POLITIK EKONOMIK KURAM

Research Article

China's Strategic Challenge to Hegemony for a New Global Order*

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Abstract: This study examines China’s challenge to the global hegemonic order through finance, politics, and commerce in a systematic and interconnected manner. Its research question is "What are China’s strategic initiatives in economic, political, and commercial spheres against global hegemonic order?”. China implemented initiatives notably since 2008 financial crisis with dissatisfaction from Western-dominated institutions. Financially, China’s initiatives of “Asian Infrastructure Investment Bank”, “New Development Bank”, digital yuan and “Cross-Border Interbank Payment System” highlights its drive to reduce reliance on Western financial mechanisms. Politically, China utilized BRICS alliance to advocate for a multipolar world order as alternative to the U.S. hegemony. Commercially, China augments its global influence by advancing high-value industries, “the Belt and Road Initiative” and “Made in China 2025”. This study's originality lies in its integrated and holistic analysis of China’s systematic initiatives in these strategic spheres to reshape international power structures. Methodologically, this study adopts a qualitative analysis approach, synthesizing data from primary and secondary sources to provide a holistic view of China’s strategic efforts across these spheres. It thus distinguishes from existing literature and offers more comprehensive perspective on China's systemic challenge to global hegemony by integrating financial, political, and commercial dimensions within a unified analytical framework.

Keywords: Hegemony, Global Order, Challenge
Jel Codes: F02, F50, F59

Yeni Küresel Düzen Arayışında Çin’in Hegemonyaya Meydan Okuması

Öz: Bu çalışma, Çin'in ABD liderliğindeki küresel hegemonik düzene karşı finans, siyaset ve ticaret alanlarında giriştiği meydan okumayı sistematik olarak ele almaktadır. Bu bağlamda, araştırma sorusu "Çin'in küresel hegemonya düzenine karşı ekonomik, politik ve ticari alanlarda geliştirdiği stratejik girişimler nelerdir?" olarak belirlenmiştir. Mevcut Batı merkezli kurumların getirdiği sınırlamalardan kaynaklanan memnuniyetsizlikle hareket eden Çin, özellikle 2008 finansal krizinden bu yana alternatif girişimler geliştirmiştir. Finansal olarak, Asya Altyapı Yatırım Bankası, Yeni Kalkınma Bankası, dijital yuan ve Sınır Ötesi Bankalararası Ödeme Sistemi gibi girişimleri Çin’in Batı finansal mekanizmalarına bağımlılığını azaltma hedefini yansıtmaktadır. Siyasi alanda, çok kutuplu bir dünya düzenini savunmak adına BRICS ittifakını kullanarak ABD hegemonyasına alternatif olarak çok taraflılığı desteklemektedir. Ticari alanda, “Kuşak ve Yol Girişimi” ve “Çin Malı 2025” gibi projeleriyle Çin küresel etkisini güçlendirmekte ve yüksek katma değerli endüstriler geliştirerek bağımlılığını azaltmaktadır. Çalışmanın özgünlüğü, bu stratejik alanları bütünleşik bir analizle ele alarak, Çin’in uluslararası güç yapısını dönüştürme girişimlerini kapsayıcı bakış açısıyla sunmasında yatmaktadır. Metodolojik olarak birincil ve ikincil kaynaklardan elde edilen verileri sentezleyerek nitel bir analiz barındıran çalışma, küresel yönetişim, ekonomik etki ve çok kutupluluğa geçiş üzerine literatüre benzersiz bir perspektif katmaktadır.

Anahtar Kelimeler: Hegemonya, Küresel Düzen, Meydan Okuma
Jel Kodları: F02, F50, F59

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1. Introduction

In the 21st century, the global order has been marked by significant challenges, with China emerging as a key player challenging the long-standing dominance of Western powers. The established international hegemonic system, largely constructed and maintained by the USA, has shaped global finance, politics, and commerce. The prevailing international hegemonic order has been predominantly shaped by the USA since the end of World War II from which the USA has come out as the sole victor. This order is characterized by a set of institutions, norms, and practices that govern international relations, focusing on economic liberalism, democracy promotion, and the maintenance of security alliances (Dilek & Ayar-Dilek, 2022, pp. 259–263).

The existing international hegemony has been established on the institutions and systems such as the International Monetary Fund (IMF), the World Bank, Bretton Woods System, Gold Standard, Petrodollar, The General Agreement on Tariffs and Trade (GATT), United Nations (UN), Organization for Economic Co-operation and Development (OECD) and the predominance of the U.S. dollar as the global reserve currency (Callinicos, 2014, pp. 349–355; Harvey, 2005, p. 54).

The systems and institutions in question constitute and boost the base and maintenance of the US hegemony worldwide. In order to ensure the maintenance of its hegemony, the USA used its military and economic tools over the governments such as Iran, Guatemala, Brazil, Congo, Dominican Republic, Indonesia, Chile all of which composed a threat against the US interests (Harvey, 2005, p. 53). The hegemony reigns all aspect of life at national and international level with hundreds of elements composing it. Rather, this study is focused on China as the rising power that challenges the prevailing rules, institutions, acquis and systems of the US hegemony by establishing, replacing and promoting its own rules, institutions, acquis and systems.

China lacking the sufficient benefits from the prevailing international hegemonic order began and continued demanding reforms in the decision-making mechanisms and structure of the international institutions and systems in question since the 2008 financial crisis until to date (University of Toronto, 2009, 2023). Furthermore, China and many other countries began to establish their own international institutions, systems and acquis as a respond to their unfulfilled demands by the USA.

China’s rapid economic growth, political assertiveness, alternative financial system ventures and ambitious global projects such as the Belt and Road Initiative (BRI) points out its systematic effort to shift the balance of power. China's challenge to the prevailing hegemonic order is not limited to its growing economy but also it extends into geopolitics, international finance, and global trade.

With this regard, this study examines the strategies China employs to challenge global hegemony, focusing on three critical spheres which are financial, political, and commercial. By analyzing these areas, this study is aimed to comprehend the broader implications of China’s rise and what this means for the future of global governance, economics, and power dynamics.

2. China’s Challenge

Two centuries ago, Napoleon Bonaparte emphasized that "Let China sleep. China is a sleeping giant, when it wakes it will shake the world" (Zakaria, 2008, p. 87). China witnessed a huge development and transformation from impoverished agrarian economy into an industrial powerhouse that produces approximately half of the world's industrial goods with the reforms of Deng Xiaoping. China became the world’s center of production in the 1990s and joined World Trade Organization in 2001. Becoming the factory of the world became insufficient for China since it was not producing high value-added goods. From 2010 onwards, China entered into another production phase and launched high value-added and advanced technology production for the world (Wen, 2015).

These phases stand for milestones for China and took its economy on top three of the world. In 2023, China produced the second highest GDP in the world with $17.963 trillion while the USA had $25.462 trillion in the same year. The more dramatic result lies under the gap between the second and the third which is Germany producing $4.231 trillion in the same year (International Monetary Fund, 2024b). China, experiencing the state of being in the second place recognized that it is its right to acquire more benefits from the international system. Although it demanded reforms in the international system to achieve this goal, China, not getting what it desired, continued by challenging in three key areas which are financial, commercial and political as examined below.

2.1 Financial Sphere

China's challenge to the global order has most critically been taking place in the financial sphere. Financial power is one of the factors of utmost significance in obtaining global influence. China deploys varying systematic ventures in financial sphere to both challenge global hegemonic order and to increase its influence at global level. The ventures in financial sphere are its establishment of international financial institutions like The Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDP); its development of the digital yuan in the form of Central Bank Digital Currency and named as “e-CNY”; its establishment of cross-border payment system which is named as Cross Border Interbank Payment System (CIPS) in addition to the currency swaps agreements.

The Asian Infrastructure Investment Bank (AIIB) is a multilateral international financial institution or development bank established by China on January 16, 2016, to challenge the global hegemonic order of the US and to challenge the Word Bank (WB) and International Monetary Fund (IMF). The two banks (WB and IMF) are the banks established by the USA after the World War II to steer and keep the countries demanding loans under its control through imposing pre-determined conditions named “Washington Consensus” (Chow, 2016, p. 1255). Though such conditions mean the intervention of countries internal affairs, many countries in need of loan had to admit the Washington Consensus and took the loans to acquire the financial sources they need to ensure their economic development and stability. Furthermore, The USA has still central and leading role on the IMF, World Bank and WTO with its “de facto veto power”, the tradition of choosing the chair of the WB by the US presidents, and privileged voting rights of the USA in the three institutions etc. In addition to the impositions of toughest terms on China’s membership in the three institutions, The USA deliberately did not pay any attention to the China’s demands of reforms in the structure of these three institutions for decades (Etzioni, 2016, pp. 177–182).

China, on the other hand, challenged the order created by the USA through WB and IMF precisely because it could not acquire the sufficient benefit it demanded. As first step of challenge, it demanded reforms in the IMF and WB since 2008 (University of Toronto, 2009, 2023). Following the unrequited demand for almost a decade, China announced in 2013 and established AIIB in 2016. China elected its previous Finance minister, Jin Liqun as the first president of AIIB (Chow, 2016, p. 1257). The AIIB was established to support sustainable infrastructure, development and climate change projects in Asia in particular and in the world in general. It uses “i4t” concept for its recognition to mean “The infrastructure for tomorrow” (Asian Infrastructure Investment Bank, 2024c). AIIB surprisingly had a huge number of founding members which is 57 (37 regional and 20 nonregional) in 2016. AIIB achieved 103 members corresponding to 79 percent of the world population and 65 percent of the global GDP as of 2021 (Asian Infrastructure Investment Bank, 2024a) .

Despite all the US efforts of blocking the establishment of AIIB between its first announcement in 2013 and establishment in 2016, China challenged and somehow established AIIB. Furthermore, the USA did not join the AIIB and demanded its allies not to join. However, it’s almost all allies including closest ones like Canada, Germany, France became members only Japan obeyed the USA’s demand (Etzioni, 2016, pp. 174–

177). The disobedience to the US's strict demand by its allies have been interpreted worldwide as a loss of prestige for the USA while its is seen as an increasing support for the China's rising influence at global level.

The AIIB has reached a serious amount of capital, $100 billion and AAA rated by the major international credit rating agencies (Asian Infrastructure Investment Bank, 2024a). Among its 110 members, the 11 members with the highest voting power are as follows (Asian Infrastructure Investment Bank, 2024b):

Table 1. Members and Voting Powers of AIIB as of September24, 2024.

Member	Membership Date	Percent of Voting Power	Total Subscription (in millions of USD)
China	Dec 25, 2015	26,54%	29,780.4
India	Jan 11, 2016	7,58%	8,367.3
Russia	Dec 28, 2015	5,96%	6,536.2
Germany	Dec 25, 2015	4,14	4,484.2
Korea	Dec 25, 2015	3,48	3,738.7
Australia	Dec 25, 2015	3,44	3,691.2
France	Jun 16, 2016	3,16	3,375.6
Indonesia	Jan 14, 2016	3,15	3,360.7
United Kingdom	Dec 25, 2015	2,88	3,054.7
Türkiye	Jan 15, 2016	2,48	2,609.9
Italy	Jul 13, 2016	2,45	2,571.8

Source: Asian Infrastructure Investment Bank (2024b). Members of the Bank. Governance: Members and Prospective Members of The Bank. https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html. Date of Access: 8.10.2024

Table 1 above indicates both the voting powers and the membership dates of the AIIB members. According to it, China possesses 26,5 percent of voting power in the AIIB's decision making mechanism. Although China's share is too high compared to other members (the highest of which is 8 percent, India), its domination in the decision-making mechanism of AIIB and its similarity to the USA in WB and IMF are topics of another study. Even if the bank is heart quartered in Beijing and a foundation established as a result of China' initiative, it would have been fairer to have more equalist decision-making mechanisms in AIIB since the Bank asserts that it is a multilateral international financial institution.

The case of AIIB also indicates that the allies of the USA such as Germany, France, United Kingdom, Italy etc. became members of AIIB in 2015-2016 by acting against the calls of the USA. Furthermore, such allies' voting power and subscriptions are high enough not to be underestimated since they are among the top ten after China. Türkiye, on the other hand, became member in 2016 and has a considerable voting power which is 2,6 percent and it is the tenth biggest power in AIIB. AIIB has financed 286 projects so far with 54,87 billion USD to 37 members (Asian Infrastructure Investment Bank, 2024d). The types of projects AIBB has financed so far are as follows:

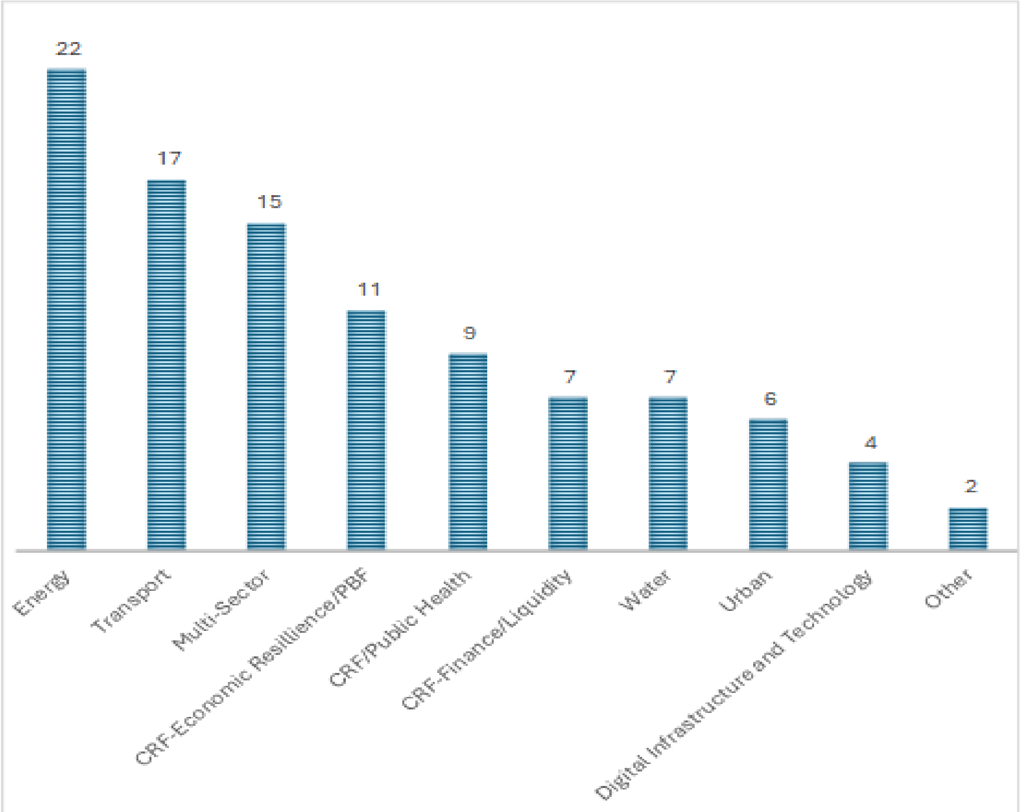

Figure 1. Types of Projects AIIB Financed (**Source:** Asian Infrastructure Investment Bank (2024d). Project Summary—Projects—AIIB. Asian Infrastructure Investment Bank. https://www.aiib.org/en/projects/summary/index.html. Date of Access: 8.10.2024)

The types of projects AIIB finances are concentrated on energy, transport, multi sector projects and economic resilience (Asian Infrastructure Investment Bank, 2024d). Additionally, AIIB does not impose terms unlike the USA through WB and IMF (Etzioni, 2016, p. 174). It shows that China has not begun shaping or steering the international order through the financial instruments or systems yet.

The rivals or alternatives of AIIB are the World Bank and International Monetary Fund (IMF) both of which were established following WWII as a result of Bretton Woods Conference in 1944. The World Bank has 323 billion USD. Additionally, the USA has the highest voting power in decision-making process of WB with 15,4 percent. Following the USA, Japan has 7 percent; China 5,9; Germany 4,2; France and UK 3,8 percent of voting power in WB (World Bank, 2024).

IMF uses a different name which is "quota" to describe the voting powers of members. In IMF, The USA has 17,42 percent of voting power while China and Japan each has 6,4; Germany has 5,5, France and UK each has 4,2 (International Monetary Fund, 2024a).

Compared to the decision mechanism of WB and IMF, AIIB has found out to have a similar trend. Namely, it does not have an equalist share of decision-making power. Instead, China dominates the process of bank's executive process like USA in WB and IMF. However, the establishment and development of AIIB indicates a serious challenge by China to the prevailing hegemonic financial order of the USA.

The New Development Bank (NDB) was jointly established by the BRICS nations to support infrastructure development and sustainable growth projects in developing countries and emerging markets. It officially started operating in July 2015, with its headquarters in Shanghai, China. The bank's primary areas of focus include renewable energy, energy efficiency, transportation infrastructure, water and sanitation, digital networks, environment, and social infrastructure (New Development Bank, 2023a).

Unlike IMF, WB and AIIB, New Development Bank has distributed voting powers equally among its founding members which are BRICS (Brazil, China, India, Russia and South Africa). In addition to its equalist decision making mechanism, NDP was established with 50 billion USD capital which was subscribed by founding members equally in 2015 (New Development Bank, 2024).

The New Development Bank (NDB) has demonstrated financial strength and credibility, having earned AA+ ratings from both S&P and Fitch in 2018. Besides the U.S. dollar, the NDB also processes loans in euros (EUR), Chinese yuan (CNY), South African rand (ZAR), and Swiss francs (CHF). This multi-currency approach enhances its capacity to challenge the dominance of the global financial system(New Development Bank, 2023b).

NDB attracts attention due to its similarity with AIIB in terms of its focus, aims and challenge to prevailing hegemonic international financial system. However, it differs from AIIB in terms of China's dominance. China was the founder of AIIB and holds a huge dominant voting power in the decision-making mechanism of AIIB while BRICS countries are all equal in both establishment and decision-making processes of NDB. Although NDB is headquartered in China, it has offices in other member states as well. However, it can not be debated that there has been a rivalry among the founding members of the NDB since its establishment to obtain more power in the administration process in the bank. NDB is significant in the sense that China has a role in both its establishment and challenge to the current hegemony of the West.

Table 2. Comparison of the four international financial institutions

	NDB	AIIB	IMF	WB
Decision Making Mechanism	Equalist	Dominated by China	Dominated by the USA	Dominated by the USA
Established by	BRICS	China	The USA	The USA
Imposition of Terms	No	No	Yes	Yes
Use of Currency	USD+ EURO+ CNY+ ZAR+ CHF	USD+ EURO+ CNY+ ZAR+ CHF+ many others	USD	USD

Source: Author's own compilation from the text.

Central Bank Digital Currency (CBDC) is a digital form of conventional central bank currencies. CBDC is issued by and under central banks' liability. CBDC maintains the fundamental functions of conventional currencies' "store of value", "medium of exchange" and "unit of account" (Ward & Rochemont, 2019, pp. 3–5). CBDCs are more environmentally friendly because they don't have a physical form, eliminating the need for paper or other materials. In addition to reducing paper waste during production, they also avoid the costs associated with transportation and storage, unlike traditional fiat currencies. Furthermore, CBDCs offer better traceability, which helps to reduce money laundering. Lastly, they are easier to exchange and convert, making them more accessible.

Development of Digital Yuan as Central Bank Digital Currency (CBDC**)** with the name of "e-CNY" is another challenge initiated by China in financial sphere. China has been a pioneer in Central Bank Digital Currency (CBDC) research, with the People's Bank of China (PBOC) initiating research on digital fiat currency in 2014. In 2016, the PBOC founded the Digital Currency Institute and developed the country's first digital currency model. Over the following years, research and testing progressed, leading to the launch of China's pilot CBDC project, the e-CNY, in April 2020 (People's Bank of China, 2021, pp. 1–7; CBDC Tracker, 2023). E-CNY project of China is open to everyone having bank accounts in the commercial banks authorized by PBOC.

China has broadened the use of the e-CNY by beginning to pay public sector salaries in digital yuan in certain regions. One example is Changshu, a city with 1.7 million residents, where public sector payments, including those to state-owned companies, schools, hospitals, and other public institutions, started being made in e-CNY as of April 2023 (He, 2023).

Digital Yuan has been preferred by the huge international platforms especially like WeChat since 2023 which is one fifth biggest global social network having 1.3 billion active users as of 2023 (Nwaokocha, 2023; Thomala, 2023). E-CNY has been preferred by outside of the Chinese borders since four international banks having millions of clients integrated digital yuan to their banking platforms as of November 2023. the banks in question are Standard Chartered (a British Bank having 170 years of history and worldwide services), HSBC (Hong Kong based and has 159 years of history, among world's largest), Hang Seng Bank and Fubon Bank (Taiwan based) (Sun, 2023).

China promoted the use of the e-CNY nationwide by allowing two state-owned banks, the Industrial and Commercial Bank of China (ICBC) and the Agricultural Bank of China (ABC), to facilitate the exchange of physical yuan for digital yuan at over 3,000 ATMs in Beijing as of June 2021(Sina Finance, 2021).

The most used currencies in the world for international payments in SWIFT between 2019 and 2024 based on share in total transaction value shows that Chinese Yuan usage tripled approximately in January 2024 compared to 2019 from 1,2 to 3,1 percent worldwide (Best, 2024).

Cross-border payment system is vital in the maintenance of the global hegemonic order in financial sphere since worldwide transaction can be kept under control and hegemonic currency can be promoted through the system.

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is the key system, and a messaging network used by international banks to communicate details such as the amount, currency, and transfer route. It was founded in 1973 as a collaborative effort among 239 banks from 15 countries. Today, SWIFT operates on a vast scale, serving over 200 countries and territories and connecting more than 11,000 institutions. As of 2024, it transmitted over 8.4 billion Financial Information (FIN) messages (SWIFT, 2024).

The United States exerts considerable control over SWIFT. In 2006, it was revealed that U.S. authorities had gained unauthorized access to SWIFT's customer data, which caused alarm among both institutional and individual customers and led to significant disruption within SWIFT(Scott & Zachariadis, 2013, p. 129). Application of sanctions though SWIFT against the third parties having conflicting interests with the USA is another indicator of the USA' control on the SWIFT. The U.S. has imposed sanctions on countries with which it has conflicting interests, severing their access to the international financial system by restricting their use of SWIFT. Notable examples include Iran (2012), North Korea (2017), and Russia and Belarus (2019). These events underscore the USA's ability to manipulate and use SWIFT to advance its own interests.

China detecting this problem developed its own cross-border payment system named Cross-Border Interbank Payment System (CIPS) in 2015 as an alternative to SWIFT (Society for Worldwide Interbank Financial Telecommunication) and CHIPS (Clearing House Interbank Payment System) to promote the global use of the RMB, to reduce international payment costs associated with the existing hegemonic system, to reduce reliance on U.S. dominance and to enhance China's financial sovereignty (Ozanne, 2024).

In addition to the advantages of faster payments, reduced costs and availability at 24 hours, CIPS contributes to the internationalization of the Renminbi since it promotes the direct clearing and settlement of RMB transactions and for the reduction of dependency on SWIFT. Thus, CIPS has a vital role in China's challenge to the US-centric global economic order.

Bilateral currency SWAP agreements are of paramount importance in challenging the prevailing international order for a country to obtain both addressing the liquidity problems and promotion of its currency's internationalization.

A bilateral currency swap line is an arrangement between two central banks to exchange currencies, allowing each to provide short-term foreign currency liquidity to domestic banks. China signed its first SWAP agreements in December 2008 with South Korea (Hao et al., 2022, p. 173; McDowell, 2019, p. 123). Since then, China began to continue signing SWAP deals so aggressively to such an extent that it established SWAP lines with more than 40 countries and the deals in question are unprecedented and equivalent to 586 billion USD as of February 2024 (The State Council of the People's Republic of China, 2024).

Although the study of Aldasoro et al puts forth that when the need for the USD liquidity rises (during the crises times such as 2007 financial crisis and 2020 Covid-19 Pandemic), the USD swap lines by non-US central Banks rises as well to address the USD liquidity problem (Aldasoro et al., 2020, p. 3). However, China did not make USD swap agreements during the 2007 financial crisis. Rather, it made the world's most serious amount and number of swap agreements in its own currency. By doing so, China promoted its currency's internationalization and provided RMB to be used by other countries in commercial and other transactions, which eliminated the need for the USD (Hao et al., 2022, p. 173). Making swap agreements in its local currency is definitely a good move by China to bypass the USD's international domination and to ensure the internationalization of RMB (Lin et al., 2016, p. 20).

2.2 Political and Commercial Spheres

At political Sphere, China did not make a serious challenge to the global hegemony until 2008. However, the types and depth of its political challenges hiked following the 2008 global financial crisis which originated from the USA. There are two main moves of China in its challenge to the global hegemony in political and commercial spheres which are BRICS and "Belt and Road Initiative".

BRIC is acronym of the four countries (Brazil, Russia, India, China; and became BRICS with South Africa's membership in 2011) coined by Jim O'Neill in 2001 in a report. O'Neill predicted in his report that these four nations especially China would dominate the global economy in a decade if they kept the pace of their growth rates. Furthermore, they would reshape the global economy by the middle of the 21st century (O'Neill, 2001, p. 6; Tett, 2010).

BRIC as a group united at the presidential level meeting in Tokyo in 2008 after 7 years of O'Neill's report's publication and they concluded that they have shared interests on increasing multilateral cooperation. Subsequent to the meeting, BRIC countries' presidents united every year at their traditional summits and took decisions on cooperative and coordinative actions to address the western centric international order. (BRICS Information Portal, 2023).

BRICS illustrate the ongoing shift in global power and influence, challenging Western dominance by advocating for a multilateral world order (Kılıçer, 2023, pp. 9–10). Their primary goals include promoting fairness in global governance and the monetary system, and enhancing cooperation across sectors among member countries (Ministry of Foreign Affairs of the People's Republic of China, 2022). BRICS opposes the current hegemonic monetary system, calling for a more inclusive reserve currency system, with alternatives like enhanced Special Drawing Rights (SDRs) (Ministry of Foreign Affairs of the People's Republic of China, 2011). Their goal is to create a more equitable global structure where all nations are fairly represented.

Over time, BRICS has built its own set of principles, institutions, and mechanisms. The notable ones of them are The New Development Bank (NDB), the Contingent Reserve Arrangement, annual BRICS Summits and Declarations.

The New Development Bank (NDB), established by BRICS in July 2015 and headquartered in Shanghai, China. It aims to finance infrastructure and sustainable development projects in emerging and developing countries. It focuses on areas such as clean energy, transport infrastructure, water and sanitation, and digital development. It offers loans not only in USD but also in EUR, CNY, ZAR, and CHF (New Development Bank, 2023a). NDB helps reduce BRICS' reliance on Western-dominated financial institutions like the IMF and World Bank, fostering a stronger financial alliance within BRICS.

The Contingent Reserve Arrangement (CRA), created by BRICS in 2014, is a major financial initiative aimed at countering global financial dominance. It serves as a $100 billion reserve fund that BRICS countries can access during financial crises, instability, or liquidity shortages through currency swaps. Contributions to the CRA include $41 billion from China, $18 billion each from Brazil, Russia, and India, and $5 billion from South Africa (BRICS Information Centre, 2014; Press Information Bureau Government of India Cabinet, 2015).

The Belt and Road Initiative (BRI)

The Belt and Road Initiative (BRI) is China's comprehensive geo-political and geo-economic strategy initiated in 2013 to enhance regional connectivity and economic-commercial collaboration between Asia, Europe, and Africa (Nedopil, 2024). In essence, BRI unifies China's enormous network of infrastructure projects comprising railways, highways, ports in addition to economic corridors and maritime routes connecting Asia, Europe, and Africa. Therefore, this initiative is also named as modern or new Silk Road creating trade and investment opportunities worldwide. The project has grown to encompass Africa, Oceania, and Latin America. Therefore, BRI gradually increased China's economic and political influence on the world (McBride et al., 2023).

The BRI, in this context, seeks to enhance connectivity across Asia, Europe, and parts of Africa by focusing on five key areas: aligning policies, building infrastructure, promoting trade, integrating financial systems, and fostering cultural and social exchanges (Amighini, 2017, p. 121). One of the most significant advantages of this initiative is its ability to facilitate China's export of capital, labor, and industrial overcapacity through overseas infrastructure projects and the expansion of its commercial network. These developments broaden China's economic and strategic influence on global scale. More importantly, BRI provides China the ability to control over crucial infrastructure such as ports, railways, and logistics hubs across partner countries.

The BRI is seen as the China's grand strategy with which China demands to re-design and dominate the international order or to create Chinese global hegemony (Jones & Zeng, 2019, p. 1). China aims to extend and institutionalize its influence and establish long-term dependencies in participating countries by offering alternative development and commercial models, financial flows, and infrastructure standards. Thus, the BRI functions not only as an economic or commercial initiative, but also as a geopolitical tool for expanding China's influence and control, which contributes the restructuring of the international system.

BRI has a worldwide popularity and interest to it is so high that 151 countries signed memorandum with China as of December 2023. The countries in question comprise 17 countries from the European Union (EU), and 8 countries of the G20. Moreover, the countries in BRI spread to almost all continents in the world as can be seen in the figure below (Nedopil, 2023). It is significant to note that the USA does not have a memorandum with China on BRI although BRI has 17 countries from EU and 8 from the G20.

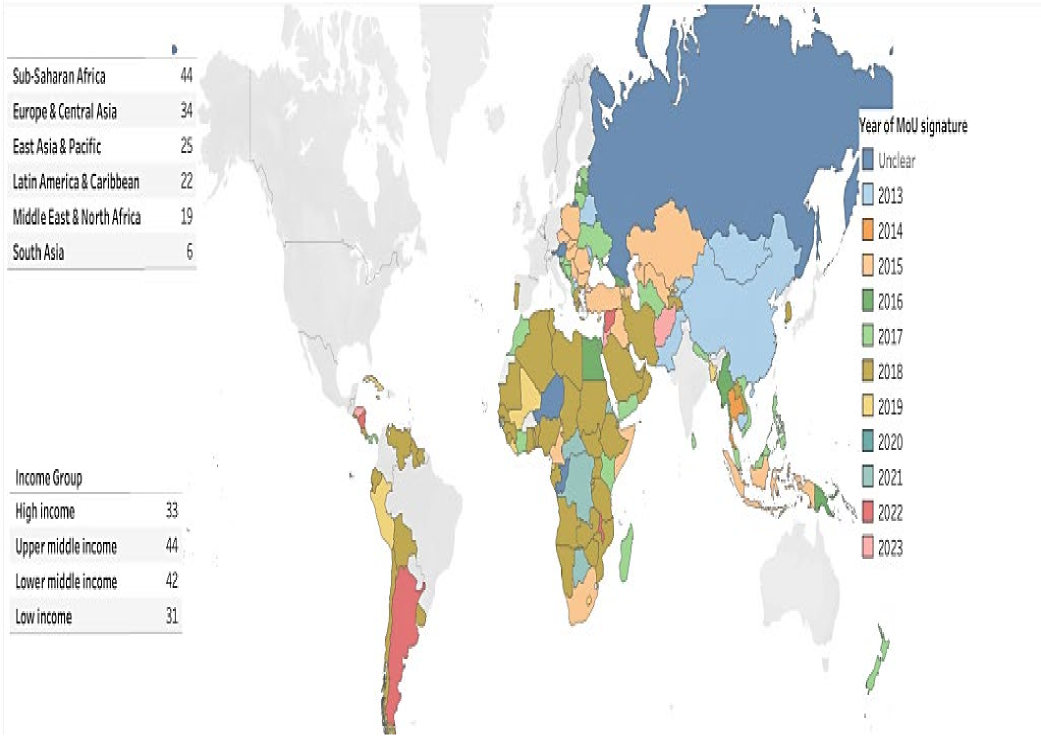

Figure 2. Countries of the Belt and Road Initiative (**Source:** Nedopil, C (2023). *Countries of the Belt and Road Initiative (BRI)*. Green Finance & Development Center. https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/)

The BRI however, has been criticized for creating debt dependency in recipient countries and concerns over transparency and environmental sustainability (McBride et al., 2023). China is largely accused of employing "debt-trap diplomacy" particularly through its Belt and Road Initiative (BRI) by deliberately supplying high-interest loans through Exim Bank to countries with limited repayment capacity. When these countries default, they are pressured to surrender control over strategic infrastructure comprising ports, railways, and energy systems. Sri Lanka, Laos, and Malaysia are the most concrete examples of China's debt-trap diplomacy. With this way, Malaysia ceded half of the East Coast Rail Link project; Laos handed over 90% of its national electricity grid company (Électricité du Laos Transmission Company); and Sri Lanka transferred majority ownership of the Hambantota Port to China for 99 years (Rod, 2024). While these projects hold significant strategic importance, their transfer to Chinese control has granted China substantial influence, control, and hegemony over these countries and their surrounding regions. Although the BRI initiative serves as a challenge to the Western-led global economic order which positions China as a leader in international development and reshaping the dynamics of global trade (Amighini, 2017, p. 41), it also paves the way of China's hegemonic international order.

2.3. China's Government Support on Industrial Production and Exports

In March 2015, China declared its 10-year national plan named as "Made in China 2025". According to the plan, China aimed to transform its industry from the world's factory producing low value-added products into the factory producing high value-added products that steers the world industry. In other words, China plans to transform its industry from labor intensive to knowledge intensive one; "from the world's workshop to the world's manufacturing power" as in the Chinese Premier's words. Chinese Premier taking required lessons from the past experiences drew in this strategy the following targets which are improving the quality of Chinese products, promoting innovation and research, green and smart production in addition to the increasing investments in high technology products, automation, aviation-aerospace and other heavy industry products and internet-based platforms for business (The State Council of the People's Republic of China, 2017; Li, 2018, pp. 66–68).

Made in China 2025 strategy is so meaningful for China's desire to augment its international economic and commercial power which brought the political power together mostly. China is both estimated to be the world's largest economy by 2050 (PwC, 2017) and aimed to be the world's most prominent global power by 2050 (Levine, 2020, p. 5) as highlighted by President Xi Jinping's. Furthermore, China's general efforts in its political economy strategy comprising Made in China initiative emphasize the consistent, systematic and step by step plan to get rid of its economic and political dependency to the world in its production and consumption (Levine, 2020, p. 5).

China maintains its strategy of producing more high-value added key products as of 2024 to dominate the world supply chain in after a decade of its declaration of Made in China 2025 (Kroeber, 2024; Pehamberger, 2024). China's ambition to dominate global supply chain can be easily detected in its heavy industry products and exports. Electrical Vehicles (EVs) are the world's one of the most demanded and popular car types in the past few years since EVs are thought to open a new era and transform the oil-dependent vehicle type into electrical one. China possessed a game-changing role at this phase and focused on the production of EVs in both high quality and at low price compared to western alternatives, in which it succeeded. China dominated more than 50% of the global EV market as of 2024 thanks to its global brands which are BYD, XPeng, SAIC, Nio, Geely. Furthermore, Chinese CATL manufactures a third of all EV batteries globally. In total, China's share in lithium-ion battery production capacity reaches three-quarters as of 2024. China dominates the global supply of critical minerals for batteries and electronics, controls over 80% of the solar PV supply chain, and provides 90% of rare earth elements and over 95% of rare earth magnets, positioning itself as a key player in the transition to green energy (Pehamberger, 2024).

China plays a huge role in the world's production and exports as it can be seen in the numbers since China achieved $3.73 trillion in exports as the world's highest exporter in 2022. China's top export products include broadcasting equipment, integrated circuits, computers, office machine parts, and semiconductor devices in order while the primary export destinations are the United States, followed by Hong Kong, Japan, Germany, and South Korea in 2022 (The Observatory of Economic Complexity, 2024).

China as a public authority not only monitor or steer its industry and exports but also gives huge incentives to promote its global position higher. In this context, China stands out in global competition by providing extensive government support to its industrial sector. Nearly 99% of publicly listed companies in China receive some form of state aid, significantly boosting the country's industrial strength. For instance, battery producer CATL received $790 million in subsidies in 2023 alone. Approximately 5% of China's annual national income is allocated to industry, which is six times higher than South Korea's support level and twelve times that of the United States. These substantial subsidies have disrupted global trade balances, prompting Western countries to devise new strategies to protect their own industries (CNBC-e, 2024).

China has emerged as a global leader in the electric vehicle (EV) sector. Since 2009, the government has invested over $231 billion in research, development, and infrastructure, enabling domestic manufacturers to produce affordable EVs. By the end of 2023, China had 1.68 million charging stations. Companies like BYD became the world's largest EV producer in 2023 by augmenting their expertise in battery technology and with the aid of government incentives. China's advancements in such fields are transforming the global industry (Alltech Magazine, 2024). As depicted above, China's political economy strategy strengthens its role in global supply chains and reduces its dependency on resources, productions etc. The strengthening of China at global level promotes its vision of a multipolar world.

3. Conclusion

In conclusion, China's rise as a global economic power is marked by its systematic efforts to challenge the established Western-led order across economic, political, and commercial spheres. China is reshaping international finance and reducing dependency on the U.S.-dominated IMF and World Bank through its initiatives like the AIIB, New Development Bank, the digital yuan (e-CNY), and the Cross-Border Interbank Payment System (CIPS). In the commercial sector, strategies such as "Made in China 2025" and the Belt and Road Initiative demonstrate China's ambition to obtain and preserve a leading role in high-tech and green energy markets. Furthermore, China is consolidating its influence within global supply chains and transforms itself as a critical player in the transition to a multipolar world order by providing significant government support to domestic industries especially to strategic sectors such as electric vehicles, rare earth materials, and high-tech manufacturing. It demonstrates its intent not only to compete with, but to surpass the Western industrial power. Meanwhile, China's application of debt-trap diplomacy through infrastructure projects especially through the Belt and Road Initiative has significantly expanded its control and influence over partner countries and their surrounding regions, which raises critical questions about the long-term hegemonic implications of this strategy. Overall, this study shows that China's strategic challenge is part of its systematic, deliberate and long-term effort to reshape the global order, which is likely to have growing implications for international governance, economic relations, and geopolitical balance. Considering these findings, policymakers and international stakeholders should reform global financial institutions to maintain relevant by offering more competitive infrastructure financing alternatives. They should also strengthen their supply chain capacities in strategic sectors to reduce overdependence on China in the near future.

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