

# ‘Blue Dot Network’: Idea, Objectives and Implications for China’s ‘Belt and Road Initiative’

Abhishek Kumar

UGC- JRF

Department of Political Science

Tilka Manjhi Bhagalpur University, Bhagalpur (Bihar)

---

**Abstract:** Led by the US’s International Development Finance Corporation (DFC), the Blue Dot network was jointly launched by the US, Japan (Japanese Bank for International Cooperation) and Australia (Department of Foreign Affairs and Trade) in November 2019 on the side-lines of the 35th ASEAN Summit in Thailand. This move is seen as a direct counter to China’s Belt and Road Initiative. A trade war is already going between United States of America and China, so in these circumstances, the launch of Blue Dot Network has many implications for China. It provides an opportunity to India also as BRI has not gone well with India’s scheme of things. The path for America led initiative is not going to be easy as it has different set of challenges ahead. Currently, due to ‘Corona- Crisis’, economy is getting badly affected and it will create greater challenges ahead especially for super powers as they have responsibility to show the way ahead.

**Keywords:** BDN, BRI, United States, China, QUAD.

---

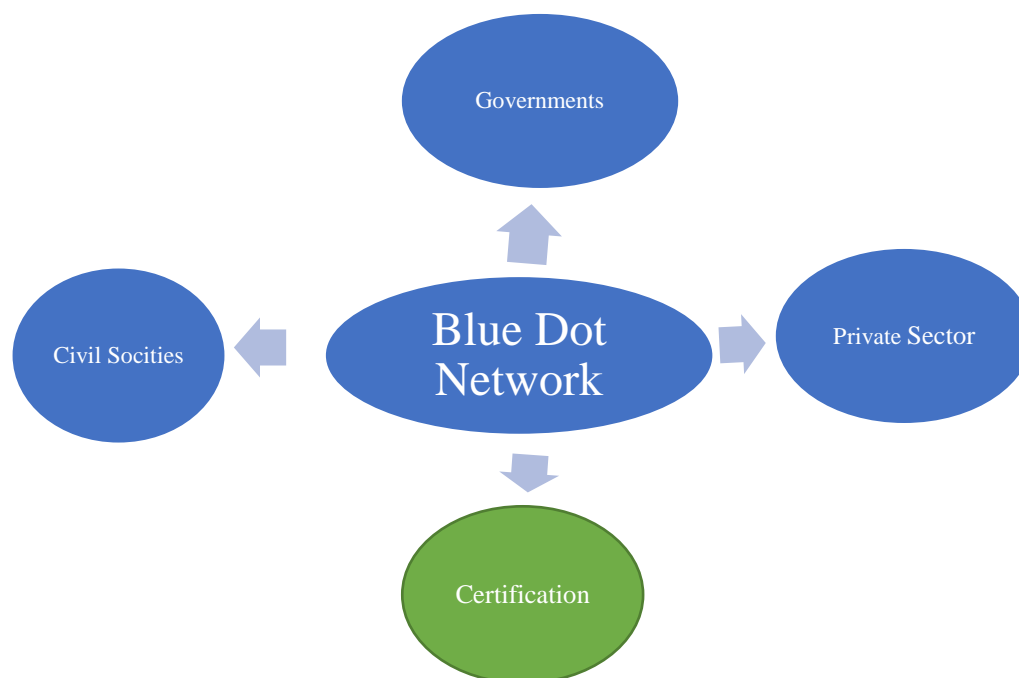
## 1. INTRODUCTION

Currently, United States of America and China are two of the biggest powers in world. When president Xi Jinping launched his ambitious project One Belt One Road Initiative (OBOR) later renamed as Belt and Road Initiative (BRI) in 2013 (Belt and Road Initiative, 2018)<sup>1</sup>, it was well expected that sooner or later America will produce a counter strategy. Belt and road initiative were launched with the aim of restoring the ancient silk route through large investments and infrastructure building projects. BRI Projects have always been in some kind of suspicion. Lack of transparency, ambiguous service conditions, lack of proper institutionalisation and debt trap diplomacy, a lot of concerns are related to that Chinese initiative. Finally, after more than 6 years of launch of BRI, America announced his counter strategy in the form of Blue Dot Network (BDN). The BDN was formally announced on 4th of November 2019 at the ‘Indo- Pacific business forum’ in Bangkok (Thailand) (Javed, 2019).<sup>2</sup> Although it is an America led initiative, but it will work along with countries like Japan and Australia. In a sense, it is a project of QUAD (quadrilateral security dialogue) countries and even India is expected to join it soon.

## 2. WHAT IS BLUE DOT NETWORK

BDN can be a very interesting prospect for global order. Basically, it is a multi-stakeholder initiative to bring together governments, the private sector and civil society to promote high quality, trusted standards for global infrastructure development. It is expected to serve as a globally recognised evolution and certification systems for road, projects and bridges with the focus on the Indo-Pacific region. Blue Dot network is a certification program for aspects that cover infrastructure projects that are primarily focused on sustainability and transparency. As ‘Indian Express’ reported that the

network is like a ‘Michelin guide’ for infrastructure projects (Desk, 2020).<sup>3</sup> It means that as part of the initiative, infrastructure projects will be vetted and approved by the network depending on standards as per which, the project should meet certain global infrastructure principles. The projects, that are approved will get a ‘Blue Dot’, thereby setting universal standards of excellence, which will attract private capital to project in developing and emerging economies. By proposing a common standard of project excellence, the Blue dot network will attract private capital to infrastructure projects in developing and emerging economies.



The infrastructure projects will have to follow the G20 principles for quality infrastructure investment, aimed at sustainable lending and borrowing G7 Charlevoix Commitment on Innovative Financing for Development, and the Equator Principles (Blue Dot Network, 2019),<sup>4</sup> which mandate financial institutions to assess and manage environmental and social risks in a given projects. Projects that aim to be certified under the Blue Dot Network will have to give an undertaking that they adhere to these principles. The undertaking will then be scrutinised. Projects which seeks to become certified by the Blue dot network will complete an online application. Information provided in the application will be subject to both preliminary and ongoing audit. Tadashi Maeda is governor of the Japan Bank for International Cooperation, commented “Blue Dot Network is an initiative that leads to the promotion of quality infrastructure investment committed by G20 countries. As JBIC has a long history of infrastructure finance all over the world, JBIC is pleased to share such experience and contribute to further development of Blue Dot Network (Devonshire-Ellis, 2019).”<sup>5</sup>

Till now, Australia’s Department of Foreign Affairs and Trade (DFAT) and the Japanese bank for International Cooperation (JBIC) have joined the United States in the launching of Blue Dot network concept. It is still open for the new partners and it will be announced in the days to come. ‘David Bohigyan’, the executive vice president of the United States overseas private investment corporation commented, “the development of critical infrastructure when it is led by the private sector and supported on terms that are transparent, sustainable and socially and environmentally responsible, is foundational to widespread economic empowerment. Through Blue Dot Network, the United States is proud to join key partners to fully unlock the power of quality infrastructure to foster unprecedented opportunity progress and stability”<sup>6</sup> Actually, the BDN aims to provide companies a certified project that will meet the highest standards (blue-dot-network-a-worthy-initiative, n.d.).

Keith Kroch, the under-secretary for economic growth, energy and the environment in United States, said, the endorsement of Blue Dot Network not only creates a solid foundation for infrastructure global trust standards but reinforces the need of the establishment of umbrella global trust standards in other sectors including digital, mining financial services and research. Such global trust standards, which are based on respect for transparency and

## International Journal of Novel Research in Humanity and Social Sciences

Vol. 7, Issue 4, pp: (33-39), Month: July - August 2020, Available at: [www.noveltyjournals.com](http://www.noveltyjournals.com)

accountability, sovereignty of property and resources, local labour and human rights, rule of law, the environment, and sound governance practices in procurement and financing, have been driven not just by private sector companies and civil society but also by governments around the World (BRIEFING, 2020).<sup>7</sup> It will create a number of natural incentives for private sector companies to join the initiative. It also provides private and public finance institution additional confidence information, when they look to provide funding for development projects. This will help alleviate financing risks and it will also help developing nations in making their decisions about projects that suits their best needs and national interests. It will call for them to attractive bids and value for money projects keeping quality in forefronts. BDN also offers lower cost for initial construction.

A developing country that agrees to implement BDN standards suggests that the government values high quality infrastructure that benefit local communities. The Blue dot network will provide countries with their clear project standards. Projects, companies and governments that meet or uphold the standards can build public confidence in their commitment to good practices. Blue dot network partner countries can work with any project that meet their needs and national interests. Partner countries have committed to upholding quality infrastructure standards and may prefer Blue Dot certified projects, but sometimes those projects may not meet the standards and needs of the country at the time. So, in principle the network will review and certify on a project by project basis.

### 3. FINANCE FOR BDN

The newly created US International Development Finance Corporation (IDFC) with 60 billion funds, will be the main financial vehicle of the Blue dot network. It should be also noted that in his draught budget 20-21, American President Donald Trump indicated that he wanted to reduce for a while increasing the budget of the IDFC, which shows the importance of Blue dot network project for current US administration. The Blue Dot Network is among several U.S. government efforts to promote high-standard investment and private sector-led economic development, including the Export-Import Bank, which uses \$135 billion to secure loans and provide capital around the world to ensure fair, transparent and sustainable economic growth and the Millennium Challenge Corporation (MCC), which uses a competitive process to select which countries to work with on projects to achieve sustainable growth and poverty reduction.

### 4. WHAT BDN CAN BRING TO INDIA

As far as India is concerned, it would be beneficial for India. That's why in their joint statement President Donald Trump and Indian Prime Minister Narendra Modi expressed interest in cooperating on infrastructure projects. For India, it is important to continue infrastructure modernization in order to address regional inequality issues and create new growth opportunities. The BDN will also enable India to advance it's 'Act East Policy' strategy. This policy was developed in 2014 and it intends to strengthen cooperation between India and its South East Asian neighbours. It has got only limited success in the sector of defence till date. Now with the help of Blue dot network, India can create new exchange with its neighbours. India can seek different benefits from BDN and take full advantage of its position in the region.

First of all, India can seek for a greater transparency and financial accountability, when it comes to development projects. BDN can lead towards principle based sustainable investment in the infrastructures. It can also provide quality infrastructure and facilitate Indian potential for investment for boosting its economy. Many countries in the past have been reluctant about investing in developing countries due to the charges of corruption and climate concerns, now BDN certification can help them identifying the right projects for their investment and India can certainly take advantage of that. Not only that, BDN projects may bring India opportunities to get some edge over its rival China in the region. In the past few decades, we are emphasizing on the importance of sustainable development. So, this initiative can certainly march the world towards the dream of sustainable development and India should be a part of it and create a new definition of development.



## 5. BLUE DOT NETWORK: MEANING AND IMPLICATIONS FOR CHINA AND ITS BELT AND ROAD

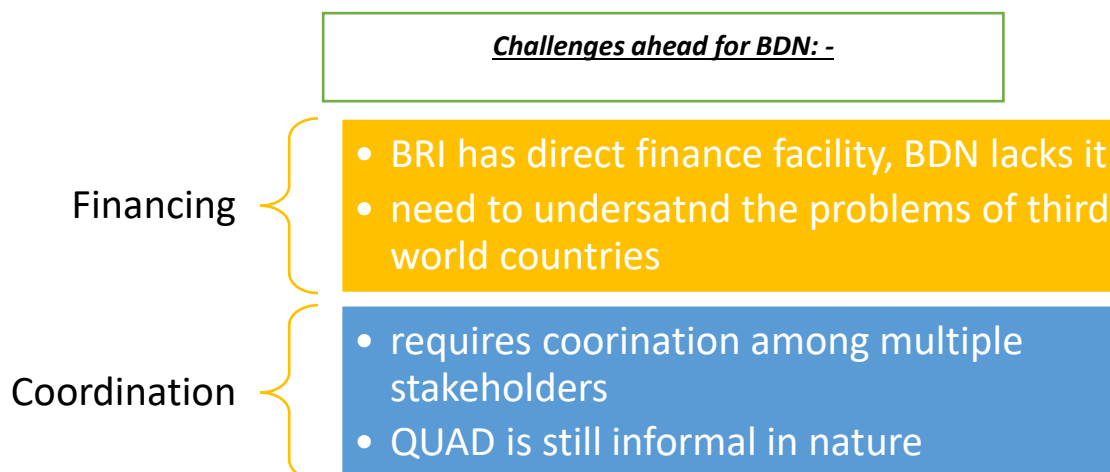
China's gigantic Belt and Road Initiative has been projected as China's new global order, which seeks to replace the current global system. China's BRI consists of land-based silk road economic belt and sea-based 21<sup>st</sup> century Maritime silk road: -

**Silk Road Economic Belt:** It is land-based and is expected to connect China with Central Asia, Eastern Europe, and Western Europe.

**21<sup>st</sup> Century Maritime Silk Road:** It is sea-based and is expected to connect China's southern coast to the Mediterranean, Africa, South-East Asia, and Central Asia (Belt and Road Initiative (BRI), n.d.).<sup>8</sup>

This initiative was announced in 2013. It covers about 65% of World population, 60% of world GDP and over 70 countries in 6 economic corridors (Xinhuanet, 2019).<sup>9</sup> Currently, China has spent almost one trillion dollars to revive and renew the overland and Maritime trade links between China, Europe, West Asia and East Africa through constructions of modern ports, link to high speed rail and road corridors.

Right after its announcement, the Blue Dot Network was seen as a direct counter to the China's Belt and Road Initiative. However, the BDN looks to have different kind of structure. There is a fundamental difference between the BRI and BDN. While the China's initiative offers direct financing that provides instant relief to host countries, American Blue Dot is not a direct financing initiative and therefore may not be what some countries need. BDN needs cooperation among the multiple stakeholders when it comes to grading projects. Since they may defer on the standards that need to be kept, therefore, it may be an uphill task to get them to agree on a common factor.



But still, it can be seen as a counter move to China and the reason is the changed foreign policy of United States towards China in last few years. Prior to 2001, United States foreign policy was focused towards integrating China it's into its plan, but when China emerged as a global superpower, United States started to see China as its competitor and biggest rival. Under Barack Obama, the United States foreign policy started to focus on Asia via 'Pivot to Asia' policy (SCHIAVENZA, 2013)<sup>10</sup>, where the US wanted to counter China's growing influence. The National Security Strategy (NSS) under Donald Trump says that the China seeks to displace the US in the Indo-Pacific region. It also wants to expand the reaches of its state-given economic model to reorder the region in its favour. So, the United States sees China's infrastructure investment and trade strategies as reinforcing its geopolitical aspirations. United States does not like the movements and military outposts by China in South China sea either. So, when China launched its ambitious project, United States saw it with a lot of suspicion. A counter move was always expected. Basically, the BDN programs aims to strengthen connectivity in Asia, a continent suffering from a major infrastructure deficit as noted by the Asian Development Bank. To attract other countries in this initiative, United States also highlights the participation of private companies and the respect for international standards in the Blue dot network, which would differentiate it from the BRI. We all know that, the Chinese initiative right since its inception, suffered from lack of transparency and sustainability and United States wants to make shortcomings as their selling points. They claim it more productive and beneficial for everybody with transparency and sustainability. About making the BRI projects more transparent and respectful of the environment, President XI Jinping assured it at the time of 2<sup>nd</sup> BRI submit in April 2019 ("Joint Communique"., 2019).<sup>11</sup> Blue Dot Network has a strong political dimension and it is the consequence of China-American confrontation. So, BDN is a multilateral project bringing together United States, Japan and Australia. President Trump also invited India to join this group.

The objective behind launch of BDN is very clear that it is to push back the Chinese influence in the region. The initiative delivers on two fronts, first in pushing back rising Chinese influence and second it addresses India's grouse that the Indo-Pacific thrust is far too focus on security. (KARTHA, 2020)<sup>12</sup> This initiative is about development, to harness what US officials estimate at about \$70 trillion of potential investment waiting in the wings. China is also will aware of its dangers and that's why the Global Times dismissed the Blue Dot Network as delusional in its ability to oppose the BRI. The three governments have been at pains to say that the BDN is not a response to China's Belt and Road Initiative. However, cynics have argued that the choice of "blue" in the initiative's name was not an accident: a clear contrast to the "red" of BRI (Kuo, 2020).<sup>13</sup> The Blue Dot Network will make America's high standards of investment and high quality of infrastructure visible to the world. "Our deals come with no hidden strings attached," Pompeo said in March 2019. "Our contracts are clear, our motives unambiguous (Hartman, 2020)."<sup>14</sup>

## 6. CONCLUSION

Currently, the whole world is suffering from Corona-Crisis. It has taken more than three lac lives all over the world and United States of America is one of the most affected country by the viral outbreak. A blame game is also going on between United States and China. Both countries are directing fingers towards each other for the outbreak of the deadly coronavirus. United States is claiming that the Chinese developed the virus in form of biological weapon in the laboratories of Wuhan and China is blaming United States military for bringing the virus into China. US has stopped WHO's funding for some time and China is doing all kind of Mask and Ventilator Diplomacy. Hence, A new kind of cold war may take place as Donald Trump and Xi Jinping are known for their aspirations. COVID-19 has impacted every country and the biggest impact is on the economy. China's Belt and Road Initiative is also adversely impacted by the viral outbreak and now it is very interesting to see that how China and United States of America can bring other countries with them and try to endorse their initiatives. Whether Blue Dot Network will provide other countries a worthy alternative, it is a thing to watch in the days to come. Speculations are being made about the era of de-globalisation and closed national boundaries. In these circumstances, it would be difficult for both countries to seek support for themselves.

## REFERENCES

- [1] "Joint Communiqué". (2019, April 28). Retrieved from Belt & Road News: <https://www.beltandroad.news/2019/04/28/joint-communique-of-the-leaders/>
- [2] Belt and Road Initiative (BRI). (n.d.). Retrieved from European Bank for development and construction: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>
- [3] Belt and Road Initiative. (2018, MARCH 29). Retrieved from The World Bank: <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>
- [4] Blue Dot Network. (2019). Retrieved from U S Department of State: <https://www.state.gov/blue-dot-network/>
- [5] blue-dot-network-a -worthy-initiative. (n.d.). Retrieved from economictimes: <https://economictimes.indiatimes.com/blogs/blue-dot-network-a -worthy-initiative>
- [6] BRIEFING, S. ( 2020, FEBRUARY 4). Under Secretary for Economic Growth, Energy, and the Environment Keith Krach. Retrieved from <https://www.state.gov/under-secretary-for-economic-growth-energy-and-the-environment-keith-krach/>
- [7] Desk, E. (2020, February 26). Explained: What is the Blue Dot network, on the table during Trump visit to India. Retrieved from The Indian Express: <https://indianexpress.com/article/explained/explained-what-is-the-blue-dot-network-on-the-table-during-trump-visit-to-india-6286524/>
- [8] Devonshire-Ellis, C. ( 2019, Nov 19). What Is The “Blue Dot” Infrastructure Network? Retrieved from SILK ROAD BRIEFING: <https://www.silkroadbriefing.com/news/2019/11/19/blue-dot-infrastructure-network/>
- [9] Hartman, L. (2020, jan 29). What is the Blue Dot Network for infrastructure financing? Retrieved from SHAREAMERICA: <https://share.america.gov/what-is-blue-dot-network-for-infrastructure-financing/>
- [10] Javed, A. ( 2019, NOV 26). Blue Dot Network. Retrieved from The Times of India: <https://timesofindia.indiatimes.com/readersblog/psychologicalcousins/blue-dot-network-9152/>
- [11] KARTHA, T. (2020, February, 28). Counter to BRI? Why India-US' thrust on Blue Dot Network will make China see red. Retrieved from The Print: <https://theprint.in/opinion/counter-to-bri-why-india-us-thrust-on-blue-dot-network-will-make-china-see-red/372573/>
- [12] Kuo, M. A. (2020, April 07). Blue Dot Network: The Belt and Road Alternative. Retrieved from The Diplomat: <https://thediplomat.com/2020/04/blue-dot-network-the-belt-and-road-alternative/>

**International Journal of Novel Research in Humanity and Social Sciences**

Vol. 7, Issue 4, pp: (33-39), Month: July - August 2020, Available at: [www.noveltyjournals.com](http://www.noveltyjournals.com)

- [13] SCHIAVENZA, M. ( 2013, APRIL 15). What Exactly Does It Mean That the U.S. Is Pivoting to Asia? Retrieved from The Atlantic: <https://www.theatlantic.com/china/archive/2013/04/what-exactly-does-it-mean-that-the-us-is-pivoting-to-asia/274936>
- [14] Xinhuanet. (2019, 08 18). Wang Yi: Strive to build a new land-sea channel in the west to promote high-quality joint construction of the "Belt and Road". Retrieved from Xinhuanet: 王毅：着力打造西部陆海新通道 推动高质量共建"一带一路"-新华网
-