinese President Xi Jinping called for the model of international cooperation "Silk Road Economic Belt" during his visit to Kazakhstan in September 2013. Yiping Huang summarized this discussion into four main points. First, the Belt and Road Initiative is China's effort to maintain its economic growth, which for the last three decades has been considerably fast and mostly derived from the benefits of expansion, exports and Foreign Direct Investment (FDI). Second, the objective of the BRI policy is also a form of affirmation for China of its influence in the international realm and its contribution to international economic architecture. China's experience in developing its country's infrastructure can be observed by developing countries, allowing the the Chinese government to play a greater role in shaping the global economic system through the AIIB and BRI policy. Third, infrastructure

development is an important element of the BRI policy. This initiative is much more comprehensive in scope as it includes policy dialogue, infrastructure connectivity, trade without barriers, financial support and local community exchanges. Infrastructure will play a fundamental role in promoting cooperation and development. Fourth, the BRI policy is indeed beneficial for creating new economic pillars and contributing new policies to economic development. However, it is doubtful whether this initiative will help change the world, as it poses a risk to geopolitics, international policy coordination and cross-border projects (Huang 2016).

In the journal "A real driver of US-China Trade conflict, The Sino-US competition for global hegemony and its implications for the future", Min-hyung Kim provides an explanation of the underlying causes of the Sino-US trade war. The approach used by Min-hyung Kim in understanding the war between the US and China was hegemonic stability theory and power transition theory. Min-hyung Kim stated that in the perspective of the transition of power, there are 3 things for China to challenge US hegemony in the world ; BRI Policy, the establishment of AIIB and Beijing's Plans for "Made in China 2025". The BRI policy, often referred to as the "One Belt, One Road" or the "21st Century Silk Road and Silk Road Economic Path" initiative, has connected Asia, Africa and Europe and promoted regional economic cooperation and infrastructure development. It also promotes world peace through the " The Silk Road Spirit "which means peace and cooperation, openness and inclusion, mutual learning and mutual benefit. Min-hyung Kim also presented data related to BRI policies, indicating that the initiative currently covers about 70 countries that account for 70% of the world's population,

55% of the world's Gross National Product and 75% of global energy reserves. Many countries around the world have officially pledged support for BRI -" From Panama to Madagascar, South Africa to New Zealand". The author of the journal underlines that because of greater cooperation with China resulting from the BRI policy, the US is starting to fear China; the fear it faces is that China will take over US hegemony (Kim 2019).

The latest example of literature is a journal entitled "Beyond Balancing: China's Approach to the Belt and Road Initiative" written by Welfeng Zhou and Mario Esteban. One chapter of this research discusses how China uses the BRI as a soft balance vehicle to thwart US containment. Welfeng Zhou and Mario Esteban emphasize that China's rise as an economic power is increasingly visible. The BRI policy, which goes beyond a pure trade agenda, can be seen as a geo-economic initiative that dares to advance China's geopolitical and geostrategic goals. The BRI policy can serve as a vehicle to offset American dominance. Welfeng Zhou and Mario Esteban included data indicating that the 65 BRI countries increased further than their trade with the US. China and the BRI countries' total trade jumped from 19% to 26% between 2005 and 2014, while total US trade with these countries only increased from 13% to 15%. The stronger China replaced the US as the world's largest trading country in 2012 and is almost the largest trading partner of all BRI countries. The author also provides a clearer picture of FDI based on the World Investment 2016 report by the United Nations Conference on Trade and Development (UNCTAD). China's FDI to BRI countries increased from 9.08 billion in 2006 to 109.77 billion in 2015, accounting for 75% of the total outward FDI for the year. China's positive outward FDI to BRI countries increased from

75.94 billion in 2013 to 109.77 billion in 2015, while outward FDI around the world was relatively stable change over the same period. In general there is a lot of distrust and reduction of trade volume towards the US because of China's rise as a threat. Its power and influence have greatly inflated the countries of the world (Zhou and Esteban 2018).

Existing journals indicate that researchers clearly realize that the BRI policy is China's approach to international cooperation, by expressing China's ambition to play its economic role in a more effective global arena. Against this background, China, through the BRI as a vehicle to shake US hegemony, may even replace US hegemony. Previous researchers have realized that the greater experience of China through the BRI policy approach has caused dependence for countries that collaborate through the BRI. Thus, China's power in the global arena is becoming increasingly dangerous for the US because it is succeeding in dominating territory that was originally owned by the US. Given that China's Belt and Road Initiative Policy is a challenge for the US, the author will focus on how China's BRI policy affects the US in economic aspects, especially the US as the dominant global economy.

## **1.6 Research Framework**

Hegemonic Stability Theory is the theory that world order and stability and peace can be balanced if there is a large state as a hegemonic power. In analyzing a case study on the impact of China's BRI policy on the US in the Asia-Pacific region, the author chooses to look at the Hegemonic Stability theory, to understand the existing problems. Therefore, a reference is needed in Gilpin's book "War and



Change in World Politics" which explains the theory of hegemonic stability, the theory of hegemonic stability based on a "liberal" understanding, which means "Leadership". Gilpin in his book explains the Hegemonic Stability Theory emphasizes changes in the international system in terms of power and competition (Gilpin 1981).

In understanding the role of the Hegemony State in the context of the international system, there are two variables to understand, namely Economic Domination and Changes in the International System. Economic dominance, namely an open world economic system can help hegemonic countries in making other countries comply with established norms and rules, including opening trade. The meaning of that is that the economic domination created by the hegemonic state can encourage other countries to follow the created economic rules, which then influence the economy to create an international regime. In the change in the international system referred to here is the result of the dominant power of a hegemonic state, power here is the essence of economic power, or at least one of its forms, is the ability to terminate commercial relations, trade, financial, or technological severance which actual or threatened can become powerful means of influencing other states. The ability of the hegemon to exercise its power through mechanisms of economic interdependence contributes to the governance and management of the international market economy. A country can be said to be a hegemonic country if it succeeds in transforming the existing system and implementing values which are then followed by other countries (Greenstein 1987).

The Belt and Road Initiative (BRI) is considered to be China's biggest international economic ambition, which has the main goal of generating economic

development in Asia, Europe and Africa or the region through establishing mutually beneficial cooperation and creating mutual prosperity. This is intended to increase understanding and trust and strengthen communication and friendship between countries. BRI's policies have filled important gaps in the international economy, one of which is in the Asia Pacific region. The existence of China's BRI is considered a threat to the United States' hegemon. The World Bank's prediction states that by 2030 China will achieve the title of the world's first economy.

### **1.7 Provisional Argument**

China's BRI policy is a new economic power whose presence brings dominant power one of them in Asia Pacific Region. Its role in the global economy is very strategic and it challenges US hegemony in the economic context. The US, which was initially the actor who determined the sustainability of the international system and created the international economy in its stability, has begun to be disturbed.

Current world stability under the influence of China's BRI policy has created an economic shift in Asia Pacific Region which has created regional blocks and prompted other countries to comply with the norms and rules established through existing trade. The power of US hegemony in the context of the economy is not eternal. The US has experienced a impact in the context of economic dominance in the Asia Pacific region with market closures causing economic instability. The strength of China's BRI through economic power affects the US position in changing the international system, this change causes the decline of US economic dominance in the Asia Pacific region, but still remains a hegemonic country.

## **1.8 Research Method**

### **1.8.1 Type of the Research**

In the research that the author will do, the author chooses to use qualitative research in finding research data. Qualitative research is literature-based research so that it is descriptive and analytical in nature. Qualitative research will help the author to compare research with other studies that are relevant to the research being carried out because in social science itself it is also dynamic or changes from time to time, so the use of qualitative research is the right choice in this study.

### **1.8.2 Subject and Object of the Research**

In making research, determining the subject and object in research is an important thing to make it easier for readers to understand the research to be carried out. In the research that the author will make, the research subject is China as a country that carries the Belt and Road Initiative policy. Meanwhile, the object of this study is to determine the impact of China's BRI policy on the US in the economic aspect.

### **1.8.3 Method of Data Collection**

The author will seek primary data from official websites from both the American government and the Chinese government. Secondary data will be obtained from written media, including academic textbooks, publications, daily newspapers and periodicals. Secondary sources selected are based on the reputation and credibility of the media or publisher as well as their relation to the topic under study.

#### **1.8.4 Process of the Research**

The data collection process refers to the selection process and the application of identification of each data obtained in accordance with the interests of this research. In addition, there are primary sources and secondary sources as a reference for the author in data collection. Primary sources can be obtained through reports directly issued by the official website of the government or agency in accordance with the study of the research you want to analyze. Secondary sources are obtained from books, journals, news articles and so on. The next step is to collect all the data obtained and adjust the material according to the research question. After selecting the data, the last process connects the existing data and correlates them through the author's analysis so the author can answer research questions.

#### **1.9 Thesis Outline**

In Chapter 1, the author outlines the background, objectives, significance and scope of the research, literature review, theoretical basis, provisional arguments, and methods used by the author to support the research. Chapter 1 is the opening information of this research.

Chapter 2 discusses the History of China's BRI policy and the China and US Trade War and the two countries history of competition.

Chapter 3 is divided into two sub-chapters: 1) identification of China's policies that threat to the United States due to the BRI's economic dominance on the Asia Pacific Region; and 2) analysis of the impacts of the BRI policy on changes in the US international system in the Asia Pacific Region.

Chapter 4 is the conclusion and recommendations

## **CHAPTER II**

### **HISTORY OF COMPETITION BETWEEN BRI CHINA AND THE UNITED STATES**

#### **2.1. One Belt One Road (OBOR) to Belt and Road Initiative (BRI)**

##### **2.1.1 One Belt One Road (OBOR)**

One Belt One Road or OBOR is President Xi Jinping's policy which is now known as "Belt and Road". It is said to be China's strategy for infrastructure development which initially focused on economic integration in Asia and Europe, as well as the growth of the West China province (Górski et al., n.d.).

China's OBOR initiative was inspired by the historical roots of the Silk Road: the network that once connected China with countries from Asia, the Middle East, Africa, and Europe. In the early 15th century, under the command of Admiral Zheng He, the Ming emperor sent naval expeditions and treasure ships overseas, reaching the South China Sea, the Indian Ocean and the African continent. Relationships between China and the coastal countries around China have existed since ancient times, and that relationship is none other than through a network of land and sea routes used for trade, communication and cultural exchange (Yu, n.d.).

It is this history of the Silk Road that China now wants to revive through OBOR. The main idea is to build and revive the Silk Road Economic Belt (SCO) trade route. This Mega Project was initiated by President Xi Jinping during a visit to Nazarbayev University, Kazakhstan in September 2013. Then, the policy was reaffirmed with the support of the concept of a project proposed by President Xi Jinping during a visit to Indonesia in October 2013. The project was proposed by President Xi Jinping with the concept of joint development of the 21st Century Maritime Silk Road. Initiatives and efforts initiated by President Xi Jinping are

inseparable from China's interest in increasing regional stability by strengthening wider cooperative relations and synergizing development initiatives from each cooperation (BOLAT 2020).

OBOR has an image as a platform for regional cooperation involving geopolitical projects with broad economic potential. The OBOR has two paths, namely land and sea routes which reach areas that are considered important in the global economy. The land route starts from the city of Xi'An and then passes through several Asian and European countries. The sea route starts from large ports in China, such as Guangzhou, then sails along the waters of the Indian Ocean to Africa and anchors in Europe which is the final destination of China's large ships. In order to encourage the OBOR initiative, President Xi Jinping has begun to implement a regional economic integrity mechanism through increasing inter-regional connectivity. Efforts to get support from each country for the promotion of OBOR have been in good ways. Promotion has been carried out through cooperation mechanisms including the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), China-Expo ASEAN (Association of Southeast Asian Nations), Asia-Pacific Economic Cooperation (APEC), and the Greater Mekong Sub-regional Economic Cooperation (GMS).

Judging from the OBOR route which is speeding up in scale on an increasingly global arena, it is clear that China has plans for a wider reach. Thus, OBOR is now more accurately called the Belt and Road Initiative or BRI, because of the different routes arising between countries among China and Asia, Europe and Africa. This indicates that China has not limited its reach for the project. In 2016, the Chinese government decided to change the term from OBOR to BRI. In addition

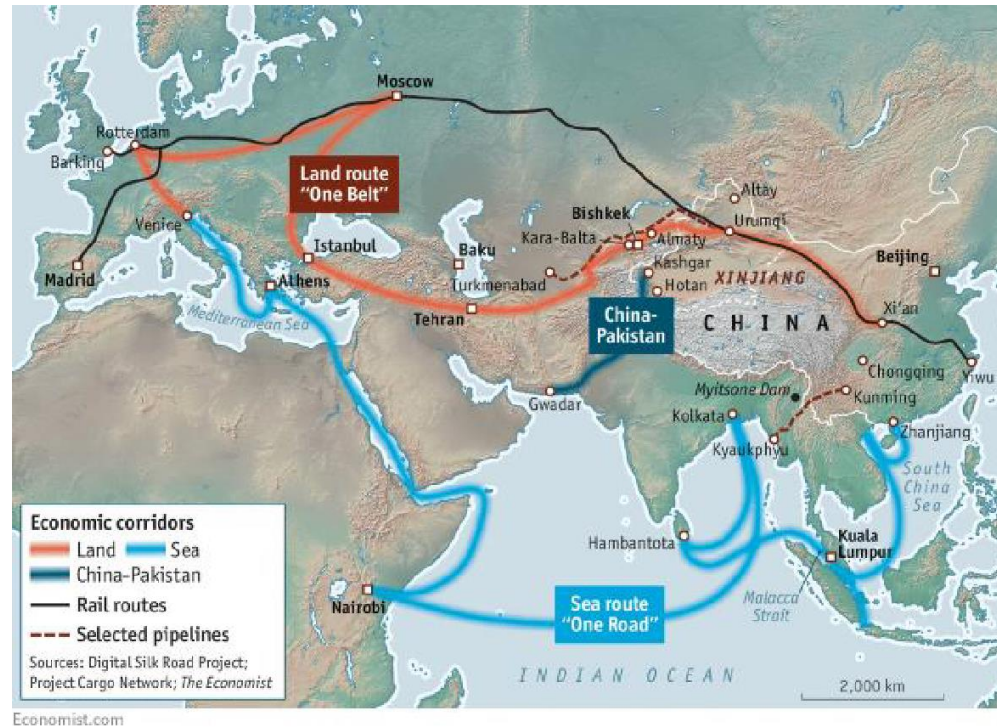
to the expansion of the scope of cooperation carried out by China under this policy, the change in the term OBOR to BRI was also carried out in order to avoid indications of misunderstanding of the word "one" in 'One Belt One Road' with reference to the term One China Policy (Di Marino 2018).

### **2.1.2 Belt and Road Initiative (BRI)**

On March 28, 2015 the Belt and Road Initiative Policy outline was officially issued by the National Development and Reform Commission (NDRC), Ministry of Foreign Affairs (MOFA) and Ministry of Commerce (MOFCOM) of the People's Republic of China (PRC) with the authorization of the State Council. However, the BRI project was officially inaugurated in 2016.

The Belt and Road Initiative is a long-term policy and investment program on a transcontinental scale with the aim of infrastructure development and accelerating economic integration of countries on the Silk Road. The motivation for this cooperation is none other than the internal encouragement of the Chinese state, which has proven strong significant growth in the country and has shown itself to be ready to build international-scale growth ("China Heralds Resurgence through BRI | Daily News" n.d.).

**Figure 2.1** Bri Policy China Map



**Source:** Economist.com

Unsurprisingly, through presenting the BRI China project and cooperation openly and being present as a new world economic power, China has invested more than a thousand billion dollars in the project, suggesting that there must be financial sources of the investment. Sources of financing in the BRI project as identified from data taken from the OECD, Chinese Academy, et al., (2017), Reuters (2017), US-China ESRC (2017), and Silk Road Fund include 10 institutions outside the Ministry of Finance and Ministry of Commerce. These include:

1. The end of December 2015, China Development Bank has invested estimated exposure (110 USD Billion) in 400 projects in 37 economies;



2. China Exim Bank which has invested estimated exposure (80 USD Billion) involved in 1,000 projects in 49 countries;
3. The Agricultural Development Bank of China which has had little investment so far but is expected to play a larger global role in the future;
4. Industrial and Commercial Bank of China (ICBC) which has invested estimated exposure (67 USD Billion and estimated to reach around 159 USD Billion) involved in 212 projects.
5. Bank of China which has invested estimated exposure (100 USD Billion) in the period 2016-2018.
6. Silk Road Fund which has invested estimated exposure (40 USD Billion)
7. China Construction Bank which has invested estimated exposure (10 USD Billion)
8. New Development Bank (NDB) which has invested estimated exposure (1,261 USD Billion)
9. China Export and Credit Insurance Corporation which has invested estimated exposure (570.56 USD Billion)
10. Asia Infrastructure Investment Bank (AIIB) which has invested estimated exposure (2.33 USD Billion)

The Chinese government, through established instruments, has confidence in the international arena to meet infrastructure needs by way of investment so as to achieve a mutually beneficial position. China alone cannot fund all of the enormous infrastructure needs and so it needs to create a healthy investment

environment to attract the required capital and of course ensure that the host country also gets the best feedback on the investments made.

Through this funding, the BRI is present as a mega project aimed at rebuilding the Silk Road, both the land route and the sea route with significant investments. The Silk Road Economic Belt connects China to Central and South Asia to Europe, and the Maritime Silk Road connects China with Southeast Asian countries, East gulf countries, Africa, and Europe. In the creation of BRI, China has made a development model, namely the Economic Corridor which is divided into six corridors. The six economic corridors include: 1) the China–Mongolia–Russia Economic Corridor including the railway, 2) the New Eurasian Land Bridge involving trains to Europe via Kazakhstan, Russia, Belarus, and Poland, 3) China–Central Asia–West Asia Economic corridor connecting to Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran, and Turkey, 4) the China–Indochina Peninsula Economic Corridor which includes China, Vietnam, Thailand, Laos, Cambodia, Myanmar, and Malaysia, 5) the China–Pakistan Economic Corridor which connects Kashgar City with Pakistan's Gwadar Port and in this corridor the Xinjiang Province will be most affected, and 6) the Bangladesh–China–India–Myanmar Economic Corridor. BRI with its focus on global connectivity and integration, has the potential to contribute to the long-term corridor economic development (The World Bank 2019).

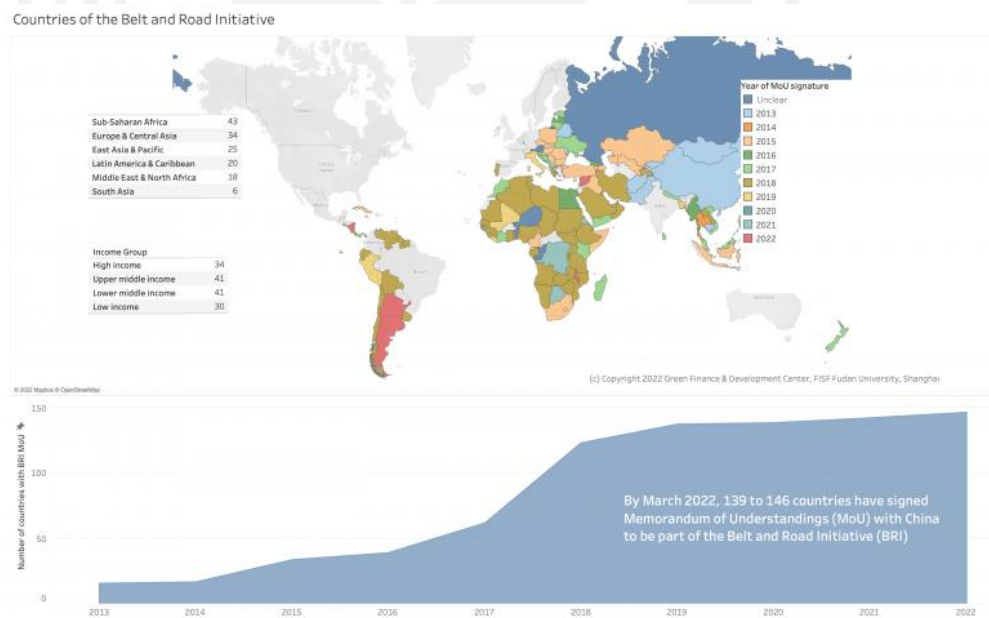
The BRI is best summarised by President Xi Jinping:

***“China will actively promote international co-operation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-***

*people connectivity and thus build a new platform for international co-operation to create new drivers of shared development” (Jinping 2017).*

Based on data from the China International Trade Institute, the economic activities participating in the BRI represent more than 1/3 of Global GDP, and more than half of the world's population. Based on research data from the Green Finance & Development Center (GFDC), which also refers to the Belt and Road Portal, ([www.yidaiyilu.gov.cn](http://www.yidaiyilu.gov.cn)) stated that as of March 2022, the number of countries that have become members of the BRI Policy by signing a Memorandum of Understanding (MoU) with China is 146 countries (WANG 2017).

**Figure 2.2** Countries that are members of BRI



Source: greenfdc.org

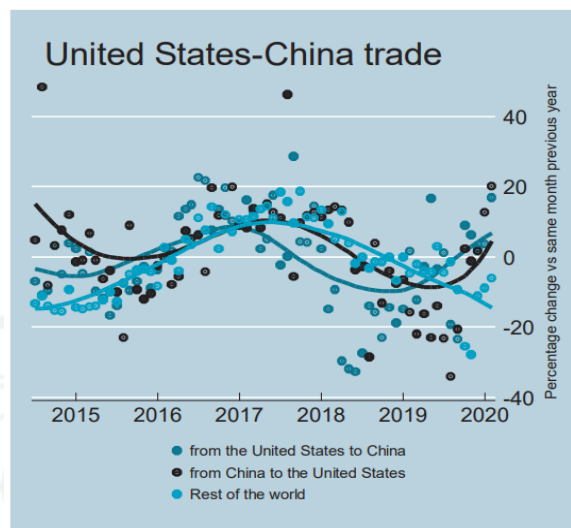
Projects under BRI's policies include those related to infrastructure development in the transportation, energy, mining, technology and communications sectors. In addition, China, through BRI, is also working on industrial estate development projects, Special Economic Zones (SEZ), tourism, and urban development, some developments of which have been eyed by many countries. Based on data from the Organization for Economic Co-operation and Development (OECD), the China BRI's global construction project investment from 2005 to 2017 reached a Cumulative Total of USD 480.3 billion for BRI participating economies and about 59% of the global total of USD 814.3 billion (OECD BUSINESS AND FINANCE 2018).

## **2.2 China The US Trade War: A Look at the History of The Competition Economy**

Looking from a historical perspective, China and America are two very different countries. In a simple interpretation, China is an old country that is developing modernization, while the United States is a modern country that is still young and established. China and the United States have complex differences when it comes to influencing the other country through policies. Put simply, the relationship between China and the United States is full of dramatics and accompanied by their impact on a world full of twists and turns. The United States and China are the two countries with the largest economic influence in the world, China, with its real growth in political influence, military and technological power, is a challenge to the dominant power of the US so it goes without saying that conflicts between the two great powers cannot be avoided.

China's economy collapsed during Deng Xiaoping's economic reform in 1978, but after years of work on structural changes, China's economy has progressed. Data of gross domestic product (GDP) indicates that GDP skyrocketed an average of 9.6 percent per year from 1978. In addition, China's foreign trade increased rapidly after joining the World Trade Organization in 2001 with China's bilateral trade amounting to nearly US\$559 billion in 2019. On the other hand, the United States experienced a large trade deficit of US\$375.6 billion in 2017. This was originally US\$103.1 billion in 2002, but the deficit increased further to US\$345.6 in 2019. According to the Office of the United States Trade Representative the deficit was due to China becoming arival in the trade war (Zhang 2021).

**Graphic 2.1** United States and China Trade



**Source:** UNCTAD secretariat calculations based on IMF Directions of Trade Statistics, and United States and China national statistics.

The increasing strength of China's economy became increasingly apparent when China became the dominant player in international export trade. Based on data from the statistical company "Statista", China became the leader of exports in 2015 indicated by China's gross domestic product (GDP) reaching USD 14,092 million, absolute GDP based on purchasing power parity was higher in China (USD 23,159 million) compared to the US (USD 19,390 million), China's calculated annual volume of exports USD 2,263.33 million, compared to US exports of USD 1,546.72 million (Szmigiera 2022).

In response to this, President Donald Trump promised in the 2016 United States presidential election campaign that he would start reducing the trade deficit with China. Trump's approach was none other than trying to limit China's rise in the global economy. When Trump took office, the United States put basic norms of mutual respect aside and began making false accusations against countries. One of these accusations was against China, and was an accusation of acts of intimidating other countries through boldness, such as economic measures that impose more tariffs. United States policies are seen as policies of national egoism that ignore the economic interests of partner countries in world economic and political organizations (Kapustina et al. 2020).

Currently, relations between the United States and China are deteriorating in the political and economic spheres. In the last few decades, the emergence of China as a new global economic power has been criticized by the United States. The United States appears nervous with China beginning to dominate the economy, and it often takes unilateral trade actions to suppress China's position. One example of this is the United States suing China at the World Trade Organization for

intellectual property issues. The increasing trade friction between the United States and China is also having a domino effect that threatens the global economy. The trade competition between the United States and China is known as the "Trade War": the United States and China have imposed or increased tariffs or trade barriers in a war that began in 2018.

In 2018, the United States and China increased tariffs on each other. On July 6, 2018 the United States placed 25 percent import duties on about US\$34 billion of imports from China. China then responded by imposing 25 percent tariffs on 545 US goods worth \$34 billion. On August 23, the United States imposed a further 25 percent on \$16 billion worth of Chinese imports, and again China responded by imposing a 25 percent tariff on \$16 billion worth of U.S. goods. On December 1, 2018, the United States and China agreed to a ceasefire at the G20 summit, with the U.S. suspending tariff increases from 10 percent to 25 percent on \$200 billion worth of Chinese goods due to take effect on 1st January of 2019. Goods imported from China include automobiles, hard disks, aircraft parts, iron and steel products, electrical machinery, railway products, instruments and equipment. Goods from the US include agricultural products, cars, aquatic products, Harley-Davidson motorcycles, bourbon, and orange juice (Wong Chipman 2020).

In 2019, on May 10 China responded by announcing that it would increase tariffs on \$60 billion worth of US goods starting June 1. On June 29 the two countries agreed to a trade war truce at the G20 summit in Japan, delaying the imposition of new U.S. tariffs of up to 25 percent on \$300 billion worth of Chinese goods. On Aug. 23 China announced tariffs of 5 and 10 percent on \$75 billion worth of U.S. goods from Sept. 1 and Dec. 15. On December 13, China and the US agreed

to a phase one trade deal just days before 15 percent tariffs were set to apply to about \$160 billion of Chinese goods. The US agreed to reduce tariffs on \$120 billion worth of Chinese goods imposed in September (Reuters 2019).

In 2020, January until May, China halved additional tariffs on US\$75 billion worth of American products imposed in 2019, agricultural products such as pork, beef, chicken, soybeans, crude oil. China allowed imports of soybeans and blueberries from US. In the period of July until September of 2020, dozens of US imports from China, including disposable face masks, respirators, Bluetooth tracking devices, and musical instruments, were granted a brief extension to the previous tariff exemption until the end of 2020. The US customs agency issued a Release Cut Order, banning cotton, apparel, hair products, and computer parts from four Xinjiang companies. China decided to waive additional tariffs on 16 US products, including shrimp fry, grease and pharmaceuticals, for another year. The US government said it would start blocking imports of all cotton products made by Xinjiang Production and Construction Corps (XPCC) (Mullen 2021).

In 2021, U.S. President-elect Joe Biden said he would review steps to increase trade war tariffs. On October 4, United States Trade Representative Katherine Tai said that the Biden administration would continue to open up potential additional exemptions, because the review found that some tariffs were causing significant commercial harm to US interests. On November 1, United States Treasury Secretary Janet Yellen said the United States expects China to fulfill its commitments under the phase one trade deal. This culminated on November 4 into China's state-owned oil giant Sinopec signing a contract with US Venture Global LNG to buy 4 million tonnes of LNG annually for 20 years. Five



days after the agreement, on November 9, the US again extended the ban prohibiting American investment in Chinese companies. On January 19th of 2022, US President Joe Biden said he would not increase tariffs on Chinese imports because Beijing was not complying with the phase one trade deal. On January 26, the WTO authorized China to impose tariffs of US\$645 million in compensation against the US after a decade of alleged subsidies (South China 2020).

The trade competition between the United States and China, commonly known as the “Trade War”, became more visible when China launched the “Belt and Road Initiative” (BRI) policy. China start to have more influence on the position of the United States as the dominant country. With its rapidly expanding economy, significantly expanding regional and global influence, and continued military modernization, China is poised to take the throne of the much coveted "global hegemon" from the US.

### **CHAPTER III**

#### **HEGEMONIC STABILITY THEORY ANALYSIS OF IMPACTS OF BRI CHINA ON THE US AS THE GLOBAL ECONOMIC DOMINANT IN ASIA PACIFIC REGION**

Hegemony can be summed up in very simple words as the position of being the most powerful state in global politics or in the world and based on this position one country has the ability to influence other countries. This position exists because the state has a military power that has the best weapons at its disposal, economically maybe it means the state has a lot of money to spend on international affairs and everything so it has the economic power to give money to lend in the form of loans and so on. On the other hand political power basically has political influence over other countries, this can happen in the form of democracy or have other politics. So hegemon will occur if it has military power, economic power and political power. Hegemony comes from the word hegemon which comes from the word "Hegemonia" from the Greek, basically means to dominate.

In this analysis, Robert Gilpin's Hegemonic Stability Theory and Antonio Gramsci's Hegemony Concept are used to analyze China's position through China's BRI policy, which poses a threat to the US as the dominant global economy. This chapter has been divided into two sub-chapters, namely: 1) identification of China's policies that threat to the United States due to the BRI's economic dominance in the Asia Pacific Region; and 2) analysis of the impacts of the BRI policy on changes in the US international system as the dominant global economy (Gilpin 1981).

### **3.1. BRI Economic Domination**

#### **3.1.1 Quality of BRI Agreements in economic dominance on the Asia Pacific Region**

The BRI project in ASIA covers several regions including Central Asia, South Asia and Southeast Asia. Looking in more detail at the role of BRI in *Central Asia*, Kazakhstan made investments and contracts within the BRI framework (in 2013 – 2020) were USD 18.69 billion according to China Global Investment Tracker. More than half of the total amount, USD 9.53 billion, was allocated to the energy sector, while 3.81 billion was invested in transportation, 2.65 billion in chemicals and 1.91 billion in metals. Tajikistan invests and contracts within the BRI framework according to China Global Investment Tracker since the announcement of the BRI – USD 540 million in metals, more than 300 companies with Chinese capital registered in the country, These investments are in energy, textiles, mining and quarrying, agriculture and oil refining. Uzbekistan made investments and contracts within the BRI framework according to China Global Investment Tracker in 2013 - 2020 totaling USD 2.24 billion, made up to USD 720 million in real estate, USD 560 million in transportation, USD 440 million in chemicals and USD 340 million in energy. There are 1,652 companies with Chinese investment in Uzbekistan at the beginning of 2020, 531 were founded in 2019, more than 120 companies have 100% Chinese equity (Taliga 2021).

BRI projects in the Central Asia include the 2017 Kyrgyzstan-Iran-Tajikistan Railway Project. As of 2017, China had a 50% stake in the Asian pipeline in Kazakhstan, Turkmenistan and Uzbekistan. In 2016 the international freight train bound for Kutun-Dushanbe passed through Kazakhstan, Uzbekistan and Turkmenistan with a route of 1,988 miles. In 2018, the 572-mile truck route

transportation corridor proposed by Uzbekistan in 2017 passed through Uzbekistan-Kyrgyzstan-China. Based on an article from the World Bank, in 2018 the longest road route connecting Xinjiang with Mashhad (Iran) via Kazakhstan, Uzbekistan and Turkmenistan continued to Turkey and Europe (Hoh 2019).

China's BRI in *South Asia* has taken a country-adjusted approach, in Pakistan the BRI was greeted with enthusiasm and succeeded in sustaining public perception in Pakistan of China as a strategically important partner country within the BRI framework, BRI China Projects such as the China-Pakistan Economic Corridor in 2015 worth USD 62 billion intended to connect Southwest China to Pakistan, other initiatives are building a railway line to Kashgar in China's Xinjiang Province; Energy projects such as coal-fired power plants and gas and oil pipelines, as well as wind, solar and hydropower projects throughout Pakistan; China and Pakistan have created nine special economic zones in Pakistan around the project; development of Gwadar port, intended to be, as Pakistan's Ambassador to China Moin ul Haque. China is Pakistan's biggest creditor, and by 2021, Pakistan's investment into China will reach \$24.7 billion (Anwar, n.d.).

. China's BRI in India, India is a hegemonic state in the South Asian region India sees China as its greatest geopolitical threat, and any possible benefits of BRI are outweighed by the fact that it requires and contributes to a stronger Chinese presence in South Asia. But in 2016, in the northeastern region, India saw that China's connectivity initiatives could offer economic benefits through cross-border trade routes to parts of India that were not only geographically but politically remote and economically backward (Baruah 2018). Bangladesh through the BRI framework uses BRI to extract investment not only from China but also from India,

in 2016 the Chinese government offered Bangladesh a \$38 billion economic package. Nepal is also one of the countries that welcomes China's BRI framework, BRI in Nepal covers connectivity and infrastructure. The project being carried out is a connectivity project connecting Kathmandu and Beijing via rail and road, the Kyirong-Kathmandu railway worth USD 2.15 billion. In addition, BRI in Nepal is developing hydroelectric power projects, border facilities, oil storage facilities, and feasibility studies to research oil and gas resources. Sri Lanka through China's BRI framework has invested \$23.9 billion in Sri Lankan infrastructure, with roads and toll roads receiving the largest investment followed by port buildings. But Sri Lanka in 2017, was unable to repay loans to China and was forced to lease the Chinese port of Hambantota (Miller, n.d.).

In *Southeast Asia*, according to a 2018 study by Oxford Economics and the CIMB ASEAN Research Institute, BRI projects in ASEAN countries total more than US\$739 billion. Indonesia investment at US\$171 billion, followed by Vietnam US\$152 billion, Cambodia US\$104 billion, Malaysia US\$98.5 billion, Singapore US\$70.1 billion, Laos US\$48 billion, Brunei US\$36 billion, Myanmar US\$27.2 billion, Thailand US\$24 billion and the Philippines US\$9.4 billion (Phidel Vineles 2019). BRI projects in Southeast Asia include the 2015 Jakarta-Bandung (Indonesia) Railway consortium, the Melaka Gateway signed in 2016, the Malaysia East Coast Railway agreement carried in 2017, and the China-Myanmar Economic Corridor signed in 2018. In 2016, Laos carried out an agreement on the construction of the 414 Kilometer Railway project linking the China Border with Laos (Gong 2019). Singapore's participation, in 2015, was through the signing of an MoU, namely the Chongqing Connectivity Initiative (CCI) which promotes the growth of

the China-Singapore West region through transportation. In 2019, Subana Jrong and the Silk Road Fund signed a MoU Platform co-investment focused on greenfield funding in Southeast Asia. In 2020, Top International Holdings Singapore and Yantai Port Co. Ltd undertook construction of a 100km port and river in Guine. In 2020, a consortium of Bank, BDS Singapore and Bank of China financed a greenfield alumina refinery in Indonesia with a total transaction of US\$500 million (Ba 2019).

China's economy is growing with *Pacific island* nations by BRI expansion, according to the Lowy Institute mapping project, China's aid commitments to the Asia Pacific region in 2016 amounted to UA \$277.44. China is now partnering with Fiji, PNG, Tonga, Samoa, the Cook Islands and Vanuatu. BRI increases incentives to seek commercial opportunities in Pacific Island countries and opens up new sources of funding for these projects. In a 2018 report, the US-China Economic and Security Review Commission stated that “Although the Pacific Islands receive less attention and resources than the rest of the world, China is included in its main diplomatic and economic development policy—the Belt and Road Initiative (BRI)— which shows that China has geostrategic interests in the region” (Ibid).

Papua New Guinea's involvement in 2016 formally signed on to the BRI. These projects include significant improvements to the road system on the mainland, New England and New Ireland, construction of a US\$4 billion industrial estate in Sandaun Province and increased water supply to the Eastern Highlands Province , US\$3.5 billion road project written with China Railway Group through BRI. New Zealand and Cook Island, New Zealand announced a US\$14 million China-financed road reconstruction project in 2017 under the BRI framework. On

27 December 2017, the Cook Islands joined the AIIB, with the aim of providing an alternative financing for infrastructure development, the Cook Islands also attended the first China International Import Expo in Shanghai, discussing the BRI mechanism to bring overseas companies to China to meet with domestic buyers. Tonga in December 2018, at the APEC Summit in Port Moresby, Tonga formally committed to BRI through an MOU and received a five-year suspension of the concessional loan. Vanuatu joined the BRI and AIIB framework in 2018 at the APEC Summit in Port Moresby, Vanuatu took and took advantage of the opportunities offered by China in order to increase economic cooperation. In 2018, Fiji signed a long-imposed MOU with China on cooperation with the BRI framework, Fiji through the BRI framework explained that this cooperation creates investment opportunities (potential) and a movement towards mutual prosperity (gotong royong), Fiji countries and China have jointly built the discourse on Look North and BRI as mutually compatible projects. Samoa joined China's BRI framework in 2018, the Prime Minister of Samoa told Chinese media that Samoa's interest in the BRI was primarily about access markets. Micronesia's involvement in the BRI and AIIB in 2019, the agreement when the new president of the Federated States of Micronesia David Panuelo visited China. In 2019, the Solomon Islands joined the BRI and followed by Kiribati, the Solomon Islands announced the start of several projects, including a multi-million dollar revival of the Gold Ridge mine and the construction of a facility for Pacific Games. The Pacific Ocean is represented by the Maritime Silk Road Initiative, which resembles the ancient Maritime Silk Road connecting China from Fuzhou in Fujian to different parts of the world, but with an emphasis on connections to Europe. These projects involve

a variety of Chinese actors, including the state, state-owned enterprises, and private companies. The Maritime Silk Road Initiative underpins China's establishment as a territorial and economic power (Smith and Wesley-Smith 2021).

Understanding the role of China's BRI in the context of economic dominance, China's BRI in the Asia Pacific region has created an open world economic system by providing hundreds of billions of US dollars by helping other countries through infrastructure and industrial development. China's BRI makes countries in the Asia Pacific region comply with established norms and rules. That is, the economic dominance created by China's BRI which encourages other countries to follow the economic rules of China's BRI, which then influences the economy to create an international regime in the Asia-Pacific region.

### **3.2 Changes in the International System caused by China's BRI Impact on the US in the Asia Pacific Region**

Seeing the role of the US for several decades has been able to play a central hegemonic role in the Asia Pacific region, but recently the new order has begun to shift and the presence of new powers with China's presence in the Asia Pacific region. The US is experiencing a decline in power over China's increasing influence in the economic context. China through BRI has strengthened its competitiveness and established China as a new power. In 2016, the US made the Trans Pacific Partnership agreement, TPP is a free-trade deal that benefits the US, TPP also helps the US in monitoring China, whose condition is a competitor of the US economy. The TPP is the largest regional trade agreement in history between the US and 11 Pacific countries, including: Japan, Vietnam, Brunei Darussalam, Singapore,



Malaysia, Australia, New Zealand, Peru, Chile, Mexico and Canada (Devadason 2014).

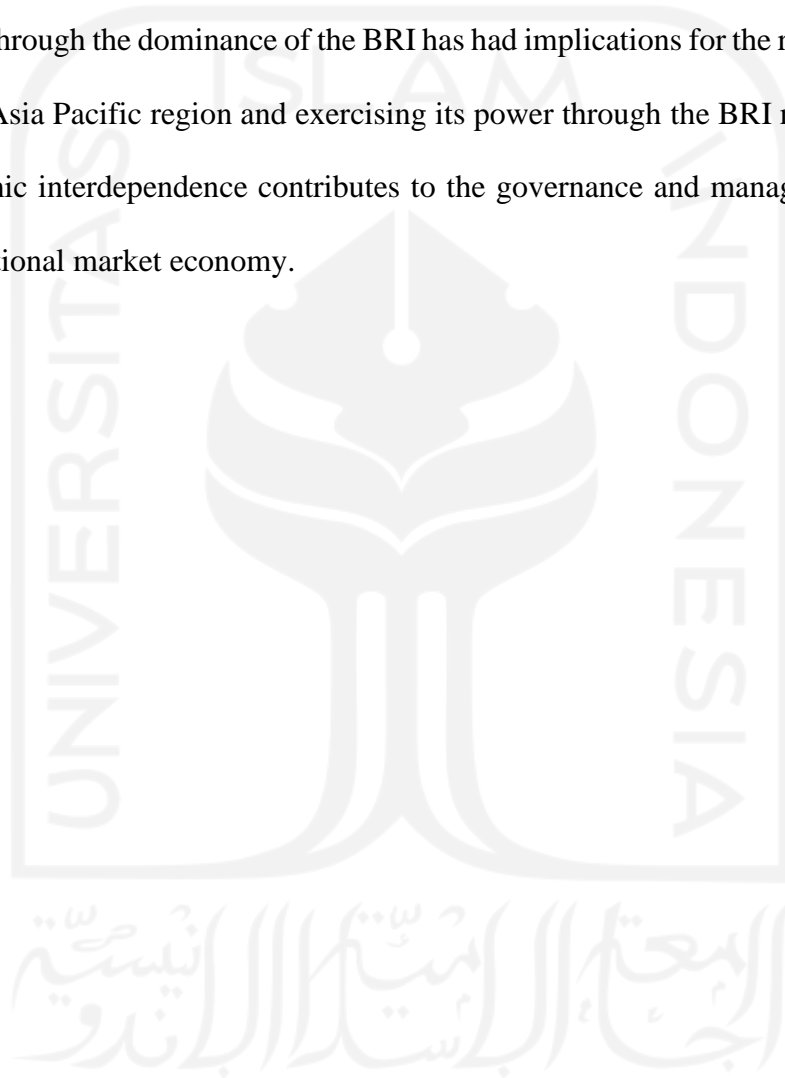
The TPP is one of the collective agreements that has great potential in the global economic cycle, but its peak when Trump was elected president finally withdrew the US from the TPP in 2017. Trump's policies have had an impact on the Asia Pacific region: First, because the withdrawal of the TPP policy actually provides a golden ticket for China to dominate the Asia Pacific region in the future, with the condition that China through BRI is intensively cooperating in expanding economic influence. Second, the emergence of statements of disappointment and distrust from countries that have joined the TPP which could cause those countries to turn to China which of course threatens the position of the United States in the Asia Pacific. Third, destroy the influence of the United States' national power that had been built during the Obama era. The rise of China through the BRI will prevent the US from being able to compete with China in the economic aspect. When the US used the TPP to increase its influence in the Asia Pacific region, China then came up with a Belt and Road Initiative Policy to counter the domination efforts from the United States, but when the US withdrew from the TPP and left the region, it meant that there was no dominant power at play in Asia Pacific, then China has increased in cooperation and economic dominance, so BRI China as a rising power has full control over the framework of economic cooperation in the Asia Pacific region. From the events carried out by the US, which led to changes in the international system, China, through BRI, exercised its power through the mechanism of BRI's economic interdependence and contributed to the governance

and management of the international market economy, especially in the Asia Pacific region (Hamanaka 2014).

Since 2016 when the BRI was proposed, China's BRI ushered in a new era of regional and economic diplomacy among Asia Pacific countries. Many projects in Central Asia, South Asia, Southeast Asia, and the Pacific Island have been successfully completed and provide better facilities for trade and investment. The rise of China is a threat to US dominance in the Asia Pacific region, the supremacy and dominance of the US in the Asia-Pacific region cannot be denied after World War II is invincible, but over time this perception has been refuted by the rise of China in the 21st century through policy BRI, and according to the Foreign Service Institute, it is predicted that China will overtake the US and become the world's largest economy after 2030, which has forced Washington to prepare all possibilities and strategies. China's BRI connects about 70 countries, 5 of which collectively represent about 65 percent of the world's population and a third of the world's GDP, more than 50 percent of the Belt and Road Initiative countries are in the Asia-Pacific region. According to the Economic and Social Commission for Asia and the Pacific, the world economy is accelerating the changes that have already begun: moving from a country-centered United Globalization to a more China-centered globalization. The new world order will develop gradually one of the economic fields, the future China BRI policy may be revealed in every sector in the long term and how it can affect the country's Initiative and the Initiative itself (ESCAP 2021).

The US saw the pace of China's BRI getting wider, Trump then made a new strategy, namely "Free and Open Indo-Pacific (FOIP) which was inaugurated in

November 2017. If you look closely, FOIP is a counter strategy made by the US in response to China's rise in the Asia Pacific region. or rather a strategy to fight BRI. This strategy has also received support from US allies in the Asia Pacific region, namely Japan, Australia and India (Korwa 2019). The US will inevitably recognize China's dominance both in the Asia Pacific region and in the world. The rise of China through the dominance of the BRI has had implications for the reconstruction of the Asia Pacific region and exercising its power through the BRI mechanism of economic interdependence contributes to the governance and management of the international market economy.



## **BAB IV**

### **CONCLUSION**

#### **4.1 Conclusion**

The presence of a new economic power can be seen when China has begun to grow into a new superpower. China's foreign policy through the BRI is rare and is China's most ambitious economic initiative. China, through its BRI policy strategy, has a dominant power and promotes International Cooperation which presents a challenge to US hegemony in the economic context of the Asia Pacific region. This study uses Robert Gilpin's Hegemonic Stability Theory, Gilpin explains that becoming a hegemonic country is seen from 2 indicators, namely: 1) economic or military dominance, and 2) changes in the international system.

As for variable of economic dominance, China through BRI has proven to have an impact on the US as the dominant global economy in the Asia Pacific region. China's BRI agreement in the Asia Pacific region began to control strategic areas which resulted in US instability in the economic context, causing a decline that tends to slowly close US cooperation. The economic domination by BRI China in the Asia Pacific region then regulates other countries and causes dependence on other countries to BRI China.

In the second variabel of changes in the international system, China through the BRI exercises its power through the mechanism of economic interdependence and contributes to the governance and management of the international market economy, due to the withdrawal of the US from the TPP in Asia Pacific and then the dominant economic power is controlled by China. By looking at the formulation of the problem in this final project, namely: **How has China's BRI policy impact the US economic dominance in the Asia Pacific?**, it can be concluded that China's

BRI has given the US economy as the dominant global economy in Asia Pacific, but the US is still the hegemonic country in the world, because to see the shift in hegemony there are 3 things that need to be mastered, namely: Economy, Military, and Politics.

#### **4.2 Recommendation**

Given the explanations that have been outlined in this study, from analysis to the results of the analysis, it is important to emphasize that there are still many shortcomings and limitations. The author provides several suggestions for further research:

1. The author only conducts an analysis that only focuses on the context of China's BRI economic policy towards the US economic dominance in the Asia Pacific Region, for further authors to find out economic dominance in the Asia Pacific region, other data can be added other outside BRI data.
2. Because the scope of this research is from 2016 to 2021, it cannot be guaranteed that China's BRI will match the US hegemony in the Asia Pacific region because the conditions of Economic Hegemony are still subject to change. Further research should focus on changes in the economic hegemony of competitors other than China's BRI so that the condition of US hegemony in the economic context can still change, will be threatened or will persist.

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