Don’t Just Knock the BRI—Beat It
How the U.S. Can Offer a Better Path for International Development

Kunal McKani, Yulia Shalomov, and Sofia Economopoulos

The People’s Republic of China (China) has used its Belt and Road Initiative (BRI) to extend Chinese influence around the world—often at the expense of U.S. strategic interests—through large-scale infrastructure projects. The U.S. has raised alarm bells about the BRI but has not offered a compelling alternative to developing countries. A viable U.S. development alternative can offer a needed contrast to the inherent downsides of BRI projects and play to U.S. economic strengths by leveraging the private sector, with the U.S. government in a supporting role.

Soft Power Matters to U.S.-China Competition—And Development Is a Key Part

American credibility has been in steady decline for decades, with global perceptions of the U.S. as a waning democracy eroding its political and soft power reserves and undercutting the foundations of U.S. global leadership.[1] This trend forewarns a critical challenge to U.S. foreign policy. Soft power and its capacity to leverage noncoercive means to shape international politics is an indispensable complement to hard power capabilities, helping to strengthen enduring political alliances through goodwill, economic ties, and the strength of shared values, ideas, and culture. Allowing such ties to fray has prompted growing cynicism of U.S. values and commitments and expanding nonalignment, directly challenging US hegemony.

Exploiting such gaps, China has leveraged its growing social and political cachet to advance its interests in the escalating great power competition with the U.S. Nowhere is this more evident than through its BRI. With unmet global infrastructure needs at $18 trillion, the BRI has grown into a $1 trillion infrastructure and development scheme, funding transportation, manufacturing, energy, and digital infrastructure projects around the world.[2] It has constructed new trade linkages and export markets for Chinese companies, displacing the U.S. as the premier economic partner across the Global South amid shifting domestic attitudes in favor of economic and diplomatic isolationism and more deeply embedding China in strategic industries. Its expansion, buoyed by the absence of Western-style conditionality on aid and a narrative of shared postcolonial solidarity,[3] has contributed to steady improvement in global attitudes toward Beijing, as China has become the largest official creditor in the developing world.[4] Tightening economic links have in turn become a lever of political pressure on local and national policies, pushing greater political alignment with China and transforming geopolitical dynamics in strategic regions.[5]

Countering the success of China’s strategic soft-power diplomacy necessitates reinvestment in American global influence and networks. Specifically, creating a viable alternative to China’s BRI would give the U.S. a concrete way to increase its soft power. A more coherent, streamlined approach to development, comparable to the heft and brand recognition of the BRI, would enhance U.S. international credibility and standing while helping to reinvigorate partnerships in the Global South and other geostrategic regions. Many countries have turned to Chinese loans as an easy recourse for rapid infrastructure and economic development. However, China designed the BRI to further its economic and political interests, not out of values-based leadership or genuine commitment to local development.[6] Its projects have often been dogged by accusations of corruption and fiscal unsustainability and loss of sovereignty to China.[7] The U.S. can offer distinct advantages by comparison.

Majorities in most countries still lean more favorably toward the U.S., which is still viewed as a leader in global peace and stability, technological innovation, education, and culture.[8] Developing countries prize ties with the U.S. as a better value proposition overall because it is more focused on their national interests, investment in local skills and sector development, and a commitment to transparency and private sector growth.[9, 10]

Yet so far, disparate U.S. development initiatives have fallen short of creating a compelling BRI alternative.

Myriad Development Initiatives Have Struggled to Chart One Clear Path Forward

The U.S. development budget today is approximately $63 billion—significantly larger than China's—but spread across multiple agencies, applied to a larger and more diverse number of countries and regions, and not primarily focused on infrastructure or advancing U.S. influence.[11] While USAID has historically led in fund disbursement, new agencies like the U.S. International Development Finance Corporation, Millennium Challenge Corporation, U.S. Trade and Development Agency, and U.S. Export-Import Bank, have steadily expanded their annual fiscal budgets to support global development projects. The new methods of development represented by these agencies, and their added financial resources, could strengthen U.S. soft power objectives. However, their struggle to operate effectively in concert with each other and the private sector has made it difficult to match the consolidated resources and branding of the BRI.[12]

In 2021, the G7, galvanized by the U.S., announced the Build Back Better World (B3W) initiative as a multilateral alternative to the BRI. The B3W, later rebranded the Partnership for Global Infrastructure and Investment (PGI), would mobilize $600 billion in energy, physical, digital, health, and climate-resilient infrastructure financing over the next five years—$200 billion of which would be spent by various U.S. agencies.[13] The PGI is under the purview of the U.S. Department of State, which while a relative newcomer in the U.S. development space, is best fit to lead diplomatic coordination with G7 partners and project countries. However, implementing the PGI has been characteristically slow, mired by complex and inflexible bureaucratic processes that deter the nimble cross-agency coordination needed to maximize resources efficiently and deliver infrastructure projects at the scale the PGI has pledged. Most fundamentally, despite the goal of fostering private sector buy-in, the PGI has not developed a clear strategy to achieve it.[14] An older multilateral initiative, the Blue Dot Network (BDN), was introduced in 2019 with the same goal of mobilizing private sector investment through a "voluntary certification mechanism based on quality infrastructure standards," including gender equality, labor and environmental standards, and improved transparency, governance, and anti-corruption measures—all in clear contrast to the BRI.[15] However, the BDN's Michelin star–style system has similarly offered minimal value to developing countries or incentive for private sector investment given the lengthy assessments required for participation and lack of a distinct funding mechanism.[16]

As the U.S. readies for a new administration—and new policy agenda—a recalibrated development initiative that contributes to a dual objective of securing international supply chains and ensuring American access to critical resources could find a more receptive domestic audience.[17] In accomplishing its objectives, this new development initiative could explicitly push back on China's spreading global influence while creating economic opportunities for U.S. companies through reinvigorated partnerships with strategic partner countries.

Don't Match the BRI: Debt Traps, Monopolization, Corruption, and Cut Corners Are Not the Best Path to Development

A U.S.-led global development initiative should not try to replicate the BRI's structural foundations, which are based on the peculiarities of China's economic and political system. While they produce some advantages—speed, scale, and responsiveness to political objectives—the disadvantages are increasingly obvious: massive debt for uneconomic projects, limited benefits for non-Chinese firms, corruption, and shoddy standards.[18]

Beijing directs government-controlled banks to make large loans—funded by excess savings generated by China's export economy—to recipient countries that fund large infrastructure projects built by Chinese state-owned enterprises (SOEs). This gives Beijing direct control over project decisions—without any private sector check for economic feasibility—and political leverage over recipient countries. Many projects become deeply unpopular debt traps and use imported Chinese labor, thus creating minimal direct economic spillover in jobs, opportunities for domestic companies, or skill development, and can leave countries reliant on Chinese SOEs for ongoing operations.[19] Even for China, the scale of lending is unsustainable in the long run, and it appears Beijing has decided to pause new projects: new BRI funding has decreased from more than $80 billion in 2016 to $5 billion in 2021; in Africa, it has shrunk from $28.5 billion in 2016 to less $1 billion in 2022.[20] This pullback creates an opening for the U.S.—and underscores that its efforts should not try to replicate the BRI model of direct government funding for flashy projects.

China also leverages its political and diplomatic power to extract lopsided legal terms in BRI-related contracts, allowing SOEs to operate in politically risky environments and typically in secret from the public. The losses in sovereignty that China extracts—including limited oversight of Chinese companies or investments and China's ability to demand repayment at any time—can also be deeply unpopular.[21] Without proper oversight, Chinese SOEs often cut corners to impress their political bosses, but often at the cost of long-term project viability, corrosive political corruption, and potential domestic opposition.[22]

U.S. Economic Strengths Are the Foundation of a Better System of International Development

The U.S. should draw on its economic strengths and use limited government tools, principally diplomacy and foreign aid, to lower barriers to important international development opportunities. It need not compete with every BRI project but ought to facilitate better options for the most strategic projects—particularly in strategic geographies and sectors that could create long-term dependence on China—and over time demonstrate an alternative development path to the BRI.

Improve project viability with tailored economic integration: The most important prerequisite for a successful development project is a sound business case. While China masks unsustainable economic opportunities with debt, the U.S. can facilitate relevant market access or long-term supply agreements, reducing barriers for private companies to consider speculative opportunities. The U.S. and recipient country governments can also fund feasibility assessments to determine if and how policy conditions must change to make projects viable.

Establish legal and financial safeguards to facilitate private sector participation: Consistent rules that are fairly enforced and supported by multinational agreements reduce risk for the private sector and cost to recipient countries. These rules can build on existing international standards for investment protections and dispute arbitration, anti-corruption provisions, technology licensing/IP protections, and procurement rules that help break projects into multiple parts to encourage competition. On the financial front, recipient countries can adopt less risky financing frameworks than the BRI model, which requires them to guarantee the entire project. Instead, private sector participants can bear some of the risk by linking their payment to outcome-based measures, such as on-time project completion, efficient operation, and fulfillment of projected business targets.

Leverage compatible government programs: The U.S. can enhance project viability of the most strategic or developmentally important projects with the targeted use of existing government programs. For example, it could tailor foreign aid–funded workforce development initiatives, infrastructure construction, and environmental programs to the needs of the project and facilitate access to American education opportunities to support project operations. These benefits could help build project support among key constituencies and help U.S. companies compete with Chinese subsidies for SOEs without additional taxpayer dollars.

Ensure bureaucratic accountability and ownership: Implementing a bolstered system for development financing requires aligning disparate U.S. government entities and efforts on both a new approach to support private sector–led international development and practical requirements of individual projects. A dedicated Executive Office lead can better wrangle the bureaucracy and set project priorities; channel bipartisan consensus on countering the BRI into a productive alternative that persists across administrations; and serve as a credible focal point of information, engagement, and relationship-building abroad. Each priority project should have an implementation lead—responsible for coordinating the government's support—based in the embassy of the recipient country.

The strengths inherent in the U.S. system—competitive enterprise, a large domestic market integrated with the global economic system, and private sector–led innovation—offer both a compelling contrast to BRI projects and benefits China cannot easily match: projects that deepen tangible integration into the global economy, offer meaningful opportunities for local value creation and labor participation, leverage global expertise and technology, and build synergies with other foreign aid and education programs. By strategically countering the BRI, the U.S. will help bridge the global infrastructure gap, rebuilding global perceptions of the U.S. as a partner of choice. It can regain trust and strategic relationships, invigorate its soft power, and, in parallel, promote U.S. economic growth through export opportunities, better trade relationships, and more robust supply chains.

Sofia Economopoulos is a consultant, researching the implications of geopolitics for the private sector.

Kunal McKani is a product manager at Vannevar Labs, a defense tech startup.

Yulia Shalomov is the program and operations lead at Our Secure Future.

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