

Italy Withdraws From China's Belt And Road Initiative

Why In News

- Italy Officially Withdraws From **China's Belt and Road Initiative**. Italy has formally exited from China's Belt and Road Initiative.
- This comes as a blow to **President Xi Jinping's** efforts to revive the mega infrastructure project.
- In 2019, Italy was the **only G7 nation** to sign up for China's BRI. The long-anticipated decision has been communicated to Beijing.



- Dismissing concerns **from the United States** that it would enable China to gain control of sensitive technologies and vital infrastructure.
- "We have every intention of **maintaining excellent relations** with China even if we are no longer part of the Belt and Road Initiative," a second government source said.
- "Other **G7 nations have closer relations** with China than we do, despite the fact they were never in (the BRI)," he added.



Why Did Italy Pull Out Of BRI

- When **Prime Minister Giorgia Meloni** took office last year, she said she wanted to withdraw from the deal, which is modelled on the **old Silk Road** that linked China to the West, saying it had brought no significant gains to Italy.



- "I think that we should... improve our cooperation with China on trade, the economy... The tool of the (BRI) ... has not produced the results that were expected," Meloni.
- The **2019 accord expires in March 2024** and would have been automatically renewed unless Rome gave at least three months' written warning that it was pulling out. A government source said Beijing had been given a letter "in recent days" informing the Chinese government that Italy would not be renewing the pact.



The Controversy Surrounding BRI

- With the BRI, China has become a major financier of development projects on a par with the World Bank.
- Xi's initiative has built power plants, roads, railroads and ports around the world and deepened China's ties with Africa, Asia, Latin America and the Mideast.



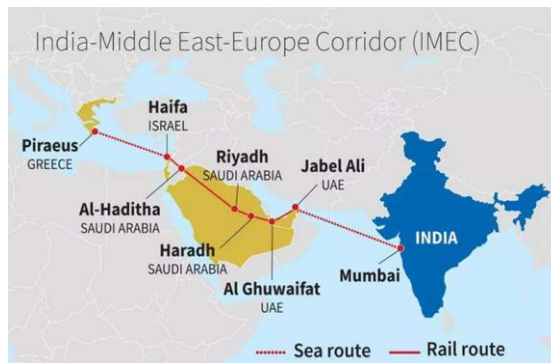
- However, the massive loans backing the projects have burdened poorer countries with heavy debts, in some cases leading to China taking control of those assets.
- The Chinese government says the initiative has launched more than 3,000 projects and “galvanized” nearly **\$1 trillion in investment**.
- It has also attracted criticism from the US, India and others that China is engaging in “**debt trap**” diplomacy: Making loans Beijing knew governments would likely default on, enabling Chinese interests to take control of the assets.
- An oft-cited example is a port that the **Sri Lankan government** ended up leasing to a Chinese company for 99 years. Many economists say China did not make the bad loans intentionally.

Debt Trap Diplomacy



The IMEEC

- The **India-Middle East-Europe Economic Corridor (IMEEC)**, the MoU for which was signed during the New Delhi **G20 Summit**, is widely perceived as an initiative launched to counter BRI.
- The governments of India, Saudi Arabia, UAE, France, Germany, Italy, the European Union and the United States signed the MoU.



- The IMEEC seeks to bolster **communication as well as transport** links between Asia and the West.
- This would see the **establishment of rail and shipping** networks and more. In this respect, the IMEEC resembles the BRI.
- The **announcement of the IMEEC corridor** came at a time when critics have been pointing at opaque pricing of the infrastructure projects undertaken by Chinese companies under BRI.
- Countries like Malaysia and Myanmar are renegotiating the deals to bring down prices.