Competing to Win
A Coalition Approach to Countering the BRI

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A Report of the CSIS International Security Program
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Introduction

The time has come for the United States and its allies and partners to form a coalition of like-minded states to compete with China’s Belt and Road Initiative (BRI) in order to counter the geopolitical advantages Beijing is accruing. Since Chinese Communist Party (CCP) General Secretary Xi Jinping’s rise and subsequent consolidation of power, China’s rhetoric and actions have become increasingly aggressive, possibly representative of a state seeking regional dominance under its own complimentary international order. Under Xi’s mantras of “Chinese rejuvenation” and the “China Dream,” it could be argued that China is on a path toward dominating the political, informational, economic, and military orders across the Indian Ocean, Asia, and the Pacific (Indo-Pacific) region, with potential global aspirations.¹

In 2013, Xi Jinping launched unprecedented development programs called the “Silk Road Economic Belt” and the “Twenty-First Century Maritime Silk Road,” aimed at linking infrastructure development to trade between China and developing states.² The original vision of Xi’s “program of the century” was the development of six primary land corridors, two maritime “blue passages,” and a “digital Silk Road” to facilitate economic and social interconnectedness through the integration of policy, infrastructure, trade, finance, and people and cultural ties not only within the Indo-Pacific region but across Eurasia and the Indian Ocean, extending to Europe, the Middle East, and Africa.³ Now dubbed the Belt and Road Initiative, the program is branded as a “win-win” investment by offering the financing and construction of “hard infrastructure” (e.g., ports, railways, roads), “soft infrastructure” (e.g., economic institutions, agreements), digital infrastructure, and enhanced cultural exchanges. The target countries for BRI are primarily, but not exclusively, developing states.⁴

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Now in its sixth year of implementation, the BRI has gone global. It includes hundreds of projects, with a projected investment portfolio of $1 trillion, with some estimates saying that it could reach as much as $4 trillion over the life of the program. Similarly, its scope has expanded to include a “digital Silk Road” and a third “blue passage” through the Arctic. Its reach now includes more than 150 countries and international organizations, with new projects appearing across South America and the Arctic.\(^5\) All told, the BRI’s current trade volume now totals over $1.3 trillion and includes more than 65 percent of the global population.\(^6\)

Unfortunately for the world, the BRI has not evolved as Beijing’s “win-win” rhetoric portends. As many U.S. officials, scholars, experts, and journalists have pointed out over the past 18 months, the BRI appears to have become much more than an economic development program. Numerous reports highlight how the Chinese are using the BRI as a means to gain strategic leverage over other countries. Whether by challenging others’ sovereignty through the use of debt-trap diplomacy, developing dual-use infrastructure to potentially establish a “string of pearls,” a strategy involving a network of militarized facilities across the Indian Ocean Region and the Asia-Pacific, or expanding its influence for malicious purposes, the BRI is increasingly being viewed as a robust geopolitical tool for China.

This report explores how China is using the BRI as a geopolitical instrument to advance its own interests, as well as the challenge that the BRI potentially poses to U.S. and allied regional and global interests. To counteract these challenges, this report takes the broader position that the United States needs to employ a collective balancing approach to deal with China whereby the United States fully accepts that China will continue to rise and that the corresponding balance of power will shift but also that China’s malign influence and behavior can be held in check by a “coalition of like-minded states.”\(^7\) Specifically, this report proposes that the U.S. government support the development and implementation of an integrated multilateral infrastructure development mechanism that can counter the geopolitical advantages China is gaining through the BRI. This symmetrical approach aims to enhance U.S., allied, and partner countries’ efforts to directly and more effectively compete with the BRI.\(^8\)

Only collectively can the resources, expertise, liberal values, and national-level priorities that a coalition brings to the table be synergized to create an alternative program that is not only available to the developing world but is also relevant, affordable, and high quality. Every project undertaken by this cohort is an opportunity to inhibit and complicate the ability of China to use the political, economic, and military leverage it has gained

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and continues to gain through the BRI. It is under this precept that this report outlines the possible organization, roles, functions, and objectives of a coalition infrastructure development mechanism—called here the Infrastructure Development Coalition (IDC)—and it also proposes an initial engagement strategy to focus this mechanism.

Additionally, information operations are a vital component of any modern initiative. This report recommends the development and implementation of a robust strategic communication campaign to complement the coalition infrastructure development initiative with the intent to bolster the initiative's success and to discredit malicious practices undertaken through the BRI. Finally, this report discusses the opportune timing to implement such an initiative, as well as some of the inherent secondary benefits of implementing a coalition approach to infrastructure development.

Lastly, this report provides a detailed outline on how the collective power of a coalition could be synergized to outcompete the BRI, but it is by no means complete, nor is it without flaws. Its intent is to merely lay an initial blueprint that infrastructure development experts and professionals can use as a point of departure to stimulate further thought and future exploration.
The BRI has ignited U.S. concern about China’s ability to build a far-reaching web of geopolitical access and influence. These overseas infrastructure projects can and have created Chinese leverage over recipient countries. Given the hundreds of projects currently under the BRI banner, the potential challenge to U.S. and allied interests is significant.

Before any discussion of the potential challenges to U.S. and allied interests can take place, it is imperative to first begin by outlining what the U.S. and allied interests actually are. Current U.S. interests within the Indian Ocean, South Asia, Southeast Asia, and the Asia-Pacific regions, and the widely accepted interests of its allies, have been clearly articulated in the recently released U.S. Department of Defense *Indo-Pacific Strategy Report*. In particular, this report codifies the strategic tenets of a “free and open Indo-Pacific” (formerly understood as the Free and Open Indo-Pacific (FOIP) strategy). As the tenets imply, the *ends* of this strategy are two-fold. The first end—*free*—is to ensure “all nations, regardless of size, are able to exercise their sovereignty free from coercion by other countries . . . this means good governance and the assurance that citizens can enjoy their fundamental rights and liberties.” The second end—*open*—is to promote “sustainable growth and connectivity in the region . . . all nations enjoy access to international waters, airways, and cyber and space domains, and are able to pursue peaceful resolution of territorial and maritime disputes.” This also means fair, open, and transparent trade, markets, and investment opportunities for all states. Also imperative to this strategy is the acknowledgment “that no one nation can or should dominate the Indo-Pacific.” Figure 1 outlines the four specific strategic principles of the free and open Indo-Pacific vision. Simply stated, the main strategic *end* of the United States and its allies is the sustainment of the current rules-based liberal order—the same order that has driven prosperity for nearly 75 years, since the end of World War II.

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10. Ibid.
11. Ibid.
12. Ibid.
Figure 1: The Free and Open Indo-Pacific Vision

However, accomplishing this strategy is becoming harder as Beijing's influence and potentially revisionist behavior grows. According to the 2018 Assessment on U.S. Defense Implications of China’s Expanding Global Access, the strategic objectives of the CCP are to: “perpetuate CCP rule; maintain domestic stability; sustain economic growth and development; defend national sovereignty and territorial integrity; secure China’s status as a great power and, ultimately, reacquire regional preeminence; and safeguard China’s interests abroad.” While these ends are not unlike those outlined in the National Security Strategy of the United States, it is the underlying ways and means of Beijing’s strategy that appear to be the most disconcerting. Beijing appears to be accomplishing its strategy by gaining geopolitical leverage over the Indo-Pacific region, and the ways it is employing its strategy is by “leveraging military modernization, influence operations, and predatory economics to coerce other nations,” increasing its influence on the region and world. Directly and indirectly, the BRI could be the economic and geopolitical means to accomplish that goal.

The BRI “embodies China’s belief that the global balance of power is increasingly in flux, and that the opportunity for displacing U.S. predominance in Asia is increasingly possible.” Moreover, Beijing is portraying the BRI “as a ‘Chinese solution’ to economic and global governance and an alternative institutional framework to the Western model.” While Beijing fully acknowledges that it has greatly benefitted from the post-World War II international order, Beijing does not see that order as valid moving into the future. China desires a world order that will provide it with the full freedom to act unilaterally across any and all dimensions of national power. Through the BRI, Beijing can seek to expand its influence; create economic dependency and access; challenge

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16. Ibid., 15.
the sovereignty of other states; change the international order; degrade and complicate U.S. and allied operations; and, perhaps more ominously, possibly set the conditions to reunify Taiwan—with force if necessary.

The BRI is an instrument of economic statecraft that Beijing is wielding to expand its authority and influence. According to the *Indo-Pacific Strategy Report*, “China is using economic inducements and penalties [as] influence operations . . . to persuade other states to comply with its agenda.”18 Hungary and Greece are examples of Chinese success. Both countries are major BRI partners and recipients of other considerable Chinese investment, and both have shown a recent pattern of blocking EU efforts to condemn human rights abuses allegedly committed by China.19 It is also arguable that the effectiveness of the Association of South East Asian Nations (ASEAN) has been significantly degraded when it comes to issues that are derisive toward China as a direct result of China’s influence and the economic dependency of ASEAN countries upon China.20

In addition to purely economic influence, “China’s refusal to require reasonable safeguards for its BRI projects has nourished authoritarianism, corruption, debt, and the pursuit of economically unsustainable or nonviable projects.”21 Every one of these aspects creates vulnerabilities within BRI recipient governments that are easily exploitable by Beijing. This could have increasingly deleterious effects as authoritarianism gains strength, U.S. economic interests are ignored or outright discarded, and alliances and partnerships begin to erode.22

Similarly, China is also using the BRI to build economic dependence, making the prosperity of other countries directly dependent upon trade with China. This gives Beijing potential coercive power to punish countries through a multitude of economic sanctions, such as for any actions that are contrary to Chinese objectives and desires. In multinational forums, states dependent upon Beijing could act as active consensus-breakers, spoilers, or abstainers to agreements that China does not support.23

The BRI’s expansion is also likely to further China’s efforts to improve its military capabilities. The mission of the Chinese People’s Liberation Army (PLA) and People’s Liberation Army Navy (PLAN) for the first time encompasses the safeguarding of China’s overseas interests, which is now formally encapsulated in its 2015 military strategy. To quickly deploy and then sustain security forces ashore to respond to a crisis requires an expeditionary force in a high state of readiness with the ability to rapidly deploy.24 Toward that requirement, the *Indo-Pacific Strategy Report* states that China is rapidly improving its military capabilities, which includes efforts “to improve power projection; modernize its nuclear forces; and conduct increasingly complex

operations in domains such as cyberspace, space, and electronic warfare operations." Another latent consequence of this modernization is the increased need for forward access and basing to accomplish this expanding mission.

The dual-use nature of hard infrastructure, such as ports and airports, are also cause for concern. In dozens of countries where China has invested in port projects, requests for military access, visits, and logistics staging bases have soon followed. In 2014, Sina News reported that Beijing is purportedly seeking to establish 18 to 19 “overseas strategic supply bases” encircling the Indian Ocean. According to the article, Beijing is actively seeking basing rights in Pakistan, Sri Lanka, Myanmar, Yemen, Oman, Kenya, Tanzania, Mozambique, Seychelles, and Madagascar. China has also requested military basing rights in Cambodia and Vanuatu. Although these latter requests were denied, China will likely continue in its quest to acquire overseas basing. As economic interests intertwine and countries become more dependent on China, these states may become more susceptible to future Chinese requests.

The threat of China establishing a “string of pearls” presents functional and pragmatic challenges to the United States and its allies in terms of force posturing, exercises, counter-intelligence, security cooperation, logistics, and the possible loss or denial of future access for U.S. and allied forces. However, and more importantly, a Chinese “string of pearls” would greatly enhance China’s “ability to deter use of conventional military force, sustain operations abroad, and hold strategic economic corridors at risk.”

The BRI is a tool that could set the conditions for Beijing to execute any number of troubling scenarios.

1. The BRI is part of a strategy by which China is attempting to strengthen its active defense strategy by extending its defensive buffer zone into and beyond the first island chain (Taiwan, the Philippines, and Japan, including Okinawa) and also westward into the Indian Ocean and Eurasia.

2. The BRI is a tool that would provide China with the access or influence to block or impede direct U.S. and allied intervention into the East and South China Seas if it decides to act on its territorial claims or if it decides to make a push to reunify Taiwan by force.

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3. The BRI is a means to complicate a U.S. or coalition response to a conflict with Taiwan by providing China with the access and influence to instigate or fabricate a preemptive crisis in another part of the world that would divert attention and resources away from Taiwan.

4. The BRI is in the nascent stages of a grandiose Chinese plan to execute a *fait accompli* strategy by leveraging its access and influence to employ “a combination of ‘gray zone’ activities . . . robust anti-access/area denial (A2/AD) networks, lethal and fast maneuver forces, and strategic capabilities . . . to overpower U.S. allies and seize their [allied] territory while holding off U.S. and other allied combat power” and then “by extending [its] A2/AD and defensive umbrella over these new gains, render the prospect of ejecting [its] occupying forces too difficult, dangerous, and politically demanding for Washington and its allies to undertake, or undertake successfully.”

The *Indo-Pacific Strategy Report* acknowledges this scenario as a possibility.

In addition to using its influence and economic dependency as strategic leverage, Beijing is also employing debt-trap diplomacy to challenge the sovereignty of other states. Of particular concern is “China’s potential to convert unsustainable debt burdens of recipient countries or subnational groups into strategic and military access, including by taking possession of sovereign assets as collateral.”

The most notorious example of this is the Hambantota Port in Sri Lanka. Despite negative projections from feasibility studies, Beijing had no qualms with financing the project. The port was a complete failure, and the Sri Lankan government subsequently gave China control of the port and 15,000 acres of surrounding land on a 99-year lease in order to be relieved of its debt. Although analysts debate whether China’s strategy was intentional, the outcome in Sri Lanka is a clear geopolitical victory for China. It now controls a dual-use facility along India’s periphery and astride one of the busiest maritime routes in the world. If China is able to even partially militarize Hambantota, as it has done with islands in the South China Sea, the military balance of power could shift significantly in its favor in South Asia.

Although the Hambantota Port project predates the BRI, its contractual terms have been carried forward under the BRI with similar outcomes. Tajikistan was forced to relinquish its profits and rights to multiple gold mines to China to offset its debts associated with energy investments. Likewise, Kyrgyzstan is also giving up some of its own natural resources to help pay for a $2 billion railroad project financed by China.

Most recently, in March 2019, Philippine Supreme Court Associate Justice Antonio Carpio revealed the troubling loan terms associated with one of many BRI projects that could force the Philippines to cede portions of its sovereign territory to China if it defaults on its loan. Even more troubling is that these are likely to be standardized or templated terms across all BRI projects within

35. Ibid.
the Philippines. Taken individually, such loan terms appear non-threatening, but taken collectively, they are a direct challenge, especially for the Philippines, where BRI investments total upwards of $26 billion.\textsuperscript{38} If these are standardized loan terms within the Philippines, they are very likely present elsewhere, making debt-trap diplomacy a strategic maneuver challenging the sovereignty of other countries.

There are also indications that Beijing may be making a concerted effort to change the liberal, rules-based order that has existed since the end of World War II. Due in large part to its economic clout, China desires a correspondingly equitable say in the world’s major international organizations, such as the International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO). Similarly, China also desires a bigger seat at the table in order to influence the global order and institutions to reflect its “socialism with Chinese characteristics” ideology and alternative brand of economics.\textsuperscript{39} Where it has failed to gain a foothold for its influence, China has taken the lead to build its own parallel institutions, such as the Asia Infrastructure Investment Bank (AIIB), New Development Bank (NDB), Silk Road Fund (SRF), Shanghai Cooperation Organization (SCO), Conference on Interaction and Confidence Building Measures in Asia (CICA), its own international arbitration courts to mediate BRI disputes, and the proposed Regional Comprehensive Economic Partnership (RCEP).\textsuperscript{40} The threat to U.S. and allied interests lies not only in adding another layer to Beijing’s influence propagation plan but in the weakening effect that these rival institutions will have on existing ones as the talent, resources, priorities, and relationships are incrementally siphoned away from the institutions that form the existing liberal order.

Beijing may also see some utility in using the BRI to degrade and complicate U.S. military and allied operations and plans. First and foremost, as the PLA’s capabilities increase in direct response to the need to protect expanding Chinese global interests, the ability of U.S. and allied forces to intervene in a conflict become much riskier in terms of potential casualties and costlier in terms of keeping pace with China’s technological advancements and weapons systems.\textsuperscript{41} Second, though not fully mature, the BRI is providing China with a means to diversify the flow of its much-needed natural resources to make them less susceptible to U.S. or allied interdiction in times of crisis. Increased reliance on pipelines, alternative ports, and enhanced rail and highway networks renders the world’s maritime chokepoints, which China has historically depended upon, less pivotal and effective as a means to influence the outcome of a conflict.\textsuperscript{42} While it is true China’s responsibilities to maintain order and security increase as its interests expand into these regions, China has shown a remarkable ability to adapt in regions in which it has already expanded. Beijing is beginning to show mastery in diplomacy, security partnerships, and its ability to export security into unstable regions.\textsuperscript{43}

\begin{itemize}
  \item[41] Ibid., 81.
  \item[42] U.S. Air Force Office of Commercial Economic Analysis, “Study II – One Belt, One Road,” 44.
\end{itemize}
China’s digital infrastructure development is also a potential challenge to U.S. and allied interests. The security risks associated with intellectual property theft, possible hidden back-doors, the use of non-interoperable standards and protocols, the implementation of rival and parallel systems, and Chinese control of the on/off switch threaten intelligence sharing, command and control, and global financial transactions. An example is the April 2019 revelation by Vodafone that it found hidden backdoors in some of its Huawei-supplied equipment. Despite promises that the issues were corrected, Vodafone also revealed that some of the “security vulnerabilities” have remained unresolved since 2011. These are obvious threats to the United States and its allies because they can all become critical vulnerabilities and major factors impacting collective security, alliance management, military strategy, and operational plans.

The BRI is a powerful tool for Beijing in its attempt to establish itself as Asia’s hegemon. As such, it presents a challenge to the U.S. and allied goal of creating and maintaining a free and open Indo-Pacific region. The United States and its allies must compete effectively with China, which includes developing alternatives to the BRI.

2 | Competing with the BRI

Since normalizing diplomatic relations with China in 1979, consecutive U.S. administrations have attempted to push and pull China into the U.S. orbit. It was hoped that by establishing closer diplomatic ties with China, helping it build a strong economy, and integrating it within the existing liberal international order China would, in turn, see the value of the current order and initiate its own liberalized reform movement. Unfortunately, this “responsible stakeholder” strategy has not had the intended behavioral impacts, and China appears to be following its own path toward internal repression and external assertiveness.46 As a result, many political scholars, China experts, and policy professionals have embarked on a mission to develop more relevant and effective foreign policy options toward China. Recommendations range from full containment to complete accommodation, with dozens of hybrids in between.

That said, and within the context of countering the BRI, there are two particular schools of thought that can be applied to protecting U.S. and allied interests and countering the geopolitical advantages that Beijing is gaining through the BRI. At the strategic level, the first is “collective balancing.” This approach involves the United States fully accepting that China will continue to rise and that the corresponding balance of power will shift, but also that this shift can still be favorably maintained by leveraging the collective power of a coalition of like-minded states. Through the integrated use of each state’s diplomatic, informational, economic, and military elements of power, the coalition can present a wide, united front to both inhibit and neutralize Beijing’s efforts to revise or undermine the regional order in illiberal ways. The end state of collective balancing is to constrain China and keep it off-balance within the region to “prevent Beijing from dominating the region politically, economically, and militarily.”47

At a more operational and tactical level, the second relevant school of thought is to take a “symmetrical” approach to countering the BRI, where China currently holds the initiative. Under this approach, the United States directly competes with the BRI to offset the gains already achieved by Beijing and, more importantly, to minimize future gains. This approach would provide alternative public and private infrastructure development


options directly through U.S. development programs, indirectly through contributions from multilateral development banks (MDBs), and by integrating allied and partner state infrastructure development programs.\textsuperscript{48}

In the context of these two approaches, one of the most apparent options to counter the BRI is to compete with it. The primary objective of competing with the BRI is to complicate China's ability to use the BRI as a geopolitical instrument through which it can execute a revisionist agenda. There are a multitude of means by which this can be accomplished, and Figure 2 provides a graphic depiction.

Figure 2: Competing with the BRI (“Symmetrical” Approach)

\begin{itemize}
  \item END
    \begin{itemize}
      \item Complicate China's ability to use the BRI as a geopolitical instrument through which it can execute its revisionist agenda.
    \end{itemize}
  \item WAY
    \begin{itemize}
      \item Compete with the BRI.
    \end{itemize}
  \item MEANS
    \begin{itemize}
      \item Provide an alternative to the BRI so nations are not forced to choose China because it is the only option for infrastructure development.
      \item Provide a better alternative to the BRI to force Beijing to reform its own practices, particularly within the BRI, to align with the liberal, rules-based order.
      \item Build new relationships and strengthen existing ones to directly counter Chinese influence.
      \item Help nations so that they do not fall prey to the BRI's unfavorable terms.
    \end{itemize}
\end{itemize}

\textit{Source: author's own creation.}

\textsuperscript{48} Wuthnow, “China's Belt and Road: One Initiative, Three Strategies,” 243-244.
Providing an alternative to the BRI is the first step to countering it. Countries desiring large-scale economic development would be given a choice, instead of being forced to choose China by default because there are no other options. Past and present U.S. and allied infrastructure development efforts pale in comparison to the scope and scale of the BRI, and efforts have been insufficient to make any appreciable strategic impact in the same manner as that of the BRI for China. Hampered by outdated and insufficient development programs, the majority of U.S. and allied development aid, until recently, has been largely relegated to providing technical assistance, civil and social program funding, and small-scale infrastructure. This has left a significant gap in large-scale and transformative infrastructure development, and China has seized the opportunity.

Providing an alternative to the BRI also facilitates the establishment of relationships with new partners and strengthens existing ones. This allows U.S. and allied influence to directly compete with and potentially counter or offset Chinese influence efforts. In addition, establishing or bolstering a friendly presence should create or increase the level of diplomatic and economic complexity within the partner state, making it more difficult to choose sides, specifically China's side. A U.S. or allied presence will cause the partner state to at the very least think twice before making a decision that could jeopardize its relationship. Likewise, such a presence could also curtail questionable Chinese behavior or make China think through the potential complexity and complicated outcomes of their decisions before acting.

Competing with the BRI, especially by providing a higher quality, more affordable, standardized, and transparent alternative, may also act as a forcing function for China to evolve its BRI practices so that it can remain competitive in the infrastructure development game. This would be the ideal scenario, in that China would change how it implements the BRI so that it would truly result in a “win-win” outcome. This would be a clear victory because China would no longer be able to establish the same fulcrums within recipient states to wield malign influence obtained through controversial practices. A major secondary benefit is that the competition would help close the global infrastructure gap. It is estimated that $600 to $800 billion per year is required to meet the global infrastructure demand associated with population growth, climate change, and replacing aging infrastructure. If the BRI were to be modified to comply with the rules-based order and Organization for Economic Co-operation and Development (OECD) standards, its massive resources could do a lot of good for a lot of people. Although this may be the ideal scenario, it must be acknowledged that a more standardized and structured approach to infrastructure development may actually also be viewed as a detractor for some prospective recipient states, as well as China. In particular, states with corrupt governments and those that use project opacity for personal gain may become the biggest losers.

Alternatively, it could be argued that a similar outcome may result if the United States and its allies actually joined the BRI. Such an outcome is possible but not likely. Overall, the

difference between U.S. and Chinese strategic interests, business practices, international relationships, and perceptions would likely impede this from occurring. That said, some success could be made on small, selective projects and issues, but such projects would likely not occur at a scale that would have any lasting impact.

Lastly, competing with the BRI should include helping to stop current BRI recipient countries from falling prey to disingenuous intentions and possibly becoming Beijing’s pawns by mitigating the risks associated with the BRI. Part of this competition should involve helping BRI recipient governments consolidate or restructure debt, salvage non-viable projects, expand viable projects, correct low-quality construction, and improve project resiliency. In some cases, competing with the BRI should also include, or at least consideration should be given to, providing selective “bailouts” to strategically important countries if the benefits outweigh the risks. Efforts such as these will not only reduce the vulnerability of BRI recipients but also have the potential to generate substantial good will.

Only through direct and multifaceted competition can the BRI be effectively countered. Overall, it is of little significance whether the BRI is slowed, stopped, transformed, or any combination thereof so long as its utility to Beijing as a coercive tool to drive revisionist ambitions is minimized. The bottom line is that the United States and its allies cannot just compete with the BRI, they need to outcompete it.
3 | Unilateral Approaches to Countering the BRI

Although most will not overtly admit it, numerous countries have implemented their own unilateral infrastructure development programs in direct response to the BRI. Among the first to recognize the BRI’s negative impacts and the lack of alternatives to it was Japan. In May 2015, Japan announced the establishment of its Partnership for Quality Infrastructure (PQI). A joint venture with the Asia Development Bank (ADB), the PQI was initially scheduled to provide $110 billion over five years for infrastructure development across Asia. One year later, Japan announced its Expanded PQI, which increased the funding cap to $200 billion through 2021 and extended the program’s reach globally. The intent of the PQI is to maximize both public and private investment to help meet the world’s massive infrastructure demand, with an emphasis on providing “quality” infrastructure, for which BRI projects are not known. In particular, the “quality” aspect of the PQI entails minimizing life-cycle costs, enhancing safety, building resilience to alleviate the impacts of natural disasters, ensuring projects are socially and environmentally friendly, and maximizing economic potential.

The U.S. response to the BRI is the Better Utilization of Investments Leading to Development (BUILD) Act. The BUILD Act is an alternative program to the BRI that will provide up to $60 billion in “loans, loan guarantees, and political risk insurance” to “help de-risk private investment in projects that are needed for modernizing underdeveloped economies.” The BUILD Act also allows for the taking of equity or quasi-equity in projects that it supports, a first for U.S. development aid programs. These latter aspects of the BUILD Act are what really set it apart from its predecessor, the Overseas Private Investment Corporation (OPIC). However, the BUILD Act is still in its infancy and is not slated to become officially operational until fiscal year 2020. As part of its restructuring, the BUILD Act calls for the consolidation of OPIC with USAID’s Development Credit

Authority (DCA) under a new lead agency, the U.S. International Development Finance Corporation (DFC).\textsuperscript{54} Similar to Japan’s PQI, the BUILD Act has considerable potential.

Other countries have also joined the bandwagon. In November 2018, Australia announced a plan to establish the Australian Infrastructure Financing Facility for the Pacific, a $2.2 billion infrastructure investment institution to compete with the BRI in the Southwest Pacific. On track to be operational in 2019, the facility will provide loans and grants for transportation, communications, energy, and water development, as well as financing to entice Australian investors to pursue other opportunities across the Pacific. This program marks a significant increase in investment capital potential for Australia in the Southwest Pacific.\textsuperscript{55} New Zealand followed Australia’s lead and announced that it would increase its development assistance portfolio to $500 million, with a focus on the Pacific Islands.\textsuperscript{56} India is another regional player that has joined the competition. Through the ADB, India is implementing a $2.5 billion transportation development initiative to better connect it with Southeast Asia. This is especially welcome because all but two of India’s neighbors are BRI partners.\textsuperscript{57}

Europe is also looking to compete with the BRI, with Germany, France, and the United Kingdom as the region’s leaders. In 2017, Germany contributed €22 ($24.3)\textsuperscript{58} billion to international development.\textsuperscript{59} Germany contributes individually through initiatives such as its German Investment Corporation (DEG) and multilaterally through the European Union. Similarly, France recently passed legislation that increases development assistance to .55 percent of its gross national income (GNI) by 2022, to approximately €14.5 ($16)\textsuperscript{60} billion. In 2017, it provided €10 ($11)\textsuperscript{61} billion in development aid through its Agence Française de Developpement (AFD), specifically prioritizing African states.\textsuperscript{62} The United Kingdom spends .7 percent of its GNI (approximately €18 ($19.9)\textsuperscript{63} billion) on international development, the only G7 state to meet that United Nations’ goal of .7 percent.\textsuperscript{64} One of the United Kingdom’s primary investment tools is its CDC Group. The CDC Group has a €5.3 ($5.9)\textsuperscript{65} billion portfolio and specifically focuses on development in Africa and South Asia.\textsuperscript{66} The

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United Kingdom also announced in August 2019 that it was seeking to be the largest G7 investor in Africa by 2020 and in the same announcement established the goal of increasing African investment by €8 ($8.9)\textsuperscript{68} billion through the CDC Group and the City of London Corporation.\textsuperscript{68} These European powers hold considerable potential capital, and they each have a long history of successful investment.

At the European regional level, the European Union is a major contributor to infrastructure development. The European Development Fund (EDF) is the primary EU development program targeting Africa, the Caribbean, and Pacific countries, providing up to €30.5 ($33.7)\textsuperscript{69} billion over a six year period (2014-2020) in development aid.\textsuperscript{70} In late 2018, the European Union launched its Euro-Asia Connectivity Strategy, targeting the rising Chinese influence in the Balkans, Caucasus, and Central Asia. The strategy focuses on three pillars. The first is “sustainable connectivity,” emphasizing economic viability, environmental compliance, and resiliency. The second pillar is “comprehensive connectivity,” which places emphasis on transportation networks, digital connectivity, and all-source energy distribution. The final pillar is “international rules-based connectivity” which focuses on the international standards and rules that govern interoperability, equal opportunity, and transparency. Although this strategy does not bring its own distinct funding vehicle, the European Union will work cooperatively with the Neighbourhood Investment Facility (NIF), the Investment Facility for Central Asia (IFCA), and the Asia Investment Facility (AIF) to provide financing options.\textsuperscript{71}

The European Union also has several other financial tools at its disposal. Within Europe proper, the European Union has its Instrument for Pre-Accession Assistance (IPA), Trans-European Transport Network (TEN-T), and Connecting Europe Facility (CEF) for Transport.\textsuperscript{72} The IPA is an €11 ($12.2)\textsuperscript{73} billion tool used for economic reform, development of various sectors of a country’s economy, and infrastructure.\textsuperscript{74} This would be especially important since many of the countries aspiring to EU accession are being specifically targeted by China for BRI projects. Similarly, TEN-T is a €7 ($7.7)\textsuperscript{75} billion comprehensive transportation infrastructure development program to increase interconnectivity within the European Union and Europe at large.\textsuperscript{76} The CEF is another infrastructure development

\textsuperscript{68} “The UK is announcing a range of measures to boost much-needed investment in businesses and infrastructure across Africa, the Prime Minister announced in Cape Town,” Open Access Government, August 29, 2019, https://www.openaccessgovernment.org/uk-invest-africa/50385/.
program, which targets transport, energy, and digital/telecom development and has a total budget of €27 ($29.9)\textsuperscript{77} billion.\textsuperscript{78} Globally, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) can also add major funding and expertise to compete against the BRI.\textsuperscript{79}

The fact that these programs and strategies have come into existence or are under reform is reassuring. It shows that many of the world’s leading powers understand and acknowledge the challenge that the BRI poses and that they are willing to contribute to maintaining the current international order. However, these programs do not individually have sufficient resources nor a coordinated approach to compete with the BRI. While there are some nascent efforts to cooperate between these various programs, there is still too much ground to cover and a deficit in the hundreds of billions of dollars to match the $1 trillion investment of the BRI. It will require a highly marketable and efficient program combined with the right engagement strategy to outcompete the BRI.

\textsuperscript{79} Bohman, Mardell, and Romig, “Responding to China’s Belt and Road Initiative: Two steps for a European strategy.”
As outlined previously, the “collective balancing” and “symmetrical” approaches both call for close cooperation with allies and partners. This is vital in order to effectively compete with the scope and scale of the BRI. However, currently “there is no coordinated effort to inventory total development resources or coordinate activities between the U.S. and its allies. The United States [and its allies] must develop a capacity to bring together commercial and government development resources at the strategic and operational/tactical (country/project) level.” Rectifying this deficiency is exactly what is required, and adopting a full-spectrum multilateral approach to infrastructure development is exactly how to do it.

Above all else, a multilateral approach to infrastructure development will allow the United States and the other member states to align and target investments to achieve common, consensus-based, strategic effects. Second, such a strategy places reliance on the diplomatic, informational, and economic elements of national power. This sends the signal to Beijing that the United States and its allies and partners are willing to compete across the entire spectrum. Third, a multilateral approach will consolidate the individual resources and capabilities of each state, which will increase the scope and scale of friendly development efforts toward a more equitable level with the BRI. This will effectively increase the opportunities available for the collective to engage other countries on prospective projects to meet their objectives. Fourth, this approach has the potential to increase the efficiency and effectiveness of project development, thereby undercutting some of the speed advantages that the BRI offers, at least in the initial stages of project development.

Another benefit of the multilateral approach is that each country brings its own set of geopolitical, economic, and technological capabilities to the group. Figure 3 depicts how these capabilities and strengths of individual infrastructure development programs can be consolidated to achieve a significant advantage over the BRI. This provides the ability for the collective to use the fundamental strengths of its members to compensate for the weaknesses of other members. For example, some member states may better understand certain cultural dynamics, while others may have more favorable access or more productive long-standing
relationships with prospective recipient states. These could be crucial assets to forge new relationships with non-traditional partners or even salvage waning or damaged relationships.

Furthermore, some countries bring functional capability advantages that the others could leverage. U.S. companies would be much more competitive in “more complex and technology-intensive infrastructure – particularly in the telecommunications and electricity sectors” than they would be in standard hard infrastructure, such as railroads, highways, and ports.  

Conversely, Japan has considerable expertise in “heavy engineering” and high-speed rail systems. These niche capabilities would not only open more doors for investment but also greatly diversify the types of projects that could be undertaken by the collective, providing a stark advantage over the BRI.

Figure 3: Advantages of a Multilateral Approach to Infrastructure Development

Finally, the multilateral approach will bring to bear all of the unique legal and financial authorities inherent in each member’s respective development programs. This could greatly expand investment opportunities, increase overall flexibility, and mitigate both public and private investment risk.

The advantages of adopting a multilateral approach to infrastructure development are readily apparent, and fortunately, they have not gone unnoticed. In November 2018, the United States, Japan, and Australia signed a trilateral memorandum of understanding (MOU) establishing a partnership to bolster economic, infrastructure, and connectivity development across the Indo-Pacific. Earlier that same year, the United States, India, and Japan met as a Trilateral Infrastructure Working Group (TIWG), made agreements to

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82. U.S. Air Force Office of Commercial Economic Analysis, “Study II – One Belt, One Road, 64.

share information on their regional infrastructure projects, and discussed options to move toward “joint loans and joint ventures” on future projects. The European Union is another organization that recently launched a counter to the BRI, namely its Euro-Asia Connectivity Strategy. This strategy aims to develop “sustainable, comprehensive, and rules-based connectivity” between Europe and Asia.

At the bilateral level, India and Japan have also increased cooperation. Most prominent is their Asia-Africa Growth Corridor which seeks to “integrate Africa by establishing strategic linkages with other regions such as India, South Asia, Southeast Asia, East Asia, and Oceania” through infrastructure, digital connectivity, building capacity, and cultural exchanges. Japan and India have also undertaken more local efforts. Both are working on co-projects to improve connectivity in the Indian Ocean region, specifically with Iran, Sri Lanka, Bangladesh, and along the Thailand-Myanmar border. Although these various-lateral efforts are a step in the right direction, they are still not sufficient on their own. None provide the funding, organization, or global reach required to compete with the BRI. More is needed.

Enter the Infrastructure Development Coalition (IDC)

The U.S. government needs to take the lead to develop and implement a formal integrated multilateral infrastructure development mechanism that can effectively compete with BRI to counter China’s geopolitical gains. Hereafter, this multilateral mechanism will be referred to as the Infrastructure Development Coalition (IDC). The momentum that the United States and its allies and partners have created from implementing their own responses to the BRI provide a perfect opportunity to embark upon such a quest. In particular, the United States’ BUILD Act and Japan’s PQI programs should comprise the core of the IDC because they bring the most in terms of public capital, private investment potential, and development expertise. That said, it is Japan’s PQI that should form the foundation of the IDC as one of the only programs with a considerable level of implementation experience and a program with strong moral values at its core. In fact, the United States should push for Japan to be the lead country to spearhead the formation and implementation of the IDC. This should also include basing the headquarters of the IDC in Japan. In other words, the IDC should have more of a Japanese face than a U.S. face.

Over the past several years, Japan has shown strong self-reliance, venturing out on its own to become a more involved and committed player within the Indo-Pacific region. It has also established itself as the global leader in providing quality infrastructure, and it has a solid reputation with deep ties across the states comprising ASEAN and the Asia Pacific Economic Cooperation (APEC). In a recent poll of ASEAN countries, two-thirds are confident in Japan’s ability and willingness to sustain peace and prosperity in the Indo-Pacific region. Putting Japan in the lead is also advantageous in that it may make it a little bit easier for states to be receptive to IDC investment by reducing their perceptions that they are being asked to choose sides in a great power competition between the United States and China—a decision that many countries may be reluctant to make.

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89. Ibid.
However, this should not exclude other programs, as they all bring additional resources and carry their own inherent strengths that will be required to compete with the BRI on a global scale. Ideally, at the global level, any country or organization with some capability to provide international infrastructure development aid or official development assistance (ODA) would be a welcome addition to the IDC. Unfortunately, not all countries with these capabilities are ready to venture very far beyond their borders, nor or all such states necessarily a good fit for the IDC. Similarly, the IDC would also need to use caution so that it does not attempt to become too diverse, too soon. Trying to integrate a large number of disparate infrastructure development programs simultaneously to the IDC’s attempt to stand up might be an insurmountable hurdle, derailing the entire initiative from the start. A more gradual, progressive approach to incorporating new members of the IDC should be adopted. More importantly, the initial desired reach and strategic impact of the IDC would need to be a major consideration in determining which countries should be founding members and which should be considered for follow-on membership.

With that in mind, the founding members of the IDC should include Japan, the United States, India, Australia, New Zealand, France, and Germany (refer to Figure 4). These are stable and like-minded liberal democracies that are all concerned with China’s expansive ambitions. Additionally, they have all recently stepped up their infrastructure development efforts, and they each have solid relationships that span across Asia, the Indo-Pacific, and the globe. The United States and the aforementioned Asian and Pacific states would provide the IDC with consolidative power to engage all of the Indo-Pacific region, where the majority of the IDC’s efforts should be initially focused. Germany and France are both countries with growing concerns about China’s expansionist ambitions, and they would both expand the reach of the IDC to Europe but also to nearly the entire continent of Africa, and both have significant interests in the Indo-Pacific region. Moreover, Germany and France would also provide the IDC with a direct linkage to the European Union. The United States should immediately open dialogue with Japan, India, Australia, New Zealand, Germany, and France to begin assessing the feasibility of establishing the IDC.

Subsequent invitations would follow after the IDC becomes operational. Among the first countries to receive an invitation should be China, under the condition that its BRI practices be completely reformed to comply with IDC business rules and internationally agreed-upon rules and norms. Although China’s acceptance to join would be unlikely, it has the potential to be a fait accompli if it did. If China were to sign on as an IDC partner, the BRI’s utility as a geopolitical tool to gain leverage over other states would be significantly diminished—a clear victory. Conversely, if China refuses the invitation, it would only serve to solidify the suspicions that China may be more focused on fulfilling its own agenda than being truly concerned with enhancing economic ties for the sake of regional and global prosperity. The BRI’s “win-win” mantra would be proven false. Regardless, the value in inviting China to join the IDC would have numerous upsides, it therefore deserves serious consideration.

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Other invitations would go to Singapore, Canada, and the United Kingdom (once the terms of Brexit are resolved). For Singapore, its membership would complete representation within the IDC for all corners of the Indo-Pacific region. Its economic and military clout, as well as its strategically important location, could potentially open up doors to the rest of Southeast Asia. Plus, Singapore, already a highly productive security partner with the United States and its regional allies, sits astride the critical entry/exit point to the Malacca Straits. Canada should also be invited to join the IDC as a means to hedge against the BRI’s intended maritime passage through the Arctic, and the United Kingdom should be invited due to its already established investment endeavors in Africa and South Asia.

Lastly, the IDC would also consider taking on as members other multinational organizations, such as ASEAN, the European Union, and APEC. However, the IDC would need to utilize caution and be honest and transparent to ensure that the culture and business rules associated with these organizations adds true value and does not stymie progress by adding layers of external bureaucracy to the IDC. At the very least, these organizations could become involved as consultative bodies, networking resources, and forums to discuss ongoing IDC progress and issues.
The concept of the IDC goes well beyond what can be accomplished by an MOU. To borrow the term and concept idea from Daniel Kliman and Abigail Grace from the Center for a New American Security (CNAS), the IDC needs to be an organization that resembles an international “Center of Excellence” (COE) for global infrastructure development. At a basic level, a COE is “a group of people leading the organization and its different structures in a specific focus area towards pre-determined goals,” with a common objective to “improve expertise in a certain area and make the most of its resources to help the business to improve.”

Structuring the IDC as a COE would provide it with several tangible advantages in addition to its multilateral benefits. First among them is the establishment of “visibility.” As a COE, the IDC would be able to “brand” and advertise itself to the world as such. If the IDC developed a grand narrative that highlights its purpose and capabilities, it would go a long way toward generating business interest and advancing the shared interests of the IDC. Applying the COE concept also could allow the IDC to launch a potential corresponding strategic communications campaign. Second, the output of many COEs is “standardization,” which brings greater interoperability and efficiency with other organizations and internally. Externally, this includes greater standardization to ensure compliance with OECD standards. Internally, this standardization includes how the IDC will work as a team and how it will plan, develop, and finance infrastructure projects, including technical specifications associated with architectural design, construction, technology integration, and other rules, norms, and laws that preserve global compatibility. Lastly, the IDC would be able to operate with more independence, enabling it to follow a clearly defined focus toward accomplishing its objectives. Ideally, the daily operations of each member state’s respective infrastructure development programs would reside at home with their permanent staffs. The IDC would focus solely on providing inputs for those home organizations to implement, freeing them up to focus on developing and implementing a strategy to accomplish objectives.

Every new organization must necessarily start with a strategy and vision, which should include the purpose (end-state), goals, and scope.\textsuperscript{97} For the IDC, its stated purpose would need to be to provide a better alternative to the BRI, with the implication that competition is needed to produce the best product and with an underlying end-state to counter Beijing’s use of the BRI to gain influence that it can then use in malicious ways. However, stated this way, the underlying purpose is probably not the most constructive narrative that the IDC should use, both in terms of maintaining a less contentious competition with China and for attracting business. The IDC’s narrative should revolve around providing quality infrastructure that is “affordable, accessible, inclusive, and broadly beneficial.”\textsuperscript{98}

The IDC needs to use its goals to become the center of excellence in both infrastructure development expertise and infrastructure financing, with specific emphasis on attracting private-sector investment. Lastly, the scope of the IDC will be initially regional, and then global, to be specifically delineated by its engagement strategy (discussed later).

As would be expected, no state would want to nor allow any multilateral organization to assume control of its national strategic interests or policies. In order to maintain the integrity of each member’s strategic autonomy, the establishment and operation of the IDC would have to be based on the principles of cooperation, which implies a formal agreement between nations but does not legally mandate action, decisions, or the allocation of resources if contrary to a nation’s particular interests. Although the main premise behind the IDC would be to leverage the combined pool of resources to outcompete BRI, individual member states would still have the freedom to use their respective infrastructure development programs independently in pursuit of their own interests.

There would need to be a foundational pledge by each member state toward several ends. First, members would need to agree that each will participate in and agree to an engagement strategy for the IDC. In other words, members would need to agree on how the IDC will target its investments to compete with the BRI in the most effective manner possible. Care must be taken so as not to generate the perception that the IDC would be expressly an “anti-Beijing” mechanism because this would assuredly have an impact on prospective IDC partner countries. Second, each member would need to pledge to allocate the personnel and resources to stand up the IDC and attempt to maximize the potential of their programs, resources, and expertise in accordance with the IDC’s strategic direction. Third, each member’s participation should remain voluntary, based strictly on the principles of consent, coordination, cooperation, and compromise. There should be no unanimity requirement or veto power, nor should one state’s vote count any more or less than any other. As projects emerge, the members can choose to participate or not, and they can determine to what extent they want to participate. Ultimately, the realization that only a united approach will stand any chance of outcompeting the BRI will hopefully increase overall participation.

The IDC should be headed by a board of directors with the authority to make decisions on the strategic direction of the IDC. This board should be comprised of full-time representatives from each member country at the deputy secretary/deputy minister-level.

\textsuperscript{97} Anastasia, “How to Set Up a Center of Excellence.”
\textsuperscript{98} “Roadmap to Infrastructure as an Asset Class,” OECD, Accessed March 22, 2019, http://www.oecd.org/g20/roadmap_to_infrastructure_as_an_asset_class_argentina_presidency_1_0.pdf.
or at a minimum the higher Senior Executive Service (SES)-level equivalent. Their specific functions would be to develop and implement the IDC’s engagement strategy to counter the BRI, and the board would have final decision authority over which projects to pursue in support of that strategy. See Figure 5 for a depiction of the organizational structure of the IDC and the relationships between its various components.

Figure 5: IDC Organization

Directly under the board of directors should be a permanent team of functional program managers tasked with synergizing the capabilities of the IDC. Ideally, these managers would work in unison to leverage the niche capabilities and strengths of their national programs to meet project requirements. Their focus would be to match capabilities to needs based on who can best provide them. This team should be comprised of members from each IDC country at the lower SES-level equivalent with the authority to mobilize and task their respective national programs to provide the needed functional experts and resources to work on specific projects. As functional managers, they should be organized
to support any project type across each of its life-cycle phases, as well as to perform the various functions that transcend all projects. Refer to Figure 5 for the potential specific task organization of the IDC.

Beneath the team of managers would exist permanent staff that can carry out the guidance of the managers. The staff would perform the actual coordination between their national programs and the functional experts across the public and private domains that would actually implement each project. This includes everything, ranging from private investors and MDBs to local governments and private commercial contractors.

Lastly, adjacent to all levels of the IDC would be the external national organizations, agencies, and other staff that comprise and execute each country’s infrastructure development initiative.

Funding of the IDC, as a stand-alone organization, would be another essential requirement. As can be expected, the initial up-front monetary cost to establish the IDC would be considerable (work spaces, personnel hiring, IT equipment, relocation costs, organizational equipment, and supplies, among others). The United States could consider the recently passed Asia Reassurance Initiative Act of 2018 (ARIA) for its startup funding. This authorization provides up to $1.5 billion per year as part of “a multifaceted U.S. strategy to increase U.S. security, economic interests, and values in the Indo-Pacific region.” The IDC, as envisioned here, fits cleanly within 7 of the ARIA’s 10 primary objectives. Requesting the appropriations from ARIA to establish an initial operating capability for the IDC should be a relatively easy sell to Congress, provided there is a plan in place for the long-term sustainment and operation of the IDC. For the latter, using ARIA to sustain the IDC would likely not be possible because of the limits and complications associated with the annual appropriation cycle. Additionally, there currently exist no other special U.S. authorizations or programs that can be used sufficiently or reliably to offset the operation and sustainment costs. Other member states would likely have to absorb the costs through their respective national budgets. Some states may be able to offset their costs from the earnings of their equity and quasi-equity investments, while others may be able to take a percentage directly off the top from their development program portfolios. Regardless, once up and operational, the sustainment costs of the IDC should be relatively modest, especially if they are proportionally or evenly distributed across the member nations.

7 | The Functions of the IDC

The two primary areas of expertise of the IDC would be to be the global leader in infrastructure development expertise and in development financing. For the former, the technical capabilities required to harness this expertise would most often be resident within the member state’s infrastructure development programs, as well as other government agencies and commercial entities at home. Cooperation would require considerable coordination between the IDC, member countries, and project recipient country. This is where the IDC managers and permanent staff could exercise their functions. The IDC would need to be able to effectively collaborate with member country programs and dozens of other entities to bring its expertise to bear across every phase of a project’s life cycle, as shown in Figure 6. In particular, there is no other aspect of a project more important than the project preparation phases outlined in Figure 7 (also encompassing phases one through three in Figure 6), and it is in these phases that the IDC would need to particularly excel and on which this report will focus.

Figure 6: Example Project Life Cycle

While it is beyond the scope of this report to discuss the many intricacies associated with project preparation and the other phases of the project life cycle, Figure 8 depicts the organization and numerous specific tasks, functions, and areas of expertise required of the posited permanent IDC staff. That said, this report will focus on certain aspects of project preparation that the IDC could adopt, change, or place more emphasis upon in order to outcompete the BRI. This process begins by determining infrastructure needs and project solutions within prospective recipient countries.

Source: Nassiry, Nakhooda, and Barnard, Finding the pipeline: Project preparation for sustainable infrastructure.
There are a host of potential sources and varying degrees of the actual definition of “need.” Perhaps the most important determining source are the recipient country’s development objectives and priorities and how they relate to the United Nations’ Sustainable Development Goals (SDG). Adopted in 2015, the SDGs “are the world’s best plan to build a better world for people and our planet by 2030.”

More specifically, the SDGs provide an outline to “address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.” In most cases, infrastructure development efforts should directly contribute to the SDGs.

That said, the IDC would need to recognize that there are many other actors that wield influence over the direction of infrastructure development, such as governments, private investors, commercial enterprises, cooperatives, and interest groups. Unfortunately, some of these actors may be more of a detractor than a contributor. In some cases, these actors may be overzealous, misinformed, or ignorant of a project’s true outcome or concerned with self-serving “needs” and corrupt practices rather than in making progress toward the SDGs.

The IDC would need to be able to balance the SDGs with recipient country desires and develop projects as a partnership. It would work closely with potential recipients to find common ground or an alternative approach that meets both the SDGs and other interests as an avenue toward productive engagement. Holding a hard line or an unwillingness to compromise would likely only discourage the recipient, pushing them away from the IDC, and possibly toward the BRI as the only other alternative. Ultimately, the determination whether a project meets a legitimate need would have to be made by the IDC’s board of directors. For them, the hard part would be deciding whether engagement with the recipient country to hedge against BRI is prioritized properly and nested to meet legitimate needs.

After the IDC developed its engagement plan and priorities, the organization would then need to find the projects within priority countries that meet legitimate needs and in which it can invest in to compete with and hedge against the BRI. There are two ways for finding development projects. First would be the bottom-up or demand-driven project, where government officials or investors actively seek out financial assistance by pitching an already conceived project proposal to an infrastructure development entity and then requesting aid or assistance to fund and develop the project.

The second manner for finding a project would be for the IDC to seek out its own investment opportunities within the prospective state’s infrastructure development plan. This capability would be necessary to more effectively target states for their geopolitical impact to counter the BRI. To accomplish this, the IDC could establish an engagement and project concept development cell to actively solicit project ideas from member country teams, investors, private industry, and think tanks, as well as multilateral institutions (e.g., OECD, UN, ASEAN, APEC), MDBs, development finance institutions (DFIs), National Development Banks (NDBs), and, more importantly, from prospective recipient governments at the local, regional, and national-
level. Similarly, the IDC could always be on the lookout for new projects that expand upon or complement past and in-progress projects, especially BRI projects. Failed, failing, or likely to fail projects are also targets of opportunity in which a salvage plan may be developed. IDC proposals should also outline an initial estimate of what the IDC can offer in terms of expertise, services, assistance, possible financing options, and its terms and conditions.

Figure 8: IDC Staff Functions and Tasks

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<tr>
<th>Engagement &amp; Project Concept Development</th>
<th>Infrastructure Development</th>
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<tr>
<td>• Hear and assess new project proposals</td>
<td>• Project Preparation</td>
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<td>• Research organic project concepts</td>
<td>• Project Construction</td>
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<td>• Solicit new project concepts from external stakeholders</td>
<td>• Project Delivery</td>
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<td>• Develop project proposals for prospective recipients</td>
<td>• Monitor, track, and report project progress</td>
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<td>• Organized by type of infrastructure</td>
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<td>• Digital / Communication</td>
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<td>• Structure (buildings, etc.)</td>
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<td>• Small and Medium Enterprises</td>
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<th>Finance</th>
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<td>• Develop flexible and blended finance options</td>
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<td>• Evaluate dept sustainability</td>
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<td>• Work with recipient nations to restructure debt, as needed</td>
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<td>• Conduct financial risk analysis on each project</td>
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<td>• Evaluate risk insurance options</td>
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<td>• Explore credit enhancement options</td>
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<td>• Coordinate local currency use</td>
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<td>• Provide a capability to rapidly employ funding to address unforeseen and time-sensitive issues</td>
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<tr>
<td>• Coordinate with all external banking and finance institutions</td>
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<td>• Assist in the development of all public-private partnership structures</td>
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<th>Private Investment</th>
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<tr>
<td>• Coordinate with IDC member nations and recipient nations to exploit connections to private investors</td>
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<td>• Coordinate across the IDC and with external financial institutions, brokerages, and firms to attract and integrate private investment</td>
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<tr>
<td>• Monitor and track project financial performance</td>
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<tr>
<td>• Work with the IDC strategic communications cell to publish project financial data</td>
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</table>
Such conversations could also be readily added to the agendas or heard on the sidelines of the UN, World Economic Forum, APEC, ASEAN, G-7, G-20, and other similar conferences and summits. The objective of project concept development would not only be to focus engagement on priority countries as a BRI hedge but also to help to ensure each IDC member’s infrastructure development program portfolio cap is consistently maximized by being able to more closely control the amount of business being undertaken. Moreover,
pitching pseudo-comprehensive initial proposals could be a much more rapid way to get
to an initial project commitment or agreement with recipient states, undercutting some
of the initial speed advantages that BRI can offer, such as by prioritizing projects and
fast-tracking loans.\textsuperscript{104} If the IDC wanted to outcompete the BRI, it would need to go the
distance to develop project opportunities.

The other critical aspect of project preparation is that it is an absolute requirement
to attract private investors. One of the largest hurdles impeding investment in
infrastructure “is not a lack of available finance, but rather a lack of well-prepared and
investment-ready bankable projects.”\textsuperscript{105} For most investors, it is all about profits, and
they can only realize them if the project can offer a high-enough risk-to-return ratio
and a correspondingly safe and stable investing environment.\textsuperscript{106} Project preparation
necessarily involves taking an in-depth look at the many risk factors associated with
the project and developing mitigation options to reduce the levels and types of risk.
This provides potential investors with the risk-controlled profit projections needed to
make investment decisions, and the more thorough the analysis, the more accurate the
projections. Figure 9 outlines the many investment factors that need to be accounted
for in project preparation. Moreover, if solid pre-project analysis can stimulate private
investment, the IDC might not be required to commit as much public funding toward
actual project construction. This surplus of uncommitted funds could help absorb the
high costs associated with project preparation. Lastly, in an effort to shrink project
timelines and to be able to offer lowest-cost bids, China often neglects some key aspects
of pre-project analysis such as upholding environmental standards and accounting for
social impacts.\textsuperscript{107} Several BRI projects have been plagued with delays, cost-overruns,
administrative issues, and other complications because China failed to accurately
conduct project preparation.\textsuperscript{108} This clear disregard has also resulted in the development
of several “economically unsustainable or nonviable projects.”\textsuperscript{109} If the IDC would be
willing to invest such time, energy, and resources to ensure a project’s success, it would
send the clear message that the IDC is also committed to the prosperity of the recipient
country and meeting the UN’s SDGs.

\textsuperscript{104} Jonathan E. Hillman, “China’s Belt and Road Initiative: Five Years Later”; Drazen Jorgic, “In Pakistan, China
\textsuperscript{105} Darius Nassiry, Smita Nakhooda, and Sam Barnard, Finding the pipeline: Project preparation for sustainable
infrastructure (Overseas Development Institute, November 2016), https://www.odi.org/sites/odi.org.uk/files/re-
source-documents/11075.pdf.
\textsuperscript{106} Jan Corfee-Morlot et al., “A Roadmap for Financing Sustainable Infrastructure,” in New Climate Economy,
\textsuperscript{107} Hillman, “China’s Belt and Road Initiative: Five Years Later”; Drazen Jorgic, “In Pakistan, China presses
na-silkroad-pakistan-insight/in-pakistan-china-presses-built-in-advantage-for-silk-road-contracts-idUSKBN19503Y.
\textsuperscript{108} Christopher Balding, “Why Democracies Are Turning Against Belt and Road,” Foreign Affairs, October 24,
road.
\textsuperscript{109} Ibid.
Reducing the time required from project inception to construction is another facet of infrastructure development that the IDC could improve upon. At present, the BRI holds the advantage. As a national priority, China is able to mobilize the expertise, manpower, and resources in a highly efficient manner. Coupled with its less-than-thorough pre-planning, BRI projects can break ground much more rapidly than other development programs. Conversely, major infrastructure projects tackled by the rest of the world take an average of 5 years before construction begins, and in Africa it can take up to 10 years.\textsuperscript{110} The pace of the BRI is a huge selling feature for many politicians that need to boost their public image or that want to leave a legacy, and this can only happen if the project materializes while they are still in office. Likewise, these extremely long timelines required to design, build, and eventually operate infrastructure at a point of profitability is a major factor that discourages private investment.\textsuperscript{111}

If the IDC could dedicate the resources required to perform a thorough and detailed pre-project plan, it could greatly streamline the flow of the remaining phases of the project life cycle because there will be fewer unknowns and, in turn, less time required to deal with them. Similarly, the IDC should standardize project preparation. A good starting point would be collaborating with and integrating the best practices from existing Project Preparation Facilities (PPF), such as the Global Infrastructure Initiative (GIF), the ADB Asia-Pacific Project Preparation Facility (AP3F), or the Sustainable Energy Fund for Africa (SEFA).\textsuperscript{112} Establishing a standard methodology and developing recurring relationships with many of the project stakeholders would make project preparation more efficient, comprehensive, and faster and help avoid duplication of effort. Combined, these efforts could also reduce the overall cost of project preparation, a clear victory for the IDC, enabling it to close the speed gap with the BRI and enhance project success.

\textsuperscript{110} Ibid.
\textsuperscript{111} Wilson, “Calibrating a U.S. Infrastructure Strategy for the Indo-Pacific.”
\textsuperscript{112} Nassiry, Nakhooda, and Barnard, \textit{Finding the pipeline: Project preparation for sustainable infrastructure}. 
Becoming the leader in global infrastructure financing would be a challenge for the IDC. The IDC should organize itself so that it can operate as a super-DFI or super-MDB but stop short of actually becoming one. Again, the idea is to be able to leverage the individual niche capabilities, resources, and authorities that each member’s program brings to enhance the effectiveness of the whole. Any attempt to consolidate the funding and business rules of the member countries’ individual programs would only smother their unique capabilities with politics and bureaucracy. To perform this function, the IDC should create two distinct cells, a finance cell and a private investment cell, that can perform the coordination and integration required to implement all manner of financing and identify and develop opportunities to implement private investment.

The first order of business for the IDC would be to ensure a stable environment exists for both public and private investment. At the broadest level, this requires adequate governance and a functioning economy within the recipient country. More specifically, the United States assesses the investment climates of 170 countries each year, and the 2018 results were based on factors including “openness to investment, legal and regulatory systems, dispute resolution, intellectual property rights, transparency, performance requirements, state-owned enterprises, responsible business conduct, and corruption.” These factors will also become more apparent and relevant during project preparation.

The main issue confronting the IDC would be that many states that are in dire need of infrastructure are those with governance issues and financial troubles, which make investing in these countries high risk, especially for private investors. Most of the world’s leading infrastructure lenders and private investors will typically only finance projects in struggling countries upon the implementation of “public-sector governance reforms and financial sector reforms, including budget deficit reduction, state-owned enterprise privatization, anticorruption policies, and market liberalization.”

Conversely, China does not play by the same rules. One of the aspects that has allowed the BRI to expand so aggressively is the ease with which Beijing is willing to offer financing to nearly any country. Chinese loans are generally condition-free in that they do not require recipient countries to meet strict prerequisites or implement political or economic sector reforms. Furthermore, China is not concerned with “corruption, human rights, or financial sustainability.” China’s lax standards have opened many closed doors for the developing world, and it is a realization that the IDC would need to address in order to remain competitive.

One option for the IDC to address this, although not a realistic one, would be to follow China’s lead by stipulating less-than-desirable terms such as extremely high interest rates and the debt-trap conditions discussed previously. That said, there are few other options to improve the investment climate than to institute political and economic reforms, which are costly, can have questionable effectiveness, and can take years to implement. While

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114. Mazarr, Heath, and Cevallos, China and the International Order, 81.
115. Balding, “Why Democracies Are Turning Against Belt and Road.”
these conditions are meant to build solid and stable long-term financial systems within recipient countries to ensure a return on investment, the IDC members should make every effort to make such conditions more palatable. Such efforts should include:

- Promoting the idea that prospective partner countries will be guaranteed improved governance and a more marketable economy, with the potential to move higher up the value chain;
- Tailoring and prioritizing only those conditions most needed by the recipient countries instead of wholesale reform;
- Implementing reforms in a much more gradual and easing fashion or implementing reforms concurrently with project development;
- On a case-by-case basis, lowering reform standards or implementing temporary fixes to reach minimal acceptable levels (although this may be a short-term loss, it has the potential for long-term gain);
- Incentivizing states for accelerated results or exceeding standards.

Lastly, the IDC board of directors should always reserve the right to pursue any project, regardless of the expected outcome, if it is deemed to be of such strategic value that the risk is worth the reward. The IDC would likely be alone in pursuit of such projects and have to answer some tough questions from their home governments and taxpayers, but this is an option of last resort.

Another function of the IDC’s finance and private investment cells would be to increase the capital available to the IDC to provide needed infrastructure and to compete with the BRI. While the combined public funding available through the IDC could total nearly $300 billion, it would still lag significantly behind Beijing’s $1 trillion (or more) investment in the BRI. That said, the IDC could have one major resource held in reserve that China does not—private and commercial investors. The BRI is more or less entirely funded by the Chinese government. More than 90 percent of the BRI’s funding comes from the public sector; its projects are mainly financed through state-owned banks, and its projects are executed through state-owned enterprises (SOEs). With few exceptions, the high-risk projects associated with the BRI and the political and regulatory constraints imposed on Chinese private investors have essentially excluded them from participating in the BRI. For the IDC, this could be good news because it effectively sets the limit on BRI funding to what the CCP is willing and able to provide. If the IDC could mobilize private investment properly, it could not only match the BRI dollar-for-dollar, but it could also have the potential to greatly exceed the BRI. In fact, the “[a]ssets under management (AUM) held by private investors through private banks, pension funds, insurance companies, and investment funds are currently [in 2016] estimated at USD$80 trillion,” and of this total, less than one percent has been dedicated to infrastructure development. There is a massive pool of untapped potential. The key would be for the IDC to find ways to unlock it.

Developing bankable projects with manageable risk tolerances is one way the IDC could attract private investment. Other ways could be through creative financing and possibly implementing a series of investor-friendly financial instruments that can stimulate or incentivize their willingness to invest. To accomplish this, the IDC’s private investment cell would need to specifically explore ways to bring in private investment. This cell must work closely with the finance cell, and it would do well to integrate the expertise of the IDC member countries and their private sectors with the expertise and capabilities of other entities, such as the Sustainable Development Investment Partnership (SDIP) and Global Investment Facility (GIF). The SDIP is an international cooperative launched by the UN in 2015 with the express purpose to “mobilize the use of blended finance [mix of public and private] in sustainable investments in developing countries” within Africa and Southeast Asia. The GIF is a World Bank-sponsored “partnership among governments, multilateral development banks, private sector investors, and financiers . . . designed to provide a new way to collaborate on preparing, structuring, and implementing complex projects that no single institution could handle on its own.” Finding creative, innovative, and, more importantly, effective ways to reach safe financing solutions will be imperative to attracting the private sector, and until the IDC has its own organic capability to do this, it could partner with others that can assist.

Regarding the financial instruments to stimulate private investment, there would be myriad options available through the IDC member countries’ programs; some are new, some are old, and some still need to be pursued. Equity investing and the ability to invest in local currency are two new avenues that the BUILD Act would bring to the IDC. Other options for consideration include tax incentives, regulatory reforms, guarantees, loss and risk insurance, stimulus grants, subsidies, and credit enhancements.

Likewise, another service that the IDC could provide to incentivize private investment is to guide firms through the complexities of “foreign tax systems, labor laws, customs-clearance processes, and currencies” associated with foreign investment. The hurdles that seem to accompany these tasks are often sufficient by themselves to dissuade investors. By providing these services to newcomer investors in the infrastructure development sector, the IDC could increase the attractiveness of participation.

In essence, the IDC would need to be innovative and cooperate across the spectrum in order to attract private investment. Every private dollar spent saves a public dollar that can be used to bring in more private dollars or prepare future projects, and both are needed to compete with the BRI.

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122. Thrush, “Trump Embraces Foreign Aid to Counter China’s Global Influence.”
8 | The IDC Engagement Strategy

The IDC would have two primary objectives. The first would be to meet the infrastructure needs of the developing world toward the accomplishment of the SDGs. The second would be to use infrastructure development to complicate China’s ability to use the BRI as a geopolitical instrument. The IDC could achieve this by synergizing its resources to: provide an alternative program that can: limit the BRI’s continued expansion; establish or enhance allied presence and influence that can directly counter Chinese influence; provide a better program that may force China to change its BRI practices so it can remain competitive with the IDC; salvage poor BRI projects; or potentially provide selective bail-outs to prevent BRI recipients from becoming beholden to Beijing.

As stated previously, the message that this strategy may appear to send is one that is anathema to the entire liberal approach to infrastructure development—that strategic ends have primacy over societal needs. This is not necessarily the case. For every project, the legitimate needs of the prospective state and how the project is nested within the country’s development plan would be considered, and this would need to be at the forefront of deliberations by the IDC board of directors. So, the issue is more about where the IDC would pursue projects and less about what projects it would pursue, which is much more defensible. However, the perception of that message is a valid concern. The IDC would need to be careful not to establish relationships and partnerships with other states in a purely antagonistic United States or allies-versus-China context because “[i]t will alienate audiences by suggesting that they are simply pawns in a great power rivalry.”\(^{125}\) Appeasing these concerns would be a key task for the IDC’s strategic communications function. What the IDC could not do as it increases its engagement is let any state interpret its moves as “an initiative primarily designed to exacerbate strategic competition with China.” Instead, the U.S. message needs to convey “the genuine belief that their national sovereignty and resilience are well aligned with U.S. and allied strategic interests.”\(^{126}\)

However, the IDC should also contemplate a selective realpolitik approach in order to establish new relationships or enhance existing ones with reluctant or recalcitrant

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countries if the strategic payoff warrants it. To borrow from the *Indo-Pacific Strategy*
Report, the IDC should “unapologetically represent [its] values and beliefs,” but it should
not intend to “seek to impose [its] way of life on others.”127 For some prospective states,
the top priority could be to curtail proselytizing the individual values and principles of
the IDC member countries, especially coming from the United States. “[L]ecturing these
nations about what their interests ought to be” only serves to create tension, especially
within non-liberal, non-democratic governments, of which many would be engagement
priorities for the IDC.128 In such cases, perhaps the values and principles messaging should
be toned down initially, until the relationship has had time to mature. Then a more subtle
or gradual approach to introduce a stronger message can take place.

To avoid coming across too strong, the IDC should also integrate and align its messaging
with the messaging through traditional diplomacy, international development, military-
military partnerships, and other bilateral and multilateral engagements to instill its values
in a reinforcing and reciprocal fashion. Likewise, the IDC should lead by example and
use infrastructure development to demonstrate the values the IDC stands for and the
prosperity that can result from adhering to those values. In the end, leading by example
should drive partner states to reach their own conclusions regarding what values they
admire.129 None of this is meant to imply that the IDC, nor its member states, should
abandon its values for the sake of establishing new relationships. Moreover, the IDC and
its member states should not abandon the messaging of liberal values as this would also
likely alienate several other like-minded allies, partners, and multilateral organizations.
However, the IDC and its member states should be selective in the use of it messaging.

With that in mind, the IDC board of directors, in close consultation with their home
governments, respective ambassadors, and country team-equivalents, would have the sole
responsibility to consensually develop and approve the engagement strategy for the IDC.
The strategy should specifically outline the regional priorities and include prioritization
by country within those regions based on several factors, including: geostrategic location,
relationships with the IDC states and allies, alliance membership, partnership potential,
level of BRI involvement, level of Chinese influence, existing relationships with China,
Chinese engagement strategy, partner state perceptions of China, role of individual
countries within their regions, investment climate, and credit ratings. More broadly, the
engagement priorities should be based on those regions and countries in which the IDC
could deny China its strategic advantages originating from the BRI. In particular, the
IDC should seek to engage countries that could enhance China’s ability to project power,
military basing, dual-use access, direct linkages to natural resources or control of their
trade routes, and ability to disrupt the rules-based liberal order.130 The IDC would need to
identify the regions and countries that are most susceptible to Chinese leverage, those
with strategic value, and those that the IDC could productively engage. Refer to Table 1 for
a snapshot of the recommended regional priorities for the IDC.

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### Table 1 – IDC Regional Engagement Priorities

<table>
<thead>
<tr>
<th>Priority</th>
<th>Region</th>
<th>Factors</th>
</tr>
</thead>
</table>
| 1        | Indo-Pacific            | ▪ Highest priority for the BRI  
▪ Proximity to Chinese mainland  
▪ High infrastructure need  
▪ Close economic ties to China  
▪ General suspicion of China’s rise  
▪ Willing to cooperate |
| 2        | Africa                  | ▪ Distance from China  
▪ Significant existing investment from other world powers  
▪ High infrastructure need  
▪ Priority region for the BRI  
▪ Geographic center that would enable China to greatly increase power projection and influence  
▪ Major economic connections to China  
▪ Increasing indebtedness to China |
| 3        | Europe                  | ▪ Fractious nature of Chinese influence across Europe, the European Union, and the UN  
▪ Priority region for the BRI  
▪ High infrastructure need in non-EU, Central, and Eastern European countries  
▪ Economic strength of the region  
▪ Treaty ally with United States and major global balancing power |
| 4        | Arctic                  | ▪ Under governed space  
▪ High infrastructure need  
▪ Strategic location (shorter pathways to project power)  
▪ Recent priority for the BRI |
| 5        | Middle East             | ▪ Increasing economic connections to China  
▪ BRI investment has been modest  
▪ Beijing wants to avoid political instability and security issues within the region  
▪ Solid relationships between regional powers and the United States and allies |
| 6        | Latin America & Caribbean | ▪ Latest priority for the BRI  
▪ High infrastructure need  
▪ Increasing economic connections to China  
▪ BRI investment is small and regional powers are reluctant to sign-on  
▪ Distance from China  
▪ Strategic location (proximity to the United States) |

*Source: author’s own creation derived from multiple sources.*
The IDC’s highest initial priorities should be the Indo-Pacific, South Asia, Southeast Asia, and Pacific, for numerous reasons:

- The BRI is primarily focused on these areas and has made the most inroads.
- These are the regions most widely contested because of their close proximity to China, which makes it easier for China to exert and sustain its influence.
- These regions have significant populations and economic growth potential, which would enable the IDC (and the BRI) to expand engagement in proportion to the region’s economies.
- It is one of the most economically interconnected regions with China.
- It is a region that sees China’s rise as a potential threat.\(^{131}\)
- The United States has a major economic role in the Asia-Pacific and is highly competitive there.
- The majority of the countries that comprise the region have shown an amazing capability to work together.\(^{132}\)

These factors combine to make the Indo-Pacific region an ideal environment, rife with opportunities for the IDC to gain significant ground against the BRI. Table 2 provides a sample prioritization based on the factors outlined above.

**Table 2 – Indo-Pacific Engagement Priorities**

<table>
<thead>
<tr>
<th>Group</th>
<th>Country</th>
<th>Factors</th>
</tr>
</thead>
</table>
| 1     | Taiwan  | - China is an existential threat  
- Under constant Chinese “gray zone” engagement  
- Priority to expand partnership with the United States  
- Strategic location (first island chain)  
- Investment climate (IC) is good/credit is high grade |
| 1     | Philippines | - Treaty ally with the United States  
- Strong security relationship with other U.S. allies  
- Recent political leanings toward China  
- High infrastructure need  
- Strategic location (first island chain)  
- Major BRI partner  
- IC is conducive, but with challenges/credit is non-investment grade |


<table>
<thead>
<tr>
<th>Group</th>
<th>Country</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Thailand</td>
<td>- Treaty ally with the United States</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strong security relationship with other U.S. allies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Recent political leanings toward China</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strategic location (overland bypass of Malacca Straits)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Major BRI partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- IC is conducive/credit is lower-medium grade</td>
</tr>
<tr>
<td>1</td>
<td>Indonesia</td>
<td>- Suspicious of China’s intentions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Priority to strengthen security relationship with the United States</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Desires stronger relationships with the United States and allies to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>hedge against China</td>
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<tr>
<td></td>
<td></td>
<td>- Historic leader of Southeast Asia and ASEAN</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strategic location (Malacca Straits, access to/control of the Western</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pacific)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Major BRI partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- IC is conducive but with challenges/credit is lower-medium grade</td>
</tr>
<tr>
<td>1</td>
<td>Vietnam</td>
<td>- Suspicious of China’s intentions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Bordered by Laos (pro-China) and Cambodia (no productive relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>with the United States or allies); very concerned with Chinese</td>
</tr>
<tr>
<td></td>
<td></td>
<td>influence in these countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- High infrastructure need</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Would prefer more productive east-west investment versus north-south</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Priority to strengthen security relationship with the United States</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Productive relations with U.S. allies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Will assume ASEAN lead in 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- IC is conducive but with challenges/credit is non-investment grade</td>
</tr>
<tr>
<td>1</td>
<td>Pacific Islands</td>
<td>- High infrastructure need</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Small investment, big impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Access agreements with the United States</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strategic location (second island chain, access to Pacific)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Susceptible to Chinese investment and influence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- BRI partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Average IC is questionable/credit is highly speculative</td>
</tr>
<tr>
<td>2</td>
<td>Malaysia</td>
<td>- Priority to strengthen security relationship with the United States</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Good relations with U.S. allies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strong ASEAN partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Major BRI partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strategic location (proximity to Malacca Straits, South China Sea)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- IC is conducive/credit is upper medium grade</td>
</tr>
<tr>
<td>Group</td>
<td>Country</td>
<td>Factors</td>
</tr>
<tr>
<td>-------</td>
<td>----------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 2     | Myanmar  | ▪ Fragile democracy  
▪ High infrastructure need  
▪ Susceptible to Chinese investment and influence  
▪ Strategic location (overland bypass Malacca of Straits, access to Indian Ocean)  
▪ IC is questionable but improving/credit is not rated |
| 2     | Bangladesh | ▪ Priority emerging partner with the United States  
▪ Fragile democracy  
▪ Major BRI partner  
▪ Strategic location (overland bypass of Malacca Straits, borders India)  
▪ IC is not conducive without reform/credit is non-investment grade |
| 2     | Sri Lanka | ▪ Priority emerging partner with the United States  
▪ Fragile democracy  
▪ Indebtedness to China  
▪ Chinese control of dual-use port  
▪ Strategic location (proximity to India and access to Indian Ocean)  
▪ IC is questionable/credit is highly speculative |
| 2     | Maldives | ▪ Priority emerging partner with the United States  
▪ Susceptible to Chinese investment and influence  
▪ Indebtedness to China  
▪ Strategic location (center of the Indian Ocean, proximity to India)  
▪ IC is questionable/credit is highly speculative |
| 2     | Pakistan | ▪ Largest BRI partner  
▪ Indebtedness to China  
▪ Under increasing Chinese influence  
▪ Strategic location (borders India and access to the Persian Gulf)  
▪ Unstable relations with the United States and India  
▪ IC is not conducive without reform/credit is highly speculative |
| 3     | Mongolia | ▪ Indebtedness to China  
▪ Priority to expand partnership with the United States  
▪ IC is conducive but with challenges/credit is highly speculative |
| 3     | Brunei   | ▪ Priority to strengthen security relationship with the United States  
▪ Positive trending economic and political relationship with the United Kingdom  
▪ Susceptible to Chinese investment and influence  
▪ Recent political leanings toward China  
▪ High infrastructure need  
▪ IC is conducive/credit is not rated |
<table>
<thead>
<tr>
<th>Group</th>
<th>Country</th>
<th>Factors</th>
</tr>
</thead>
</table>
| 3     | Nepal   | - Priority emerging partner with the United States  
      |         | - Warming relations with China  
      |         | - Strategic location (borders India and China)  
      |         | - IC is questionable/credit is not rated |
| 3     | Eurasia | - Susceptible to Chinese investment and influence  
      |         | - High infrastructure need  
      |         | - Indebtedness to China (Tajikistan, Kyrgyzstan)  
      |         | - BRI partners  
      |         | - Strategic location (overland routes to the Middle East and Europe)  
      |         | - Russia is hedging against China in the region  
      |         | - IC is generally not conducive/credit is generally highly speculative |
| 3     | Laos    | - Priority to strengthen security relationship with the United States  
      |         | - Major BRI partner  
      |         | - Indebtedness to China  
      |         | - Landlocked (low strategic importance)  
      |         | - IC is questionable/credit is not rated |
| 3     | Cambodia| - Priority to strengthen security relationship with the United States  
      |         | - Strong relationship with Beijing  
      |         | - Major BRI partner  
      |         | - IC is questionable/credit is highly speculative |


For many of the same reasons as Asia and the Indo-Pacific region, Africa should be the second priority for the IDC, and it should come into play as quickly as possible after the IDC gains an initial foothold in Asia. The only reason Africa would not be the first priority is because of its distance from China and the fact that its development is already a high priority for numerous liberal countries whose goals would align with the IDC’s. From a geostrategic vantage, Africa sits at the relative center of the globe, which China could exploit to project power in force virtually anywhere, the most troubling being the Atlantic Ocean (if China secured basing on the west coast of Africa). Economically, Africa boasts the highest population growth in the world, and it includes many of the most rapidly growing economies, including Ethiopia, Rwanda, Ghana, Cote d’Ivoire, Senegal, Benin, Kenya, Uganda, Burkina Faso, and Tanzania. In “non-resource” intensive countries, the
IMF forecasts the economic growth rate in Africa to remain at six percent or more per year for at least the next two years. These factors alone present tremendous potential for future growth and a massive need for infrastructure, which is further exacerbated by the fact that Africa is already the most in need.

China has taken notice and continues to build influence across Africa. African trade with China now totals $200 billion per year. As of 2018, China was Africa’s top lender for infrastructure development, with a total of $86 billion in loans since 2000. As a result, China now owns 15 percent of sub-Saharan Africa’s debt, and it is estimated that more than 30 percent of new debt is derived from China. Furthermore, at the Forum on China-Africa Cooperation (FOCAC) in 2018, China pledged another $60 billion in investment financing over the next three years as a means “to speed up [Africa’s] economic development based on the infrastructure China develops, to utilize the technologies, employment, and market opportunities China creates, and to stimulate the desire and competition for growth through market-based rather than assistance-based approach.” This could be another sign of Chinese revisionism in which Africa could increasingly risk falling prey to the BRI.

Although the IDC member countries are already heavily committed to Africa, there would still be room for the IDC to compete with the BRI. The IDC should leverage the relatively small-scale projects that make up a large portion of Africa’s infrastructure needs to both increase total investment opportunities and to potentially recruit non-powerhouse countries into the IDC, where they can effectively compete. However, as the IDC engaged Africa, it would have to seriously consider taking the previously mentioned realpolitik approach and explore some creative financing options. Currently, African states are highly partial to Chinese aid because Chinese assistance is “fast, flexible, and largely without conditions.”

The next priority for the IDC should be Europe because of the fractious nature that Beijing’s influence can have across bilateral relationships within Europe, within the European Union regionally, and through the UN. While the political and economic power of the European Union, Germany, the United Kingdom, and France should be sufficient to counter the effects of the BRI, Beijing has committed vast amounts of capital to gain a foothold in Europe, which seems to be succeeding. One such effort is Beijing’s attempts to leverage the vulnerability and aspirations of the relatively lower economic status countries across Europe, in particular the Balkans and Central and Eastern European states. Beijing renewed its engagement with Central and Eastern European Countries (CEEC) through the 16+1 Forum in an effort to bolster BRI investment. The majority of these countries have weaker political systems and economies than Western Europe, making them more

137. Pham, Bello, and Barry, “Chinese Aid and Investment Are Good for Africa.”
susceptible to both financial inducements and Chinese influence. The “Balkans have become a top priority” for BRI investment. As most are either non-EU members or EU states with lower economic standing, many are seeking quick, condition-free ways to advance their economies. China also sees strategic value in maintaining relations with these countries, especially if they eventually join the European Union.

However, Beijing is not limiting its BRI efforts to just the CEEC. On March 26, 2019, German Chancellor Angela Merkel announced that the European Union is highly interested in participating in the BRI. There were no formal agreements made, and Merkel did allude to the fact that there were issues that needed to be worked out before the European Union could officially sign onto the BRI. While this could be an intentional move by the European Union to insert itself directly within the BRI as a means to influence it, it might also be a legitimate sign of EU openness. Italy is a case in point. In March 2019, it was announced that Italy negotiated a MOU with China to become a BRI partner, and in April 2019, Switzerland also announced its plan to sign on as a BRI partner. This brings the total to 14 EU states that are now BRI partners, which includes: Italy, Greece, Portugal, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. China’s increasing influence in Europe would warrant the IDC’s attention.

The fourth priority engagement region for the IDC would be the Arctic. Its openness and generally undeveloped and under governed space would present both a challenge and an opportunity for the IDC. The opening of the Arctic could be a game changer in terms of both providing alternative and more efficient sea routes and attaining geostrategic advantages, especially for military use. China sees the same potential, and in the past 18 months, “China’s position has evolved from being a ‘passive rule-follower’ to becoming a regional ‘rule-maker.’” In 2018, Beijing published its first-ever official Arctic policy which streamlined and enhanced its participation in Arctic issue management within the CCP and formalized the joint “Polar Silk Road” between China and Russia. As part of the latter, China also deployed several ice-strengthened vessels that made multiple landmark shipments across the Arctic, the beginning to a potentially profitable end. Some estimates state that the Polar Silk Road could eventually account for up to 15 percent of China’s overall trade value. Last year also saw the commissioning of China’s

139. Ibid.
140 Ibid.
144. Eiterjord, “China’s Busy Year in the Arctic.”
first domestically-built icebreaker, with plans laid for a follow-on nuclear-powered ice breaker.\textsuperscript{146} Also as part of its effort to exert itself in the Arctic, China has invested more than $22 billion on infrastructure in Russia to diversify Chinese liquified natural gas (LNG) imports and to expand Chinese commodities trade within and across the Arctic.\textsuperscript{147} China has already established an investment presence in Greenland, which is particularly troubling because China is specifically targeting “dual-use” projects such as naval bases and airfields. Beijing is also working out partnerships with Iceland and Denmark to explore more diverse Arctic shipping routes.\textsuperscript{148} Chinese foreign direct investment makes up nearly 12 percent of Iceland’s total economy and 6 percent of its GDP, and China is also in the market for port-potential property.\textsuperscript{149} Despite only being a “near-Arctic” state, China’s ambitious actions thus far should be viewed with caution.

The Middle East would be the IDC’s next priority. As the largest investor and one of the largest trade partners in the region, China is trading more than $200 billion per year and importing more than 50 percent of its oil from the Middle East.\textsuperscript{150} China’s economic clout has increased the strength of its voice in the Middle East. China has established a “comprehensive strategic partnership, the highest level in China’s hierarchy of diplomatic relations,” with Saudi Arabia, Egypt, Iran, and, in 2018, the United Arab Emirates (UAE)\textsuperscript{151} Additionally, China recently pledged $23 billion in various development funding packages at the 2018 China-Arab States Cooperation Forum, adding to its investments in the region’s most influential countries.\textsuperscript{152} In Egypt, Beijing is wielding the BRI to help expand the strategically important Suez Canal Economic Zone, as well as to build a new government seat outside of Cairo, with a price tag that could reach $20 billion.\textsuperscript{153} Beijing is also building a nearly $11 billion industrial city south of Muscat, Oman at the mouth of the Persian Gulf and on the western flank of India.\textsuperscript{154} More importantly, at least from the U.S. perspective, “Iran’s superior geographic position as a logistical access point along BRI trade routes, as well as its political reliability from a Chinese perspective in light of its hostile relationship with the United States, make Iran indispensable to China’s BRI calculations.”\textsuperscript{155} This has proven correct. In September 2019, China agreed to an astonishing 25-year investment plan that includes $280 billion earmarked for Iran’s petroleum sector and another $120 billion targeting Iran’s transportation and manufacturing infrastructure.\textsuperscript{156} If such a deal comes to

\textsuperscript{146} Eiterjord, “China’s Busy Year in the Arctic.”
\textsuperscript{151} Fulton, “China’s power in the Middle East is rising.”
\textsuperscript{152} Ibid.
\textsuperscript{153} Molavi, “Enter The Dragon: China’s Belt And Road Rising In The Middle East.”
\textsuperscript{154} Ibid.
fruition, the potential leverage that China would hold over Iran could be destabilizing for not only Iran but the entire region.

Despite China's increasing stake in the Middle East, the IDC would not need to engage fully just yet. First off, BRI investment in the Middle East is nascent and modest, and it is unlikely that China will aggressively push the BRI into Syria, Iraq, Yemen, or other regional hotspots, as this "would embroil China in the politics and instability of the region." China is perfectly content exploiting the region for its resources but wants no part of the region's volatility. Secondly, solid and productive economic and security relationships are already in place between the potential individual IDC member countries and all of the Middle East's major players, including Iran, buying some time before China can fully wield its influence among those states. These factors make the Middle East a lower priority.

Latin America and the Caribbean (LAC) would be the IDC's lowest priority. While there are many Chinese projects in the region, only a few are part of the BRI. Many projects undertaken and publicized by China are "Belt and Road-esque in substance" but are not new or unique to past Chinese activity. In fact, many projects have simply been "retroactively rebranded" under the BRI banner. But there are several reasons why the IDC should initially focus its attention elsewhere. First, the BRI has not made substantial inroads into the LAC. Only in January 2018 did the LAC become a named area of the BRI. While Chinese trade and investment with the region has significantly risen in the past several years, with a nearly 50 percent increase from 2016 to 2017 alone, the BRI has only attracted the interest of the region's smaller countries. Despite Beijing's efforts, it has largely been unable to entice the LAC's largest economies to participate. Brazil, Mexico, Colombia, and Argentina have all rejected BRI advances. The only major LAC power to have signed on to the BRI is Peru, which only did so in April 2019.

Secondly, the proximity of the United States and distance of China presents obstacles to BRI implementation. The tyranny of distance poses challenges to U.S. power projection in the Indo-Pacific and would do the same to China's power projection in the LAC. Not only is China competing with significant U.S. power and influence in the LAC, China only has limited military power projection capabilities and direct influence. Further, China lacks the diplomatic and military partnership networks that have enabled the United States to efficiently sustain its presence in the LAC for decades. The LAC is definitely a region with significant need and opportunity, but due to its distance and the infancy of the BRI in the region, the IDC would not need to prioritize its efforts there.

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157. Girard, "China’s BRI Bet in the Middle East."
160. Garcia and Hirst, “China’s Belt and Road Initiative and its two Latin American gateways.”
161. IISS, “China’s Belt and Road Initiative in Latin America and the Caribbean.”
Just as important to the IDC would be the new partners and potential alliances that can be formed. To effectively counter China’s influence through the BRI, the IDC would need to target the regions and countries that China is most interested in and those that the IDC could gain access to and influence through infrastructure development. It may require forging new relationships with non-traditional actors, and it may require unique approaches. Regardless, a well-thought-out and prioritized engagement strategy would be decisive in the IDC’s success.
In the digital age, the breadth, depth, and instantaneousness of global communications can make or break any new initiative. Beijing understands this whole-heartedly. Concurrent to the launch of the BRI, China also launched an enormous strategic communications campaign in order to make the BRI a brand name known around the world, and it has largely succeeded. At the head of Beijing’s communications strategy is its resident talent pool that has injected the creativity and innovation to enable BRI’s brand growth. Just as important is the prospective talent pool that can provide long-term continuity to sustain the BRI brand. China has invested millions in enticing, recruiting, educating, and retaining only the most qualified and talented candidates (150 per year) to head its strategic communications efforts. Through this professional cadre, Beijing has employed virtually every possible communication medium possible to get the BRI brand out to the masses: diplomatic speeches; commercials; television reports and shows; radio; social media; dedicated BRI events; and outreach to think tanks, universities, and financial institutions.

Over the past few years, China has worked diligently to get the BRI included in official institutional language such as multiple UN councils and programs, the G20, APEC, the World Health Organization (WHO), and the Shanghai Cooperation Organization (SCO). Toward private citizenry, in 2018, Xi Jinping directed closer engagement of foreign populations through Confucius Institutes and ethnic Chinese living overseas. The aim of this engagement is to garner support for and quell opposition to CCP initiatives, including the BRI.

Most significantly, in March 2018, China announced a plan to consolidate three of its largest media networks to form the “Voice of China (VOC),” an entity run by the CCP’s Central Publicity Department. The VOC has the sole function to spread the party’s ideology and enhance China’s global image, of which bolstering the BRI’s image will be a major theme. The VOC will complement China Radio International by using all possible mediums.

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media formats (TV, radio, press, internet, social media) and will broadcast in dozens of languages. Similarly, China had 162 foreign media bureaus across the globe in 2017, with a goal to increase that number to 200 by 2020.

Lastly, Beijing is not afraid to employ sharp power (use of censorship, media manipulation, coercion to project influence) and straight propaganda to get its message across. China is using its Confucius Institutes, university funding (paying to support pro-China initiatives), think tank funding (paying for specific viewpoints), lobbying, and professional and social media to manipulate audiences, all with a specific emphasis on casting doubts on U.S. staying power and regional commitments. In 2015, the Chinese state-owned enterprise (SOE) China Radio International (CRI) was reported to be operating at least 33 unregistered or mis-registered radio stations in 14 countries, including in multiple cities within the United States, with the aim of broadcasting information that paints China's policies and actions in a positive light.

As has been the theme throughout this report, the United States and its allies cannot let China's messaging go unchallenged. The best counter to an initiative is to compete with it. In this case, the IDC would need to fight communication with communication.

At the heart of this competition should be a dedicated strategic communication cell within the IDC to wage a full-scale information campaign on the world, one that goes way beyond simply managing a website (see Figure 8). To begin, transparency is a necessity that needs to form the modus operandi of the strategic communication cell. This is critical and should be non-negotiable. Anyone in the world should have guaranteed access to any information pertaining to the IDC's operations. The only exception would be the private consultations and deliberations of the IDC board of directors, and then only specific information that the board deems sensitive. Such openness is in stark contrast to the BRI. The BRI's opacity is often one of the main drivers of suspicion behind Beijing's true intentions and, consequently, one of the main factors that impacts project viability and ultimate success.

With transparency in mind, the first step for the strategic communication cell would be to develop, publish, and advertise a “brand” for the IDC that encapsulates “a grand narrative or global vision” that appeals to the majority of the world—to both governments and their people.

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A solid starting point would be to adopt Japan’s PQI brand, especially since the IDC, as proposed in this report, is essentially a modified extension of the PQI. Under Japan’s PQI, the essence of quality infrastructure has the following attributes: economically efficient with a low overall life-cycle cost; compliant with all safety standards; resilient against natural disasters and climate change; environmentally and socially friendly; aligned with development strategies of recipients; tailored financing to recipient fiscal realities; and contributes to local prosperity through job creation, technology sharing, and building knowledge capacity. For the IDC, a more effective and efficient way to capture its narrative would be to brand the IDC through a series of single word attributes as depicted in Table 3. Regardless of the content, the narrative needs to be succinct, all-inclusive, and appealing.

Table 3: The IDC “Brand”

<table>
<thead>
<tr>
<th>Quality Infrastructure provided by the IDC would be:</th>
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<tbody>
<tr>
<td><strong>Transparent</strong></td>
<td>All information pertinent to a project and its life cycle would be available for public consumption.</td>
</tr>
<tr>
<td><strong>Viable</strong></td>
<td>All projects would be thoroughly studied to increase the likelihood of a solid return on investment over the life of the project.</td>
</tr>
<tr>
<td><strong>Affordable</strong></td>
<td>Every project would be designed for the lowest possible life-cycle cost.</td>
</tr>
<tr>
<td><strong>Financeable</strong></td>
<td>All manner of public and private financing options would be explored to identify funding under the appropriate terms and conditions.</td>
</tr>
<tr>
<td><strong>Relevant</strong></td>
<td>All projects would address a legitimate need and be aligned with the recipient’s development goals. All projects would be designed taking into consideration current and trending technological advancements.</td>
</tr>
<tr>
<td><strong>Tailored</strong></td>
<td>Projects could be re-scoped or re-scaled as required to meet existing constraints/restraints (e.g., financial, legal) or to address changing conditions.</td>
</tr>
<tr>
<td><strong>Inclusive</strong></td>
<td>The IDC would work with any country with verifiable infrastructure needs.</td>
</tr>
<tr>
<td><strong>Safe</strong></td>
<td>All projects would meet established safety standards.</td>
</tr>
<tr>
<td><strong>Resilient</strong></td>
<td>All projects would be designed to withstand the effects of natural disasters and climate change.</td>
</tr>
<tr>
<td><strong>Green</strong></td>
<td>All projects would be designed and constructed considering environmental impact over the course of the project’s life.</td>
</tr>
<tr>
<td><strong>Acceptable</strong></td>
<td>All projects would be designed and implemented taking into consideration the unique social environment that would be impacted by the project.</td>
</tr>
<tr>
<td><strong>Beneficial</strong></td>
<td>All projects would contribute to local prosperity through job creation, technology sharing, building knowledge capacity, and increasing global connectivity.</td>
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</tbody>
</table>

*Source: author’s own creation.*

Once the IDC brand has been developed, the next logical move for the strategic communication cell would be to develop its information campaign plan. In other words, it would need to develop a strategy. For the IDC, the end of this strategy should be to...
show that the IDC is not only an alternative to the BRI but also to prove that the IDC is an unquestionably superior alternative to the BRI. The information strategy could approach this in two ways. The first would be to build and strengthen support for the IDC, and the second would be to expose any instances where China’s behavior and intentions appear revisionist or malign, discrediting the BRI.

For strengthening support for the IDC, the IDC strategic communication cell should have the lead. For exposing the shortcomings of the BRI, the media has already done an outstanding job, but there is still much more progress that can be made. Highlighting Chinese revisionism and discrediting the BRI could be either a prime function of the strategic communication cell, or it could be recommended for inclusion into other existing strategic communications agencies. The U.S. Department of State’s Global Engagement Center (GEC) would be a logical agency to take on this task. The GEC already specializes in countering undesirable initiatives, harmful propaganda, and misinformation. Adding the BRI as a specifically targeted initiative to the GEC’s portfolio could be relatively seamless. Similarly, other strategic communication agencies resident within IDC member country governments could help share the burden and provide alternate perspectives. Lastly, delegating to external agencies would reduce the required footprint and overhead of the strategic communication cell and allow it to devote all of its attention and resources to building and maintaining the image of the IDC.

The strategic communication cell and any other functional agencies would need to develop and incorporate an array of standardized themes that can provide the focus for research and for the actual creation of messages for eventual dissemination. Table 4 provides a list of possible themes and respective messages that the strategic communication cell could employ to expose revisionist actions and discredit the BRI. Table 5 provides a list of possible messages and themes to bolster support for the IDC. It is also important to note that the strategic communication cell should only use accurate and factual information from reputable sources and make it a point for its audiences to know that every piece of information disseminated by the IDC would be fully verified. This could go a long way toward building credibility, and nothing could be more detrimental than reporting false or inaccurate information, regardless of the topic.

Table 4: Themes and Messages to Expose China’s Intentions and Discredit the BRI

<table>
<thead>
<tr>
<th>Theme</th>
<th>Message</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The BRI is not a “win-win”</strong></td>
<td>The BRI may provide short-term benefits, but its long-term implications should be the decisive factor.</td>
</tr>
<tr>
<td></td>
<td>Highlight negative impacts on the environment caused by BRI projects.</td>
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<tr>
<td></td>
<td>Highlight negative impacts on the cultural and social environments in BRI states.</td>
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<tr>
<td></td>
<td>Highlight instances of poor project design and construction.</td>
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<td></td>
<td>Disprove or downplay the “successes” and “firsts” that Beijing publicizes as part of the BRI.</td>
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<tr>
<td></td>
<td>Highlight complications associated with BRI projects.</td>
</tr>
<tr>
<td></td>
<td>Highlight BRI project failures.</td>
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<tr>
<td></td>
<td>Demonstrate Beijing’s misalignment of priorities (e.g., the money spent on the BRI could be better utilized to eradicate poverty within China and enhance Chinese social welfare programs).</td>
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<tr>
<td></td>
<td>Highlight the security risks associated with Chinese-built digital infrastructure.</td>
</tr>
<tr>
<td></td>
<td>Highlight the BRI’s lack of transparency.</td>
</tr>
<tr>
<td></td>
<td>Highlight instances of “debt-trap diplomacy” and other threats to sovereignty.</td>
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<tr>
<td></td>
<td>Highlight corruption associated with the BRI.</td>
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<tr>
<td></td>
<td>Highlight instances of “promise fatigue” when Beijing fails to deliver what it says it will.</td>
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<td></td>
<td>Expose every instance where Beijing’s rhetoric and actions contradict the “win-win” mantra of the BRI.</td>
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<tr>
<td></td>
<td>Encourage other institutions to continue to track the progress of BRI projects (e.g., Reconnecting Asia at CSIS) and highlight major information gaps.</td>
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<td></td>
<td>Provide the “full story” to counter incomplete and one-sided stories associated with BRI propaganda.</td>
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<td></td>
<td>Continuously track programmatic changes to BRI as it adapts/evolves over time, and highlight any new contentious aspects associated with those changes.</td>
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<td></td>
<td>Highlight the fact that BRI money is the same as CCP money.</td>
</tr>
<tr>
<td>Theme</td>
<td>Message</td>
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<td>-----------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Negative effects of Chinese influence</strong></td>
<td>Correlate Chinese influence with rises in authoritarian practices in BRI countries (e.g., censorship, excessive surveillance, social credit scores). Highlight corruption of government officials. Highlight the expansion of PLA and PLAN capabilities and operations, port visits, and overseas basing pursuits. Highlight instances where BRI countries shift their political, economic, or military stance from a pro-U.S./allies position to a neutral or pro-China position. Highlight and refute all Chinese misinformation and disinformation aimed at influencing government officials or public opinion.</td>
</tr>
<tr>
<td><strong>Possible indicators of Chinese revisionism</strong></td>
<td>Highlight differences in ideology between China and the current liberal international order. (Liberal values: freedom, democracy, and human rights. Chinese: less concerned with liberal values, “no strings” deals) Highlight the success of the liberal order: It has provided peace in the Indo-Pacific region for 45 years and has been bringing prosperity for 75 years. Why is China trying to disrupt that? Use China’s rhetoric against them. Phrases such as “Chinese dream” and “the great rejuvenation” are all indicative of China’s hegemonic ambitions. Highlight China’s authoritarian rule, surveillance practices, and human rights abuses and expose the danger of these practices spreading. Highlight all Chinese-attributable uses of “gray zone” tactics against its own population and other populations. Dispute China’s narrative that it is on the trajectory to become a superpower. Find the data that shows China is not on such a path.</td>
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</table>

<table>
<thead>
<tr>
<th>Theme</th>
<th>Message</th>
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<tbody>
<tr>
<td>Commitment to peace and prosperity</td>
<td>Showcase the scope and scale of historical and current IDC member countries’ investments across the globe to demonstrate their commitment to peace and prosperity (pre-IDC or external projects).</td>
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<tr>
<td></td>
<td>Highlight the “successes” and “firsts” of historical and current infrastructure investment by the IDC member countries (pre-IDC or external projects).</td>
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<td></td>
<td>Reiterate that the current liberal order has resulted in extended periods of peace and prosperity.</td>
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<td></td>
<td>Continuously explain how the IDC’s actions are tied to and contribute to a free and open Indo-Pacific.</td>
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<td></td>
<td>Reinforce the belief that the IDC’s interests are aligned with the interests of the IDC recipient countries.</td>
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<td></td>
<td>Highlight the IDC’s commitment to transparency.</td>
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<tr>
<td>The IDC is a better alternative</td>
<td>Highlight the “successes” and “firsts” accomplished by the IDC.</td>
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<td></td>
<td>Highly publicize all new projects undertaken by the IDC.</td>
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<td></td>
<td>Highly publicize how each IDC project aligns with the IDC brand: transparent, viable, affordable, financeable, relevant, tailored, inclusive, safe, resilient, friendly, acceptable, and beneficial.</td>
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<td></td>
<td>Publicize the costs, terms, and conditions of each project to reinforce transparency and to demonstrate viability and the benefits of a solid investment.</td>
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<td></td>
<td>Track the progress and publish all information related to every IDC project.</td>
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<td></td>
<td>Publicize all instances of a “win-win” situation to show what a true “win-win” looks like and to specifically refute the BRI’s contradictory “win-win” mantra.</td>
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<tr>
<td></td>
<td>Work with IDC recipient countries to establish their own project narratives to sustain public interest and bolster the image of local politicians.</td>
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<tr>
<td></td>
<td>Highlight that the IDC will never use coercive measures to pressure other countries for economic or political support.</td>
</tr>
<tr>
<td></td>
<td>Highlight that the IDC will never use coercive measures to violate another country’s sovereignty.</td>
</tr>
<tr>
<td></td>
<td>Highlight that the IDC will never use coercive measures to exploit another country’s resources.</td>
</tr>
<tr>
<td></td>
<td>Highlight the long-term benefits of IDC investment.</td>
</tr>
<tr>
<td></td>
<td>Highlight that projects with private investment must be more legitimate and profitable to ensure a positive return on investment.</td>
</tr>
<tr>
<td>Possible indicators of Chinese revisionism</td>
<td>As the IDC becomes operational, China, Russia, and others will likely launch their own anti-IDC communications campaign. The IDC needs to be ready and able to counter such a campaign.</td>
</tr>
</tbody>
</table>

Source: author’s own creation.
Additionally, the strategic communication cell should help recipient states build their own narrative surrounding each project undertaken by the IDC. Such a narrative would need to be continuous and focused on project progression, the long-term benefits, and short-term benefits, such as local jobs created and the economic stimulus the project has brought to the local economy. Every opportunity should be taken to highlight the positive aspects of each project to the local population; without such messaging, it is easy for the population to lose interest. This messaging not only plays into the transparency imperative, it also bolsters the image of the IDC. More importantly to some, this will be especially helpful for politicians in recipient states seeking reelection. To many of these politicians, their popularity and prospects for future office may depend on the tangible benefits that can be reaped by the local community. Once the project is complete, the messaging should continue but transition to a narrative of data, such as profits, savings, tons of freight moved, number of passengers transported, and other quantitative information that proves the project’s success.

In a similar vein, the strategic communication cell should continue to monitor and publish the progress and economic performance of each of its projects, with an eye toward investor outreach. Currently, for global infrastructure developers and investors, there is a significant information gap across two classes of information. The first is the lack of project data and periodic progress updates that investors need “to properly evaluate projects and monitor them once they are under way.” The second is the lack of useable and relevant data on the long-term performance of projects. Providing more complete information across the project life-cycle “ensures that investors can assess the key features of infrastructure projects, in particular their expected risk-return profile” through the various phases of the project. Providing detailed, transparent, timely, standardized, and easily accessible data surrounding each project would enable investors to make more informed decisions concerning future investments and to make adjustments to existing investments. It would obviously take some time to compile and publish performance data, as many projects take years to develop, but in the interim, the IDC should look at the data models that have been established by other institutions, adopt a standard, and then begin reporting the performance on existing and completed projects from respective member country programs. Doing so would help the IDC establish and streamline its own internal processes while compiling the data to establish an initial baseline database to compare performance of future projects.

The strategic communication cell should also employ the coalition itself as both sources of information and disseminators of information. As sources of information, the IDC would need to rely heavily on a cross-section of the IDC member countries’ agencies, as well as IDC recipient countries. Likewise, the strategic communication cell should also leverage the same to push its message out. The idea would be to avoid the perception that the information coming from the IDC is part of a solely single-sided U.S. campaign. Diversifying where the information comes from and who disseminates it should lend more credibility to that information and preserve the idea that the IDC is in fact a coalition.

The last critical element would be for the strategic communication cell to identify the appropriate audiences for messaging and the most efficient and effective means to reach them. The primary audiences would be the governments and populations within the regions and countries outlined in the IDC engagement strategy. This said, not all messages should be directed to governments, nor should all messages be directed to populations. Specific messages need to be targeted at specific audiences. Moreover, cultural nuances, beliefs, norms, values, and other intangible factors must also be taken into consideration during message creation for it to stand any chance of being absorbed by the audience.

Secondary audiences should not be overlooked either. In particular, China’s own population and the 60 million-strong Chinese diaspora would need to be targets of engagement. The aim here would be to present an alternative point of view to sow doubt and lower confidence in China’s initiatives through many of the people that have a direct role in providing BRI services, both at home and abroad. Despite having an engagement strategy at the ready, this would still present a challenge for the IDC because every government and its population will be unique.

The proliferation of technology has introduced a significant level of complexity for strategic communications in that there are now an expanded number of ways to communicate, but there is no singular way to reach a target audience. There are hundreds of different devices and an even greater number of applications and software programs. Matching the right device with the right software and then finding the target audience will be a significant challenge. Censorship may also complicate matters in some countries.

However, the challenges outlined above are not insurmountable. In fact, this is another perfect opportunity to use the collective knowledge and expertise of the individual IDC member countries. As such, the strategic communication cell should be comprised of information technology and communication experts from every member country to harness a cultural dynamism. Likewise, the cell should also reach back to their embassy country team-equivalents on the ground in target countries to determine and validate the best ways to reach specific audiences in each country.

The IDC strategic communication cell could accomplish its objective by developing an efficient, flexible, and comprehensive dissemination mechanism. For the IDC, adopting a framework similar to the previously mentioned GEC would provide a sound model to form the strategic communication cell because its structure is robust and basic enough to handle a full-spectrum strategic communications mission for the IDC.

In addition to modeling itself after the GEC, the strategic communication cell should also leverage the existing expertise within the GEC to develop a personnel training package to develop the requisite knowledge and relationships. After all, the GEC has been operating in the current communication environment for several years. It will be able to provide an abundance of data and information on current global trends and speak to what works and what does not.

Using the GEC model, the IDC strategic communication cell should be organized into four core functional areas: Science and Technology, Interagency Engagement, Partner Engagement, and Content Production (also see Figure 8):

- **Science and Engagement function**: Research target audiences, identify the most effective means to reach those audiences, and measure the effectiveness of the strategic communication cell’s operations.

- **Interagency Engagement function**: Perform all required coordination within the IDC and across the IDC member country’s governments and agencies, as well as MDBs, NDBs, and other partner institutions, to solicit messaging concepts and ensure all messaging is collaborative and nested within the communication strategy.

- **Partner Engagement function**: Coordinate with IDC recipient and prospective recipient countries, as well as NGOs, so that all speak with a common voice and to help ensure pathways are opened to reach their target audiences.

- **Content Production function**: Develop and disseminate all messaging using the most effective media platforms for given audiences. This necessarily requires extensive knowledge, equipment, and relationships with local, regional, and national communications outlets.

Strategic communications will invariably play a decisive role in the success of the IDC. Developing an appealing brand name and implementing a clear and concise strategy to discredit the BRI and buttress the IDC would be key tasks of the IDC. It is also important to understand that the IDC would not be alone in this endeavor. It would need to look to the United States and other allies for the building blocks necessary to establish itself and begin sending its message to the world.
Another benefit of pursuing a multilateral approach to infrastructure development is to take advantage of the perfect timing offered by many aspects of the current domestic and international environments. First and foremost, there is no other political issue within the United States that has garnered as widespread bipartisan support as addressing China’s rise. This bipartisan support would present a tremendous opportunity to pass the appropriate legislation to ensure funding and authorities are aligned and maximized to ensure the success of the IDC initiative.

Second, the timing is ideal to implement such an initiative because many of the world’s leading powers and institutions have also shifted their foreign policy and aid focus toward infrastructure development and competing with the BRI. There are a multitude of new and existing major infrastructure development programs that have been launched providing policy guidance and reform, technical counsel, capacity building, and financing. What makes this such an opportune moment is the vast amount of infrastructure development expertise being created and the trillions of dollars in investment capital available to world. Moreover, if these programs are not harnessed properly, their overlap and duplication will surely squander a significant portion of finite resources.

Additionally, due to reports of debt-trap diplomacy, challenges to sovereignty, and less than stellar performance of some BRI projects, the world is coming to the realization that the BRI ultimately favors China in almost every economic regard. In other words, the BRI is not the “win-win” proposition that Beijing portends. This has caused Sri Lanka, the Maldives, Malaysia, Nepal, and Myanmar to push back against many of the deals they have made under the BRI. The negative publicity surrounding China’s questionable practices and the international reaction have led some experts to conclude that the BRI has “become a fiasco” and that it is now only a matter of time before it collapses under its own weight, but this is hardly the case. The BRI is too important to China to fail. One course

181. Rolland, “Reports of Belt and Road’s Death Are Greatly Exaggerated: Don’t Underestimate China’s Resilience.”
of action that China may pursue is to temporarily pull back on the progress of BRI to allow
the bad press to blow over and then rebrand the BRI to restore its allure. It is during this
potential down time that implementing a multilateral approach can be an opportunity
to reverse roles. Instead of China being the only competitor, the IDC could take full
advantage of not having an opponent while China is temporarily sidelined.

The timing is also ripe in terms of showing American resolve, especially in the Indo-Pacific
region. For too long, the United States has been “influenced by the expansion of China in
the region rather than the development of the region itself.”182 This is a prime opportunity to
reverse that. The withdrawal from the Trans-Pacific Partnership (TPP), vacant ambassador
seats in key countries, burden-sharing criticisms against allies, unevenly apportioned U.S.
foreign aid (e.g., foreign military financing), and an overall reliance on rhetoric over action
have had a negative impact on how the United States is perceived in the region. In fact,
a recent poll of all 10 ASEAN countries showed an overwhelming majority believe that
U.S. global power and influence has declined and that U.S. engagement within the region
has decreased over the past two years. More troubling is that 73 percent of the survey
respondents believe China holds the most economic influence, while only 8 percent believe
the United States does.183 There is no better time for the United States to reverse these
trends, and there would be no better way to show its resolve than through the IDC.

The timing is also opportune as OPIC and DCA transform into the DFC to implement the
BUILD Act. The reorganization plan was submitted to Congress in March 2019, and the
expected stand-up date is October 1, 2019.184 Since the staff and resources of OPIC, DCA, and
myriad other related U.S. government agencies are already going to experience a significant
mix-up in terms of leadership, relationships, business rules, and structure, it would be easier to
incorporate the IDC during its infancy. Trying to institute such a significant change in a more
mature organization would likely be met with resistance as parochial interests emerge.

Lastly, another impeccable timing benefit associated with the transition of OPIC to the U.S.
International Development Finance Corporation (DFC), and the potential establishment
of the IDC in the near-term, would be the DFC’s ability to use the IDC to reprioritize and
build proficiency in infrastructure development in the Indo-Pacific region—an area OPIC
has largely ignored relative to Africa and Latin America. In both 2016 and 2017, OPIC only
invested in four Asia-Pacific countries each year, and in 2018, only five Asian states saw
OPIC investment. Moreover, over these three years, total OPIC investment in the Indo-
Pacific region was a modest $2.1 billion, compared with $3.5 billion in Africa and $2.8 billion
in Latin America.185 This leaves considerable room for the DFC to expand its clientele, and
the IDC would offer a good method to do so.

Memorandum to the Senate Appropriations Committee, https://www.opic.gov/sites/default/files/files/shelby-let-
ter-reorg-plan-compressed.pdf.
gov/sites/default/files/files/OPIC_Annual_Report_2016_web.pdf; Overseas Private Investment Corporation,
Conclusion

The current liberal international order is challenged by a rising China. One of the tools that Beijing is using to advance its ambitions is the BRI. It has become an effective instrument through which China is building a web of access and influence, and every project undertaken by China becomes another possible opportunity for it to gain strategic leverage over a recipient country to then potentially use for its own ends. If left unchecked, the geopolitical advantages that the BRI provides could dramatically change the global landscape, where the security and prosperity provided by the United States, its allies, and partners are supplanted by China's self-interested pursuits. Chinese prioritization and massive investment in the BRI are indicative of a CCP that is willing to go to great lengths to expand its power globally.

The most effective means to counter the BRI is not only to compete with BRI but to outcompete the BRI. Directly competing against the BRI will provide the world with a better alternative program, help bolster relationships to hedge against Chinese influence, and may force China to reform the BRI into a true “win-win” initiative. The end-state is to limit China's ability to gain access, influence, and develop dependencies that it could then extort. Many of the world's leading powers have acknowledged the challenge that the BRI poses and have implemented their own individual responses, but these individual programs are not enough to compete. The few bilateral and trilateral agreements that have recently been put in place are also insufficient. Only a truly committed multilateral response will suffice.

The IDC, to be potentially founded by the United States, Japan, India, Australia, New Zealand, Germany, and France, would pool the expertise, resources, and global reach of each member countries' sovereign infrastructure development program to compete at the same level as the BRI. Collectively, the IDC could bring $300 billion in public capital, and with the proper outreach and innovative approaches, it could have the potential to harness an exponentially greater amount of capital from the private sector. However, unlike the BRI, the IDC would provide specific emphasis on project viability and providing a high-quality outcome. Integral to this effort as well is a clearly defined and agreed-upon regional and country engagement strategy to specifically target Beijing's strategic gains. Likewise, the IDC could implement a robust strategic communications plan designed to discredit the BRI and invigorate the IDC under its own brand. Only a systematic and comprehensive multilateral approach to infrastructure development can stand a chance against the BRI.
About the Author

LtCol Pacatte, attended San Diego State University and received his bachelor’s degree in criminal justice administration in 1998. He was subsequently commissioned a second lieutenant upon graduation through the NROTC Program.

Upon completion of TBS in March 1998, LtCol Pacatte underwent Naval Aviation training in Pensacola, FL, before being designated a Naval Aviator in January 2001. LtCol Pacatte was then assigned to HMM(T)-164 aboard MCAS Camp Pendleton, CA, for CH-46E Fleet Replacement training.

In September 2001, LtCol Pacatte reported to HMM-268, MCAS Camp Pendleton, CA. The squadron deployed to Kuwait and Iraq in support of Operation Iraqi Freedom from February to September 2003. Upon completion of this deployment, LtCol Pacatte attended the Weapons and Tactics Instructor (WTI) course and became the squadron Pilot Training Officer. In the summer of 2004, HMM-268 again deployed to Iraq in support of Operation Iraqi Freedom II and participated in Operation Phantom Fury. During his four-year tour at HMM-268, LtCol Pacatte also served as the Ground Safety Officer, Ground Training Officer, and Schedules Officer.

LtCol Pacatte next reported to Marine Aviation Weapons and Tactics Squadron One (MAWTS-1) in July 2005. During this four-year tour, he served as a CH-46E tactics instructor, the squadron standardization and training officer, and the CH-46E division head.

In August 2009, LtCol Pacatte next reported to the U.S. Naval War College to attend the in-resident Command and Staff program where he earned a master’s degree in national security and strategic studies and graduated with distinction.

Upon graduation in June 2010, LtCol Pacatte reported to HMM-364, MCAS Camp Pendleton, CA, where he served as the squadron operations officer, aviation combat element (ACE) executive officer, and detachment officer-in-charge aboard USS GREEN BAY (LPD-20) during WESTPAC 12-2 deployment with the 15th Marine Expeditionary Unit (MEU).

In July 2013, LtCol Pacatte reported to U.S. European Command where he served as a member of the Security Cooperation and Partnering Division within the J-5 Directorate until May 2015. LtCol Pacatte then commanded Marine Corps Air Facility Quantico, home of Marine Helicopter Squadron One (“Marine One”) from June 2015 to July 2017.
Upon successful command, LtCol Pacatte was then selected to attend the Marine Corps War College where he earned a master’s degree in strategic studies in June 2018. Following his studies at the Marine Corps War College, LtCol Pacatte participated in a year-long fellowship at the Center for Strategic and International Studies in Washington, D.C. serving as the senior commandant’s fellow within the International Security Program. Most recently, in June 2019, LtCol Pacatte reported for duty as The Basic School Executive Officer.

LtCol Pacatte’s awards include the Defense Meritorious Service Medal, two Meritorious Service Medals, Air Medal (11 Strike/Flight and one single mission Air Medal), three Navy Commendation Medals, and one Navy/Marine Corps Achievement Medal.