



Edited by  
Maximilian Mayer

# RETHINKING — THE — SILK ROAD

*China's Belt and Road  
Initiative and Emerging  
Eurasian Relations*



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Editor

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China's Belt and Road Initiative and Emerging  
Eurasian Relations

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# China's Rise as Eurasian Power: The Revival of the Silk Road and Its Consequences

*Maximilian Mayer*

China's economic and political ascent signals an epochal change.<sup>1</sup> The country's enormous growth rate has continued over almost four decades. Measured in GDP (PPP), China overtook the U.S. in 2013 as the biggest economy and now commands over 17% of the world economy. Although China is still far away from reaching the per capita GDP level of the richest group of countries,<sup>2</sup> the center of gravity of the world economy is moving towards Asia. As China integrates itself into global markets and production networks, East Asia has become the central engine of the world economy, reinstating an earlier pattern that was broken during the nineteenth century's "great divergence," when the industrial revolution gave rise to a European dominated world economy.<sup>3</sup> Chinese companies and policy makers exert a growing financial and regulatory influence at a regional and global level because of accelerating investment activities into mineral extraction, fossil fuels, and infrastructure projects around the world. Chinese leaders and diplomats, supported by an increase of wealth and military power, have in turn expanded the scope and ambitions of their foreign policy.

Beijing's current proactive diplomatic agenda impacts far-flung places and exceeds the immediate neighborhood in the Pacific and South East

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Asia. China's economic statecraft and the attractiveness of its development model are felt on every level of the global economic system.<sup>4</sup> The leadership in Beijing emphasizes that a "peaceful international environment" remains crucial to achieve the "great rejuvenation of the Chinese nation" said to be completed at the 100-year anniversary of the People's Republic in 2049.<sup>5</sup> At the same time, a new generation of leaders under President Xi Jinping has gradually abandoned Deng Xiaoping's principle of "biding time while lying low."<sup>6</sup> Given its fast-growing economic and military capabilities, a new "assertiveness" seems to characterize Chinese behavior in matters of territorial claims, such as in the South China Sea, and the pursuit of national interest.<sup>7</sup> Yet, various studies have qualified the observation as premature that China's overall diplomatic practice became indeed more assertive.<sup>8</sup>

Notwithstanding the different assessments of China's recent foreign policy, the central question is how China's expanding economic influence will transform the global *political* landscape. What kind of great power will China become? What is the scope of Chinese ambitions to create a new order? Which institutional and normative consequences result from China's attempts to use its growing international leverage systematically? While foreign analysts disagree about whether China is already capable of challenging the liberal order or still only a "partial global power,"<sup>9</sup> there is also no consensus about the direction of China's "grand strategy."<sup>10</sup> It remains contested to which ends China's increased power should be employed as different and partly irreconcilable visions of international order as well as China's role and responsibilities circulate among Chinese elites.<sup>11</sup> In light of this chronic inconsistency, the idea of engineering a revival of the ancient Silk Road marks a turning point in the debates about China's strategy.

Proposed in late 2013, after the leadership transition from President Hu Jintao to President Xi, the Belt and Road Initiative (henceforth BR) is without doubt the most ambitious foreign policy approach adopted by China thus far. Despite a certain inherent vagueness, the associated debates among Chinese scholars clarify the shape and direction of China's future trajectory. The country is perceived, first and foremost, to rise as a *Eurasian* great power.<sup>12</sup> The initiative's two components—coined "Silk Road Economic Belt" and "21st Century Maritime Silk Road"—form an organic approach aimed at reaching greater economic integration between countries along the routes which connect East Asia with Western Europe.<sup>13</sup> The ultimate goal is to integrate all countries on the Eurasian landmass, connecting the regions of Central Asia, South Asia, South East Asia,

Middle East, East Africa, and Europe. The BR includes an array of concrete infrastructure projects and new funding institutions such as the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund which facilitate the necessary finance for large-scale infrastructure projects and other related investments along the new Silk Road.<sup>14</sup>

Like the case of China's ongoing integration into the international political economy, which is a highly complex and partially fractious process,<sup>15</sup> China's emergence as a Eurasian power has worldwide repercussions. In fact, China's influence has already been felt from Portugal to Vladivostok and from Greenland to Pakistan. Inevitably, this massive experiment has induced a host of different reactions from abroad, from welcoming embracement to outright suspicion. Other great powers including Russia, India, and the European Union (EU) have taken notice of Beijing's evolving vision of economic cooperation and connectivity across Eurasia. The contributions by Darshana M. Baruah and C. Raja Mohan, Enrico Fels, and Philippe Le Corre in this volume show that their responses are mixed.

The academic study of the BR, meanwhile, is mushrooming. Outside China, numerous studies and policy reports have been conducted to assess to the scope, chances, and impact of China's new foreign policy.<sup>16</sup> With few exceptions, the latter literature has mostly remained in the genre of policy analysis and has not systematically employed theoretical frameworks in order to make sense of the BR.<sup>17</sup> Within China itself, the study of the BR has developed into a cottage industry as the Chinese government initiated a broad academic debate and called for input from various domestic research institutes, think tanks, and universities in order to articulate a comprehensive policy based on Xi's earlier remarks. Over one hundred institutes have formed a special BR think tank alliance.<sup>18</sup> The massive increase in official funding began to impact the entire research landscape of Chinese academia. But despite numerous new research centers and think tanks, and the redirection of preexisting research projects, Chinese experts still see a shortage of sound expertise and detailed knowledge about local conditions of places, regions, and countries relevant for the BR.<sup>19</sup>

Against this background, the region and area experts and IR scholars contributing to this volume offer empirically dense and theoretically refined explorations of the BR that move beyond simplifications and biased ideological narratives. By applying either comparative methods or different conceptual lenses, the authors—Chinese scholars alongside scholars from “Silk Road countries”—explore diverse political and intellectual aspects of the BR. The chapters contextualize the political, cultural,

and economic ramifications of the BR in order to shed light on its transformative significance and opportunities. Contributing to the broader scholarly work on China's foreign policy, this book pushes the boundaries of current research by theorizing the modern Silk Road thoroughly while highlighting associated problems and risks. The remainder of this introduction, then, first discusses a suite of general issues related to the BR in order to offer the reader the necessary background knowledge relevant for all individual chapters. Second, I develop three broad theoretical perspectives that link the individual contributions together conceptually and indicate how these complement and resonate with each other to make sense of the BR. The conclusion points out research desiderata and emerging puzzles for the study of China's new foreign policy.

### CHINA'S EURASIAN PIVOT

At the core of this volume lies the acknowledgment that China is rising as a *Eurasian power*. Though this is not to deny that China's influence is growing across the board, the epicenter of the tectonic shifts lies within Eurasia. The reason the Belt and Road is so significant is not just because of the trillions of U.S. dollars that the Chinese state, state-owned companies, and private enterprises plan to invest in BR countries. More critical is the geographic vision of trade which makes, to cite the *Economist*, "Asia and Europe as a single space," while "China, not the United States, is its focal point."<sup>20</sup> Though the new funding mechanisms and institutions established by China fall short of challenging the principles and practices underpinning the Bretton Woods system, China has gained more influence, especially in the Eurasian regional financial order.<sup>21</sup>

Notwithstanding that some Chinese experts envision infrastructural linkages and logistical corridors in a way that resembles Mackinder's idea of geopolitics, the logic of China's new foreign policy is far more complex and embedded. "China's Eurasian pivot"<sup>22</sup> is part of the contemporary remaking of institutions, space, and political relationships that require an elaborated framework of analysis. The classical concept of the "great game"<sup>23</sup> is insufficient for two reasons. First, Eurasia is a potential macro-region that is neither an actual territorial unit yet, nor established as a coherent concept within the political imaginary of contemporary political actors. So, as many Chinese scholars make innovative efforts to construe a connection between the past Silk Road with the future type of globalization under Chinese leadership,<sup>24</sup> Russia pursues its own plan for continental

integration—the Eurasian Economic Union—that remains despite the official declaration of complementarity different from the BR vision,<sup>25</sup> while other, smaller regional states play an self-defined role in the remaking of the continent and are not simply implementing plans from Moscow or Beijing. Second, the nature of China's rise, as Shaun Breslin points out, remains a puzzle. Exactly how China's rise will play out on a regional and global scale is an open empirical question.<sup>26</sup>

The key idea underlying this volume, then, is to focus on a reciprocal process: the emergence of China as a great power on the one hand and the making of Eurasia as a progressively cohesive political entity after the End of the Cold War on the other. In other words, the chapters explore and theorize the open-ended co-constitution process that transforms China while creating Eurasia.

Three distinct theoretical perspectives are especially relevant for this inquiry: First, a modified view of great power relations that takes into account the emerging Eurasian great power alignment. Second, the institutional and ideational reconstruction of regional order, economic flows, and infrastructural connections in which China takes a coordinating lead-function. Third, a double movement by which Eurasia becomes increasingly shaped by Chinese visions, plans, and actions while the generation of knowledge within China becomes more internationalized and localized in its specialties. The combination of these perspectives results in an analytical prism that is helpful not only to study and analyze the implementation of the BR Initiative, but also to conceptualize the next stage of China's rise more broadly.

The contributors to this book, while diverging with respect to their individual views and conclusions on the Belt and Road, share the understanding that simplifying narratives about China's most ambitious foreign policy initiative should be avoided. For instance, the ambitions of the BR coupled with a "new model of international relations" promoted by Beijing are a strong signal that China is no longer a status quo power and has begun to actively rebuild the world order.<sup>27</sup> Yet, it does not follow that Beijing wants to aggressively remodel in its own image. For instance, the claim that China wants to form of a "neo-tributary"<sup>28</sup> system is detached from the multifaceted and highly complicated reality of Eurasian politics. Similarly, while the BR is animated by Beijing's push for a multipolar world order, it is not simply a policy for countering the U.S. "pivot to Asia" and breaking free from U.S.-led encirclement.<sup>29</sup> Moreover, while improving China's image and boosting the nation's soft power is certainly among the goals of the BR,<sup>30</sup> the initiative has also led to a wide-ranging

search for collective identity both within China (see below) and other Asian countries with ramifications beyond the control and anticipation of the Chinese leadership.<sup>31</sup>

The picture of China's rise advanced in this book, therefore, is both more complex and more specific than earlier frameworks.<sup>32</sup> It interrogates a multiactor, multidimensional, multinodal process that defies simplifying narratives. For the moment, China's political elites assumed the leadership position envisioning and stimulating the integration of Eurasia. But China is unable to dictate the outcomes or even to unilaterally mold the major development trajectory of this process. In the words of a Chinese scholar: "To jointly build the Belt and Road Initiative, Chinese government has abandoned the idea that coordination means you accept China's plan."<sup>33</sup>

Claims that a Chinese hegemony is imminent or that great power conflict is inevitable likewise tend to oversee the flexible dynamics on the ground. Given that the political stakes are getting higher in a tumultuous world, it is important to debunk "catchy" phrases that hinder the realization of the great potential for cooperation or, in the worst case, produce dangerously misleading policy prescriptions. At the same time, studying the Belt and Road needs to steer free of both prejudiced views and overly optimistic praise. Instead, one needs to carefully inquire what China really can offer the world through its BR Initiative.<sup>34</sup> A comprehensive analysis should deepen policy analyses about the BR by grounding analytical and conceptual narratives in a theoretically informed understanding. The latter is a crucial task not just for the pursuit of academic knowledge about the BR, but also for the promotion of the intercultural and intercontinental communication to which this volume wants to contribute.

### TOWARDS A COHERENT "STRATEGY"

In 2015, the National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China issued an official document that described the measures and objectives of the BR Initiative for the first time in detail. According to the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road," the Chinese government wants to promote regional and cross-continental connectivity between China and countries in Eurasia. A major emphasis is placed on transportation and telecommunication infrastructure construction.<sup>35</sup> The paper stresses five critical "connections"

(*wutong*), among which are three economic (infrastructure construction, unimpeded trade, financial integration) and two strategic (policy coordination and people-to-people ties). Since political and economic factors are clearly mixed up, some argue that the BR represents China's "Marshall Plan"<sup>36</sup> or a new "geoeconomic strategy."<sup>37</sup>

However, many observers and the Chinese government itself do not regard the BR as a strategy. Outside of Chinese academic circles, official language refers to an "initiative" and the top-leadership deliberately rejects the notion of geopolitical strategy.<sup>38</sup> Foreign Minister Wang Yi, for instance, dismisses a comparison between the BR and the U.S. Marshall Plan. Wang said that the BR is "a product of inclusive cooperation, not a tool of geopolitics, and must not be viewed with the outdated Cold War mentality." Chinese scholars similarly point out that BR is neither an ideological nor a geopolitical tool.<sup>39</sup> President Xi stressed the wish to replace both the great power game in Eurasia and the Cold War spirit with the "idea of a community of human destiny" (*renlei mingyun gongtongti linian*).<sup>40</sup> According to Xi, the Chinese dream will bring the world "opportunities rather than threats."<sup>41</sup>

These discussions about wording and conceptualization are indicative of a larger historical context: The BR is part of an evolving and at times frantic search by which Chinese elites struggle to define the "position" of their country in the world.<sup>42</sup> Since the mid-nineteenth century, the question what kind of country China should become and how it should relate to the world order has been contested among Chinese intellectuals.<sup>43</sup> More recently, against the background of a progressively tumultuous international situation, scholars and policy makers have not found a consensus on a coherent set of norms and philosophical fundamentals to guide diplomatic interactions with the rest of the world.<sup>44</sup> One reason China has not yet developed a clear self-understanding is because of the country's ambivalent nature: It can be seen as both weak and strong. Its character is both "developed" and "developing." China is both backwards and cutting edge at the same time. In short, as David Shambaugh emphasizes, the Chinese nation displays multiple and partly conflicting identities.<sup>45</sup> So, while the BR arguably resembles a yet-unfinished grand strategy, it bundles philosophical, economic, and geostrategic discourses and represents the culmination of China's search for a consistent approach to the world.

Unsurprisingly, the vague political vocabulary used for the BR has caused confusion on the part target countries. For instance, media and policy makers are still unsure what the language of "inclusivity" implies for

diplomatic practice. If the BR aims at enabling an “open process of cooperation which can be highly flexible, and does not seek conformity,”<sup>46</sup> does its “pluralistic” framework rest on cultural relativism or simply political pragmatism? Are the institutional rules similar to the United Nations, or do they resemble a concert of (great) powers? The metaphor “symphony” that some Chinese experts use to describe policy coordination<sup>47</sup> was not particularly helpful in clarifying Beijing’s approach to governance. Furthermore, as the number of countries that officially can participate is not fixed, the territorial scope of the BR is open-ended. Yet the widening of BR ultimately means, as Chinese scholars note, that it becomes synonymous with China’s entire foreign policy.<sup>48</sup> Thus far, while the BR lacks clear boundaries it also has no coherent institutional form.

Another open question is how states and markets are supposed to interact. What role do central and provincial governments play in the context of private-public partnerships? For example, while the AIIB follows the Western playbook for giving out loans, working closely with the Asian Development Bank (ADB) and other established lending institutions,<sup>49</sup> the Chinese investments in Pakistan are mostly done by policy banks that implies a level of state involvement unusual for “Western” development policies. That Beijing has not answered these questions caused a degree of consternation in European capitals and elsewhere, while Chinese diplomats internally came under pressure to do a better job of “explaining” the BR.

Moreover, observers call into question the strategic maturity of the Belt and Road because it could be seen as yet another in a series of political slogans (*zhengzhi kouhao*) over the last two decades. The foreign policy slogans promoted by different Chinese governments such as “go out strategy,” “harmonious world,” “peaceful rise,” “peaceful development,” and “new type of great power relations” have never been officially replaced and revoked. So the extent to which these slogans actually do inform today’s policy making is doubtful. Some, therefore, question the longevity of the BR, wondering whether the initiative will eventually suffer the same short-lived fate of other slogans. Yet there are strong reasons to believe that the BR is not just another slogan and, instead, will shape Chinese foreign policy for a long time and will have lasting effects on China’s global posture.

First, the proposal was advanced by president Xi, the strongest leader of the Chinese Communist Party (CCP) since Deng Xiaoping. Xi has sufficient political capital and bureaucratic strength to substantially carry out the initiative that also became enshrined in the 13th Five-Year-Plan.<sup>50</sup> Second, the uptake in many other countries is much stronger than anticipated. China’s economic vision to improve Eurasian connectivity resonates with many,



especially against the background of anti-globalization agenda of the Trump administration. In addition, China's investments promise—infrastructure deals worth \$890 billion are underway and China intends to invest a cumulative \$4 trillion in BR countries—to close the huge “infrastructure gap” in Asia.<sup>51</sup> The “connectivity platform” established by the EU and China aims at synchronizing the BR with the Juncker Investment Plan to finance new transport infrastructures across Europe. The BR is, arguably, the first Chinese concept that has a lasting impact on international discourses. Third, a failure of this ambitious project would severely weaken China's soft power and jeopardize its global leadership claim. The Chinese leaders, thus, have a powerful incentive to keep the BR working at almost any cost.<sup>52</sup> Finally, and most importantly, the government has articulated a convincing *domestic* rationale for the BR (see next section), which keeps in check internal critical voices that question the risky use of taxpayer money abroad.

Although the BR is credited to President Xi, it is the outcome of a long deliberative process—demonstrating the increased pluralism in Chinese foreign policy decision-making.<sup>53</sup> The idea to recalibrate the compass of China's foreign policy has evolved through a series of workshops, roundtables, and meetings. Widening the narrow focus on East Asia was discussed, most importantly, during a “work forum” on Chinese diplomacy toward its periphery (*zhoubian*) held by the CCP on 24–25 October 2013.<sup>54</sup> At the work forum, the CCP Politburo Standing Committee attended along with representatives of the various departments of the Central Committee, State Councilors, the Central Leading Small Group for Foreign Affairs, and a few Chinese ambassadors. The result of these high-level forums was a reprioritization of China's “neighborhood policies” and “Beijing's unprecedented focus on periphery diplomacy.”<sup>55</sup> During a 10-day official trip to all Central Asian States in early September 2013, Xi Jinping announced the outlines of this policy for the first time in public.<sup>56</sup>

Various, partly conflicting ideas became packaged under the banner of the BR. On the one hand, the BR rhetoric draws on historic imagery emphasizing ancient trade connections and the notion of Chinese exceptionalism increasingly gaining traction within Chinese academic circles.<sup>57</sup> On the other hand, it reflects a controversial policy debate about China's strategic choices, as noted above. Two strategic narratives were especially instrumental. The first notion, most elaborately articulated by Wang Jisi, is “marching west” (*xi jin*).<sup>58</sup> Drawing on a global geostrategic vision, Wang wants China to respond to the U.S. policy that counterbalances the growing Chinese power in the Asia Pacific region, by broadening its own

geopolitical orientation: “It is time for China to reevaluate the ‘East Asian’ framework and redefine itself with reference to all of its border areas, thereby drawing closer to the heartland of Eurasia.”<sup>59</sup>

The second set of ideas, which shaped the strategic deliberations, came from the influential economist and former World Bank vice president Yifu Lin. Lin proposed to establish a “Global Marshall Plan” in order to comprehensively deal with the aftermath of the global financial crisis of 2007/2008.<sup>60</sup> Lin and other economists affirmed the strategic value of the BR by offering pressing economic reasons for China to accelerate and deepen economic integration with its periphery and beyond.<sup>61</sup> The central argument should connect two aims. On the one side, China should provide global public goods through massive investments in infrastructure projects and thereby boost its image as responsible leader—President Xi was indeed credited at the World Economic Forum for his unwavering stance on free trade and open markets.<sup>62</sup> On the other side, China’s own economy that is increasingly slowing down would benefit from massive infrastructure construction projects and outward foreign direct investments, pushing forward structural adjustment, economic reforms, industrial upgrading, and regional development within China.<sup>63</sup> Hence, understanding in which ways the Xi administration has widened the strategic depth and comprehensiveness of the conceptual and practical linkage between China’s domestic economic conditions and foreign policy priorities illuminates key motifs behind the Belt and Road.<sup>64</sup>

## DOMESTIC POLITICAL ECONOMY

The heated discussion about global strategic implications easily obscures the fact that, in spite of China’s ambitions for global governance, economic development is still the main concern of Chinese decision makers. The great majority of CCP cadres first of all care for economic performance at home. The *domestic* political economy provides a crucial and often underemphasized rationale for promoting the BR. The slowdown of the growth rate in recent years below 8% has increased the pressure to seek new ways to reform and restructure China’s economy. At the core of the Chinese leadership’s concerns lies the so-called “middle income trap” that could prevent China from raising further per capita incomes. China’s economy might slow down further and lead to social unrest and political instability.<sup>65</sup> Various measures have been proposed as remedies: bolstering indigenous innovation, steering industrial upgrading, setting up

international standards, and pushing through structural reforms and adjustments. It is assumed that the BR will lubricate reform efforts and solve immediate problems such as industrial and financial excess capacities.<sup>66</sup> In this light, the BR can be seen as an “experimental”<sup>67</sup> approach that tests how to connect domestic with international economic processes to guarantee China’s continued growth.

The BR’s focus on infrastructures emphasized in the 13th Five-Year-Plan is supported by substantial expertise and experience in domestic infrastructure development. Investment-driven economic development in fact has characterized China’s economy ever since the reforms began in the late 1970s.<sup>68</sup> Between 1992 and 2011, China has spent 8.5% of its GDP on infrastructure on average (compared to 5% in Japan, 4.7% in India, and less than 3% in the US and Europe), mainly going into roads, power, rail, water, telecom, ports, and airports. China’s national expressway system—111,900 km—and a high-speed train system—12,000 km—were built in this time. But it was particularly as a consequence of the stimulus package during the global financial crisis (2008) that a major boost of infrastructure construction inside China increased the development expertise and economies of scale in this sector.<sup>69</sup> The future investment goals for domestic infrastructure are similarly ambitious: According to government planning, the total length of railways, expressways, the capacities of airports, and the capacities of ports will all continue to expand massively till 2020,<sup>70</sup> with plans to invest \$720 billion alone in transport infrastructure in the next three years.<sup>71</sup> The domestic investment dynamic, however, seems to be altering direction, with fixed-asset investments declining. The looming additional “overcapacities” might, in turn, stimulate more infrastructure expansion abroad. Some hope indeed that the BR becomes a vehicle to move existing excess capacities in the steel and cement sector outside of China.<sup>72</sup>

China’s expansion is also intimately aligned with the priorities of large infrastructure-focused, state-owned enterprises that seek new ways to maintain their influence. Industrial and “national champion” policies provide immense synergies for the reconstruction of the Chinese economy as an exporter of infrastructure-related capital goods. Corroborating this trend, a study by the Rand Corporation shows that the commitments shown by China regarding grants and concessional loans abroad between 2001 and 2011, totaling \$671 billion, are strongly related to infrastructure projects.<sup>73</sup> Furthermore, the financial “firepower” of China’s two major policy banks with regard to their financing activities of infrastructure projects is fuelled by a repressed financial system. In 2015, the

Export-Import Bank of China lent more than \$80 billion—which is almost three times the ADB’s lending volume—to finance roughly a thousand projects.<sup>74</sup> The high savings level, a lack of alternative investment channels, and huge foreign exchange reserves in need of conversion into lucrative foreign investments create favorable conditions for a global infrastructure-financing spree. As the AIIB and other institutions function as new channels to safely invest parts of the \$4 trillion of foreign exchange reserves independent from the U.S. financial markets,<sup>75</sup> Beijing is gradually reducing its holdings of U.S. treasury bonds.

The economic conditions in Central and Western provinces are another major concern in the Chinese capital. In the year 2000, the central government launched the “go west” campaign to stimulate development and invested billions into oil and gas exploration in provinces that lag behind in aggregate wealth and industrialization. It is especially the “Belt” that organically ties into earlier efforts to bring major advantages to Xinjiang, Gansu, and other provinces.<sup>76</sup> So, while the starting points of the BR within China are numerous, the initiative is expected to “balance the East-West difference” and help poor provinces to catch up with the rich coastal provinces within China.<sup>77</sup> At the same time, the BR is thought to foster technological upgrade of the Chinese economy to realize the CCP’s “Made in China 2025” plan. Three trends, so goes the argument, fuel the restructuring of the “Asian factory” making China center of the regional supply chain: China is becoming a high value-added economy, the ongoing relocation of low-cost manufacturing from China to Southeast Asia, and the growing purchasing power of Chinese consumers.<sup>78</sup>

Meanwhile, Chinese telecommunication and Internet high-tech companies such as ZTE and Huawei have been encouraged to utilize the BR by constructing IT infrastructure and setting technological standards in order to increase their market share in global online commerce.<sup>79</sup> For instance, Internet sales giant Alibaba has closely aligned its investment strategy with the BR and just opened the first comprehensive regional trading platform in Kuala Lumpur which integrates advertisement, costumes, logistics, and payment in one system. But Alibaba’s founder Jack Ma’s aims are much higher. Combining the immense profits of his business empire with the unmatched technological sophistication of a dozen China-wide mobile platforms, Ma wants to create an “electronic world trade platform” (eWTP) as the key infrastructure for future global e-commerce.<sup>80</sup>

A final domestic driver is the internationalization of the Renminbi (RMB), the Chinese currency.<sup>81</sup> Chinese authors see the BR closely linked with further RMB internationalization and emphasize the need to improve financial markets, the banking sector, and credit procedures within China, as well as to improve the role of Shanghai as a financial hub. In that context, the Shanghai free trade zone should offer a broad range of financial services to East Asia and other BR countries while functioning as test bed to the RMB's convertibility.<sup>82</sup> Focusing on the international side of the coin, the official policy document "Vision and Actions" states the aim to "establish an efficient regulation coordination mechanism in the region" and "make more efforts in building a currency stability system, investment and financing system and credit information system in Asia."<sup>83</sup> In addition to bilateral currency swaps and settlement mechanisms, BR discussions stress the opportunity to improve the status of the RMB as international reserve currency as well as its inclusion in the special drawing rights (SDR) basket.<sup>84</sup> In 2016, the RMB was admitted to the SDR and now determines the SDR's value alongside with the U.S. dollar, euro, yen, and British pound.<sup>85</sup> In sum, the financial components of the BR are seen as instrumental to diminishing the dollar's dominant position in Asia, significantly lifting up both China's financial status and the RMB's leverage in the global monetary system.

These great expectations, of course, need to be taken with a grain of salt. Many experts stress the various financial and economic risks related to the massive investments in infrastructure construction. These risks, as Philippe Le Corre shows in his chapter, also extend to countries hosting Chinese investments. Whether the BR is financially viable is an open question among Chinese experts. The "Vision and Actions" also emphasizes the need for sound investment regulations and policy coordination mechanism. The efforts to conduct risk analysis indicate the growing awareness of the potentially great financial and commercial risks the BR as a whole and individual projects involve.<sup>86</sup> In the worst case, the existing weaknesses of the Chinese financial system could become exacerbated; huge unemployment and a massive amount of bad loans would put a heavy burden on Chinese reform efforts. Moreover, economists disagree whether the BR is the right framework to nudge the Chinese economy away from an investment driven towards a consumption and innovation-driven model.<sup>87</sup> Notwithstanding these risks and doubts, ambitions are high in the Chinese corridors of power, and a strong faith prevails in the basic soundness of the strategic design of the Belt and Road Initiative.

## THEORETICAL PERSPECTIVES ON CHINA'S RISE AS A EURASIAN POWER

The question how to theorize the BR Initiative animates this volume. Given China's rise as a Eurasian power, the BR needs to be studied in the context of emerging Eurasian relations. The following chapters suggest a variety of theoretical perspectives that can be grouped in three broader approaches: first, a focus on power dynamics; second, the exploration of regional socio-economic, institutional, and technological transformations; and, third, inquiries into the comprehensive reconstruction of China's own identity and the role of knowledge.

### *Power Dynamics*

The starting point of the first set of theoretical approaches is the notion of great powers that are locked in a perennial struggle for domination and hegemony. Realist scholars anticipate, as a consequence of power transition and China's continuously growing material capacities, serious tensions and likely a great power war, typically between the U.S. as the incumbent superpower and China as challenger.<sup>88</sup> In one of the most-read books in US foreign policy circles, Graham Allison has popularized the concept of the "Thucydides Trap". He argues that the growth of Chinese power installs creeping fear in the U.S. and therefore war is, given the bleak historical record of similar cases, almost certain.<sup>89</sup>

It is no coincidence that China's rise occurs in a time when world politics are in turbulence. The growing Chinese influence along with the other BRICS countries is itself part of a change of world order.<sup>90</sup> Observers and scholars following this line of argument see Beijing's bustling international engagement in general and the BR in particular as evidence for a hegemonic logic—a manifestation that China is now confident enough to openly undermine the U.S.-led international order.<sup>91</sup> Hence, most U.S. responses express suspicions and carry skeptic attitudes.<sup>92</sup> The same sentiment underpinned the Obama administration's failed attempt to undermine the establishment of the AIIB. So, does the BR mean that China is on a quest for domination and intends to build "a new empire?"<sup>93</sup>

A closer look at the BR reveals that the "realist picture" is considerably more complicated than Mearsheimer, Allison, and others propose. First of all, the power gap between China and the U.S. is far greater than assumed. China will for a long period of time be operating as No. 2 in the context of a "one-super power system."<sup>94</sup> Second, the Chinese leaders deliberately

de-emphasize both power and security issues. The BR does not have a military or defense-related element. China's outreach, unlike the U.S. militarized global power projection, is based on commerce and infrastructure investments. Against the prevailing view, the Chinese government is not eager to establish foreign military bases. This restraint applies especially in the context of the BR.<sup>95</sup>

However, as China aims at creating connectivity on such a large scale, encompassing three continents and simultaneously developing as a maritime and land power,<sup>96</sup> the security impacts of the BR need to be contemplated. So what are—aside from the U.S. point of view—the strategic and military implications of the BR Initiative? To begin with, realizing the BR vision requires, as several chapters demonstrate, a stable security environment locally and globally. Eventually, China will have to become a security provider itself or be immediately involved in local security arrangements. Furthermore, the investments spree enters regions and subregions regarded as the influence spheres of other great powers. Susan Strange's notion of structural power suggests that China's expanding structural economic power could be transferred into others fields including culture, security, and national sovereignty.<sup>97</sup> The chapters by Fels on Sino-Russian relations and the chapter by Darshana and Mohan on Sino-Indian relations examine the responses of Russia and India, indicating that the governments of these two countries assume a very close connection between economy and security. But as New Delhi's and Moscow's reactions differ, realist expectations are only partly confirmed.<sup>98</sup>

In India's case a security dilemma dynamic is obvious. A key development under Chinese President Xi has been the building of continental and sea routes, some of which run through India's traditional sphere of strategic influence in South Asia and the Indian Ocean region. Although India stands to gain from new connectivity projects in the region, Delhi views with considerable suspicion Chinese motivations and the long-term strategic ramifications of expanding Chinese economic influence in the region. The Indian strategic community perceives the Chinese investments in the China Pakistan Economic Corridor (CPEC), which runs through Kashmir, as taking sides with Islamabad in the territorial conflict between India and Pakistan. Accordingly, the CPEC threatens to undermine Indian national sovereignty. Yet Darshana and Mohan also point out the possibilities for mitigating competition and promoting cooperation between Delhi and Beijing in the domain of regional infrastructure development.

In contrast, Russian President Vladimir Putin gave up his attempts to block the BR and ultimately embraced the Chinese vision of open integration.<sup>99</sup> The chapter by Fels illustrates in detail that, while not free of mutual suspicion, the Russian-Chinese partnership has deepened due to positive experiences with the Shanghai Cooperation Organization (SCO) and intensifying geostrategic competition with Washington. Sino-Russian soft balancing against the U.S. has led to bi- and multilateral military exercises and the creation of novel international institutions that support their geopolitical standing and foster a multipolar world order. Attempts for greater coordination of their regional economic strategies and the eventual vision of “a great Eurasian partnership” announced by President Putin in June 2016 suggest that the Moscow-Beijing axis has emancipated itself from some of its past restrictions. While anxieties are prevalent in the U.S. and India, Russia has deepened its alignment with China, although Moscow’s and Beijing’s understanding of the future of Eurasia is still structurally diverging.

Wolfgang Röhr, in his chapter on Germany’s response to the BR, indicates that Germany—the rising power on the other side of Eurasia—regards the initiative as an expression of Beijing’s legitimate desire to strengthen its economic exchanges with new markets, to diversify energy import sources, and to exercise a stabilizing influence in China’s Western provinces and in Central Asia. Germany welcomed the BR as opening new opportunities for cooperation and contributing to the stability and prosperity of the countries situated along the route. Berlin, at the same time, is uneasy about China’s growing influence in Eastern and Southeastern Europe. Michael Clauss, the German ambassador to China, recently stated that “setting up parallel networks (...) is somewhat inconsistent with a commitment to a coherent and strong EU.”<sup>100</sup>

Wang Chuanxing’s chapter moves beyond bilateral relations, zooming out on the systemic level. Wang stresses the structural changes in the international system entail material capabilities and ideational elements. Concerning the latter, China still has a clear disadvantage due to a gap between its growing economic capacities and its limited soft power. Because of this, Wang expects various barriers to the BR even though the BR Initiative is the product of system transformation and could further promote structural changes. In short, from the vantage point of power dynamics the BR can appear as a huge gamble for China as it is possibly lacking the necessary capabilities. Hence, the BR’s success will depend to a large degree on whether the U.S. administration finds the “magnanimity



(...) to resist the urge to oppose such a grand strategic initiative.”<sup>101</sup> Finally, Wang’s insights indicate that power-based approaches ultimately conceal a great deal of complexity in their analysis: the multifaceted and open process of creating a new regional order underway that is addressed in the following set of approaches.

### *Geoeconomic and Institutional Regional Transformation*

Aside from the power political dimensions, the BR is significant as part of a larger transformation unfolding in Asian regions for more than a decade. A contextualization of the Chinese initiative shows that it resonates with—and accelerates—ongoing processes of globalization, aid, and investment programs, and different regionalization initiatives from Central Asia to South East Asia. Christopher M. Dent refers to regionalism as the “structures, processes and arrangements that are working towards greater coherence within a specific international region in terms of economic, political, security, socio-cultural and other kinds of linkages.”<sup>102</sup> If we consider Dent’s definition, the BR clearly is a regionalist program. But, while the BR explicitly aims to strengthen regional economic networks and foster trade and financial integration in Eurasia through more efficient policy coordination, the BR’s momentary flexibility and open-ended quality allows for different logics driving the trajectory of individual regionalization projects. In other words, the question is how China’s BR influences the interplay of the “making” of Eurasia as a whole and several subregions.<sup>103</sup>

The current dynamic of globalization is one possible frame to conceptualize the BR’s geographical features as well as its impact on regionalization. Tim Summers suggests that the BR’s focus on logistical networks is in line with contemporary capitalist logic. According to a globalizing type of regionalism, the subnational level is the main spatial focus of “interconnectivity” policies promoted during the BR while the economic context essentially is the global economy.<sup>104</sup> Neil Brenner and other geographers have advanced the analytical framework that underpins such a perspective. They refer to processes of territorial rescaling as crucial element of state responses to economic globalization.<sup>105</sup> In this sense, the sovereignty problems discussed in the previous section on power dynamics look quite different. The CPEC, then, does not concern a contestation about Westphalian territory but rather is the result of an administrative

technology—building corridors and special economic zones—employed ever since Chinese reform policy started in the late 1970s.<sup>106</sup>

Reinforcing this observation, Hu Zhang in his chapter argues that shipping, based on its unique natural advantages, is a key component for participants of the “21st-Century Maritime Silk Road” to cooperate with each other. Yet to achieve China’s “Ocean Dream,” which embodies a new Chinese view of justice and mutual benefit, all BR participants should adopt and coordinate favorable policies that are economically supportive and legally protective, in particular in ports and other logistical hubs. Guobin Zhang and Yu Long discuss the importance of international law and legal settlement mechanisms for the establishment of maritime connectivity. Stressing challenges such as disputes about the freedom of navigation of warships, waterway security risks, and conflicting views about maritime rights and interests, they emphasize the relationship between the peaceful and cooperative “silk road spirit” and the law of the sea to provide guidance for resolving these problems.

In short, the chapters by Zhang, and Zhang and Long, put the BR’s efforts to coordinate policies and regulations first and foremost in a *global* and *technical-legal* frame. The BR essentially reaffirms Giovanni Arrighi’s argument that China’s economic opening is the not only relevant from Beijing’s perspective but also a central development of the global capitalist system.<sup>107</sup> But, while Chinese concepts of economic development are articulated under the logistical and legal conditions of globalization, they have distinct features. The chapters by Alexander Demissie and Maximilian Mayer show that two ideas have become integral spatial components of BR economics: special economic zones (SEZs) and corridors. Official BR documents mention six major economic corridors. Many more are planned or under construction with Chinese support. In addition, \$18 billion has already been invested in more than 50 special “economic and trade cooperation zones” connected to these corridors.<sup>108</sup> According to Demissie, African countries embark on the development of transport systems that transcend national borders, and the establishment of economic corridors that predominantly rely on special economic zones. In doing so, countries along Africa’s East Coast play a pivotal role in shaping the BR Initiative narrative, as they are increasingly leveraging their strategic position to advance their own development goals. Mayer explores how the plans and maps invoked by Chinese infrastructure investments are suggestive of shifting geopolitical imaginaries. Probing into the socio-technical reconstruction of space in general and maritime space in South Asia in

particular, territory seems to be organized by “corridorization” rather than regions or nation states.

Junbo Jian’s chapter also makes a point related to a new geography of trade. China should include East African countries in the BR because they are key connection points within a larger logistical system linking Europe and the Indian Ocean. Jian suggests that the rest of Africa could join the Maritime Silk Road by playing an auxiliary function in the framework of African integration. Obviously, even before the BR China has played a critical role in the economic miracle in many African states.<sup>109</sup> The inter-regional scope of the BR, however, also requires a comprehensive approach to dealing with security challenges, including regional terrorism, organized piracy, geopolitical competition, political instability, and also a degree of distrust within African civil society against the initiative.

Another crucial element of the “globalization” lens on regionalism connects debates about institutional power- and order-making. The new funding institutions of the BR lead to the conclusion that China has now accepted to take over more international responsibility as a provider of global (or regional) public goods including infrastructure finance and development advice.<sup>110</sup> In doing so, China’s position in international institutions may become more influential and Chinese leadership might even modify the Bretton Woods system.<sup>111</sup> However, such a trend does not result in a Chinese-led, full-fledged regional order mainly because the BR itself does not entail a security element as mentioned in previous section. Even if the BR would be linked with the Shanghai Cooperation Organization (SCO), the multi-lateral nature of this security mechanism would effectively prevent China from becoming a hegemonic security provider.

In any frame of regionalism, China is unlikely to be in a hegemonic position. This point is reinforced by the fact that other great powers and smaller states have, long before China propagated the BR, pursued their own projects striving for economic and political integration in the Eurasian region. Initiatives from Russia, South Korea, India, Japan, and others, partly orchestrated by the World Bank and the ADB, have aimed to create better connectivity and construct transport systems in this mega-region. During the 1990s, Japan was seen for a long time to be the most networked power in Asia.<sup>112</sup>

Chinese visions either diverge from other regionalist ideas and motivations or may create synergies, opening up considerable opportunities for cooperation. For instance, in the first decade of the new century, U.S. and

European leaders envisioned a “new Silk Road” based on new oil and gas pipeline infrastructures. The new connections of this Silk Road aimed at opening up the hydrocarbon reserves in Central Asia, linking them the Europe and freeing them from Russian control over Eurasian pipeline networks.<sup>113</sup> China’s own energy needs, in contrast, have led the country to pursue a pipeline network directed towards the East, linking both Central Asia and Russia with Chinese refineries.

Ikkboljon Qoraboyev and Kairat Moldashev stress in their chapter that Russian President Putin has been presenting Eurasian integration as an initiative for linking Europe and Asia for years. Scholars in the region have also discussed the idea of “Greater Eurasia.” According to Emerson, “Greater Eurasia” is a concept that refers to cooperation among all countries in Eurasian supercontinent with focus on land connections.<sup>114</sup> The necessity of cooperation among Eurasian states despite their cultural and political differences is referred to as “pragmatic Eurasianism” and presented as an antipode of narrow and imperialistic interpretations of “Eurasianists” such as Alexander Dugin in Russia. Pragmatic “Eurasianism” is mostly based on economic linkages with little attention to ideology and inclusive of Europe and Asia.<sup>115</sup>

Japan’s investment activities during the 1990s run in parallel with China’s BR, as Yang Jiang points out in her chapter. Jiang argues that, despite their competition for infrastructure projects and energy resources, China and Japan share a similar economic outlook for Central Asia, albeit with a different level of strategic ambition. China and Japan have adopted a different approach to development cooperation from that of traditional Western aid donors, offering recipient countries an alternative development model. In the strategic arena, stability and security in Central Asia are important to both China and Japan, but while Japan is a low-profile supporter of integration and independence of Central Asian countries, China is actively engaging in security cooperation and seeking influence in the region.

A final aspect of “regionalism with Chinese characteristics” is the question of the voice of small countries. Qoraboyev and Moldashev stress that the BR can be successful in Central Asia—and this view surely can be extended to include other regions—only if it embraces comprehensive regionalism. Regional actors would claim a key role and reject becoming instrumentalized in a new great game. However, the expectation that the BR in Central Asian will contribute to political independence, provide economic opportunity, and strengthen security in the region conflicts with

the need to coordinate and orchestrate regional and local governance. Mayer shows, for instance, that the Chinese engagement in the China-Pakistan Economic Corridor has led to a growing tension between the principle of nonintervention and sovereignty on the one hand and the need of an reliable transnational governance framework on the other. In addition, the implementation of the CPEC has been enabled by a territorial rescaling of the Pakistani state, which entails changes of the institutional structures for defense policy, law enforcement, and the governance of logistical infrastructure.

The complexity stemming from this sort of governance dilemma faced by the Chinese leadership is emphasized in Philippe Le Corre's chapter. Interrogating the example of Chinese investments in strategic infrastructure sectors (ports, airports, energy) in Greece and Portugal that predate the BR, Corre concludes that target countries have to be well-prepared to accept big infrastructure projects. Infrastructure projects may create long-term problems in countries without preexisting good governance and strong interest formation institutions. Corre pinpoints the potential risks of the BR, including negative political consequences, when loans default and states cannot pay back debts stemming from large-scale construction projects, impacting not only Chinese soft power but also the future cooperation between China and Europe in general. Critics warn that the lure of Chinese investments and ambitious infrastructure projects might lead countries with poor economic performance into a debt spiral and increase one-sided dependence on China.<sup>116</sup>

### *Co-production of a Global China*

The third theoretical lens begins with the idea that China's interactions with the rest of world are, on the one hand, mediated by its knowledge about the world, and, on the other hand, by its self-perception. As the Chinese involvement expands worldwide and especially along the Silk Road, so do China's responsibilities and liabilities. How is the domestic generation of knowledge coping with these quickly growing challenges? There are, firstly, instrumental and pragmatic reasons to internationalize Chinese expertise. For instance, information and advice is required when it comes to detailed local policy decisions or contractual issues related to infrastructure investments in countries such as Pakistan, Sri Lanka, or Kazakhstan. Beijing has acknowledged that country-specific expertise is needed and increased education spending for the study of foreign

languages and country research centers.<sup>117</sup> In the last five years, the Chinese leadership accordingly encouraged the activities of Chinese think tanks,<sup>118</sup> while Chinese scholarship tries to develop genuine Chinese theoretical lenses of international relations and global governance.<sup>119</sup>

The academic structure of evolving country and area studies is, however, highly restrictive, as Hu Chunchun points out in his chapter about “disciplinization.” The overall research settings in charge of producing knowledge about “the outside world” are fixed in an institutional and disciplinary straitjacket. In particular, the nexus between languages and disciplines such as economics, sociology, political science, or geography lacks systematic institutionalization that can properly cope with the huge demand for complex expertise and sound advice. Hu compares the Chinese conditions with area studies in the U.S. and Germany, exploring potential ways to reform the education system. At the moment, China’s Silk Road diplomacy and Chinese corporations’ international activities suffers from a dearth of trained specialists and deep knowledge.<sup>120</sup>

The question of evolving knowledge also is intimately related to the evolving roles, identities and worldviews that come to underpin Chinese visions and actions. Scholarship drawing on the English School, for instance, suggests that China will be unlikely to integrate into international society because its diverging cultural traditions make it a revisionist state.<sup>121</sup> In contrast, the case study of “knowledge-based institutions” discussed in the chapter by Rasmus Gjedssø Bertelsen and Ping Su shows how China has managed to assimilate very well in the institutional setup of the Arctic region. It fully accepts the established rules and focuses on sustained scientific cooperation between Chinese and scientists and their counterparts in Arctic countries. While this case proves that several options exist to mitigate great power rivalry, the authors stress that the powerful effects of knowledge-based institutions offer crucial lessons for the BR.

In this light, scientific cooperation can be seen as crucial and, arguably, an undervalued soft power tool of China. It is a resource alongside material capabilities and economic leverage. The major reason expertise and advice will have a huge role to play in making the BR a success story is because of the great cultural diversity, the entangled histories, and the local specificities that challenge traditional Chinese diplomacy. For China to play a coordinating or orchestrating role in the BR all kinds of generalized, specific, and culturally sensitive knowledge are required. The immense work of knowledge translation and expertise adaptation is, meanwhile, mainly accomplished by scores of scholars, students, experts,

and administrators from abroad who come to China in order to participate in workshops, conferences, or study programs. For instance, the fact that the BR includes dozens of Muslim countries puts enormous pressure on the (underdeveloped) area of Arabic and Muslim Studies. In general, knowledge production in China—especially with respect to the multidisciplinary area studies—remains hampered by high levels of secrecy, compartmentalization, and top-down organization. These conditions are not conducive to developing sound expertise-based policy making in the context of the BR. The case of the Arctic, in addition, illustrates that sharing knowledge and research resources as well as long-term transnational academic cooperation can increase mutual trust. Similar scientific cooperation mechanisms would give the BR a more comprehensive structure than cultural exchanges and business contracts.

So far our discussion has only referred to knowledge as a form of adaptation to the outside. But the process of China's rise as Eurasian power is not mainly about China adapting to "Western" rules and institutions. It is instead a social, economic, political and technological "co-production" that creates new identities, norms, and institutions. The puzzle has two entangled elements, to quote from Qin Yaqing: On the one hand, China assimilates into the international society, slowly adapting its worldview and identity accordingly. On the other hand, the international society also changes, becoming "mutually transformable in the process of interaction."<sup>122</sup> Qin suggests that we are witnessing a "complementary and transformative process." The acceptance of the institution of the "market economy" as a primary institution illustrates this coevolution:

The market institution, for example, is accepted and in fact deeply internalized in China, but it is not the identical copy of the Western model. Market economy with Chinese characteristics thus is not mere rhetoric. China's acceptance and selection of other institutions, primary or secondary, will be similar.<sup>123</sup>

China's visions of Eurasia, which are of quite recent origins, have become increasingly influential throughout the Belt and Road region. Demissie's chapter illuminates this point by detailing the uptake of Chinese ideas and experiences about special economic zones in African countries. Mayer offers another example, showing how China's new "geo-visions" began to alter the social construction of space across Eurasia. Various maps of the BR exclude the US, replacing both the transatlantic and transpacific focus with a solid Eurasian picture. Clearly, the knowledge-power nexus is evident from this emerging geography.

As pointed out above, China's initiative ties into a pre-existing process of geopolitical and geoeconomic reorientation. Although there is thus far no agreement on what Eurasia is and should become, which actors can participate, and under which set of rules,<sup>124</sup> the chapter by Fels suggests that a considerable convergence between Russia and China has occurred. Similarly, Darshana and Mohan stress the great potentialities for cooperation between China and India given the common goal of improving connectivity. Jiang shows that substantial similarities also exist between the Japanese and the Chinese investment policies for infrastructure construction in Central Asia. Clearly, the "Eurasian moment"<sup>125</sup> is not merely a technical or economic moment, but also as one of intellectual and normative shift.

The importance of culture and identity in this process is reaffirmed by the fact that many countries along the Silk Road have made efforts to revitalize memories of their past. Ancient history is utilized to underscore the legitimacy of construction projects or to foster new political imaginations of order, community, and region building. In her chapter, Nora Fisher-Onar explores the example of Turkey's recent "neo-Ottomanism" to show how emerging Eurasian powers celebrate their imperial pasts to harness present political and economic energies. Drawing on Turkey's story, Fisher-Onar notes that China has left behind its "short twentieth century" as a middle power to (re)claim great power status in an age of heightened uncertainty. It therefore might learn from Turkey's experience as an ambitious middle power that neo-imperialist rhetoric can obscure a clear grasp of the challenges facing its realization.

China's push for the Belt and Road is rife with rhetorical references to the glory of past trading networks. This rhetoric resonates with the CCP's new ideological platform. Over the last decade, the CCP leadership began to refashion the sources of its legitimacy by heavily drawing on China's traditional culture and values on the hand and (selectively) referring to Chinese history on the other.<sup>126</sup> Against this background, Chinese scholars recently have shifted from descriptive mode and policy analysis to narrative building. Without much input from foreign sources, the notion of a "community of common destiny" is developed as a conceptual model for regional governance and integration.<sup>127</sup> In the media and the public sphere, the Belt and Road is celebrated by various state-sponsored cultural and artistic events including movies, documentaries, theatrical dance dramas, and so forth.<sup>128</sup> These CCP-orchestrated celebrations might provoke or, perhaps, inspire a strong resurgence of nostalgia within other former empires such as Iran, India, or Mongolia. Fisher-Onar's chapter hints at



the power and perils of politicizing the past, and the role of history and culture more generally, within a multicultural and multipolar world. For instance, the BR could also impact the lively debates about the historical origins of China's cultural identity and destabilize the tropes of orthodox Chinese historiography such as "sinicization."<sup>129</sup>

For the BR, hence, the question of legitimate histories and the growing discourse of Chinese exceptionalism looms large,<sup>130</sup> as exemplified by the Indian reaction to the "Silk Road." Indian scholars point out that, historically, silk was not the main trading good. The use of the term silk as main signifier for today's networks would link the BR with a distortion of history that implies sinocentrism.<sup>131</sup> William A. Callahan argues that many Chinese scholars view the BR as a "cultural and moral alternative" to a U.S.-dominated international order, which, in turn, is perceived as corrupt and unfair.

According to such commentators, BRI will help to spread around the world the benefits of traditional Chinese civilization and the China model of development, which will 'create new standards of globalization'. China's 'superior' culture, therefore, is seen as a resource that will reshape the rules and norms of international institutions.<sup>132</sup>

The most stringent articulation of a Chinese-led world order that draws on ancient Chinese philosophical traditions is the updated version of the *Tianxia* concept (literally, "all under Heaven") that has recently gained currency among Chinese intellectuals.<sup>133</sup> Chinese scholars such as Zhao Tingyang claim that the Chinese civilization, regaining its rightful historical place, should once again take the moral leadership and construct a global order in its own image.<sup>134</sup> Yet, despite this narrative, the language of inclusiveness and equality found in official BR documents and statements clearly contradicts the rhetoric superiority and normative overtones characterizing this brand of Chinese scholarship.

In sum, the third theoretical lens invites us to study, broadly speaking, the interplay of ideas and foreign policy practices. Constructivist insights into the emergence of collective identities,<sup>135</sup> the reconstruction of space, the change of norms, and the constitutive role of expertise are key to analyzing the co-production of a global China.

## CONCLUSION

China's opportunities to translate economic leverage into political outcomes have never been bigger than today. Although the Belt and Road Initiative is firmly rooted in the imperative of domestic economic development, it is

more than just a geo-economic strategy to sustain China's growth and to restructure its economy under conditions of globalization. After a period of progressively energetic activities and far-reaching diplomatic ambitions, the BR represents a culmination of China's search for a grand strategic narrative. The BR indicates that Eurasia is the current and future arena of China's rise. The country's claim to its "traditional" position in the world system is linked to the "Eurasian moment" and therefore the fate of emerging Eurasian relations.

The BR seems to be situated at the crossroads of two crucial historical trajectories. On the one hand, the power-political intricacies of China's rise: The Chinese leadership tries to avoid great power politics and reassure its neighbors by actively searching for a different model regional cooperation under the structural conditions of a U.S. global hegemony; on the other hand, the stages of China's integration into the capitalist world economy: strategies of territorial rescaling involved in the BR reproduce basic spatial dynamics of global capitalism. The Chinese state, as Aiwā Ong shows, has first connected China's domestic economic reforms with the global economy through the special administrative and economic zones of Greater China (Hong Kong, Taiwan, Macao).<sup>136</sup> Almost 40 years later, the Xi administration wants to systematically extend the logic of special governance zones and corridors in order to establish trade and investment links throughout Eurasia. Thus, as the BR is a continuation of the opening and reform policy started first by Deng Xiaoping after 1978, it will lead to yet another rescaling of China's administrative and economic spatiality.

The paradox at the core of China's strategic choice should be noted: Although China's influence is growing, the Chinese elites favor an inclusive approach to all countries and regions of Eurasia. Beijing is aware that it cannot realize the BR alone despite its increasing hard- and soft-power capabilities. While Chinese confidence has reached a new high and Xi Jinping clearly wants China to mold the world, the BR "also rests upon a hope, indeed an assumption, that all of the many projected partners will respond with corresponding enthusiasm, because without their active cooperation the project will fail to live up to Chinese expectations and, worse, may founder amid a welter of recriminations over responsibility for its failure."<sup>137</sup>

For this reason, the inquiry into the interplay between China's new foreign policy and wider Eurasian politics needs more than just a power perspective. Socio-economic and techno-spatial transformations as well as the evolution of China's great power identity offer significant insights into the contingent dynamics and processes behind the BR. Adding to this

complexity is the need to factor in a persisting perception gap that influences the mutual expectations between China and the BR participants. Although the resulting misunderstandings have historical precedents and might even provide constructive flexibility,<sup>138</sup> the lack of expertise and knowledge-based institutions remains a bottleneck of the BR. An example for the complexity of the BR springs from the cultural and religious diversity tied to the rejuvenation of the past that challenges the Chinese ability to master cultural and civilizational communication across Eurasia. Accordingly, the question how the advice provided by Chinese Think Tanks and academia keeps pace with the exponentially growing requirements for expertise—including how to respond to growing anxieties and sinophobia in many BR countries—is a critical issue for further studies of the BR.

Despite the open-endedness and inherent fragility of the BR, China's Eurasian pivot is likely to have a great impact on Sino-US relations. According to CSIS President John J. Hamre, the U.S. government "is ill equipped to assess this macro-development."

It would be a huge mistake to ignore the significance of the reconnecting of Eurasia. It would be equally dangerous to cast it as a geopolitical threat to the United States. We have a limited role in shaping this mega-development, but we certainly could alienate ourselves from the central actors involved in it.<sup>139</sup>

From the view of the White House, three ramifications of the BR seem particularly virulent. First, China's great power identity and consequently its rhetoric and policies will increasingly oscillate between a Pacific (Sino--U.S. axis) and a Eurasian (Sino-Russian axis) orientation. Second, China progressively institutionalizes its approach to soft-balance U.S. global influence. The better the myriad of BR projects are implemented, the bigger becomes Beijing's leverage in Sino-U.S. relations because the BR strengthens the cohesion of China's network of partnerships and other collective security regimes (such as the SCO), while progressively increasing the costs of U.S. efforts (as well as the costs of all potential partners in a move) to block China's initiatives. Third, the BR slowly but steadily generates an opportunity structure that allows for a (future) substantial change of the global financial order.<sup>140</sup> In sum, the BR is a sophisticated approach to engineer China's peaceful rise while limiting U.S. options for applying countermeasures.

A final caveat is warranted at this point. Given the comprehensive nature of the BR, this volume cannot address all crucial aspects. The chapters

instead throw a conceptual spotlight on key elements of the BR to inspire further theory-driven studies. One set of intricate problems evoked by the evolving BR, which are already discussed in China,<sup>141</sup> relate to the further institutionalization of the initiative. Especially the question how the BR can be developed into a multilateral institution raises puzzles that put the Chinese elites' creativity and tenacity to a hard test. For instance, is the BR a system parallel to the United Nations or a catalyst for reforming the latter? How can other multilateral regimes such as the Regional Comprehensive Economic Partnership (RCEP), the SCO, and the Eurasian Economic Union be combined or coordinated with the BR? Does the BR represent a genuine Chinese way to orchestrate different administrative levels and private business across state borders? By transcending the traditional bilateralism constitutive of Chinese diplomacy, what level of formalization should the final design of the BR's rules and mechanism achieve? Or, perhaps, should the BR ultimately remain flexible and fuzzy, representing a "daoist" type of international institution, that nevertheless might stimulate the reform of global governance, the provision of global public goods, and the deepening of security cooperation among the Eurasian great powers?

Finally, the BR raises another grand question; that is, whether China's leaders and citizens are able to infuse the Silk Road with an ethos that goes beyond a purely materialist goal to foster economic growth and accelerate the circulation of goods and also preserves both the ecological and the spiritual foundations of Eurasia's future. The meme of a "community of human destiny," in this sense, is still an empty vessel in need of being filled with actual values and meaning. For instance, the design of the BR should privilege and pioneer zero-emission and zero-waste forms of production and consumption in order to avoid the dangerous environmental consequences of a renewed push for industrialization and expansion of trade and transport.<sup>142</sup> The BR needs to advance a balanced and sustainable approach both in terms of its institutionalization and its environmental impacts.

## NOTES

1. I want to thank Douglas Howland, Wang Chuanxing, Song Lilei, Zheng Chunrong, Dániel Balázs, and Frank Tsai for their valuable comments and suggestions, which were very helpful to improve the argument and wording of this chapter.
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# The 21st Century Maritime Silk Road and the Leading Function of the Shipping Industry

*Hu Zhang*

The 21st Century Maritime Silk Road (MSR) is a new strategic initiative proposed in 2013 by Xi Jinping, the President of China. The Silk Road Economic Belt and the 21st Century Maritime Silk Road (together the Belt and Road Initiative [BR]), form a new initiative by China in the context of profound changes in the global economic situation, growing complexity of the international order, and under the precondition of coordinating the domestic picture and the international picture. It was pointed out explicitly at the Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC) to promote the BR and to form the pattern of comprehensive opening, which constitutes the international strategy that China adheres to in the long term.

The BR received a lot of attention from domestic and international society.<sup>1</sup> Following the formulation and promulgation by the Chinese government of the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road (hereinafter referred to as Vision and Actions),<sup>2</sup> the content and meaning of the Maritime Silk Road became more clear and explicit. This chapter will,

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based on interpretation of the Maritime Silk Road, discuss the status and function of shipping in the construction of the Maritime Silk Road.

## A BROAD INTERPRETATION OF THE MARITIME SILK ROAD

The Maritime Silk Road injects new energy into and provides new direction for the development of countries along the MSR. The Maritime Silk Road is a development initiative corresponding to the actual situations of China and other countries. It was proposed by the new leaders of China based on the country's own track of historical development, its experience of foreign relations, as well as judgments about future situations and trends, after comprehensive consideration. It is also an inheritance and development of Chinese traditional culture and diplomatic strategies.

### *Inheritance of the Maritime Silk Road*

China, as the earliest strong ocean country in the world, did not rely on its strong comprehensive national strength to loot or conquer other countries and nations.<sup>3</sup> Instead, it exchanged and dealt with countries along the MSR based on the spirit of "harmony is precious, and friendly communication and amicable exchanges," which is a reflection of Chinese traditional Confucian culture in terms of diplomatic relations. At the "Symposium for Diplomatic Work with Neighboring Countries" held on October 24 and 25, 2013, President Xi Jinping stressed that the basic policy for Chinese diplomacy with neighboring countries shall be adhering to the principle of good neighbors as partners; creating an amicable, secure, and prosperous neighborhood; and reflecting the concept of intimacy, sincerity, benefits, and inclusivity. Therefore, when promoting the construction of Maritime Silk Road, "harmony" and "kindness" shall be the core concepts for dealing with the relationship between China and countries along the MSR. This is certainly an inheritance and development of the Chinese traditional spirit of "harmony is precious" in today's new era.

### *Innovativeness of the Maritime Silk Road*

The Maritime Silk Road is the embodiment of the new Chinese view of justice and benefit, which is different from the historical maritime Silk Road. The historical maritime Silk Road, on one hand, provided channels for communications and exchanges among caravans, travelers,

scholars, artisans, and believers from various countries along the road. On the other hand, based on its comprehensive strength and navigation technology that far surpassed other countries', China took the historical maritime Silk Road as a joint development where peoples along the road communicated and took reference from each other. The current Maritime Silk Road inherited the good tradition of "friendly communications and exchanges" of the historical maritime Silk Road, but is broader in scope—it contains economy, politics, safety, and religion, and so on. It is not only a simple business channel and bridge for exchange and communication amongst civilizations, but also covers every aspect of social economic life. It is an overarching design focusing on joint development, mutual benefit, and win-win, as well as the welfare of human beings.

All countries, regions, economies, or even enterprises and individuals along the MSR may participate freely and actively in constructing the Maritime Silk Road. It is not a coercive organization, nor does it have a closed mechanism—all members may participate in and quit it freely. In short, the Maritime Silk Road adheres to and promotes the Silk Road spirit of solidarity and mutual trust, equality and mutual benefit, inclusiveness and mutual learning, as well as cooperation and win-win. The aim is to promote the actual development of various parties, and to achieve common prosperity.<sup>4</sup>

### *Special Features of the Maritime Silk Road*

The Maritime Silk Road, as an initiative proposed by China in today's changing international landscape, focuses on cooperation and mutual gains of all participants along the MSR. It has the following specialties: equality of participants, openness of the cooperation component, and the flexibility of modes of cooperation.

The Maritime Silk Road is an initiative targeting all countries or regions along the MSR, with the ultimate purpose being to achieve common prosperities of China along with the region and the world. With such an aim, participants may conclude contracts across a variety of fields during the construction of the Maritime Silk Road. The Maritime Silk Road is a non-coercive organization with a unique form. It does not exclude other economic or cultural inter-governmental or nongovernmental organizations from forming after countries, regions, or other participants along the MSR reach a consultation and negotiation at mature timing during construction. Therefore, cooperation of various

modes may exist as long as such cooperation benefits the construction of the Maritime Silk Road. During the construction of the Maritime Silk Road, all countries, regions, economic organizations, legal persons, and individuals may take part in it.

### LEADING FUNCTION OF SHIPPING IN THE CONSTRUCTION OF THE MARITIME SILK ROAD

One of the cooperation priorities in the Vision and Actions document is to “push forward port infrastructure construction, build smooth land-water transportation channels, and advance port cooperation; increase sea routes and the number of voyages, and enhance information technology cooperation in maritime logistics.” This shows that, as an integral part of national economy, shipping has important political and economic functions. During the construction of the Maritime Silk Road, shipping shall play a leading role, and drive the cooperation and development of other sectors based on its natural advantages, so as to jointly serve the construction of the Maritime Silk Road.

Economic development of countries and regions along the Maritime Silk Road requires shipping to play a leading role. The Maritime Silk Road is first and foremost about trading and development, while shipping is the barometer of a trade-based economy.<sup>5</sup> For some countries, more than 75% of current carriages for international trade of goods are finished through marine transport, and for some it accounts for more than 90% of goods volume.<sup>6</sup> We may say that the success of the Maritime Silk Road will depend directly on whether or not the shipping logistics are working smoothly. Following the expansion of trading sectors of countries along the Maritime Silk Road, the trade scale is also increasing steadily. Particularly, the foundation for construction of the Maritime Silk Road is based on various marine transport routes.

#### *Shipping Business Requires Infrastructures*

In order to develop the economies of member countries, the development for shipping shall be the first priority. In recent years, trade volume among countries and regions along the Maritime Silk Road has been increasing year after year, but they also face the dilemma of transport and logistics being “open but not smooth.” Solving these issues requires development of the shipping industry and the promotion of cooperation in the shipping

industry. In addition, the leading role of the shipping industry is reflected not only in the ocean shipping field, but also in aspects of ports, terminals, assembling and distributing systems, shipping finance and shipping insurance, and so on. Development in these fields will also drive the growth of the whole shipping industry.

Shipping involves a range of activities, including the basic shipping resources relating to ports, ships, and cargos; service shipping, which offers a series of services for completion of cargo transport, such as ship operation, ship registry, ship classification, insurance, law, intermediary agency, and finance; and smart shipping of innovative products, such as shipping information, shipping knowledge, shipping policy-making, shipping policies, and shipping planning.<sup>7</sup>

Assessing based on the current situation, the first priority for the Maritime Silk Road shall be construction in infrastructure fields for ports, terminals, and navigation channels, and so on, in order to achieve inter-connectivity. This is because the input by and the development levels of countries and regions along the Maritime Silk Road in these infrastructure fields vary to a large extent, and the construction of infrastructure is a project benefiting the public and later generations. Moreover, compared with other fields, it is relatively easy to reach consensus in these fields in different countries or regions, and there is great space and potential for cooperation in this regard. Such cooperation, once started, will in turn drive cooperation in other shipping fields.

### *Shipping Is an Important Channel for Civil Exchange and Communication*

The MSR also requires an form of ocean culture, namely the human understanding of the ocean. A new spirit of the sea that harbors the connotation of a social and material civilization which is open, externally oriented, and inclusive. Therefore, it is easy for ocean culture to be extensively accepted, and for peoples of different countries, nations, and religious beliefs to reach consensus in this regard. Ocean shipping can connect different regions, spread ocean culture in different regions, and provide the link and platform for peoples along the Maritime Silk Road to exchange and communicate with each other. President Xi Jinping pointed out that “relation amongst different countries lies in whether peoples in different countries are close to each other.”<sup>8</sup>

Just as the historical maritime Silk Road, which was always a friendly road for peoples to connect, exchange, and communicate with each other, the Maritime Silk Road needs countries along the MSR to strengthen civil communication and cooperation in fields of education, culture, and tourism, and expand the scope and the level of civil exchange and communication, so as to lay solid popular support for cooperation in various aspects of the Maritime Silk Road. Civil exchange and communication will rely on an extensively accepted ocean culture to be the guide, the carrier of interconnectivity to act as a link, and also a certain channel to serve as a platform. Ocean culture and ocean shipping as included in the shipping industry can satisfy those needs. Therefore, developing the shipping industry and enhancing cooperation in the industry may effectively promote civil exchange and communication as well as cultural exchange among countries along the Maritime Silk Road.

### *Shipping Is a Catalyst for the Growth of Real Economies*

As discussed earlier, shipping involves an extensive scope of content. Development of shipping will certainly drive the development of other related industries such as logistics, finance, insurance, and metallurgic industry. For the development of the overall economy, shipping's contribution to the national economy will not only include the direct economic benefits and production value brought about by such industry, but also production values in related industries such as manufacturing and processing industry, metallurgic industry, import and export trade, international insurance and finance, and maritime law services that can indirectly benefit from shipping. Therefore, due to the relatively long chain of shipping industry, the construction of the Maritime Silk Road will drive cooperation in many industries and levels, which will eventually promote the growth of real economies in countries or regions along the Maritime Silk Road.

## BUILDING SUSTAINABLE FRAMEWORKS

To facilitate the leading role of shipping, achieve interconnectivity of different countries and regions along the MSR, and realize organic integration of various shipping factors in/of different countries, regions, and enterprises, requires a variety of new frameworks. Countries along the MSR will need to offer preferential policies for construction, as well as in financing and legal aspects so that all different subject entities may benefit from the construction of the Maritime Silk Road.



### *The “Three Routes”*

There are three different routes for the Maritime Silk Road. Due to their different functions as well as software and hardware foundations, the relation among construction of the “Three Routes” shall be well-coordinated. Relevant departments of countries or regions along the MSR shall strengthen communication, and formulate preferential policies to promote the coordinated development of the “Three Routes.” In terms of China, under the background of an expanding development gap between Eastern and Western China, the U.S. pivot back to the Asia-Pacific, Japan’s plan to besiege China, and the marine conflicts triggered by ASEAN countries, the construction of the Maritime Silk Road shall focus on the whole picture. This comprehensive plan for the construction of the Three Routes is as follows: Strengthen the construction of the East Route, China’s traditional cargo-trading channel starting from the East China Sea to the South Pacific, North America, and Latin America, which can break up the marine containment of the U.S. and Japan and protect the important channel of Chinese foreign trade; and consolidate the construction of the West Route, the core channel for Chinese energy resource trade and also the traditional channel of the historical maritime Silk Road. It passes through the South China Sea and can reach countries in Asia, Europe and Africa.

Consolidating the construction of the West Route relates directly to the safety of Chinese energy resources and economy; developing the construction of the North Route utilizes the Arctic navigation channels. Developing the Arctic Ocean navigation channels will help to connect North America, Russia, and countries in Northern Europe. Meanwhile, it may also enhance the cooperation in Northeast Asia and shorten the distance for importing grains and cereals from North America. Therefore, construction of the North Route has strategic importance for enhancing cooperation between China and Northeast Asian countries as well as for developing polar resources.

### *Financial Support*

Construction of ports is the first issue for building the Maritime Silk Road, so pushing aggressively for construction of infrastructures in ports can help to achieve interconnectivity among countries or regions along the MSR at an early stage. Construction of port infrastructure not only benefits the economic development of the countries in which these ports are located, but also lays the foundation for achieving interconnectivity with other countries or regions along the MSR.

However, what the construction of infrastructure needs most is funding. Based on the reality that the gap among levels of economic development and infrastructures in countries or regions along the MSR is relatively large, construction of the Maritime Silk Road needs financial support in various regions. China took the lead to establish the Silk Road Fund Co., Ltd. on December 29, 2014, to offer investment and financing to projects relating to interconnectivity in countries along the MSR, such as infrastructure, development of resources, industrial cooperation, and financial cooperation, and so on. In addition, the Asian Infrastructure Investment Bank will also become an important financing channel for construction of infrastructures in Asian countries along the Maritime Silk Road.

### *Legal Security and Navigation Channels*

Construction of the Maritime Silk Road involves a diverse set of participants. In particular, development varies greatly in different countries in aspects of political systems, economy levels, religions and cultures, and so on. Therefore, during the construction of the Maritime Silk Road, cooperation in shipping needs legal protection in each country and across all countries along the MSR. In addition to support from domestic policies, laws, and regulations in all participating countries, different participating countries along the MSR shall, through treaties or protocols, comprehensively and carefully regulate daily operations in various fields of the shipping. In addition, trade contracts enable exchange and communication among peoples as well as asset protection.

The safety of navigation channels in the three routes carries major implications for the sustainable development for countries and regions along the Routes. If the safety of navigation channels cannot be guaranteed, the target for construction of the Maritime Silk Road cannot be achieved. Potential dangers for safety of navigation in the Three Routes of the Maritime Silk Road are divided into two main aspects: first, safety issues caused by anthropogenic factors, and second, safety accidents resulting from natural factors. The former is reflected mainly in the West Route of the Maritime Silk Road—relevant navigation channels from the Western Pacific to the Indian Ocean as well as the busiest maritime energy channel in the Gulf of Aden are often disturbed by piracy activities, maritime emergency events, and international terrorist activities. In addition, Mekong River channel, as one of the main channels for exchange and communication between China and ASEAN, is

also a region where robberies and terrorist activities occur frequently. Safety accidents resulting from natural factors are mainly along the North Route. Affected by the extreme climates of the Arctic Ocean, the Arctic navigation channels remain a place to be developed.

In order to deal with the safety issue, countries along navigation channels should enhance cooperation stage by stage, given that law enforcement for safety of navigation channels will involve judicial sovereignties and national security concerns of these countries. First, it is important to increase mutual understanding, exchange experiences, and reach consensus through holding forums and symposiums. The ASEAN Regional Forum (ARF) Maritime Navigation Channel Safety Symposium held by the Ministry of National Defense of PRC and hosted by the National Defense University PLA China on December 8 and December 9, 2014 laid a good theoretical foundation for enhancing multilateral dialogue and cooperation. Such symposia are an attempt to strengthen navigation cooperation between China and other countries.

Furthermore, stage-by-stage cooperation in individual cases can provide an opening for cooperation in aspects of escort, rescue, and disaster relief, where administrations can explore unified and coordinated mechanism and plans. In addition, in a pilot manner, the coordination of law enforcement for navigation channels can be implemented to set up regional joint enforcement organs under the precondition of not infringing upon the sovereignty or the interests of other countries. Good examples include the Mekong River Joint Law Enforcement Team and the Gulf of Aden Joint Escorting Organization.<sup>9</sup> Finally, on the basis that participating countries and regions of the Maritime Silk Road can reach a broad consensus, it is important to establish the Maritime Silk Road navigation channels safety maintenance committee to be responsible for safeguarding Maritime Silk Road navigation channels.

### *Exchange of Marine Transport Information*

Highly developed information is now essential to govern modern society. Communication and exchange of information is particularly important for shipping, which not only involves directly the safety of crews, ships, and the marine environment, but also affects the management and supervision on cargo. Currently, information cooperation among countries and regions along the Maritime Silk Road in shipping data and port state control is rare. Although some countries may obtain certain information

through the Paris Memorandum of Understanding (MoU) and the Tokyo MoU, this kind of information exchange is far from sufficient when compared with the information interconnection among European countries. Hence, countries along the Maritime Silk Road still need to strengthen marine transport information cooperation. Such information cooperation may start from regional cooperation, and then achieve information interconnection and exchange amongst countries or regions along the Maritime Silk Road. For example, China and ASEAN may start information interconnectivity cooperation based on the MoU of Traffic Cooperation between China and ASEAN, and once the experience matures, they can introduce additional countries into such MoU or use such experience on cooperation with other countries.

### *Port State Control Cooperation*

Port state control is an important regime under which the government of a port state manages the safety of ships or the pollution in the territorial waters of the respective nation state.<sup>10</sup> Due to different levels of economic development and shipping, port state control for countries or regions along the Maritime Silk Road lacks unified standards and requirements. By taking reference from the success of international port state control organization, countries or regions along the Maritime Silk Road may imitate internationally mature port state control protocols, such as new regimes under the Paris MoU and Tokyo MoU. Enhancing port state control cooperation can be done through unifying port state control standards and quantifying indexes of port state control contents. Unifying the direction for port state control as well as enhancing cooperation among different shipyards and classification societies in different countries along the MSR are essential to finally formulate a cooperation mechanism that meets the actual situation of various countries participating in the Maritime Silk Road.

### *Coordinating Domestic Shipping Resources*

In recent years, development of Chinese shipping industry has entered a bottleneck period. China made significant achievements in infrastructure construction, and its hard power in terms of ports, shipbuilding, and comprehensive carrying capacity ranks high in the world. However, China's soft power in shipping financing and shipping services that support the aforementioned hard power, is not that outstanding. In 2009, China decided to develop Shanghai as an international shipping center, but

thereafter, local governments of many port cities brought up slogans around building international shipping centers. This would inevitably cause waste of coastline resources because of duplicated construction. Furthermore, a cut-throat competition would negatively affect the entire economic performance of Chinese shipping as well as the enhancement of Chinese international competitiveness.

Therefore, China still needs to develop and utilize national and regional coastline resources of ports in a scientific and reasonable manner based on three different perspectives of the central government, local governments, and enterprise organizations. According to the requirement proposed at the 4th Plenary Session of the 18th CPC Central Committee that “legislation shall actively adapt to the need for reform and social-economic development,” different coordinated development mechanisms should be planned from central to locals as well as from governments to enterprises in the form of legislation, to enhance the comprehensive capacity of Chinese shipping industry, to serve the construction of Maritime Silk Road, and to make shipping play a leading role. For example, the State Council promulgated on December 26, 2014 “the Notice on Printing and Circulating the Reform Plan of Implementing Three Mutuals” and “Promoting Construction of Grand Customs Clearance” exerted significant function in promoting smooth domestic customs clearance, since the main aim of this notice is to strengthen the cooperation among cross-sectoral and inter-regional inland coastal border.

## CONCLUSIONS

Constructing the Maritime Silk Road is a long-term project that can only be achieved with long-term coordination and joint technical, economic, and legal efforts by countries or regions along the MSR. During this process, the leading function of shipping shall not be neglected. Interconnectivity among participants, cooperation for construction of port and terminal infrastructures, cooperation for the safety of navigation channels, as well as economic and trade cooperation are necessary for the development of shipping. China should devote great efforts to develop the shipping industry and push the legalization of shipping cooperation in order to drive legalization of cooperation in other industries. The comprehensive effects in combination of different areas and through cooperation of various actors across different countries, regions, and enterprises, will eventually realize the construction of the Maritime Silk Road.

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## Connectivity and International Law in the 21st Century Maritime Silk Road

*Guobin Zhang and Yu Long*

The 21st Century Maritime Silk Road (MSR) refers to the construction of a regional cooperation network with a community of common destiny as the goal by taking economic cooperation as the main orientation, relying on the idea of “interconnection and intercommunication,” and linking of transport channels by connecting coastal ports.<sup>1</sup> The MSR has experienced the development process from conception to actual actions. President Xi Jinping put forward the concept of the “21st Century Maritime Silk Road” for the first time in his speech during an Indonesia trip in October 2013, emphasizing that “China is willing to strengthen maritime cooperation with ASEAN countries, develop maritime partnership, co-build 21st-Century Maritime Silk Road.”<sup>2</sup> At the time of President Xi’s visit to Sri Lanka in September 2014, he stressed that the path of co-constructing the MSR should give priority to South Asian and Southeast Asian countries.<sup>3</sup> In March 2015, the China National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly released a policy document titled “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” (Vision and Actions) which symbolizes that MSR has formally entered into actual implementation stage.<sup>4</sup>

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According to the description in the Vision and Actions, the purpose of the MSR is to achieve the “interconnection and intercommunication” of countries along the route. In terms of geographical scope, the MSR includes two key directions. One direction is crossing South China Sea from China’s coastal ports to the Indian Ocean and extends to the Europe. The other direction is crossing the South China Sea from China’s coastal ports to the South Pacific. The Silk Road Economic Belt and the 21st-Century Maritime Silk Road (Belt and Road Initiative [BR]) are both open-ended strategies that aim to comply with the ongoing trends of economic globalization and regional integration. As the component of the Belt and Road, the MSR, like the Silk Road Economic Belt, also emphasizes deepened economic cooperation as its main aim, but the difference is that the MSR wants to manifest its goals through boosting maritime partnership. Maritime cooperation mainly entails three aspects: constructing maritime connectivity, strengthening maritime economic and industrial cooperation, as well as cultural collaboration in the maritime field.<sup>5</sup> Among those, maritime connectivity is indispensable for developing all-round maritime partnerships and for the construction of the MSR.

According to most Chinese scholars’ view, in the process of converting ideas into action, MSR needs to be guided, promoted, and safeguarded by international law. In turn, some argue that to eventually build the MSR greatly depends on the ability of China to shape, formulate, and implement cooperation based on international law. Therefore, China should carefully study the international law relevant to MSR in order to resolve the actual challenges of “maritime connectivity.”<sup>6</sup>

In order to fully understand the value and *status quo* of the MSR, and also to present suggestions for further improvement where necessary, this paper carefully examines the meanings of the MSR under the context of both international law and other disciplines. It critically analyzes specific issues pertaining to the realistic challenges of “maritime connectivity” and its legal protection. Furthermore, the paper discusses the relationship between the MSR and the law of the sea, and recommendations on how to provide legal support the maritime connectivity of MSR will also be presented.

## THE CONCEPT AND MEANING OF MARITIME CONNECTIVITY

According to the Vision and Actions, maritime connectivity refers to “jointly building a free, safe and efficient channel with key ports as the node.” Countries alongside the MSR have differences in the political systems and

economic development levels which makes maritime cooperation exceed purely economic cooperation. Some scholars further pointed out that the new maritime order involves three elements: free and open maritime navigation, common maritime security, and joint development of oceanic resources.<sup>7</sup> These elements are also suitable for constructing “maritime connectivity.” This suggests that maritime connectivity has two meanings: one is the established international maritime cargo transport channel, which connects all coastal ports, and the other is the maritime collaborative network, which contains elements such as free navigation and safe waterways. Therefore, for jointly building “maritime connectivity,” in addition to supporting the port infrastructure construction of countries alongside the MSR, we also need to jointly build public service facilities with the countries, as well as to strengthen exchanges in the field of maritime cooperation policies.

The construction of maritime connectivity includes two core concepts: “intercommunication” and “jointly.” The first concept is the emphasis on the “intercommunication,” referring to mutual dependence. The fundamental goal of the MSR is to deepen the relations between China and countries alongside the road, leading to a community of common destiny with its neighboring countries, and maritime connectivity is the core content for achieving this goal. Today’s world is a network of legal rights which constituted by stakeholders and jurisdictions of different types and levels. The power of a country not only comes from its economic and military competence, as well as from its institutions and values, but also stems from its position, that is, whether it can occupy a “hub” location in the network of rights.

It can be said that China is practicing an overall “connectivity-oriented” strategy in recent years. The “Belt and Road” which includes the MSR is an important part of this engagement, and the maritime partnership with maritime connectivity is a strategic measure for the maritime space. The path of the MSR is consistent with the routes of China’s energy, resources import and trade channels.

The second concept is “jointly,” which emphasizes win-win cooperation. On one hand, for China, maritime connectivity has the practical significance of guaranteeing energy, resources, and trade security. State councilor Yang Jiechi once said at the Boao Forum for Asia: The MSR is the legacy and development of the ancient Silk Road aimed mainly at Southeast Asian countries, but also connects South and West Asian, African, and European countries.<sup>8</sup> On the other hand, maritime connectivity means

the realization of further integration and mutually economic benefits between countries alongside the road and China by means of considerable economic support from Beijing. In terms of developing maritime economy, China has in-depth knowledge and rich practical experience. According to the statistics of China Oceanic Administration, during the period of 2011 to 2015, the growth rate of China's oceanic output was higher than that of the GDP.<sup>9</sup> Besides, China has good reputation in constructing infrastructure overseas, such as the Gwadar Port in Pakistan and Hambantota Port in Sri Lanka. As Foreign Ministry spokesperson Hua Chunying said, China's promotion of co-constructing the MSR also serves the purpose of practicing the principle of common development, and striving for the economic prosperity of countries alongside the road, reflecting China's efforts of actively assuming the responsibilities of a great country.<sup>10</sup>

### INTERNATIONAL LAW AND CHALLENGES FOR MARITIME CONNECTIVITY

Since ancient times, mankind made use of the ocean in two ways: by utilizing marine space, and by developing marine resources. As the basis and carrier of constructing "maritime connectivity," the ocean also needs to play the above-mentioned two functions. However, most of the regions alongside the MSR are sensitive ones from the angle of international strategies and geopolitical games, they have great differences in state scale and social development, while they also have conflicting interests. All of this makes frictions inevitable. There are diverging views regarding following three aspects: the freedom of navigation of warships, waterway security risks, and maritime rights and interests.

First of all, as an international maritime cargo transport channel, "maritime connectivity" reflects the economic and trade cooperation between countries alongside the road; whereas as the artery of international trade network, shipping, depends on free navigation which is based on the international law. But the free navigation system suitable for merchant vessels is not consistent with the navigation activities of warships in exclusive economic zones. The United States of America forced to carry out the Freedom of Navigation Operation Programme, the purpose of which is to "promote marine freedom of navigation, and maintain marine orders", so as to challenge China's provisions on warship navigation system."<sup>11</sup> In addition, on April 11, 2016, the G7 Foreign Ministers Meeting held in Hiroshima, Japan declared the *Marine Safety Statement* in an attempt of

forcing other countries to accept the practices of warships' free navigation in exclusive economic zones. These practices of trying to confuse the free navigation of merchant vessels and that of warships undoubtedly have a negative impact on the implementation of maritime connectivity.

Secondly, waterway safety is key for the sustainable and steady development of the MSR, so if the problem of waterway safety cannot be resolved, the goal of "maritime connectivity" cannot be achieved either. The route of the MSR passes through the Strait of Malacca, the Persian Gulf and its coastal areas. The maritime security situation of these areas is complex, and has always been persecuted by some nontraditional security issues such as pirates and maritime terrorism. Among those, the piracy problem of South China Sea area has been becoming increasingly acute in recent years. There were 124 cases of pirate attacks in the Southeast Asian Sea area in 2014 only, which appropriately accounts for a half of the total global pirate attacks (245).<sup>12</sup> As for the western line of the MSR, West Asia and North Africa, due to the further deterioration of security situations in 2015, "the Islamic countries" increased their influence there and violent terrorist attacks emerged endlessly, endangering the safety of maritime traffic. Therefore, it is essential to deal with these nontraditional safety issues by joint construction of maritime law enforcement forces alongside the MSR. While all countries' participate in joint law enforcement by using naval forces, we need to consider the legality of using military forces.

Finally, oceanic rights and interests disputes mainly refer to problems that occur between China and its neighboring countries related to the ownership of islands, boundaries of sea areas, and oceanic resources development. These frictions are mainly located in the South and East China Seas. Among which, as the common node of the two key directions in MSR, the South China Sea plays a vital role in the construction of maritime connectivity, and the issue of it is the most complex case among the oceanic and island disputes China currently faces. The East China Sea issue includes the East China Sea's continental shelf delimitation dispute, the sovereignty dispute of Diaoyu Island between China and Japan, as well as the delimitation dispute on oceanic exclusive economic zones between China and South Korea. The security risk of these disputes is that in case of conflicts, maritime connectivity between China and other concerned countries could be disturbed or even interrupted. For instance, the incident of The Haiyang Shiyou 981 in 2014 was the most serious maritime friction since the naval battle at the Nansha Islands.<sup>13</sup>

## THE LEGAL PROTECTION OF MARITIME CONNECTIVITY

In June 2014, when Premier Li Keqiang attended the Sino-Greek Marine Cooperation Forum, he proposed to construct a “peaceful, cooperative and harmonious ocean.”<sup>14</sup> We can therefore see that the joint building of the MSR is aimed at advocating the peaceful and cooperative marine order and it emphasizes that kind of silk road spirit while also remaining consistent with the cooperation principles in the international law.

### *Principle of Peace*

“The principle of peace” is a general principle of international law, embodied in the purpose and principles of *Charter of the United Nations*, as well as in the Five Principles of Peaceful Coexistence. The *Charter of the United Nations* is named as the cornerstone of contemporary international order, the purposes and principles of which include sovereign equality, peaceful settlement of international disputes and other issues. Among them, the stipulated principle of peace provisioned in paragraph 4 of article 2 is one of the basic principles of the international law, which is a principle of not using force or the threat of using force. The Five Principles of Peaceful Coexistence was jointly proposed by China and India in the Bandung Conference, the content of which includes mutual respect for territorial and sovereignty integrity, mutual nonaggression, noninterference in each other’s internal affairs, equality and mutual benefit as well as peaceful coexistence. This is used by many countries to guide the development of mutual relations with other countries, and its content is the further explanation to the principle of peace.

The joint building of the MSR takes the strict observation of the purpose and principles of *the Charter of United Nations* and The Five Principles of Peaceful Coexistence as the premise. The construction of “maritime connectivity” also needs to abide by the principle of peace, which is also reflected in *United Nations Convention on the Law of the Sea* (UNCLOS), also called the “Oceanic Charter.”<sup>15</sup> Specifically, it includes two aspects: the principle of using the ocean in a peaceful way and the obligation of resolving disputes with peaceful methods.

The principle of using the ocean in a peaceful way is the basic principle for all main actors in conducting oceanic activities. This is stressed in the foreword of UNCLOS, the purpose of which is “establishing a legal order for the ocean, so as to be convenient for international traffic and

promoting the peaceful use purpose of the ocean”. In addition, it is clearly specified in the article 301 of UNCLOS to use the ocean with peaceful purposes (peaceful use of the ocean and its resources). It can be said that the principle of using the ocean in a peaceful way has become a basic principle of the contemporary international oceanic law, which is suitable for using it in all the spaces of oceanic regions, and it has an important function for a safe and stable oceanic public order.

Resolving disputes with peaceful methods is a way for solving interests conflicts between different bodies, and it is the foundation for stabilizing public oceanic orders. In the process of constructing the MSR, the construction of maritime connectivity needs to follow the principle of “co-negotiate, co-build and co-share.” This shows that the resolution of disputes with peaceful methods is an obligation we should assume. Similarly, peaceful settlement of disputes is also stipulated in many bilateral and multilateral cooperation mechanisms between China and countries alongside the Belt and Road. Examples include article 2 in the *Treaty of Amity and Cooperation in Southeast Asia* in 1976,<sup>16</sup> and article 4 in the *Declaration on the Conduct of Parties in the South China Sea* in 2002.<sup>17</sup>

The core of the Silk Road spirit is peaceful cooperation. The construction of “maritime connectivity” also needs to abide by the principle of peace, which not only needs to use the ocean in a peaceful way, but also to fulfill the obligation of settling disputes peacefully.

### *Resolving Disputes Peacefully*

In essence, the dispute on the freedom of navigation of warships in exclusive economic zones stems from the conflicting interpretation on the meaning of “peaceful purposes.” It is stipulated in the article 88 of UNCLOS that the high seas are only used for peaceful purposes, and after the overlapping reference of article 58, the provision can also be applied in the exclusive economic zone, meaning that the navigation within the exclusive economic zone should also be applied in “peaceful purposes.” Therefore, the navigation activities of warships in the exclusive economic zone should be based on “peaceful purposes.” However, there are different views between UNCLOS contracting countries on how to interpret the “peaceful purposes.” The diverging view are reflected in all countries’ “statement and interpretation” according to article 310 (UNCLOS), that is, whether the navigation of warships within exclusive economic zones should be restricted or not.

From the perspective of constructing maritime connectivity, we need to ensure the open and free system of navigation, but its precondition is that navigation activities do not damage the state safety of coastal countries. However, the UNCLOS does not clearly stipulate the restriction of warships' navigation in exclusive economic zones, and it also endows the right of protecting national security to the coastal countries. In the case of conflicts between freedom of navigation and national security interests, the current international law or customary international law does not provide a clear solution to this kind of interest conflict. Instead, it requires the resolution of the dispute without uses of force. Therefore, in order to reduce the conflicts produced by freedom of navigation, the better way is to seek for solutions by bilateral diplomatic negotiations.

The Vision and Actions emphasizes that the construction of the MSR should be done by actively using the current multilateral cooperation mechanism.<sup>18</sup> Similarly, at the time of pirate attacks and maritime terrorist activities we can seek the authorization of the United Nations when co-building law enforcement forces, and endow warships with the legitimate rights of using military force. Warships have the legitimacy of main body in terms of pirate attacks. It is stipulated in article 107 of UNCLOS, that seizure produced by pirate acts, can only be carried out by warships or ships and planes that serve governments and have been authorized. And there are no clear provisions in UNCLOS on the legitimacy of warships in using military force. In 2008, in order to tackle the issue of Somali pirates, the UN Security Council approved the No. 1816 Resolution which authorized competent countries, regional and international organizations to work with Somalia's transitional government, and to actively participate in anti-piracy activities within the territorial waters of Somalia by taking all necessary measures. The "all necessary measures" clause mentioned earlier includes the use of military force. Therefore, at the time of establishing joint law enforcement forces and jointly fighting against pirate activities, we need to actively use some platform mechanism such as the United Nations. This includes seeking the authorization of the UN Security Council.

Regarding the disputes about the ownership of islands and the delimitation of maritime space, we always insist on resolving them in a peaceful way and reaching agreements by fair negotiations. Given the historical background of the Asian regions and the impact of political factors, it is difficult to resolve the aforementioned disputes in the short term. In order to their negative impact on maritime connectivity, we need to actively explore some transitional and temporary solutions which do not affect the

position of both sides. This needs to be done in the spirit of mutual respect, equal treatment, mutual benefit, and win-win cooperation, which includes active research and the discussion of common development issues.

### *International and Domestic Law*

On July 12, 2016, the arbitrary tribunal constituted under Annex VII of the UNCLOS *In the Matter of the South China Sea Arbitration* between the Republic of the Philippines and the People's Republic of China (SCS Arbitration) issued its Final Award.<sup>19</sup> Not only China and Philippines, but also other countries, especially Southeast Asian ones care deeply about the SCS Arbitration. Although the Chinese government rejected the SCS Arbitration and its result from the beginning until now,<sup>20</sup> it wants to avoid its potentially harmful effects on the construction of the MSR. As a matter of fact, China has plenty of evidence to support its argument, but it needs to use approaches more in line with international law to persuade the world.

On the one hand, globalization and technological development have brought shock and impact on the international law. Consequently, the development of international law gradually involves all countries in the world involved in some bilateral or multilateral legal mechanisms. For example, most countries alongside the MSR are Parties of the World Trade Organization (WTO) and fulfill obligations required by WTO. Therefore, China should deal with the relationship between the MSR and other legal mechanisms in the South China Sea issue. Meanwhile, China should also develop international law to clarify the rights and obligations among China and other countries alongside the MSR. In this way, the partnership of the MSR can be more stable and predictable.<sup>21</sup> On the other hand, from the angle of international and domestic law influencing each other, improving Chinese domestic law, especially innovating marine law is significant to promote international law and international cooperation in the South China Sea issue. China has already enacted laws and regulations related to territorial waters, exclusive economic zone, continental shelf, marine environmental protection, harbor management, and marine resource exploitation among other areas. However, there are shortcomings in the Chinese marine legal system. For instance, an ocean basic law has not been enacted and baselines of the territorial sea of South China Sea has not been published. Hence, improving Chinese marine legal system and articulating maritime rights claims are necessary to construct the MSR and to promote the development of international law.



## CONCLUSIONS

The MSR marks a significant step forward in respect of China's efforts of becoming a "maritime power" on both domestic and international levels. The cooperative spirit reflected in the Vision and Actions is consistent with the international norms and it also signalled China's positive attitude to the international community of supporting and encouraging the maritime connectivity to be carried out in an efficient, sustainable and mutually beneficial way. China has also employed its relevant existing legal sources to support linking China to the world. This process incorporated the development of both domestic and international law. This paper concludes that although challenges such as the dispute about the freedom of navigation of warships, waterway security risks and conflicting views on oceanic rights and interests dispute remain, the positive effect of the MSR will be presented in practice, and this new great action will be beneficial not only for China, but also, as enshrined in Vision and Actions, for the whole world. In the near future, in order to iron out the existing challenges, the Vision and Actions may be supplemented with detailed implementing regulations. In short, while steps China has taken to strengthen the MSR are praiseworthy, there is immense space for development and improvement on this field will take time.

## NOTES

1. The authors would like to express their sincere gratitude to the anonymous reviews for the insightful comments and helpful suggestions. The views expressed in this paper are solely that of the authors and do not necessarily reflect that of any association with which they are affiliated.
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## Special Economic Zones: Integrating African Countries in China's Belt and Road Initiative

*Alexander Demissie*

The Silk Road Economic Belt and the 21st Century Maritime Silk Road, generally referred to as the Belt and Road Initiative (BR) was introduced in 2013 by President Xi Jinping to guide China's international cooperation for the years to come.<sup>1</sup> The initiative is a multifaceted diplomatic, economic, cultural initiative that promotes connectivity of the Asian, European, and African continents by establishing cooperation mechanisms and market synergies along the Belt and Road routes.<sup>2</sup> The BR can be regarded as a continuation of China's internationalization strategy that begins with the "Reform and Opening Up" policy in 1978, that focused mainly in bringing in advanced technology and investment to China and continued with the "Going Out" policy in the 1990s, where Chinese companies were encouraged to "go out" to accelerate China's internationalization process.<sup>3</sup> With the introduction of the Belt and Road Initiative, China is asserting its ambition to become a political and economic power beyond its immediate neighborhood. In this regard, according to Chinese decision makers "the Belt and Road Initiative should strengthen China's mutually beneficial cooperation with countries in Asia, Europe and Africa and the rest of the world," by focusing on projects in the fields of infrastructure connectivity, industrial investment, resource development, economic and trade cooperation, financial cooperation, cultural exchanges, ecological protection, and maritime cooperation.<sup>4</sup>

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This chapter will look at current interaction between China and African countries and possible trajectories for future development of the relations, especially under the Belt and Road Initiative. It is argued that the advancement of infrastructural connectivity in Africa, especially in Eastern African countries, will function as an important catalyst for the development of the China-Africa relation under the Forum on China Africa Cooperation (FOCAC) and the Belt and Road Initiative. While advancing infrastructural development, emphasis is attached to the building-up of special economic zones (SEZs) in East African countries that act as “places of exception” along the infrastructural corridors that are becoming important “attraction nodes” for Chinese companies that follow Belt and Road Initiative’s promises into the African Region. As the industrialization of African countries remains one of China’s main goal in its relations with African countries—not least to occupy future growing markets for herself—the availability of adequate infrastructure as well as a well-trained human resource pool is seen as a pre-condition for the success of China-Africa relation. It is therefore hardly a coincidence that three of the four *China-Africa production capacity cooperation countries* are actually based in East Africa. Ethiopia, Kenya, and Tanzania are being promoted by China as demonstration countries to exemplify the new-type of China–Africa relation that is increasingly aligned with the overarching Belt and Road Initiative and China’s internationalization strategy.

According to the document “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road,” the Silk Road Economic Belt is mainly focused on Eurasian economic corridors<sup>5</sup>, while the 21st Century Maritime Silk Road focuses on connecting major sea ports along the “Road,” from the South China Sea via the Indian Ocean to Europe and from the South China Sea to the South Pacific.<sup>6</sup> The BR comes with a relatively well-defined strategic infrastructure plan to connect Asia, the Middle East, and Europe, making clear the focus is primarily Eurasian. Project financing is planned to come from newly established financial institutions, such as the Asian Infrastructure Investment Bank (AIIB) with USD 100 billion<sup>7</sup> capital and the Silk Road Fund with USD 40 billion<sup>8</sup> financial power.

Despite that the Belt and Road Initiative is primarily Eurasian-oriented, rethinking African countries’ positions within the Belt and Road Initiative and the role African decision-makers could play in shaping and influencing the discussion is timely and important. Not least, because China is creating new facts on the ground in African countries, leaving many of them in

a position to follow Chinese preferences rather than creating their own pre-deliberated ideas on the new initiative. During his recent visit to four African countries in January 2017, China's Foreign Minister Wang Yi declared Mozambique<sup>9</sup> and Madagascar as "natural extensions of the Maritime Silk Road, with whom cooperation in marine economy and port-neighboring industrial parks should be facilitated."<sup>10</sup>

In doing so, even without an official MoU, China is increasingly adding more countries along the Indian Ocean to the Belt and Road Initiative. In addition to China's deliberate approach to selected African countries, recent institutional and regulatory reforms in China's international cooperation and foreign aid mechanisms suggest that the Belt and Road Initiative will have a far-reaching impact on African countries.<sup>11</sup> According to China's Ministry of Commerce, priority in cooperation will be given to Belt and Road Initiative countries and foreign aid will mainly be directed towards these countries. This incremental paradigm shift in China's international cooperation will affect African countries in one way or another, therefore discussions on how African countries could benefit from the Belt and Road Initiative for their future development is becoming essential.<sup>12</sup>

### CHINA-AFRICA COOPERATION AND THE UNFOLDING BELT AND ROAD INITIATIVE

The Forum On China-Africa Cooperation (FOCAC) has been the main arena of cooperation between China and African countries since its inception in the year 2000.<sup>13</sup> FOCAC provides the main channel for coordinating economic, trade, and political consultations between China and Africa and formalizes a steady rise of trade exchange that reached US \$220 billion in 2014.<sup>14</sup> Recent strong economic development in many African countries has been directly or indirectly connected to China's increasing engagement on the African continent.<sup>15</sup>

Despite this rather positive development, Africa can be seen as a late-comer to China's unfolding Belt and Road Initiative. Only in the year 2015 did the first ideas emerge on how Africa could be part of the initiative. Justin Yifu Lin, former World Bank economist and proponent of a closer China-Africa economic relation, argued that "China should include Africa in the initiative" as the initiative's "core task in Africa should be industrial relocation and infrastructure construction."<sup>16</sup> Another scholar, He Wenping, from the Chinese Academy of Social Sciences (CASS) highlighted the connection of the Belt and Road Initiative and Africa's development strategy

as they “share the same spirit” and that combining the two “will create new momentum for Sino-African ties.”<sup>17</sup> Scholars from Africa hinted at the historic maritime connection between China and Africa, referring to Zheng He’s expedition to the East coast of Africa as an important cultural and historical backdrop to link Africa to the Belt and Road Initiative.<sup>18</sup> Chinese politicians took up these ideas in their deliberations; in October 2015, Lin Songtian, Director General of the Department of African Affairs at China’s Ministry of Foreign Affairs, stated that “China-Africa cooperation will make the African continent an important foothold for the One Belt and One Road Initiative.”<sup>19</sup>

Generally, at this stage, there are few systematic linkages between African and Chinese institutions regarding the Belt and Road Initiative and it is not entirely clear yet what difference the initiative will bring to African countries, especially from the backdrop of an already functioning FOCAC mechanism. Only two African countries, South Africa and Egypt, have established official linkage on Belt and Road Initiative with China.<sup>20</sup> Recently, Ethiopia and Sudan have joined the AIIB, strengthening African countries’ positions within the organization.<sup>21</sup> Other African countries and multilateral institutions only recently starting engaging with the idea of the Belt and Road Initiative and its impacts in Africa; as mentioned earlier, more as a reaction to China’s active approach, and less out of their own strategic thinking by African actors.<sup>22</sup>

On a continental level, the African Union Commission (AUC) is increasingly aligning its development goals with China’s Belt and Road Initiative and FOCAC outcomes. In 2015, the AUC signed a Memorandum of Understanding (MoU) on “The Promotion of Cooperation in Railway, Road, Regional Aviation Networks and Industrialization fields between China and Africa” with China’s NDRC.<sup>23</sup> The focus of the MoU is on the construction of high-speed railway network that connects African cities. Following the adoption of “Agenda 2063”<sup>24</sup>, the creation of a well-developed infrastructure has high priority for many African countries, and to fulfill this aspiration the AUC has created a special task force with railway experts that follow up on the actual implementation of the high-speed railway project. Although China’s support in implementing this railway connection is regarded as vital, the interaction remains very vague and do not specifically mention any type of engagement between the African Union and China on the Belt and Road Initiative.<sup>25</sup> However, as infrastructural connectivity is one of the main aspects of China’s Belt and Road Initiative, it leaves room for more interaction possibilities between the

Africa Union's infrastructure plan and the initiative in the near future. Beside the AUC, the "NEPAD Think Tank Committee on the Belt and Road Initiative and Africa" (NEPAD TTC) is looking into continent-wide transportation connectivity between China, Africa, and Europe, creating a possible docking point for the Belt and Road Initiative on the African continent. Based in South Africa, the NEPAD TTC comprises representatives of governments and academia and tries to find a common ground for African countries to utilize the Belt and Road Initiative for their own development trajectory, especially through research and the creation of a better information base.

While the Belt and Road Initiative is rather new in China–Africa relations, Africa's current emphasis on infrastructure development and industrialization makes the initiative a welcome development, forcing African decision-makers to gain a better understanding of the initiative as China's approach to Africa is gradually adapting to reflect this overall goals of the initiative. China has announced its readiness to follow a nuanced cooperation with African countries, which, if needed, would leave certain countries behind if they are not sufficiently accelerating their development process.<sup>26</sup> This new approach fits into China's classification of African countries in "industrial cooperation demonstration and pioneering countries" that includes Tanzania, Kenya, Republic of Congo, and Ethiopia, and in "industrial cooperation priority countries" including Egypt, Angola, and Mozambique.<sup>27</sup> China's new results-driven approach will gradually look for projects in Africa that fit into China's preference and into the idea of the Belt and Road Initiative as an overarching foreign-policy initiative. In this regard, major transregional infrastructural projects in East Africa that connect the ocean and the land fit into the category.

### INFRASTRUCTURE DEVELOPMENT AS CATALYST

Acknowledging African Union's Agenda 2063, China has emphasized its commitment towards infrastructural development in Africa.<sup>28</sup> While in past decades Chinese companies were predominantly pursuing market-seeking and market-expansion strategy,<sup>29</sup> their increasingly dominant position in Africa's infrastructural development has created investment opportunities in transportation, power, and port facilities and the development of SEZs. The sum of these infrastructural build-up activities has created one of the pre-conditions for an accelerated industrialization process



on the African continent. For example, Ethiopia's ambitious industrial park development program that builds the base for the country's industrialization process would have been difficult to realize without the support of Chinese financial institutions and Chinese companies.<sup>30</sup> Based on own development needs, East African nations have initiated major transregional infrastructure projects that give the region an important role in the regional and economic integration process, allowing the region to benefit particularly from the expansion of the Belt and Road Initiative in Africa.<sup>31</sup>

With the construction of key port facilities, connected SEZs, and naval bases, China is helping creating the pre-condition for a long-term economic and security engagement in East Africa with the ports of Djibouti, Lamu, Mombasa, Dar es Salaam, and Bagomayo becoming important ports for the functioning of the Belt and Road Initiative on the African continent. Furthermore, Kenya, Tanzania, and Ethiopia have been classified as "industrial cooperation demonstration and pioneering countries," which increasingly allows receipt of Chinese investments in the coming years. Hence, large infrastructural development projects, such as Lamu Port South Sudan Ethiopia Transport Corridor (LAPSSET), the Standard Gauge Rail (SGR) that connects Kenya, Uganda, Rwanda, and South Sudan; the Port of Bagomayo in Tanzania; and the rail connection between Ethiopia and Djibouti are deemed infrastructure "game-changers" that are vital for the industrialization and infrastructural development of the entire region.<sup>32</sup>

The involvement of Chinese companies in the development and implementation of large infrastructure in East Africa will likely grow with the deepening of the Belt and Road Initiative on the African continent, making East African countries the main beneficiary of the initiative. While this is generally a good news, the dominant position of Chinese infrastructure companies in East African countries has been a cause for concern as indigenous construction companies are deprived of market access, highlighting a growing tension that could cause mounting problems for respective African governments going forward.<sup>33</sup> In Kenya alone, all three major projects are under the guidance of Chinese companies; a big part of the LAPSSET project is carried out through China Communication Construction Company (CCCC), which is building the Lamu Port facilities and is involved in the upgrading of the Port of Mombasa. Its subsidiary, China Road and Bridge Corporation (CRBC), is building the SGR Project.<sup>34</sup>

In Tanzania and Djibouti, building and upgrading of port facilities at the Ports of Djibouti and Bagamoyo is underway through the involvement of China Merchants Holding International (CMHI), whose parent company, China Merchants Group, is a leading state-owned conglomerate under direct supervision of China's State-owned Assets Supervision and Administration Commission (SASAC).<sup>35</sup> Visiting CMHI's Colombo Terminal in Sri Lanka in September 2014, President Xi Jinping explicitly highlighted the special role state-owned enterprises (SOEs) are playing for the implementation of the Belt and Road Initiative.<sup>36</sup> Through connecting large infrastructure projects to port facilities and the establishment of SEZs that cater to the needs of Chinese companies, these leading companies are paving the way for Chinese companies to "go out" and enter African markets in a more coordinated fashion. The growing infrastructure connectivity created in East Africa and its further enhancement through the Belt and Road Initiative is creating a "process of gravitation" that triggers a gradual economic shift towards East Africa, away from Southern Africa regions.<sup>37</sup>

This development undoubtedly supports politically and diplomatically strong East African countries, such as Ethiopia, in increasing their power projection capabilities, balancing the status quo economic and political powers in Africa: South Africa and Egypt.<sup>38</sup> Infrastructure development—such as the Silk Road International Bank (SRIB) and the Doraleh Multipurpose Port and logistic centre—provide relatively small countries such as Djibouti a crucial role in the Belt and Road Initiative in East Africa.<sup>39</sup> Djibouti is well aware that as Ethiopia grows politically and economically, it needs to align its interest with those of Ethiopia and move to a greater economic integration of the two nations.<sup>40</sup> As part of the Belt and Road Initiative, China is establishing its first naval base<sup>41</sup> on the African continent in Djibouti, and Chinese companies are busy constructing major infrastructural projects such as a fuel pipeline and a train connection between Djibouti and Ethiopia.<sup>42</sup> Through Djibouti's access to the sea and through the development of the Djibouti-Addis Ababa economic corridor, Ethiopia could be one of the beneficiaries of the Belt and Road Initiative on the African continent, although it is a landlocked country.

At the same time, for its industrial cooperation on the African continent China has announced its interest to support "demonstration and pioneering countries," predominantly through provision of necessary infrastructure and financial support, that allows a closer integration of the East African nations, which is in line with China's long-term interest to

create a free trade agreement (FTA) with the region.<sup>43</sup> Other international actors, such as the United States and Japan, are increasingly adjusting their approach to China's approach in East African countries. During President Obama's visit to Kenya in 2015, the U.S. government and infrastructure companies lobbied the Kenyan government to consider an "American package" within the LAPSET project, containing projects such as oil pipelines and liquefied natural gas (LNG)-powered power plants.<sup>44</sup> Following China's decision to establish a naval base in Djibouti, Japan leased additional land to enlarge its military base in Djibouti as a counterweight to Chinese influence in the region.<sup>45</sup>

### SPECIAL ECONOMIC ZONES: A "STEPPING STONE"

Beside the development of large infrastructure projects, the development of SEZs and port-adjacent industrial production centers are regarded by Chinese protagonists as an important prerequisite for the successful integration of Africa into the Belt and Road Initiative. According to the vision document, one of the priority areas of the initiative is the creation of connectivity, through "building all forms of special economic zones and the promotion of industrial cluster development."<sup>46</sup> Hence, the long-term success of the Belt and Road Initiative on the African continent depends on, besides openness of trade and transportation routes, the functionality of port-adjacent SEZs that help attract more companies to the East African countries.

This assumption is based on Chinese experience with SEZs. SEZs have been an important vehicle for China's economic growth since the early 1980s and facilitated the "bringing in" of technology and know-how from developed countries, and accelerated China's transition to a manufacturing powerhouse. As geographically demarcated areas within a country, SEZs function with different administrative, regulatory, and fiscal regimes to the rest of the country.<sup>47</sup> African countries are increasingly using SEZs as a policy tool to create employment opportunities, to attract foreign direct investment (FDI), and to transfer technology and knowledge. Over the last decade, a number of African countries, such as Rwanda, Kenya, Tanzania, South Africa, and Ethiopia, have introduced comprehensive national laws and regulations on the establishment and management of SEZs. Chinese-run SEZs in African countries (and elsewhere) have played a significant role in facilitating China's "Going Out" strategy to Africa.<sup>48</sup>

Since 2007, Chinese SEZs have subsequently been established in Zambia, Egypt, Nigeria, Ethiopia, and Mauritius, creating employment opportunities for thousands in their host countries.<sup>49</sup> Oftentimes, Chinese companies are responsible for designing, financing, and implementing these SEZ projects.<sup>50</sup> The newly established SEZs in African countries are increasingly benefitting from major infrastructural projects, such as the Djibouti-Addis Ababa rail link, that are easing one of the major constraints of previous experiences with SEZs in African countries, namely inadequate infrastructure set-up.<sup>51</sup>

However, with the proliferation of SEZs in African countries, new questions are arising too. As “spaces of exception” in which foreign investors enjoy exemptions to laws and other forms of normative regulation, SEZs are becoming spaces of competing norms and calculations in which new types of social re-organization are introduced.<sup>52</sup> How do SEZs hosting African countries cope with the new organizational forms and respective challenges, especially as we expect more influx of Chinese investment with the implementation of the Belt and Road Initiative? Current African SEZs, at least in Ethiopia, are being established with mainly Chinese funding; will they then become different spaces of exceptions that will reorganize power structure between China and African countries differently? In this context, it is essential to look at the relationship between large Chinese enterprises that build the SEZs and SEZ-hosting African states, and how the governance of this particular space is conducted. With the Belt and Road Initiative, the set-up of SEZs in African countries by Chinese companies will accelerate, not only as a demarcated space to relocate mature industries from China, but also as an “export brand” that is “designed” in China and “exported” to other countries.

This rather new phenomenon that combines the internationalization process of Chinese companies and the tailored creation of “Chinese SEZ brands” for recipient host countries will demand the development of adequate governance structure that supports the host country’s industrialization process and at the same time ensures that the needs of Chinese companies building and operating SEZs in African host countries are met. One aspect for reflection by African host countries should be the sustainable industrialization process that uses natural resources adequately and saves the environment, while at the same time is in line with Chinese companies’ needs for expansion to African markets. To reach this goal, African governments, private sector actors, and civil society actors would be required to proactively identify Chinese industrial players that bring

value-addition to the development of African countries, i.e., companies that are creating employment but also help protect the environment at the same time. By establishing a systematic approach that helps African countries follow up with environmental and social standards, a well-designed SEZ can, from the start, help alleviate some long-term problems. Here, Chinese experience from successful industrialization projects such as the Suzhou Industrial Park or Shenzhen Special Economic Zone development could be a good example to follow.

However, if left unchecked, the proliferation of SEZs and port-adjacent industrial parks in East African countries will have a negative effect on countries' environmental and social development. As the Belt and Road Initiative will emphasize the "going out" of Chinese enterprises, and at the same time the Chinese government is increasingly aware of the shortcomings of many of its small and mid-sized companies in safeguarding environment and social standards, it is actively encouraging a sustainable overseas investment by Chinese enterprises.<sup>53</sup> This is a window of opportunity for African countries to avoid past mistakes and to pick out the best companies to set up production in their respective countries.

## CONCLUSION

While the Belt and Road Initiative will remain for now a Eurasian-centered initiative, it will gradually play an increasing role in the future of China-Africa relations. Thus far, Egypt and South Africa are the only two countries on the continent that have signed an MoU with China on the Belt and Road Initiative, and others at the East Coast of Africa are gradually becoming part of it as well. Despite the lack of clarity on the exact role of African countries, countries in East Africa will become important hubs for the expansion of the Belt and Road Initiative towards Africa, among them Djibouti, Kenya, Tanzania, Mozambique, and Madagascar. At the same time, because of their strategic importance, landlocked African countries such as Ethiopia and Rwanda will see a good opportunity to utilize the Initiative to advance their own industrialization and development process.<sup>54</sup> The East African countries need to emphasize their own capabilities to positively influence the future development of the Belt and Road Initiative in the region. All countries in East Africa have geopolitical importance to China as well as to other international actors, not least as an important shipping route connecting the Indian Ocean and the Mediterranean Sea.

For China, the development of major port infrastructure with connecting rail and road transportation systems to the hinter lands and the creation of adjacent SEZs are important stepping stones to service landlocked African countries. The creation of new development corridors connecting different African countries should be regarded as a precursor for more economic integration on the African continent that gradually transcends national borders to create new economic regions that are closely intertwined. Recent developments between Djibouti and Ethiopia are good examples: The rail link as well as oil and gas pipelines and electric transmission lines are creating shared infrastructure value that “force” the two nations to cooperate. Similar development can be observed in Kenya and Tanzania, where major infrastructure projects are connecting neighboring countries. While African countries’ traditional partners, such as the EU or USA, are increasingly wary about China’s increasing impact and its possible negative consequences—for instance, in Chinese companies’ failure to adhere to environmental and social standards—many African countries see China’s support as positive for own developmental trajectory.<sup>55</sup>

Today, there are few discussions in African countries regarding China’s changing engagement priorities towards African countries unfolding under the Belt and Road Initiative and its possible future impact on the African countries, or how African countries could leverage their position to benefit from its development. Putting more emphasis on the guidance of the African Union aspiration to fulfilling Agenda 2063 goals for example, could yield synergies that could be realized under the premises of the Belt and Road Initiative.

It is also crucial to understand the role of Chinese companies in African countries. Chinese companies are highly involved in designing and implementing large infrastructural projects such as LAPSSET and SGR that connect several East African nations with the Indian Ocean and the 21st Maritime Silk Road. In addition to these large infrastructural projects, the proliferation of SEZs in East African countries is creating “stepping stones” for Chinese companies to enter African markets. At the same time, this new development is raising new questions on governance of the SEZs that are increasingly being established with Chinese financing. With the Belt and Road Initiative, the China-Africa relations will gain another interaction platform, the role of which vis-à-vis the existing FOCAC mechanisms is not yet entirely clear. African countries would benefit in addressing this topic, as the Belt and Road Initiative will gradually play an important role in China-Africa relations.

## NOTES

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## Connectivity and Regional Integration: Prospects for Sino-Indian Cooperation

*Darshana M. Baruah and C. Raja Mohan*

As President Xi Jinping presses ahead with his ambitious Belt and Road Initiative (BR), Delhi finds itself torn between the inviting prospects of modernizing India's regional connectivity and the perceived negative political consequences of the initiative. Xi's BR has come at a difficult moment in India's relations with China. The effort to normalize bilateral relations that began in the late 1980s had lost momentum by the late 2000s amid renewed tensions on the border, deepening trade disputes, and friction arising from their expanding but overlapping regional and international footprints. Beijing's connectivity initiatives have only sharpened the unfolding security dilemma between Asia's rising giants.<sup>1</sup>

Beijing is surprised by Delhi's opposition—to BR projects in the South Asia/Indian Ocean region. In turn, Delhi views the initiative as undermining India's regional security interests. While India was initially considering the benefits of the BRI, by mid 2017, Delhi's opposition and concerns grew louder. The Ministry of External Affairs issued a statement highlighting Delhi's concerns regarding the BRI. The concerns primarily were the need to “recognize international norms, good governance, rule of law, openness, transparency and equality...principles of financial responsibility to avoid... unsustainable debt burden [and] respects sovereignty and territorial integrity.”<sup>2</sup>

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Long before Xi's BR, India had to cope with China's transborder infrastructure projects for more than half a century. Back in the early 1960s, India reacted quite strongly to Beijing's construction of a friendship highway to Nepal. In the 1970s, it objected to China's construction of the Karakoram Highway between Xinjiang and Pakistan. In the 1980s, it raised the red flag against reports that China was developing the Cocos Islands of Myanmar for military purposes. China's "Go West" strategy of the 2000s vastly expanded the scale of the challenge, as China built the Tibet Railway and pushed it to the Nepal border; modernized the Karakoram Highway; unveiled plans for the development of infrastructure between Yunnan and the Bay of Bengal through Myanmar; and began to develop new ports at Gwadar (Pakistan), Hambantota (Sri Lanka), and Kyaukphyu (Myanmar). If Delhi was anxious about these initiatives into its neighborhood, Beijing was irritated with India's claims about an exclusive sphere of influence in the Subcontinent and the Indian Ocean, and asserted its right to unhindered economic and political engagement with Delhi's neighbors.<sup>3</sup>

#### SOLVING THE INDO-CHINESE SECURITY DILEMMA?

The security dilemma, which was inherent to the context that Delhi and Beijing found themselves in the mid twentieth century, has become more acute in the decades of the twenty-first century. The security dilemma is about a political condition in which the attempt to increase the security of one nation alarms another.<sup>4</sup> Apparently prudent moves by one state are met with similar moves by the other, leading to mutual tension and diminished security for both. Some scholars view the security dilemma as rooted in the anarchic nature of the international system that obliges each state to look after its own security. Unlike in domestic politics, where the state enjoys the monopoly on violence, enforces a set of laws, and mediates conflicts between different entities, there is no higher authority in the international system. Sino-Indian relations since the middle of the last century have provided much evidence for the security dilemma at play. John Garver offers substantive evidence from the history of Sino-Indian relations from their first encounter as newly minted states in late 1940s.<sup>5</sup> For its part, India's insecurities about China have been driven by the Chinese aggression in 1962 and Beijing's sustained support to Islamabad, including in the area of nuclear weapons and missiles, to balance India in the Subcontinent. More broadly, India is riled at China's relentless attempts at

undermining New Delhi's primacy in the Subcontinent and a deliberate policy of "encirclement." China is equally defensive, according to Garver. The sources of Chinese insecurity vis-à-vis India are the stability of Chinese control over Tibet and the security of China's sea lines of communication across the Indian Ocean. While resolving this security dilemma might be necessary to overcome the current difficult moment in bilateral relations, cooperation on regional connectivity might show the way forward.

Prime Minister Narendra Modi and his predecessor, Manmohan Singh, have put special emphasis on regional connectivity between India and its South Asian neighbors, as well between the Subcontinent and its adjoining regions. Connectivity has become India's main mantra in its approach to South Asian Association for Regional Cooperation (SAARC) as well as its outreach to East Asia, Central Asia, the Middle East, and the Indian Ocean littoral. There is no doubt that China's infrastructure initiatives could indeed go a long way in addressing India's internal and regional infrastructure needs. India was one of the first nations to join the Asian Infrastructure Investment Bank (AIIB) and has also backed the New Development Bank initiated under the Brazil, Russia, India, China and South Africa (BRICS) forum and located in Shanghai.<sup>6</sup>

This general support for Chinese-led infrastructure initiatives, however, has not translated into India's enthusiasm for Beijing's connectivity projects in and around the Subcontinent. This essay looks at India's response to connectivity corridors in Asia initiated by China as parts of the BR. In order to capture the different factors underlying Delhi's challenges in Asia's infrastructure projects, this essay will look at three specific projects led by China transiting through the Subcontinent. The first section will look at the China-Pakistan Economic Corridor (CPEC), the second at the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, and third at the Maritime Silk Road (MSR). Each section will explore the challenges and opportunities in Sino-Indian cooperation underlining strategic and economic considerations. The chapter concludes with a reflection on India's overall response to the BR.

### CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC)

From the South Asian perspective at least, the CPEC has emerged as the most visible project of the BR network. The economic corridor begins at Kashgar in China's Xinjiang province and ends in the port of Gwadar in Pakistan's Balochistan, building highways, roads, railways, pipelines, ports, and IT parks along the way.<sup>7</sup> One of the focal points of the project is the development of

the port of Gwadar, enabling the movement of Chinese goods from its Western provinces to the Arabian Sea connecting to the Indian Ocean. An often-cited Chinese investment figure for CPEC is 46 billion USD, which has been confirmed by Pakistan but not by Beijing. This figure suggests China's grand ambitions on infrastructure investments in Pakistan, which are unmatched by any of Islamabad's other strategic partners.

The CPEC is an integration of the many projects that were already in motion by the turn of the millennium. These included the development of the Gwadar port and the modernization of the Karakoram Highway. India's negative response to CPEC is shaped by three important concerns: territorial sovereignty, security, and the deepening China-Pakistan strategic partnership. The issues come together quite starkly in the state of Jammu and Kashmir, where the borders of India, Pakistan, and China meet. Delhi's territorial disputes with both Islamabad and Beijing have endured for decades. In the 1970s, India had objected to the construction of the Karakoram Highway through Pakistan-occupied Kashmir.<sup>8</sup> China's recent initiatives, including the CPEC, have led Delhi to restate those concerns.

There is a widespread but inaccurate perception that there are only two parties (India and Pakistan) to the territorial dispute on Jammu and Kashmir. But China has been an important third party in the dispute. Responding to a question in the Lok Sabha (Lower House) of the Parliament, Indian Defence Minister A. K. Antony noted in 2012, "Indian territory under occupation by China in Jammu and Kashmir since 1962 is approximately 38,000 sq. kms. In addition to this, under the so-called China-Pakistan "Boundary Agreement" of 1963, Pakistan illegally ceded 5180 sq. kms. of Indian territory in Pakistan Occupied Kashmir to China."<sup>9</sup> Speaking at the 70th session of the United Nations (UN) General Assembly, the Indian representative noted "India's reservations about the proposed China-Pakistan Economic Corridor stem from the fact that it passes through Indian territory illegally occupied by Pakistan for many years."<sup>10</sup> India is watching developments in CPEC very closely and has conveyed its concerns to China, asking Beijing to stop all activities in the area.<sup>11</sup>

One of the main concerns about CPEC is a sustained Chinese military presence in Pakistan-occupied Kashmir, which will have serious security implications for India. There are already reports of senior Chinese military presence at the Pakistan front of the Line of Control (LoC) in Kashmir. China will reportedly place 30,000 Army personnel in occupied Kashmir to protect its economic interests.<sup>12</sup> China's Kashmir policy has changed with its own shift in strategic interests in the region, standing today in favor of Pakistan. Beijingsupported Pakistan in the 1960s, a time of intense conflict with India that continued in much of the 1970s. As Sino-Indian relations

began to normalize in the 1980s, China dialed back to a more neutral position on Kashmir.<sup>13</sup> Since the late 2000s, though, China appears to have abandoned that neutrality. The new approach was evident when Beijing began issuing stapled visas to Kashmiri citizens of India while giving regular visas to Kashmiris in Pakistan.<sup>14</sup> In 2010, China denied a visa to Indian Army Chief, B.S. Jaswal, in charge of Jammu and Kashmir, on grounds of commanding a “disputed” territory.<sup>15</sup> Such developments began adding to India’s strategic concerns on the strengthening China-Pakistan friendship.

Delhi sees the shift in Beijing’s Kashmir positions as a reflection of the deepening strategic partnership between China and Pakistan. From India’s perspective, the CPEC marks the emergence of China as the principal external partner for Pakistan, replacing the United States. This comes at a moment of America’s relative decline, the deterioration of Sino-US relations, improving India-US ties, and new tensions between Delhi and Beijing. If Kashmir’s emergence as a land-bridge between China and Pakistan sharpens the traditional geopolitical divide between Delhi and Beijing, the Gwadar port project—a critical element of the BR—lends a new maritime dimension to it. Delhi views the Gwadar port as part of China’s unfolding maritime power projection into the Indian Ocean. Although it is a civilian facility now, many in Delhi see Gwadar emerging as an important naval base for China in the Indian Ocean.<sup>16</sup>

The historical record of China-Pakistan military strategic cooperation, shifting regional geopolitical context, renewed tensions between Delhi and Beijing, and the sensitive question of territorial sovereignty have made it difficult to imagine the possibilities for linking India’s own regional infrastructure initiatives with the CPEC. Delhi has often proposed connectivity projects across the LoC in Kashmir and has been enthusiastic about expanding commercial cooperation between the divided regions of Punjab.<sup>17</sup> China, too, has often talked about extending the CPEC into India.<sup>18</sup> However, the key to any serious advancement of such a discussion is in putting aside the questions of territorial sovereignty in Kashmir, avoiding any unilateral actions that alter the ground realities, generating greater transparency to the maritime policies, and taking small steps for trilateral commercial cooperation between India, Pakistan, and China.

### BANGLADESH-CHINA-INDIA-MYANMAR (BCIM) ECONOMIC CORRIDOR

The Bangladesh-China-India-Myanmar (BCIM) corridor is a Chinese proposal that predates President Xi’s BR. It seeks to build on the historic links between the Eastern Subcontinent and Southwestern China through what



was known as the “Southern Silk Road.” The British Raj also sought to revive some of these roads in the nineteenth century, when it looked for a “back door” to the Chinese market through Burma and Yunnan.<sup>19</sup> Today, BCIM is the second proposed connectivity corridor running through the Indian Subcontinent, which has been under discussion since the 1990s as the “Kunming Initiative.” The corridor proposes to connect China’s Kunming with India’s Kolkata through Dhaka in Bangladesh and Mandalay in Myanmar. This transborder corridor also is aimed at boosting trade, building infrastructure, and improving connectivity among these nations.

The Kunming Initiative was adopted at the International Conference on Regional Economic Cooperation and Development among India, China, Myanmar, and Bangladesh in August 1999 in an effort to explore tourism, transport, and trade routes between these countries.<sup>20</sup> Scholars and members of the civil society represented each nation deliberating the economic cooperation at a subregional level. China led the largest delegation with 90 members, as opposed to India’s 22 members with one minister.<sup>21</sup> The initiative gained greater government traction when christened the “BCIM Economic Corridor” in 1999.<sup>22</sup> The BCIM corridor, over time, has evolved from a public discussion to a track two initiative and today stands at a track 1.5 engagement.<sup>23</sup>

Unlike the CPEC, the BCIM has allowed a measure of engagements between Delhi and Beijing, making them pillars of continuous cooperation in the Sino-Indian relationship. At the end of Chinese Premier Li Keqiang’s visit to India in 2013, the joint statement noted the progress made in “promoting cooperation under the BCIM Regional Forum ... [and] the two sides agreed to consult the other parties with a view to establishing a Joint Study Group on strengthening connectivity in the BCIM region.”<sup>24</sup> In 2015, Narendra Modi and Xi Jinping “welcomed the progress made in promoting cooperation under the framework of the BCIM ... and agreed to continue their respective efforts to implement understandings.”<sup>25</sup> Notwithstanding these positive sentiments, there is a widespread sense that Delhi is playing for time as it debates the costs and benefits of working with China in the Eastern Subcontinent.

Although sovereignty issues are less salient in the East, Delhi has some real concerns about China’s role in the region, which is infested with insurgencies and narcotics trade and other security challenges. There has been a record of Chinese support to Indian insurgencies in the Northeast. China reportedly supported Naga rebels in 1960s after the 1962 war on the Tibetan border. War intensified India’s security tension with China.

India's now National Security Adviser, Ajit Doval, in 2011 warned of Chinese "meddling" in the Northeast. He wrote about revival of Chinese support to insurgents in the Northeast after a "lull in the 1980s."<sup>26</sup> China reportedly trains insurgents in the Yunnan province and supplies arms through Myanmar.<sup>27</sup>

Although Delhi is eager to connect Northeast India with Southeast Asia, it is not enthusiastic about integrating the Eastern Subcontinent with the Chinese economy. India perceives China as its competitor and the BCIM in today's geopolitical contours will advance Chinese expansion in the Subcontinent, a region in India's traditional sphere of influence. Long-accumulated distrust of China in Delhi has prevented India from exploring the possibilities for overland economic cooperation with China in the East. Greater Chinese transparency might allow India to suspend some of its distrust and begin cooperation on small transborder projects. Delhi, on its part, must focus on the economic merits of the individual projects rather than allow grand strategic concerns to overwhelm its commercial self-interest.

## 21ST CENTURY CHINESE MARITIME SILK ROAD

India occupies an interesting position in China's BR vision. It is in the Subcontinent that China's belt (overland) and road (maritime) initiatives intersect. If India is ambivalent about BCIM, it has been deeply concerned about China's growing presence in the Indian Ocean even long before the MSR was outlined by the current Chinese leadership. Concerns about a strategic encirclement by China in the Indian Ocean gained traction at the turn of the millennium when the "string of pearls" theory defined the new Chinese interest in the Indian Ocean.<sup>28</sup> Although many dismissed the notion of China seeking military bases in the Indian Ocean as fanciful, Delhi has seen its worst fears on Chinese power projection turning real in the 2010s. As China's internal debate has begun to consider the need for foreign military bases<sup>29</sup>, Delhi had to come to terms with the intensity and frequency of Chinese naval forays into the Indian Ocean, including Chinese submarine dockings in the ports of Sri Lanka<sup>30</sup> and Pakistan.<sup>31</sup> Beijing's military diplomacy in the region is increasingly geared towards establishing special political relationships and arrangements for naval access in island states like the Maldives.<sup>32</sup>

When China unveiled the MSR, Delhi's apprehensions about Beijing's presence in the Indian Ocean strengthened. India's official stand has been

that there is not enough information available to take a decision on the MSR.<sup>33</sup> Meanwhile, India is strengthening its security ties with its Indian Ocean neighbors; revitalizing its Indian Ocean regionalism; and expanding engagement with the United States, Japan, and other Western powers in the Indian Ocean Region (IOR).<sup>34</sup> India is also modernizing and expanding its maritime infrastructure<sup>35</sup> and creating institutional capabilities to undertake infrastructure projects elsewhere in the Indian Ocean. The Modi government has stepped up the effort to develop the Chabahar port in Iran, widely seen as a counter to China's presence in Gwadar.<sup>36</sup> This is seen by many as setting up a counter to China's MSR. India has also launched project "Mausam," a cultural initiative to develop the narrative on India's historic links with the Indian Ocean littoral.<sup>37</sup> This too is seen by many as an attempt to counter China's claims on the Silk Routes. In effect, Delhi is wary of Chinese engagements within its sphere of influence in the maritime domain. While the CPEC underlines its security concerns, the MSR highlights its strategic challenges. Sino-Indian rivalry at sea is only beginning to emerge.

Theorists of the security dilemma "recognize the difficulties" of mitigating it, but do not rule it out. They suggest that the security dilemma can be ameliorated by "policies providing for more peaceful relations."<sup>38</sup> The normalization of Sino-Indian relations launched in the late 1980s was premised on the proposition that expanded engagement would reduce conflict and help resolve the long-standing territorial dispute. Reflecting on simultaneous rise of China and India, Shyam Saran, the former Indian foreign secretary and prime minister's special envoy, said the challenge was about arranging India's "relations with countries in our neighborhood and beyond in a manner that ensures our rise, and therefore the range of our options, while avoiding a clash with China ... [at the] intersecting points". Saran went on to argue, "We should avoid being provocative, even while we seek to expand our own strategic space. Nervous articulations of a threat can trigger mirror image and hostile perceptions on the other side. There is no inevitability of conflict with China."<sup>39</sup>

Shivshankar Menon, successor to Shyam Saran as India's Foreign Secretary, spoke of the specific challenges of Sino-Indian relations in the maritime domain. He regretted that "much of the debate is framed solely in terms of India-China rivalry. This is especially true of strategists in India and China themselves, though not of their governments. The terms in which the argument is presented are limited and would be self-fulfilling predictions, were governments to act upon them. Nor are they based on examination of [the] objective interests of the states concerned."<sup>40</sup> There

is a growing recognition among the Indian and Chinese governments that they must find a way to limit the potential for conflict in the maritime domain. One such step is the India-China Maritime Affairs dialogue aimed at establishing a regular channel for communication on challenges and concerns.<sup>41</sup> Both sides continue to engage on furthering the BCIM economic corridor and hold talks on border management. At the multilateral level also, India and China are engaging with each other, such as at the BRICS and SCO platform. While there are efforts to mitigate this security dilemma, it remains a challenge in the Sino-Indian relationship.

### CONCLUSIONS: TOWARDS COMPETITION AND COOPERATION

India has struggled to come to terms with China's BR as it sought to balance potential benefits from cooperation with Beijing on regional connectivity and limiting the strategic fallout from them. Yet there is no question that China's BR has shaken India out of its stupor on developing strategic infrastructure at home and on and across the frontiers of the Subcontinent. From the mid-nineteenth to the mid-twentieth centuries, it was India, under the British Raj, that probed across its unformed frontiers to explore new regions, find new markets, and shorten the distance to the old ones. Pressing across the Himalayas, the Raj sought to penetrate Xinjiang, Tibet, and Yunnan. Although its successes over land were not easy to sustain, the Raj established a firmer foothold in Southern China through opium trade. It also controlled the sea lines of communication between the Indian and Pacific Oceans and built new ports all along this littoral from Aden to Hong Kong via, Bombay, Calcutta, Madras, Penang, and Singapore.

In the middle of the twentieth century, both India and China closed their economies and turned in on themselves in the name of socialism and self-reliance. China's economic miracle that began in the late 1970s transformed the Middle Kingdom into the world's largest economy in terms of purchasing power parity (PPP). After the consolidation of its internal market, China turned outwards and began to export capital and projects as well as integrate the neighboring markets into its economy and expand physical connectivity all across Eurasia and the Indo-Pacific. India began its reforms a decade and a half later, but moved rather slowly. Like China, India needs connectivity with markets and spaces around it. But its efforts at regional integration are overshadowed by the more powerful and purposeful initiatives driven by China.

Many of the arguments from India must be seen as rooted in this imbalance. India's Foreign Secretary S. Jaishankar has expanded on this proposition: "The interactive dynamic between strategic interests and connectivity initiatives—a universal proposition—is on particular display in our continent. The key issue is whether we will build our connectivity through consultative processes or more unilateral decisions. Our preference is for the former and the record bears this out quite clearly. Wherever that option is on the table, as most recently it did in the AIIB, we have responded positively. But we cannot be impervious to the reality that others may see connectivity as an exercise in hard-wiring that influences choices."<sup>42</sup> This diplomatic argumentation was only one part of the story. Beyond the defensiveness, Delhi has developed at least three broad responses to China's connectivity revolution.

One response was to step up its own infrastructure development, in the heartland as well as on the frontiers. Although the effort began under the Manmohan Singh government, the NDA government has lent it some political urgency and a strategic dimension. As a result, there is more funding and political pressure to expand and modernize the road and rail networks especially in the frontier areas. Modi has also emphasized the "port-led development" as he revived the Sagar Mala Initiative of the Vajpayee government. Second, connectivity and project implementation beyond borders have become important priorities for Delhi in its economic and political engagement with the South Asian neighbors, as well as those in the extended neighborhood—from Africa to Southeast Asia. Third, Delhi, which traditionally sought to keep Western powers out of its neighborhood, is now working with both the United States and Japan to offer alternatives to China's infrastructure projects. Delhi is also actively pooling its resources with Tokyo to compete for infrastructure projects in the Subcontinent.<sup>43</sup>

Beyond these three options, Delhi will find it necessary to explore a fourth option: of collaborating with China in expanding India's internal and transborder connectivity. India will have to adopt a balanced approach of competition and collaboration to secure its strategic interests while developing its infrastructure needs. Instead of addressing the BR as a single comprehensive initiative, Delhi must address each of its projects for their feasibility, costs, and benefits. While the CPEC and MSR intensify the security dilemma, the BCIM leaves plenty of room to continue and further Sino-Indian competition. Such a differentiated approach could open up considerable space for engaging China positively on regional connectivity. Collaboration on one project does not mean Delhi will stop competing with China, either individually or jointly with the US and Japan, in bidding

for regional infrastructure projects. An approach that focuses on the specificity of each project and is open to both competition and cooperation with Beijing will give greater room to maneuver and also generate possibilities for limiting the intensifying security dilemma with China.

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## Africa in the Maritime Silk Road: Challenges and Prospects

*Junbo Jian*

After Chinese President Xi Jinping announced two related ambitious initiatives—the Silk Road Economic Belt and the 21st Century Maritime Silk Road—in 2013, Africa’s inclusion in the initiative became a hotly discussed topic. In March 2015, the Chinese government issued an official paper in which Africa’s position in these two initiatives (abbreviated as Belt and Road or BR) is still not clear. The paper states that the BR “aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road ... [they] run through the continents of Asia, Europe and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development.” According to this sentence, Africa is concerned by the initiative. However, the document also states that “the Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia, and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to go from China’s coast to Europe through the South China

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Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other."<sup>1</sup>

Clearly, unlike other continents (Asia and Europe), Africa is absent in this official paper, making the positions of African countries in the BR pretty ambiguous. Although it is located along the Belt and Road geographically, specific Africa-related projects are not found. This caused confusion and two opposing views on Africa in the BR; one argues that the former is unrelated with the initiative, and the other states that all African countries should be involved. Some Chinese scholars argue that Africa's position should be better identified in the BR. Justin Yifu Lin, an Chinese Economist and former Vice President of World Bank, proposed in 2015 that Africa should be included in the BR, because Chinese labor-intensive industries could be shifted to Africa, allowing more intimate Sino-African cooperation on infrastructural construction. The initiative, he noted, "is mainly focusing on infrastructural construction and mutual communication and interconnection, supplemented by industrial transfer; about China-African cooperation, it should mainly focus on industrial transfer, then supplemented by infrastructural construction and mutual communication and interconnection."<sup>2</sup> According to him, Africa can play significant roles in the BR.

Lin's suggestion was endorsed by Chinese scholars, diplomats, and observers from African countries. For example, the Chairman of the Egyptian African Association hopes that Africa can join the BR.<sup>3</sup> Phumelele Gwala, the General Consular of South Africa in Chinese Hong Kong and Macau, also anticipated that the BR and the African Agenda 2063 can synchronously develop, promoting closer China-Africa cooperation, especially in the field of infrastructure and the marine economy.<sup>4</sup> Liu Guijin, the former Chinese Special Representative for African Affairs, had even argued during the 4th Forum for Chinese and African Think Tanks in September 2015 that Africa had benefited from the BR, although it was not included in this initiative.<sup>5</sup>

In terms of these statements, discussions, and arguments, it can be seen that Africa's position and role in BR should be affirmed. However, details should be discussed: Which African countries could be pivots, which joint projects should be planned, and which roles of Africa should be played? In order to specify the status of Africa, this chapter will mainly analyze two most important facts: geography and the nature of the BR. This analytical framework will lead us to draw a clear picture of Africa's roles, advantages, and limitations in the BR. In a nutshell, this chapter argues that Africa can play a significant role in the BR and it should be included in this initiative.

It will analyze the roles of Africa in the China-proposed BR in the first section, then analyze the challenges of the BR in Africa in the second section, followed by the conclusion in the last section.

### AFRICA'S ROLES IN CHINA'S SILK ROAD INITIATIVE

Before the BR was issued, Africa had been an economic partner of China. In former President Hu Jintao's administration, the China-Africa Cooperation Forum was advocated by two sides, and several sessions of it had been held successfully. Thus the deepening of the Sino-African relationship in Hu's time to some extent has set a foundation of the cooperation of two sides in the BR. Even in the ruling of Hu's predecessor, then President Jiang Zemin, Africa was a target destination as Chinese companies' investments were stimulated by the "go-global" policy. Now, Africa's role in the BR is based on the BR's dynamics, aims, and Africa's endowments, such as resources, geographic positions, capabilities in international society, typical needs, and so forth.

According to Beijing, the BR's dynamic that pushes Chinese leaders to initiate this great project is partly to boost China's and the world's economy while "the underlying impact of the international financial crisis keeps emerging; the world economy is recovering slowly, and global development is uneven; the international trade and investment landscape and rules for multilateral trade and investment are undergoing major adjustments; and countries still face big challenges to their development." In other words, this ambitious initiative is mainly aimed at maintaining fast-developing economies in national and international levels, by "promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards", and so on.

Apart from this economic dynamic, some spillover influence is also embedded in the target box of the BR: for example, the enhancement of regional stability and peace, multilevel cooperation, and the progress of human civilization. In the preface of the official paper on BR policy, the spirit of Silk Road is summarized as "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit."

According to the policy paper, the BR is stimulated by global recessive economy, and aims to recover and develop China's and other countries'

economies, and enhance the cooperation and coordination in other fields with other countries so as to keep a stable situation and mutual friendly relationship with each other. Considering the BR's dynamics, aims, and visions, Africa can play key roles in it. In a geographic sense, Africa is an inevitable part of the logistic network of BR (such as Ethiopia, Egypt, and Tunisia), since this network is the base of both "Belt" and "Road," which connects Asia and Europe or the Indian Ocean and the Atlantic.

Furthermore, Africa is an ideal ground in which China's enterprises can do business regarding infrastructural construction and energy. On the one hand, Africa is eager for good roads, railways, dams, and school buildings, and on the other "facilities connectivity is a priority area for implementing the Initiative." Additionally, Africa can also play important role in cultural exchange (or humanistic communication) with China. Humanistic communication is also highlighted by the BR policy paper, and Africa is not only a target of China's soft-power transmission, but also a good partner in implementing a cultural diversity strategy by reviving national (regional) culture and reducing the hegemony of Western culture around the globe. And last, but not least, it makes it simpler for China to take international responsibility in inviting Africa to join the BR, because it is easier for China to provide "public goods" (especially endorsed by the China-Africa Cooperation Forum) such as infrastructural facilities and common security, in Africa than it is in other regions like Europe or in Central Asia.

### *Infrastructural Construction and China's Industrial Transfer*

China has experience in infrastructural construction in Africa since the 1970s. China supported the building of the TanZam Railway connecting Tanzania and Zambia between October 1970 and June 1975, in which about 50,000 Chinese engineers and laborers had participated. Nowadays, a considerable amount of Chinese investment and aid is still flowing into the field of infrastructural construction in Africa. The examples of such projects include the Light Railway in Addis Ababa in Ethiopia, the Abuja-Kaduna railway in Nigeria, the Lobito-Luau railway in Angola, and the Nairobi-Mombasa railway in Kenya, among others.<sup>6</sup> Chinese companies are managing the ongoing construction of airports across the continent as well, including airports in Angola, Comoros, Djibouti, Gabon, Kenya, Nigeria, Sudan, Tanzania, and Togo.

Apart from the transportation field, Chinese companies are also involved in Africa's energy sector; for instance, hydropower dams in Ethiopia and

Uganda; bio-gas development in Guinea, Sudan, and Tunisia; and solar and wind power plants in Ethiopia, Morocco, and South Africa.

This indicates that infrastructural construction has been a significant part of China-African economic cooperation. Additionally, more ambitious cooperation in this area is envisaged by both sides. In January 2015, Beijing and the African Union (AU) signed a memorandum on pan-African transportation development. In this memorandum, Beijing promises to help Africa build a pan-African transportation network (including railways, highways, airports, and other related infrastructure) that will be finished within 48 years.<sup>7</sup>

Apart from the great potential of cooperation on infrastructural construction, Africa is also a partner of Beijing in Chinese industrial upgrading.<sup>8</sup> With the increase of wages and raw materials prices in China, those labor-intensive industries face serious financial crisis and even the risk of bankruptcy. Africa, as a land full of cheap labor and resources, is an ideal target for those labor-intensive industries. If African countries can create an adequate legal framework for Chinese companies, set up a reasonable economic development strategy, and further promote the judicial system, as China did in 1980s, the continent would benefit from it greatly.

### *Africa as Part of Trans-continental Logistical Network*

Geographically, Africa is located at halfway between Europe and Asia in the “Maritime Silk Road.” Accordingly, Africa is an indispensable partner of the BR. Not only the goods that need to be sent to Europe from China or to China from Europe via North Africa, but also the raw materials and manufacturing products bound for China, Africa, or Europe can be delivered more conveniently once Africa is included in the trans-continental logistical network of the BR. Africa can utilize the deep-water ports and harbors to connect itself to the trans-continental logistic network. Together with the hinterland transportation network that is under construction, more cities and towns in Africa would be connected more seamlessly with Europe and Asia. If the logistics network is successfully finished, a grand network for trade, personal mobility, and cultural communication among Africa, Asia, and Europe would be formed.

China’s companies are involved in the construction of deep-water ports in coastal cities, including Bizerte of Tunisia, Dakar of Senegal, Dar es Salaam of Tanzania, Djibouti city, Libreville of Gabon, Maputo of Mozambique, Tema of Ghana, Kribi of Cameroon, and so on. These ports, as the extensions

of the Maritime Silk Road, will be key sites of transcontinental exchange of manufactured goods and commodities between Asian and African economies, linked by the Mediterranean Sea and the Red Sea.<sup>9</sup> Meanwhile, more African countries are competing to become a part of this grand network. For example, Togo President Faure Gnassingbé had said that “Togo intends to be the anchor point in West Africa for the New Silk Road initiative, ... [my country] possesses many advantages to serve as a gateway” for West Africa, including its geography.<sup>10</sup> Geographically, Africa is “becoming one the pillars of the Marine Silk Road project.”<sup>11</sup>

### *Cultural Exchange*

Both China and African countries are bound to promote cultural diversity in the world, since cultural diversity is “as necessary for humankind as biodiversity is for nature,”<sup>12</sup> but at the same time, the cultures of both China and Africa are seriously impacted and challenged by Western cultural hegemony.

China’s traditional culture has been badly diminished by modern, radical, anti-tradition movements, including the “Cultural Revolution” in the 1960s, and has been attacked by Western culture in the era of globalization. For African countries, due to a long history of being colonized by imperial powers from the fifteenth century to the 1960s, and being continuously linked with these former suzerains in many ways, Africa’s culture now is deeply influenced and marked by European culture, and in a globalized era, it is also deeply influenced by American culture.

In this context, considering the significance of cultural diversity in the world and the significance of national/local culture for the survival of nationalities, Africa should be a significant partner of China’s in promoting bilateral cultural dialogue and cooperation for the renaissance of both cultures and civilizations under the current Western cultural hegemony. Cultural exchange and people-to-people relations are cooperation priorities of the BR. Africa, as a continent with rich local cultures; numerous religions, languages, and ethnicities; and as a continent that has a strong will to address African cultural renaissance, can be an appropriate partner of China’s in promoting global cultural diversity through improving Chinese and African cultures’ consciousness and independence by cooperation and communication. Besides the countries colonized by Western countries, some African countries, for instance, Ethiopia, have resisted colonial aggression and preserved their cultural identity. These countries are especially suited to become possible partners to advance cultural diversity in collaboration with China.

*Enhancement of China's International Responsibility*

The Belt and Road Initiative is not only for China, but is also a great transnational project for global economic prosperity and societal stability. From this perspective, making the project successful is not only China's objective, but also a common task of all countries and regions along the New Silk Road. In turn, the success of the BR would indicate more international responsibility undertaken by China, which is a natural spillover effect and an embedded task of the BR. After all, the enhancement of China's international responsibility is a touchstone in the success of the BR. In light of this, China should cooperate with Africa when pushing this great project abroad, since the latter needs the help of external international actors in a range of issues, including public goods, economic cooperation, joint anti-terrorism, infectious disease prevention, and so on.

Compared to other regions such as Southeast Asia, Latin America, or Europe, Africa is a continent that needs more external assistance for social stability and economic development. Fortunately, China can provide them by a market approach or by aid. Namely, in Africa, there is more room for China to act as a responsible international power through economic cooperation and financial assistance.

### CHALLENGES THAT THE MARITIME SILK ROAD INITIATIVE IN AFRICA WILL ENCOUNTER

As the least developed continent in the world, Africa has suffered from a range of issues, including ongoing social and military conflicts, terrorists attacks, corruption, and an immature judicial system, all of which are obstacles of implementing the BR in Africa. Li Wentao, deputy director of the Institute of African Studies at the China Institutes of Contemporary International Relations, argued that there are seven risks for China's investment in Africa: civil war, regime change, economic nationalism, violent terrorism, external intervention, organized crime, and operational hazards.<sup>13</sup> Further risks are highlighted by Chinese scholars, such as the financial dangers related to the African governments' ability to repay loans.<sup>14</sup> This chapter concentrates on the most serious challenges in Africa: political and societal instability, increasing terrorism, increasing distrust toward China's involvement, and geopolitical competition.



*Political and Societal Instability*

After the end of the Cold War, due to the easing of systemic pressures and the simultaneous popularization of democratization,<sup>15</sup> conflicts continually flared up on the continent. Civil wars, trans-border conflicts, political disturbances, violent terrorism, and organized crime have been undermining all engagement of foreign countries. In some countries, however, social and political stability has been sustained, such as in South Africa, Botswana, and Mauritius. Against this background, China's engagement in Africa has been encountering tremendous challenges.

For example, China was deeply involved in Libya before the civil war broke out. However, after the civil war escalated in 2011, Beijing had to abandon almost all of its business operations in that country, and rushed to evacuate its citizens to China. In this progress, about 35,000 Chinese citizens were moved out of Libya using China's civil flights, ships, and military aircraft.<sup>16</sup> Because no one looked after the Chinese factory sites and facilities in Libya, many of them were seriously destroyed and looted. A similar case was seen in Sudan. This shows that China does not have the ability to protect its economic interests when civil wars take place in African countries where Chinese companies are involved, partly because of the Chinese long-standing diplomatic principle of "noninterference."

Apart from civil war—the most severe conflicts in Africa—China's engagement is also challenged by other social and political issues. Since Beijing is used to building relationship with ruling parties and top officials in African countries, and does not have experience in people-to-people communication with Africa, in some cases, China and Chinese enterprises present in Africa easily become the target of criticism from social groups and opposition parties during specific periods such as presidential campaigns. In these cases, opposition parties and groups do not intend to criticize Beijing, but to criticize opponents' policies. However, regardless of the intention of the critics, the negative effects on China in Africa can produce problems that China has to deal with seriously.<sup>17</sup>

Additionally, because of various, complicated reasons, in recent years, more and more Chinese citizens have been kidnapped in Africa, and some have even been killed. For instance, in 2007, several Chinese workers were kidnapped by armed gunmen in Nigeria and Ethiopia; in 2012, 29 Chinese workers serving in the China Hydropower Group were kidnapped by a rebelling armed group in Sudan<sup>18</sup>; in 2015, several cases of Chinese kidnappings have happened in South Africa, creating fear in Chinese residents

of this country.<sup>19</sup> It seems cases of the kidnapping of Chinese citizens are increasing in Africa, however, the reasons for these kidnappings vary. Nigerian kidnappers did so for ransom, but kidnappers from other countries were seeking political returns. Basically, Chinese citizens are not unique targets of these kidnapping cases, but with the increase in Chinese people entering this continent, the number of kidnapping cases involving Chinese persons could rise in the future. As one scholar commented, “The inner politics is very complicated in Africa, and each country has its own problems. In short, the more engagement of China in this continent, the more easily it can become the projection vector of the internal contradiction in these countries.”<sup>20</sup>

### *Growing Threat of Terrorism*

Terrorism is the cancer of political stability and economic development in the world. Unfortunately, the power and influence of terrorism in Africa has been growing in recent years, although terrorism originated before of the twenty-first century. Since the 1980s, due to the long-term civil war in Somalia, the expansion of the Muslim Brotherhood to neighboring countries, and especially due to the growth of other Islamic determinist organizations in Africa since the 1990s, an “arc of terrorism” has formed, comprising Al-Shabab in Somalia, Boko Haram in Nigeria, and Islamic Maghreb Al Qaeda in Algeria.<sup>21</sup> Up to now, these terrorist organizations have carried out many violent attacks on ordinary people, resulting in severe casualties, a panicky atmosphere, and social instability in Africa. For example, in July 2010 in Uganda, Al-Shabab killed over 70 people who were watching the football World Cup final; in September 2013, the same group bombed a shopping mall in Nairobi, Kenya, killing at least 67 people; in April 2014, terrorists of Boko Haram attacked a school in Northeastern Nigeria, and kidnapped almost 300 school girls.

According to the U.S. Department of State, in 2014, “in East Africa, the Somalia-based terrorist group al-Shabab remained the primary terrorist threat. In West Africa, conflict in Nigeria continued throughout the northeast, with Boko Haram and related actors committing hundreds of attacks, resulting in over 5000 casualties.”<sup>22</sup> According to the African Union, at least 16 primary terrorist groups are currently active in Africa, including Al-Shabab in Somalia, Boko Haram in Nigeria, Lord’s Resistance Army (LRA) in Uganda, Islamic Maghreb Al Qaida in Algeria, and Movement for Unity and Jihad in West Africa (MUJOA) in Mali. More worrying is

that these terrorist groups are engaging in cross-border activities, and strengthening their links between each other, forming a great threat to regional stability.<sup>23</sup>

Because terrorism is caused by trans-border terrorist groups, no individual African country can deal with it properly. Yet encountering the increasing threat, Africa and the international society do not pay much attention to it, or at least do not do much to combat it. Clearly, the rise of terrorism in Africa is partly caused by Western countries. Western policy “has contributed significantly to the current problems, especially when one bears in mind that it was the NATO powers which toppled the Libyan government of Muammar Gaddafi, the main bulwark against al-Qaeda in Northern Africa. Libya, like Syria, saw the West line up on the same side as al-Qaeda.”<sup>24</sup>

With the expansion of terrorist influence in Africa, without efficient endeavor taken, the threat will spread into many countries in Africa, and the projects BR supports would face big risks posed by these terrorist groups. With a rapid penetration of ISIS into Africa, the challenge that BR faces there would be much greater. Liu Jieyi, the permanent representative of China to the United Nations (UN), called on international society to help Africa cope with the challenges caused by terrorism. He highlighted that the UN should help African countries to improve counter-terrorism capabilities as a priority and to provide more real help for African countries.<sup>25</sup> Liu’s appeal reflects Beijing’s awareness of the reality that Africa is suffering from the rise of terrorism and his concern that this tendency will undermine China’s engagement in Africa.

### *Growing Distrust of China’s Involvement*

Generally, the Chinese are welcomed by Africa. Their friendship is not only rooted in the cooperation by old generations from the 1950s through the 1980s when the Tan-Zam Railway project was finished, symbolizing traditional China-Africa friendship, but is also based on contemporary economic cooperation that benefits both sides. Chris Alden, a specialist in African studies, has argued that “from the promulgation of Zimbabwe’s ‘Look East’ policy to the blossoming of Chinese-language studies in Nigeria, the African continent is eagerly embracing Chinese capital, its diplomatic entreaties and even cultural trappings at an unprecedented rate.”<sup>26</sup>

Nonetheless, with more Chinese entering the continent, more friction is emerging and rising between the two sides at company and national levels, gradually resulting in the decline of China’s image in the eyes of the African people. For example, in April 2005, a massive explosion happened

in a Chambishi copper mine in Zambia, which is owned by China Nonferrous Metal Construction Co., Ltd. This explosion destroyed the factory, and also caused the deaths of 46 African people, but the source of the accident is still unknown. Then, in July 2006, due to wage disputes, unrest erupted at the same copper mine, with the protesters opposing the management of China. Six workers were killed during the turmoil. Regardless of right or wrong, the two accidents had very negative effect on China's image in Zambia. To some extent, anti-Chinese sentiment spread over the country, and the opposition party exploited this situation. In 2006 during the presidential campaign, Michael Sata, an opposition candidate, had criticized the wage and the safety regulations of Chinese investors. During the campaign, he promised to reduce Chinese companies' share and to refuse more investment from China.<sup>27</sup>

Anti-Chinese protests have also occurred in other countries. For example, in December 2014, violent riots broke out in Madagascar. Workers at a Chinese-owned sugar mill burned the factory and looted sugar stocks. The workers demanded better payment and permanent contracts for some 1300 seasonal workers. The police evacuated all Chinese nationals from the location of the riots to the capital, Antananarivo.<sup>28</sup>

Various factors have led to the anti-Chinese protests and sentiment in Africa. The complaints of Africans toward Chinese include shoddy construction, projects that bring little benefit to the local economy, nontransparency in development aid, or so-called "neocolonialist" behaviors: bribes, unsafe working conditions, and other activities that undermine local morale.<sup>29</sup> Chinese officials admitted the relevance of some of these criticisms. The Chinese ambassador to Tanzania said that there are two common problems among the Chinese people and companies in Africa: fierce infighting leading to vicious competition among Chinese companies, and the failure to conform to local laws, practices, and customs.<sup>30</sup> Another factor that is not the root but an incentive of the decline of the Chinese image in Africa is the democratic system. In democratic African states like South Africa, Zambia, and Kenya, Chinese labor and capital often encounter frustrated unemployed or underemployed masses with the lawful right to protest, petition, and vote against "all things Chinese" that often compete with "all things local."<sup>31</sup>

Deeper engagement in Africa means that China's image will encounter more challenges. Like other involved parties, it is imperative that Beijing use sophisticated skills to compete and cooperate with other countries in this region. China should enhance its positive image and, meanwhile, should adapt to the reality that its image in Africa remains complicated

and divergent. As a power in Africa, anti-Chinese sentiment is normal, similar to the anti-Indian sentiment that is quite strong in East Africa and the anti-French riots that often occur throughout francophone Africa.<sup>32</sup> However, in order to make the BR successful, China should increase its engagement with the African people to avoid mutual misunderstandings.

### *Geopolitical Competition*

At the end of the Cold War, major powers re-entered into Africa because of its rich energy resources and great potential market. This makes Africa the center of geopolitical competition among major powers. In the long run, the US and Europe consider Africa to be their backyard and have been attempting to dominate it and revive the old colonial pattern of relationship. Nevertheless, due to China's different model of engagement and aims, China's emergence in Africa has quickly become a major challenge for America and Europe.

There are two factors that make China a big challenge to the West. Firstly, China's economic engagement, especially its financial assistance for Africa, is provided with no political conditions. Chinese aid and investment is rendered without political strings and is usually spent on infrastructure projects. Sinopec, a China's state oil company, for example, acquired oil concessions in Angola and it rebuilds the country's transport infrastructure, hospitals, and state buildings in return.<sup>33</sup> Conversely, the West always requires transparency, anti-corruption, environmental protection, and good governance that host countries in Africa should accept, although China's enterprises can also benefit from them. These countries now have an easy alternative to getting foreign direct investment (FDI) and aid, indicating that Western dominance is challenged by China in Africa. Clearly, now China is bearing the blame and criticism from the West.

Secondly, China's success in national renaissance is attracting African leaders to learn from China's experience and wisdom, although China's leaders argue that there is no "China model" and each country should find its own development road. This means that the Western model is not a universal or unique one to reach the success of state development, making China another development reference for Africa. The challenges China poses will cause rhetorical criticism and practical resistance from Western countries.

Meanwhile, there is competition for China from other emerging states in Africa, including India, which increasingly has been promoting its close relationship with Africa in recent years. The India-Africa Summit first held in 2008 is the symbol of India's deep engagement in Africa. Namely,

because of economic, security, and strategic competition among powers, the operation of China's projects in Africa will not be as smooth as imagined. The challenge is not only the result of African domestic and internal problems, but it also stems from potential questioning, intervention, and resistance of powers outside of Africa.

## CONCLUSIONS

When pushing the BR in Africa, stubborn and obsolete approaches should be replaced by flexible and skillful ones. Firstly, Beijing should insist on "development peace" in lieu of "democratic peace." For Africa, development is much more important than anything else, and it has been proven that many social conflicts are rooted in underdevelopment. According to this, economic development is the core task of BR projects in Africa. Secondly, Beijing should insist on a "dialogue of civilizations" with African countries, in lieu of a "clash of civilizations". Dialogues cannot escalate the distinction of different civilizations, but can reduce the risk of confrontation, which is one pillar of harmonization between China and Africa. Thirdly, Beijing should insist on win-win cooperation in any projects. Although now Chinese companies' behavior can be explained by capitalism, China's government has to guide its companies to abide by local laws and benefit local people. The economic cooperation is to promote the prosperity of both sides, not only China's side. Fourthly, Beijing should insist on grassroots exchanges, not simply contact with top officials and ruling parties of African countries. In the era of globalization, the civil society is growing to be stronger, making bottom-up communication with African people equally important to the top-down approach. Only when Beijing's BR is based on a reasonable strategy and appropriate approaches for engagement in Africa will it be welcomed by Africans, and thus become successful.

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## The Belt and Road Initiative and Comprehensive Regionalism in Central Asia

*Ikboljon Qoraboyev and Kairat Moldashev*

The Belt and Road Initiative (BR), launched in 2013, aims at “establishing a community of common interest, common responsibility and common destiny with 4.4 billion people in 65 countries in Europe, Asia and Africa along the route.”<sup>1</sup> Official and academic texts mostly highlight regional characteristics of BR, while theoretical and conceptual studies are very rare. Only a few studies have had an explicit focus on its implications for comparative regionalism. Several reasons may account for this situation. As recently as 2015, Francois Godement was pointing to a scarcity of information concerning the BR.<sup>2</sup> Lack of clear information and understanding about BR both within and outside China has led, according to Jia Qingguo, to multiplication of different interpretations about the nature of BR.<sup>3</sup> This makes BR appear as an ambiguous project, which in turn prevents further efforts toward clear conceptualization.<sup>4</sup> Moreover, it is common practice that any Chinese project is immediately scrutinized for its geopolitical consequences and security implications for its immediate neighborhood as

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well as for the entire international system. This practice has already resulted in a vast literature based on zero-sum game assumptions of the Chinese rise in international politics. The BR is seen as another project initiated by China in its quest for global leadership and there is a risk that the lack of conceptual frameworks may perpetuate geopolitical analyses of the BR.

Geopolitics should not become the main perspective that will provide answers about nature and consequences of the Belt and Road Initiative. While this is not in the interest of Central Asian countries, China is also openly trying to avoid portrayals of the BR as a geopolitical tool. Chinese officials and scholars are aware that continuing ambiguity about the nature of BR and its depiction as a geopolitical instrument may inhibit the advancement of BR.<sup>5</sup> In March 8, 2015, Wang Yi, Chinese Foreign Minister, refused to compare BR to the U.S.'s Marshall Plan by affirming that the Belt and Road Initiative "is the product of inclusive cooperation, not a tool of geopolitics, and must not be viewed with an outdated Cold War mentality."<sup>6</sup> Consequently, they aim to develop alternative conceptual frameworks focusing on win-win aspects of the initiative.

The need for greater transparency and clear language to explain the BR is affirmed by countries targeted by the initiative. Although many South East Asian states view the BR as an opportunity, it is no secret that there is a "deficit of trust" between China and its southern neighbors. Therefore, China's neighbors expect a substantial explanations from China concerning the initiative. In a recent op-ed, Tommy Koh from Singapore proposed three suggestions to the Chinese in order to increase chances of success of the BR:

First, China should work harder to explain its proposal and to gain the understanding and trust of China's neighbours. [...] Second, China should adopt an open and inclusive approach. All countries should be welcome to participate and no country should be excluded. Third, China should listen to the region. It should sincerely solicit the views of the countries of the region and be prepared to take them into account in future iterations of the proposal. The best outcome is for the proposal to evolve from being seen as a Chinese project to being the region's project. It is desirable for China to obtain the region's ownership of the proposal.<sup>7</sup>

Securing other regions' ownership is important for the success of the BR in its conceptualization stage. It has yet to realize its take-off. Ernst Haas described "take-off" as a moment when a given idea about regionalism is adopted by "politically crucial elite as its own and [the process of regionalism]

has acquired a momentum of its own.”<sup>8</sup> For BR to realize its take-off, there is a need for conceptual frameworks that help to nurture a new discourse on BR that is understandable and adoptable by all interested parties.

One direction of such conceptualization effort of the BR in academic literature is comparative regionalism. Throughout official speeches and documents on the BR, there are a number of references to regional frameworks and structures. Wang Yiwei, who produced the most comprehensive account of BR from a Chinese perspective, states that BR aims to create a new model of regional cooperation.<sup>9</sup> Zeng Lingliang argues that the initiative will be realized through two main instruments: regional integration and interstate partnership. For him, regional integration and strategic partnerships will help pave way for a more substantial phenomenon that of regional community based on shared interests, shared destiny, and shared responsibilities.<sup>10</sup> Moreover, the BR evolves in the context of ongoing regional integration projects, which it inevitably has to engage.

#### A “WORLD OF REGIONS” AS CONTEXT OF THE BELT AND ROAD

Region-related frameworks and theories are essential for understanding contemporary international relations.<sup>11</sup> The surge of regionalism after the Cold War and its increasing importance for understanding and explaining various processes in world politics is acknowledged by the 2016 publication of the *Oxford Handbook of Comparative Regionalism*.<sup>12</sup> Scholars across different disciplines of social sciences agree on importance of regional frameworks in world politics. Some scholars argued that the post-Cold War era could signify a return to regional sovereignty where the architecture of world politics would be based on regional structures.<sup>13</sup> This vision of world order based on regions was also defined as “a world of regions.” The term, proposed by Peter Katzenstein, implies that we are living in a world which is sustained by regional orders.<sup>14</sup> Barry Buzan and Ole Waever argue that the end of the Cold war, when the world order was formed around a bipolar structure, left a place for a new power constellation. In this power constellation, the international system is composed of several regional orders defined as regional security complexes.<sup>15</sup>

If Katzenstein, and Buzan and Waever, focused on power-based implications of regionalism, other scholars have engaged with comparative regionalism studies from value-based perspectives. For these scholars, regionalism is an alternative to competition-driven scenarios of great power

rivalry or hegemonic environments. Regionalism enables construction of participative regional orders on the basis of common interests and values.<sup>16</sup> Evaluating theory and practice of regionalism in contemporary world, Amitav Acharya speaks about “the emerging regional architecture of world politics.” For him, regional orders will be essential elements of emerging world order. To understand this global order, it is vital to study the regional orders: How they are constructed and organized; what kind of political, economic, cultural, and strategic interactions occur both within and between regions; and what are the relationships between regional orders and the international system.<sup>17</sup>

States act as region-builders to pursue different objectives, according to van Langenhove and Marchesi: (1) States initiate regionalism to create a “single market;” (2) states use regionalism to govern regional public goods like security or common resources, which helps them to manage “problems that are internal to the regional area;” (3) states engage in regionalism to position their region as an independent player in international politics. Participants of this kind of regionalism are motivated by “an ambition to operate as one actor on the international scene.”<sup>18</sup>

Comparative regionalism distinguishes between outside-in and inside-out approaches to region-building. For Iver Neuman, the inside-out perspective highlight endogenous dynamics leading to formation of regions around a center, while the outside-in approach “privileges the interests and interaction of great powers relevant to the region.”<sup>19</sup> On the other hand, the works of P Katzenstein, and Buzan and Waever, focus on the outside-in perspective and explain how great powers shape regional orders by acting as external initiators and promoters of regionalism projects in Asia, Europe, and other parts of the World.<sup>20</sup> Acharya invites more nuanced approach to complement the latter top-down, power-constructed approaches by shifting focus to how local actors’ responses to external power involvement determine outcomes of regionalism projects.<sup>21</sup>

Another feature of contemporary regionalism is focus on comprehensive regionalism. Even if not a distinct concept, comprehensive regionalism is used to refer to certain characteristics of regionalism projects, in particular regional contexts. Sergiu Celac and Panagiota Manoli described regionalism projects focused on the Black Sea area as an example of comprehensive regionalism to refer to their multidimensional and inclusive nature. For them, regionalism within the Black Sea Economic Cooperation (BSEC) framework represents a multidimensional scheme of cooperation covering a broad spectrum of activities.<sup>22</sup> They also underline the fact that BSEC

could neither be classified as a trade bloc or a security community as it pursues different objectives at the same time. Sergio Caballero Santos used comprehensive regionalism to widen the analysis of Mercosur to include ideational factors, in order to understand evolution of this regional bloc in the aftermath of the 1999–2002 crisis.<sup>23</sup> Björn Hettne and Frederick Söderbaum also emphasized the comprehensiveness of regional projects by distinguishing between old and new regionalism. The latter, according to this view, is “a comprehensive, multifaceted and multidimensional process, implying a change of a particular region from relative heterogeneity to increased homogeneity with regard to a number of dimensions, the most important being culture, security, economic policies and political regimes.”<sup>24</sup> To capture this complex process they propose the New Regionalism Approach (NRA) that is different from the Washington Consensus approach to new regionalism. Whereas “Washington conceives the new regionalism as a trade promotion policy, building on regional arrangements rather than a multilateral framework, for NRA regionalism is a comprehensive multidimensional package, including economic, security, environmental and many other issues.”<sup>25</sup>

From this angle, BR is situated in a world where regionalism is a constant feature. Drawing on initial BR documents’ references to different regions, various regional organizations, and regional multilateral institutions, the objectives pursued by China appear to correspond to the three objectives of regionalism identified by Van Langenhove and Marchesi. Moreover, prior to the BR, both China and targeted countries across Eurasia were already engaged in substantial region-building efforts. Hence, comparative regionalism studies not only explain BR dynamics in a novel way, but also indicate crucial problems and opportunities. In particular, the BR carries potential for realization of comprehensive regionalism project in Central Asia that would respond better to local expectations of the region.

### CHINA AND OVERLAPPING REGIONALISMS IN CENTRAL ASIA

Central Asia holds symbolic value for the BR. During his visit to Kazakhstan in September 2013, President Xi Jinping officially unveiled China’s plan for a Silk Road Economic Belt (SREB) for the first time. It was also during the Shanghai Cooperation Organisation (SCO) summit in Astana, Kazakhstan in December 2014, when he elaborated on major contents of the SREB, a component of BR.<sup>26</sup> All Central Asian countries are targeted

by the BR and the region may attract significant investment. The BR thus seems to be a framework that could bring together China and Central Asia under a single regional framework. Although China and Central Asian countries have long and rich history of mutual relations, they are mostly viewed as parts of different regions. Buzan and Waever identify China as part of the East Asian Regional Security Complex (RSC) and Central Asia as belonging to the post-Soviet RSC.<sup>27</sup> In regionalism studies, these regions are analyzed separately with exception of research on the SCO. In this section, we review literature on Central Asia as a region and its relations with China, particularly in the framework of the BR.

Central Asia is often presented as a region in the heart of strategic rivalry involving several external players. It is identified as a strategic backyard both for Russia and China. At the same time, it is located in the proximity of Iran and Afghanistan, main spots of strategic instability and uncertainty in Eurasia. This element creates interest for Central Asia in countries involved in military operations in Afghanistan and in negotiations dealing with Iran. The US and other NATO countries are among the most interested. Moreover, Central Asia, owing to its vast oil and gas resources, is to become a defining factor in global energy policy.<sup>28</sup>

Due to these features, the Central Asian region attracts major powers of Eurasian politics, with Russia, China, and the US being the most prominent. According to realist and geopolitical approaches, these external actors are involved in a complex web of relationships defined by the logic of rivalry and designed to shape the evolution of the Central Asian regional space and to control its strategic and energy resources. The prevalence of perceptions of rivalry is pushing Central Asian states to adopt a traditional balance of power strategy as their main foreign policy tool. According to Farkhod Tolipov, Central Asian countries have adopted the balance of power policy as their major foreign policy instrument vis-à-vis foreign great powers and among themselves.<sup>29</sup> On the other hand, external powers “fight for the identity of the region, for integrating it to this or that part of Eurasia.”<sup>30</sup> As put bluntly by Ulughbek Khasanov, “Central Asia is situated in Mackinder’s Heartland, the arena of international confrontation, and should act accordingly.”<sup>31</sup>

This state of affairs leaves very little room for the independent foreign policy by Central Asian states and such initiatives as the BR are usually viewed as an attempt at one external power—China, in this case—to gain more influence in the region. From this perspective, some experts compared the BR to the Marshall Plan or a competitive strategy of China to

gain more influence over its neighborhood. Simon Shen discusses such motives as “countering the rival,” which is the US, and “fostering strategic divisions” in other non-China led regional projects.<sup>32</sup> Xi Jinping’s initiative is presented as rival to Putin’s Eurasian Economic Union (EEU) project and the plan to interconnect the EEU and the Silk Road Economic Belt is “last-gasp effort” of Moscow to keep the EEU relevant in the face of China’s massive investment in Central Asia.<sup>33</sup>

Viewing Central Asia as a chessboard for great power rivalry, where Russia has greater influence among other important players, most notably China and the United States, promotes certain images of the BR as yet another geopolitical or geo-economic scheme. This strand of literature draws a picture of Central Asia as balancing between great power interests and ambitions. While a geopolitical approach can explain some of the ongoing processes in the region, it provides too simplistic a picture, particularly in case of explaining support and resistance of Central Asian states to such initiatives as the BR. At the same time, this view reduces the BR to a geopolitical project and, as a political discourse, may even tend to undermine the willingness of Central Asian countries to engage with it. Yet, there are different possible explanations.

### NO MORE CHESSBOARD, BUT STRATEGIC LINKS IN CENTRAL ASIA

The emergence of the BR and the readiness of Central Asian states to undertake it is not merely about a geopolitical rivalry or economic benefit. It has long roots in history of both China and Central Asia. The Silk Road was one of the first examples of globalization that became the first, largest, free-trade zone during the Mongol Empire.<sup>34</sup> The greatness of Central Asian cities and Chinese dynasties is often associated with times when the Silk Road was a primary link to connect vast lands of Eurasian continent.

Long before the announcement of the BR, officials and scholars discussed the Greater Eurasia project. Before the Crimea incident and the conflict in East Ukraine, Putin was presenting Eurasian integration as an initiative for linking Europe and Asia. However, Russia has done little in order for this project to materialize, as it can be seen with the Western Europe-Western China International Transit Corridor. This initiative attracted international and Chinese investors into road construction, but was almost ignored by Russia, which promotes a Trans-Siberian railways



alternative. Scholars in the region have also discussed the idea of “Greater Eurasia.” According to Emerson, “Greater Eurasia” is a concept that refers to the cooperation among all countries in the Eurasian supercontinent with a focus on land connections.<sup>35</sup> The necessity of a web of links among Eurasian states despite their cultural and political differences is referred to as “pragmatic Eurasianism” and presented as antithesis of narrow and imperialistic interpretations of “Eurasianists,” such as Alexander Dugin in Russia. Pragmatic Eurasianism is mostly based on economic linkages with little attention to ideology and is inclusive of Europe and Asia.<sup>36</sup>

As mentioned previously, BR needs to secure the target region’s ownership of the initiative in order to succeed.<sup>37</sup> This argument is also valid for Central Asia. The region is known as a space where a comprehensive regionalism failed to take off thus far. Since their independence in 1991, Central Asian states have established several regional organizations. The Central Asian Cooperation Organization and its predecessors, which represented exclusively intra-regional frameworks, were terminated after the emergence of Eurasian integration structures with Russian participation. The latter also failed so far to include all Central Asian countries. The SCO is the most inclusive regional organization, with China, Russia, and four Central Asian countries involved. However, the SCO is still more associated with a regional security club rather than a genuinely comprehensive regional integration structure. Opinions and expectations on the state of Central Asian regionalism are thus still ambiguous.<sup>38</sup>

In this section, we argue that the BR for Central Asian states is not merely an opportunity to provide balance against Russia and other great powers, but a careful analysis of this initiative should consider issues of identity and peculiarities of regional politics. First, the BR can contribute to the development of a new regional identity as a strategic link rather than a chessboard. Second, regional or global initiatives that involve Central Asia have to consider certain factors to attract support of domestic actors in the region. Three crucial factors can be identified for a success of initiatives such as the BR: (1) political independence, (2) economic opportunity, and (3) a stable security situation.

The development of an outside-in identity for Central Asia as an unstable region subject to rivalry among Great Powers,<sup>39</sup> the so-called “Eurasian Balkans,”<sup>40</sup> a potential source of religious extremism, and peripheral geography, whether true or questionable, adds additional pressures for economic and political developments in the region. Therefore, it is natural

that there are attempts to develop a more positive inside-out identity of the region as a whole or of a single state. The fate of regionalism in Central Asia has always attracted a number of different external actors. Several great powers like China, Russia, or the US are directly involved in shaping different regional institutions and initiatives in Central Asia.

There are also different international organizations and actors such as the European Union (EU) or the Asian Development Bank (ADB) that are supporting regional projects focusing on Central Asia. Central Asian regionalism thus includes a combination of both outside-in and inside-out perspectives, with the former being more prevalent. This is because regional projects with involvement of external powers like Eurasian integration projects or Shanghai Cooperation Organization proved more viable than an exclusively Central Asian regional integration initiative. However, the absence of formal Central Asian regional frameworks should not lead to neglect of endogenous dynamics of the region. The BR may have a better chance to succeed if it is able to address the preferences and needs of local region-building actors.

For example, Kazakh leadership's promotion of Eurasian regionalism and presenting Kazakhstan as "Eurasian state" is a discursive tool to position Kazakhstan at the center of the continent rather than accepting external positioning of the country as a part of an unstable region.<sup>41</sup> This kind of identification of the region as the center of the Eurasian continent is also used by other leaders of Central Asian states. Mainly infrastructural- and connectivity-developing initiatives, such as the SREB, are usually welcome to boost this identity.<sup>42</sup> The region's function is as a link in global trade associated with the period of greatness and prominent influence of the states that existed along the web of routes known as the ancient Silk Road. Therefore, any initiative that aims to re-establish these routes and bring the Silk Road back into existence seems attractive for Central Asians, as it helps to construct positive identity of the region.

Besides supporting inside-out identity construction of the region, the SREB initiative fits the criteria for a successful regionalism project using three factors that we have presented previously. The first factor of political independence requires from any regionalism project or an external actor that the sovereignty of individual Central Asian states must be respected. In the case of the SREB, it is satisfied by the very cautious approach of Chinese officials, who present the BR as an initiative rather than a project or a strategy. While usage of terms such as project or strategy may sound

very interventionist to the neighbors of China, the term “initiative” is inviting and leaves room for supporting or rejecting it. So far, there have been no claims, at least on an official level, of any political or other reforms within the framework of the BR that can sound disturbing to ruling regimes of Central Asia. In his speech, Xi emphasized that “China respects the development paths and policies chosen by the peoples of regional countries, and will never interfere in the domestic affairs of Central Asian nations. China will never seek a dominant role in regional affairs, nor try to nurture a sphere of influence.”<sup>43</sup>

Any rhetoric about neo-imperial ambitions or China’s sphere of influence within the BR can cause serious opposition from a variety of forces in the region.<sup>44</sup> In such situations, constituencies in Central Asian states would rely on nationalist discourse and apply significant pressure on officials to keep the cooperation with China low-profile.

Moreover, the BR builds on positive experience of the SCO, which has been able to retain the support of and engagement with Central Asian countries due to its explicit commitment to sovereignty of its member states. Since the collapse of the Soviet Union, Central Asian states and China have peacefully solved previous border disputes and decreased military presence in the cross-border regions. The discourse generated by Chinese officials is very cautious and respectful to country’s neighbors. In return, Central Asian states restrain themselves from any interference to Uyghur issues and are open to Chinese investment. Nevertheless, this should not lead to conclusion that the rise of China and its regional initiatives are desecuritized.

The securitization of Chinese initiatives is common in Central Asian societies. Some actors present investments from China as a threat to the security of their nations. Particularly, the acquisition or long-term rent of land by Chinese companies in Tajikistan led to popular resentment.<sup>45</sup> In Kazakhstan, the statements about the possibility of renting vast amounts of land to Chinese companies in 2009 led to protests. In another case, the rumors that Chinese companies benefit from changes to a law that gives foreigners the right to long-term rent of land resulted in a series of protests in 2016.<sup>46</sup> These were serious challenges for ruling regimes and in the aftermath of the 2016 events, the President of Kazakhstan acted immediately by introducing a moratorium for implementation of the law in order to regain control over the situation. These cases show that China needs greater investment in the “people to people” approach.

It should be noted that by using the concept of securitization we neither imply nor reject the possibility that certain actors in Central Asia exaggerate the security threat for some political ends. We use this concept in neutral terms and agree that “desecuritization is not always better than securitization.”<sup>47</sup> News about Chinese investors’ reluctance to hire local staff, or their extensive use of land, often appears in Central Asian media.

The second factor of economic opportunity is a core of the BR and it is supported by a vast inflow of Chinese investment into Central Asian states that started long before the announcement of this initiative. The projects in close cooperation between China and Central Asian states include investment in oil and gas pipelines, the construction of railways and roads, and the establishment of the Khorgos dry port. The existence of completed and ongoing projects and the readiness of China to invest billions of dollars via the Silk Road Fund and the Asian Infrastructure Investment Bank (AIIB) into infrastructure development makes the BR an attractive initiative for decision-makers in Central Asia. As noted by Yang Jiang in this volume, China and Japan are attractive partners for Central Asian countries, as they do not promote radical liberalization and support gradual reforms.

The third factor that determines the outcome of regionalism initiatives in Central Asia is their contribution to regional stability. This factor influenced the responses of Central Asian states to several regionalism projects initiated by the United States. Before the actual C5+1 initiative that brings together representatives of the US and Central Asian countries for non-committing dialogues, the US tried to promote the project of Greater Central Asia.<sup>48</sup> These initiatives were meant to strengthen the sovereignty of Central Asian states by reducing their dependence on Russia and to promote economic and trade linkages between Central and South Asia. Despite a clear commitment to sovereignty of Central Asian states and the presence of a critical economic and trade potential, these initiatives lacked support in the region. Such reluctance can be explained by the factor of regional security. The states included in Greater Central Asia project, such as Afghanistan and Pakistan, are close to Central Asia and offer crucial access to the sea, but they are overwhelmed by regional and domestic political and security conflicts. Central Asian countries simply could not engage themselves to create an integrated space with the South Asian region and Afghanistan as this move harbors security problems and political uncertainty. Hence, they showed little interest in US initiatives of building stronger links between Central Asia and South Asia.<sup>49</sup>

## CONCLUSIONS: TOWARDS COMPREHENSIVE REGIONALISM

The expectations and perceptions of external actors are important for the success of China's Belt and Road Initiative. If the BR becomes associated with a zero-sum, conflict-driven agenda, this may reduce the likelihood of other countries' cooperation to achieve the objectives of the initiative. This scenario has the potential to unfold in regions like Central Asia, where we have observed the discursive consolidation of a new great game and security competition throughout last two decades. Several regionalism projects failed to take off due to the prevalence of zero-sum assumptions. Both China and its partners are aware of these risks. Therefore, they are in search of a new language, which is understandable by all and will contribute to the advancement of BR objectives.

This study contributes to comparative regionalism studies by viewing the BR and Central Asian states' responses to it as comprehensive regionalism project with multiple dimensions, rather than zero-sum game. For the BR to be successful, it should follow comprehensive regionalism logic and motivate voluntary involvement of targeted states through the provision of an inclusive framework for cooperation. We explain this necessity by the fact that Central Asian policy-makers and opinion leaders are not ready to decide among the different priorities needed to ensure socio-economic coherence and political independence in the region. The BR needs to adopt a multidimensional approach as political, economic, or societal challenges are intertwined in the regional context. Hence, in the case of Central Asia, one of the priorities for the BR should be the respect and comprehension around concerns of political independence, aspirations for economic development, and the need for security and stability. For Central Asian countries, these three factors are equally important and they cannot be considered separately from each other. Central Asian countries also expect that the BR will be inclusive in scope so that existing regional and international structures of which they are part can be positively involved in the realization of the initiative's aims.<sup>50</sup> Pushing Central Asian countries to lean toward a particular regional organization at the expense of others may be perceived as part of the geopolitical competition for primacy in the region and may cause backlash. Any regionalism initiative, including the BR, may experience lukewarm reactions from the region if it fails to accept this logic. On the other hand, the BR may lead to a real take-off phase of regionalism in Central Asia, if it succeeds in creating a discourse based on a comprehensive approach to regionalism.

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## The New Silk Road for China and Japan: Building on Shared Legacies

*Yang Jiang*

The competition between China and Japan in economic diplomacy has expanded from free-trade agreements and currency swap arrangements to aid and investment, in particular in their current drive to export infrastructure projects. Japan was the world's largest provider of foreign aid in the 1990s with its own "Silk Road Diplomacy," and in 2015 its Prime Minister Shinzo Abe pledged \$110 billion in aid for "high-quality" infrastructure development in Asia over the next five years. China has attracted more attention by recently launching several new development banks and funds. For Eurasia, Beijing launched the Silk Road Economic Belt and the 21st-Century Maritime Silk Road initiative (also known as the Belt and Road Initiative [BR]) in 2013, supported by the \$40-billion Silk Road Fund. For Asia Pacific, China initiated the \$100-billion Asia Infrastructure Investment Bank (AIIB) in 2014, with 37 developing and developed founding members from within and outside Asia. The New Development Bank among BRICS countries is headquartered in Shanghai and has infrastructure as the primary focus of lending from its initial pool of \$50 billion (to rise to \$100 billion over time).

Seen through an historical and political economic lens, China and Japan, despite their competition for infrastructure projects and energy resources, do share a similar economic outlook for Central Asia, albeit with a different

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levels of strategic ambitions, which bodes well for cooperation along the “New Silk Road.” The joint development projects could serve as examples for development-cooperation in the African and Latin American continents—outside of their immediate neighborhood of East Asia. At a conceptual level, China and Japan have risen as important new actors in development cooperation. They have adopted a different approach to development aid and investment from that of traditional Western donors, and they have offered recipient countries an alternative development model to the Western big-bang neoliberalism. In contrast to the traditional Western emphasis on social infrastructure, poverty alleviation, liberalization, and concessional grants and loans and untied aid, China and Japan emphasize economic infrastructure and industrialization, promote active participation of the state, export their own products and services, and package aid and investment with a predominant proportion of investment. Shinzo Abe even created the phrase “development investment” to label the new approach to development cooperation, and this label can apply to both Chinese and Japanese major initiatives. The Chinese and Japanese approach to development cooperation actually reflects a general trend in the practices of Western donors as well, though this topic is beyond the scope of this chapter.

Central Asia is chosen as the geographical focus of this chapter because it used to connect both China and Japan with the Middle East and Europe through the ancient Silk Road. In this sense, China and Japan share the historical legacies of the Silk Road, and they are both building on the historical heritage to revive their relations with Central Asia. Chinese official and scholarly accounts depict China as the East terminus of the ancient land and maritime Silk Roads. Japan regards itself as one of the most important countries in the East terminus of the historical Silk Road, and its ancient capital Nara hosts a Research Centre for Silk Road Studies. In more recent history, China’s BR grand strategy is well-known, but less well-known is that Japan created “Silk Road diplomacy” from 1997 to 2004, followed by the “Central Asia Plus Japan Initiative” from 2004 to present. Today, Central Asia<sup>1</sup> has become a common target of the economic diplomacies of China and Japan, with a prominent policy focus on exporting infrastructure projects apart from energy cooperation. It occupies the central location of the land route of China’s BR grand initiative. During Chinese President Xi Jinping’s first visit to Central Asia in September 2013, the Chinese government pledged and committed at least US\$48 billion to Central Asian countries, for importing natural resources from the region but also for building infrastructure and factories.<sup>2</sup> During his trip to Central

Asia and Eastern Europe in June 2016, he promoted the policy of building factories and infrastructure projects in Central Asia, again as part of the BR.

Japan followed swiftly. During Japanese Prime Minister Shinzo Abe's trip to Central Asia in October 2015, Japan dispensed trillions of yen in aid and economic cooperation in each country, promoting "high-quality infrastructure" at the "East-West connection point." A high-ranking Japanese official at the Japanese Foreign Ministry reportedly said, "With China increasing its presence, it will be important for Japan to show a posture of wanting to be engaged in the development of this area."<sup>3</sup> Therefore, infrastructure features prominently in both countries' current economic diplomacy towards Central Asia, although other areas of bilateral economic relations between Central Asian countries and the two East Asian countries are also important. At the same time, a major difference exists between the current strategic ambitions of China and Japan in Central Asia: As a big neighboring country, China does not shy away from the image and actions of trying to increase its influence in Central Asia. Japan, in contrast, keeps a low profile and underlines its nonhegemonic intentions, not least because it does not share any border with Central Asia. Both countries stress the importance of stability and peace in Central Asia, as well as nontraditional security. Unlike in East Asia, they do not compete for leadership in Central Asia. Rather, they both acknowledge the lasting dominant influence of Russia in the region.

The combination of Sino-Japanese shared economic outlooks for Central Asia and nonconflictive strategic purposes in the region imply that there is potential for Sino-Japanese cooperation in areas including infrastructure development, industrialization, and counter-terrorism. The next two sections will review the respective backgrounds to the infrastructure diplomacy of Japan and China, followed by an analysis of their similarity in economic approaches to Central Asia as well as their difference in strategic ambitions for the region, before making some concluding remarks about the potential of Sino-Japanese cooperation in overseas infrastructure projects.

### JAPAN: AN IMPERATIVE TO RETURN TO THE OLD PATH

Japan has been a member of the Organisation for Economic Co-Operation and Development's (OECD) Development Assistance Committee (DAC) since 1961, while China is usually regarded as an emerging donor with different approaches from traditional donors. However, as this section will discuss in more detail below, Japan has adopted an approach to aid and

development cooperation in the past that is similar to the Chinese approach today. Instead of the more altruistic aid defined by DAC that emphasized grants, concessional loans, social infrastructure, and poverty alleviation, pre-1992 Japan and China both upheld “mutual benefit” as the policy goal and used the means of aid, investment, and trade—or “cooperation”—as the vague umbrella term for development cooperation, and they emphasized economic infrastructure and export of their own products and services in projects. An important reason is that in both Japan and in post-1978 China, their own national economic development has been the most important target of government policy, and industries have had strong influence over foreign economic policy. Therefore “tied aid” has been a distinctive feature of both countries’ foreign aid programs, although since the 1990s

Japan has adopted more DAC norms, which emphasize social infrastructure and human development instead. Japan’s current “infrastructure diplomacy” is driven by an imperative to return to the old path of exporting industrial products and physical infrastructure, as part of its effort to revive the national economy.

Up to the early 1990s, Japan’s official development assistance (ODA), apart from some gift-giving projects for enhancing diplomatic relations, was channeled mainly to economic infrastructure projects or helping Japanese industry to establish local operations. Aid was thus closely “tied” with Japanese investments and products. After the oil shock in the 1970s, Japan actively used ODA in the form of infrastructure construction to secure access to oil in the Middle East, China, and Southeast Asia, similar to China’s behavior in the past three decades.<sup>4</sup> Also similar to Chinese aid today, the majority of earlier Japanese aid was concessional loans instead of grants, and packaged with private investment and market-rate loans through active, state-led, public-private cooperation.<sup>5</sup>

Moreover, from the time when Japan started its aid program after WWII to the early 1990s, ODA was closely linked to war reparations to other Asian countries, and therefore Japan was unwilling to impose political conditionalities or interfere in domestic affairs in recipient countries, for fear of attracting imperialist associations.<sup>6</sup> Promoting democracy was not one of the explicit goals of Japanese overseas aid.

Therefore, Japan’s earlier approach to aid diverged significantly from DAC norms at that time, which emphasized basic human needs and social infrastructure, and promoted democracy and liberal economic policies. Since Japan became a DAC member in 1961, its ODA was criticized by the aid community for its explicit commercial orientation. Because of domestic

and international pressure to observe democratic or liberal conditionalities in its aid, Japan adopted DAC norms starting in the 1980s and accelerated in the late 1990s.<sup>7</sup> In 1992, Japan's first comprehensive policy strategy paper the *ODA Charter* emphasized environment, democracy, market economy, and avoidance of military use in the recipient countries, bringing Japan more in line with DAC norms. As DAC members formally agreed in 2001 to untie their aid to purchasing of the recipient country's goods or services, Japan had to, at least on paper, untie aid.<sup>8</sup> Accordingly, the government increased funding for the new social initiatives of DAC and reduced funding for industry, as well as withdrew from countries under Western sanctions for human rights problems.

Japan's shift, however, was reluctant. At an ideological front, Japan sought to promote a development model that contains more government involvement, industrialization, and export promotion than the neoliberal Washington Consensus.<sup>9</sup> This applies to Japan's diplomacy in Central Asia as well, as will be discussed later. Japanese aid still had a focus on hardware (physical infrastructure and equipment) instead of software (social programs and governance).<sup>10</sup> Japanese aid still had a higher percentage of concessional loans and lower percentage of grants than traditional donors.<sup>11</sup>

After enduring the "lost decades" of 1990–2010, the 1997–1998 Asian financial crisis and the 2007–2009 global financial crisis, Japan has withdrawn its emphasis on political conditionalities, and reverted back to strategically using aid to enhance its economic competitiveness.<sup>12</sup> On the diplomatic front, Japan has realized over the years that ODA had limited usage for enhancing its strategic position in the international society. It may have helped Japan back to the international society after World War II, but it cannot help Japan move up to a leading position. China and South Korea viewed ODA as war reparations and are no less sensitive to the history issues today than 50 years ago.

In the wake of the global financial crisis, Japan is intensifying the promotion of trade and overseas investment as part of the "three arrows" of Prime Minister Shinzo Abe's economic stimulus plan, or "Abenomics," launched in 2012. Strategically using aid and overseas investment has become an imperative for Japan to rejuvenate its economy. A 2014 DAC Peer Review of Japanese ODA even urged Japan to reduce the proportion of tied aid.<sup>13</sup> Moreover, the nuclear disaster caused by the tsunami in 2011 and the ensuing doubt about a nuclear future prompted Japan to search harder for overseas energy. The search for overseas energy supply and markets is again becoming supported by, if not directly bundled with, overseas infrastructure projects.

Expanding international trade and investment, in particular in infrastructure, is regarded by Tokyo as a new driver for the Japanese economy. As it did before 1992, Japan seeks to export its products and services through “infrastructure diplomacy,” using packages of grants, concessional loans, and commercial loans and investments, but with an increasing proportion of commercial financing. The Japanese government and its agencies for development cooperation, including JBIC and JICA, actively participate in the process, through diplomatic efforts and public-private partnerships (PPPs). The goal of pursuing national economic growth through overseas investment, in particular in infrastructure projects, is shared by China’s current BR strategy, as well as its general push for companies and banks to “go out.”

### CHINA: OVERSEAS INFRASTRUCTURE TO STIMULATE THE ECONOMY

China used to provide mainly grant and concessional loans to poor countries in its aid program. The proportion of grants has gradually reduced, and today it is quite small.<sup>14</sup> China learned about aid from Japanese ODA in China in the 1970s and 1980s, including how to use aid to advance national economic interests.<sup>15</sup> Like Japan, China also calls its aid program “development cooperation” for “mutual benefit,” to not sound condescending and also to underline the pragmatic nature of the aid policies. While China expanded its role as aid provider and investor in the twenty-first century, it has been criticized by traditional donors for relying on tied aid—typically building infrastructure using Chinese labor and products and in exchange for natural resources. China, however, insisted on the effectiveness of its model of aid and investment for development cooperation in comparison with the traditional Western donors. China argues that sustainable business is what makes sustainable aid, and, similar to the Japanese position, that the purpose of aid is to enable the recipient to help itself.

The Chinese government is intensifying export of infrastructure worldwide through bilateral and multilateral initiatives, as mentioned earlier. The Chinese leadership has used frequent state visits to promote Chinese infrastructure products and construction, in particular in railway, high-speed trains, telecommunications, hydropower, wind power, nuclear power, and other means of transportation. Premier Li Keqiang is dubbed by Chinese official media as the “super salesman,” who sells Made-in-China 2.0 high-value products, instead of cheap labor-intensive products.<sup>16</sup>

China is at the same time re-evaluating its aid and overseas investment to reduce economic and security risks. It is intervening more in conflicts and assisting with local economic governance to ensure a safe business environment for its companies and the implementation of business deals. The government is playing a more strategic and guiding role in “going out” than in the 2000s to avoid the ad hoc character of company-initiated projects, by initiating government-led frameworks such as the BR and AIIB and strengthening the role of policy banks.

The push for overseas infrastructure is part of China’s major change of focus in foreign economic policy. In the 1980s and 1990s, China unilaterally opened up its economy by pursuing World Trade Organization (WTO) membership. In the 2000s, Chinese economic diplomacy was conducted mostly for negotiating bilateral free trade agreements (FTAs), but it has been discovered that they do not facilitate access to China’s major markets in the US, Europe, or Japan; can take a painfully long time to negotiate (e.g., with Australia); and have limited effect of securing natural resources. Since 2004, China has strengthened support for domestic companies to “go out,” in the hope that they would achieve commercial results without inter-governmental trade agreements.

The “going out” experiences in the past 10 years have taught China that overseas infrastructure investment, typically in long-term, big projects, is a most effective way for China to export its overcapacity, facilitate the overseas business of other sectors, and win diplomatic credits. China’s infrastructure investment is often bundled with export of Chinese materials, labor, and equipment in a long production chain, or with buying host-country natural resources, and is sometimes connected with Chinese-invested industrial parks (or Special Economic Zones [SEZs]). While China’s scramble for natural resources is controversial, its investment in infrastructure has received much praise. Infrastructure is regarded by African countries as the one most important contributions that China has made to their development, exemplifying how China differs from colonizers and traditional donors.<sup>17</sup>

Most importantly, many industrial sectors in China have serious problems of overcapacity, including steel, cement, transportation, and construction equipment. Many of these sectors are dominated by state-owned enterprises (SOEs), which are also now under more pressure from the government to make a profit, create employment, and become more competitive. Like Japan, China is also actively promoting high-speed railway and nuclear power stations; but China is also actively promoting other means



of transportation, as well as telecommunication and energy facilities. While Japan brands itself using key words such as high-quality, reliability, innovation, and sustainability, China is competing on cheap price, generous financing, quick delivery, and developing country experience.

China's global investment is so important that the Chinese government has sometimes gone beyond its diplomatic principle of noninterference to mediate in conflicts and to protect its citizens overseas. And China has occasionally sent advisors to host governments to help with their economic governance to ensure the business deals would be honored. Likewise, after experiencing losses in political turmoil, the companies increasingly take local risks into consideration of investment decisions.

Overseas infrastructure investment has become the focus of China's current economic diplomacy predominantly for economic reasons: to export industrial overcapacity and serve as a major new driver of China's slowing economic growth. The proportion of grants and concessional loans is very small, compared with commercial loans and investment. The Chinese state, like the Japanese, also participates actively in the process through diplomatic efforts and participation in PPPs via policy banks, state commercial banks, and state-owned enterprises. The Japanese government shares China's focus on overseas infrastructure investment in its effort to revive the national economy. Southeast Asia continues to be important for their all-round diplomacy, while Central Asia has risen to be the new common frontier of their new Silk Road diplomacy—China's BR and Japan's Central Asia Plus Japan framework. As the next two sections discuss, Beijing and Tokyo share an economic outlook for Central Asia, while they have different levels of strategic ambitions in the region.

### JAPAN'S CENTRAL ASIA DIPLOMACY

In the foreign relations of Central Asia, China's BR is well-known, while Japan's earlier Silk Road Diplomacy and Central Asia Plus Japan initiative are less known. By reviewing Japan's diplomatic history in Central Asia, this section seeks to outline the continuity of economic and strategic ambitions in this region. In particular, it highlights Japan's acceptance of state-led development and gradual reform in the region as well as promotion of regional integration, and energy and infrastructure cooperation in economic policy, without hegemonic ambitions in strategic policy.

After the collapse of the Soviet Union, Japan gradually started diplomacy and official development aid in Central Asia. Even though the newly independent republics were members of the European Bank for Reconstruction and Development (EBRD), Japan succeeded in lobbying for these states to be admitted into the Asian Development Bank (ADB) as well, so they could benefit from loans from both banks in this unprecedented arrangement.<sup>18</sup> In 1997, Japan announced its Silk Road Diplomacy, focusing on Central Asia and the Caucasus, when Japanese diplomats had realized the geopolitical importance of the region.<sup>19</sup> Part of the Silk Road Diplomacy was to help Central Asia play a role as a buffer region for the maintenance of peace among powers like China, Russia, Afghanistan, and Iran, and part of it was to have access to energy resources. Japan realized at that time, however, that access to energy and commercial interests there were difficult to achieve because of poor infrastructure and limited intra-regional integration in Central Asia. It thus adopted an approach of promoting regional integration, especially in communication, transportation, and energy networks within Central Asia.

Japan's Silk Road Diplomacy from the late 1990s to early 2000s had a component of exporting Japan's development model there. While the Western countries pushed for drastic marketization in combination with strong monetary and fiscal tightening within a short period, Japan tried to present the "Japan/East Asia model" as one of the alternatives, in which the government plays a major role in the market economy. Central Asian states with their more authoritarian governments than Western democracies were considered easier recipients of Japan's model.<sup>20</sup> Moreover, even though Japan supported democratization in Central Asia as Western countries did, Japanese diplomats observed that the people of Central Asia preferred "stability of life to democratization if the latter brings uncertainty to their livelihood". Japan therefore judged that "the imposition of 'the Western standard' did not always have a beneficial effect." In contrast, Tokyo thought that democratization should be allowed to permeate slowly, in balance with nation building and achievement of stability.<sup>21</sup>

As a continuation of the Silk Road Diplomacy set out in 1997, in 2004 Japan inaugurated the Central Asia Plus Japan initiative. In 2006, Japanese Prime Minister Junichiro Koizumi visited Kazakhstan and Uzbekistan, which was widely perceived as an attempt to secure energy resources for Japan in the context of stronger influence of Russia and China in the region. The Japanese Ambassador to Kazakhstan Tetsuo Ito reportedly

said, “We attach great importance to the abundance of natural resources in this region as a stable source of energy supply.” Notably, Koizumi chose to visit Uzbekistan despite its frozen diplomatic relations with the US over alleged human rights issues. Tokyo’s policy of economic engagement, coupled with low-profile political encouragement, has won praise from Central Asian leaders, leading the Uzbek President Islam Karimov to describe Japan as a role model.<sup>22</sup> In contrast to Western powers, Russia and China in Central Asia, Japan regards itself as a low-key but active development cooperation partner without any hegemonic ambition.

Japan adopted a more value-based diplomacy in 2006, when Foreign Minister Taro Aso under the first term of Shinzo Abe launched the “the Arc of Freedom and Prosperity” initiative, encompassing the Baltic States, the Balkans, the Caucasus, the Middle East, and Central Asia. After the early collapse of the Abe government in 2007, the term went out of use. Even under this short-lived initiative that aimed to help Central Asia and the other regions achieve stability, democracy, and development, Japanese policymakers understood that Japan had neither the will nor the capacity to impose hasty reforms on Central Asian countries.<sup>23</sup>

It was not until nine years later in 2015 when another Japanese Prime Minister, Shinzo Abe, visited Central Asia again, accompanied by 50 Japanese business leaders. Compared with the “Arc of Freedom and Prosperity” initiative, Abe’s visit shows that Japan has become more pragmatic and focused on economic collaboration. The same approach towards Central Asia as in the 1990s has been adopted today—active promotion of Japanese infrastructure, technology, and other products combined with seeking energy resources and low-profile political support of independence and cooperation within the region.

In sum, Japan’s diplomacy in Central Asia has been characterized by an acknowledgment of the role of the state in national economic development, promotion of regional integration, energy and infrastructure cooperation (through aid, trade, and investment), and nonimposition of drastic democratic reforms as conditionality for economic cooperation. Japan’s foreign policy in the region also demonstrates a low level of strategic ambition, which means it encourages the states’ independence from Russia but does not seek regional hegemony. As the next section discusses, a similar economic approach can be seen in China’s diplomacy in Central Asia today, though combined with a high-profile strategic engagement.

## CENTRAL ASIA IN CHINA'S BELT AND ROAD INITIATIVE

China's economic engagement with Central Asia bears some crucial similarities with that of Japan with the region: the acceptance of state-led development and gradual reforms; energy and infrastructure cooperation through a combination of aid, trade, and investment with a reduced component of aid today; and the participation of the state in bilateral economic cooperation through PPPs and policy banks, although China has heavily relied on an army of state-owned enterprises for carrying out the projects compared with Japan's private firms. Beijing's strategic ambitions in Central Asia, on the other hand, are much higher than Japan's, due to the region's central geographic location in the land route of the BR and their more immediate security interests.

China's active diplomacy in Central Asia started later than Japan's, but is nonetheless robust today. The Shanghai Five process was formed in 1996 and developed into the Shanghai Cooperation Organization (SCO) in 2001. It has mainly focused on security dialogue and energy cooperation, with far less of an economic component. China has sought to negotiate an FTA among SCO members, but the process has been slow, largely because of the competition of leadership between China and Russia. This competition implied that China needed another platform to advance economic relations with Central Asian countries.

To some extent, China has sought to build that platform at ADB. China has been most active in two programs at ADB: the Greater Mekong Sub-region (GMS) program and the Central Asian Regional Economic Cooperation (CAREC) program. China has also proposed an Asian Investment Corporation at the ADB annual meeting in 2010, but China's proposal obviously did not succeed. ADB is also perceived as led by Japan, not least because the governor has always been Japanese. It was one of the reasons why China-initiated independent development funds—the Silk Road Fund and AIIB. During its first year of operation in 2016, AIIB approved nine projects, among which two projects were allocated to Central Asia: the Dushanbe-Uzbekistan border road improvement project in Tajikistan (co-financed with EBRD) and the trans-Anatolian natural gas pipeline project in Azerbaijan (co-financed with the World Bank).<sup>24</sup>

Central Asia is geographically located in the center of the land route of the Silk Road Economic Belt and serves as the land corridor that connects China with the Middle East and Europe. In particular, enhancing economic ties with Central Asia is regarded by Beijing as an opportunity to

develop its inland Western regions. Central Asia is also a major target of China's charm offensive. It was in a speech at the Nazarbayev University in Kazakhstan in 2013 when President Xi Jinping proposed jointly building an "economic belt along the Silk Road" with Central Asian states.<sup>25</sup> Central Asia covers two of the six major economic corridors of the Belt and Road plan, including the New Eurasian Land Bridge and the China-Central Asia-West Asia corridors. These economic corridors are crucial components of the BR, whose realization is decisive on the success or failure of the grand plan. Since 2013, China has showered the region with frequent high-level visits, infrastructure projects, and other energy and commercial deals. Starting in 2008, China displaced Russia as Central Asia's largest trading partner and has become a major lender and investor. Even when Central Asian trade fell to \$32.5 billion in 2014 because of China's slowing economic growth, China promised the region \$64 billion in infrastructure investments.<sup>26</sup>

Compared with Japan's low-profile political engagement in Central Asia, China's political and strategic engagement in the region is more ambitious and high-profile. After all, China has more strategic interests at stake. China relies on Central Asia as a land route to bring energy and natural resources from the Middle East and a land route for trade with Europe. Since the launch of the BR, China and Central Asian states have agreed to enhance bilateral armed forces cooperation, with a view to protecting China's regional investments and supply networks. China's Xinjiang Uyghur Autonomous Region shares borders with Kazakhstan, Kyrgyzstan, and Tajikistan, and Beijing regards separatist and Islamic militant groups in Xinjiang as one of the major threats to domestic stability and national security. Since the early 1990s, China has increased its counter-narcotics, counter-terrorism, and special operations trainings and exercises, both inside and outside the framework of the SCO. China has also increased its military aid to Central Asian countries, primarily providing uniforms, communications equipment, and border monitoring equipment. Since 2002, it has participated in more than 20 bilateral or multilateral military exercises with the Central Asian republics.<sup>27</sup> At the same time, China recognizes Russia's lasting influence in the region. Unlike Russia, China does not have military bases in Central Asia. The language and cultural differences are also hurdles to China matching Russia's influence. China seeks to enhance regional security and its influence in Central Asia for trade, energy supply, and border security. Like Japan, China encourages intraregional connectivity and independence through infrastructure and development.

## CONCLUDING REMARKS

On the surface, China and Japan are currently competing for infrastructure projects, energy resources, and diplomatic relations through their own versions of modern Silk Road Diplomacy in Central Asia, building on their shared historical legacies of the ancient Silk Road. Exporting infrastructure and securing access to energy are important for stimulating national economic growth of both countries, and Beijing and Tokyo have had a competitive relationship in East Asia. However, the historic and political economic analysis in this chapter points out that Japan and China share a very similar economic outlook for Central Asia. Both countries are promoting infrastructure development, industrialization, and economic integration in the region through packages of aid, trade, and investment (though commercial financing has become dominant compared with the traditional means of concessional aid). The Chinese and Japanese governments are actively participating in the process of infrastructure export and investment to the region, through diplomatic efforts, state policy banks, national commercial banks, and big national companies. Sometimes PPPs are used for implementing the projects, sometimes the projects are co-financed with Western or global institutions, and sometimes China and Japan tie export of their services and products to the financing packages. In a variety of forms of financing and implementation, China, Japan, and Central Asian countries seek pragmatic economic benefits with an ultimate goal of stimulating the growth of their national economies.

Importantly, China and Japan offer the Central Asian countries an alternative model of development and alternative source of funding to traditional Western countries. In contrast to the Western big-bang neoliberalism that has often been the spirit of conditionalities of financial assistance, as well as the emphasis on social infrastructure and poverty alleviation of traditional donors, China and Japan have risen as new major actors in development cooperation with their emphasis on economic infrastructure and industrialization. In a way, they are both sustaining or reviving the developmental state model in Asia that emphasizes the role of the government in managing the national economy, gradual reforms, and building national industries.

In terms of strategic relations, regional stability and security in Central Asia are important to both China and Japan in terms of trade, energy supply, and counter-terrorism agenda. But they have different levels of strategic ambitions: While Japan is a low-profile supporter of integration

and independence of Central Asia, China is actively engaging in security cooperation and seeking influence in the region. They are both a counter-balance to Russian dominance and are offering the region an alternative development path to Western donors.

In this sense, there is potential for Sino-Japanese cooperation in Central Asia. In fact, in 1992, Japan's Mitsubishi Corporation wanted to explore the potential of a 7000 km pipeline to transport gas from Turkmenistan via Kazakhstan to the oil fields of the Tarim Basin in Western China.<sup>28</sup> However, this "Energy Silk Road Project" was shelved because of the uneasy political situation in Central Asia and the Xinjiang Uygur Autonomous Region in China, Japan's economic recession, and the risk-averse Japanese firms with limited capability.<sup>29</sup> Today, Japan and China are driven by a greater need to boost economic growth through domestic reforms and international trade and investment, with a focus on overseas infrastructure. We are already witnessing cooperation between the China-led AIIB and the Japan-led ADB in infrastructure projects. Two of the AIIB's first projects are co-financed with ADB and European Bank for Reconstruction and Development (EBRD) in Pakistan and Tajikistan. Given the sheer scale of infrastructure projects that Central Asia needs, there is ample space for bilateral or multiparty cooperation. Central Asia can indeed start a new page of Sino-Japanese relations where the two countries build on their shared historical and economic heritages.

## NOTES

1. Central Asia in this chapter refers to the five republics of the former Soviet Union: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, although China and/or Japan are actively engaged with the surrounding countries, including Afghanistan, Pakistan, and Mongolia.
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## Knowledge-Based Institutions in Sino-Arctic Engagement: Lessons for the Belt and Road Initiative

*Rasmus Gjedssø Bertelsen and Ping Su*

This chapter seeks to draw lessons from Sino-Arctic engagement for the Belt and Road Initiative (BR).<sup>1</sup> The lessons focus on the value of bottom-up, knowledge-based institutions between a rising power, status quo powers, and regional actors under conditions of power transition. We probe into the contributions of knowledge-based institution for the rise of China, which is one of the key international relations research and policy questions of our time.

The relative rise and fall of great powers shaped the international system for centuries, and instances of power transition have often created particularly complex and dangerous situations.<sup>2</sup> The world is witnessing the contours of a new bipolarity around the US and China relationship, since they are far ahead of other great powers in terms of economy and military capability.<sup>3</sup> At the same time, the rise of a challenging power is likely to cause concern among status quo powers and others.<sup>4</sup> Such distrust can center on international strategic infrastructure projects by the rising

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power, as it is the case with BR.<sup>5</sup> Although the BR serves the purpose of consuming excess industrial capacity in low-end industries to cope with the deteriorated global economy, it has been commonly believed outside China to be aimed at an exerting Chinese political influence—often dubbed the Chinese version of the Marshall Plan. BR reflects also another conceptual issue: China as the continental power is facing the quintessentially maritime power, the US, whose recent strategy was to build the maritime trade-based Trans-Pacific Partnership (TPP).

China's engagement with the Arctic has seen the general pattern of distrust of a rising power and its possible investments. But despite public talk of Chinese political, commercial, or even military designs on the Arctic, China's engagement with the Arctic is mainly through research. Our observation of Sino-Arctic research and education engagement is that knowledge-based institutions are useful for building epistemic communities with shared and mutual knowledge, understanding, and trust.<sup>6</sup> The purpose of this paper is discussing lessons of such institutions for the BR.

This chapter applies theories of Institutional Liberalism and transnational knowledge relations (science diplomacy and epistemic communities)<sup>7</sup> to analyze whether knowledge-based institutions promote mutual understanding between China and other countries. Our finding is that four important Arctic knowledge-based institutions contribute to it: the Arctic Council, the China Nordic Arctic Research Center, bilateral dialogues between China and the Arctic states, and the annual Arctic Circle Assembly in Reykjavik, Iceland.

## THE ARCTIC UNDER GLOBALIZATION AND THE RISE OF CHINA

The Arctic has been an integrated part of the international political, economic, and security system for centuries.<sup>8</sup> The Arctic saw intense fighting in the North Atlantic and Barents Region during World War II, and the Arctic was heavily militarized with strategic nuclear weapons systems and early warning systems during the Cold War, all of which was intended for geostrategic reasons and not for local Arctic reasons. Today, the Arctic is shaped by rapid environmental change, globalization, and power transition.<sup>9</sup> Developments at the international system level have deeply influenced Arctic communities politically, economically, socially, and culturally. Fears have risen concerning the Arctic for a number of reasons. In 2007, a Russian expedition joined and funded by Swedish

pharma-billionaire Dr. Fredrik Paulsen planted the Russian flag on the sea-bed of the geographical North Pole. Russia has been rebuilding its Arctic military capacities, which deteriorated substantially after the Cold War. In response, all Arctic countries published their Arctic strategies, and alarmist voices spoke of the risk of a new Cold War in the Arctic.<sup>10</sup> Such isolated views on the Arctic fail to encompass how the Arctic has been an integrated part of the international system for centuries, and remains so. When there is conflict in the Arctic, it is not about the Arctic, as was very clear during World War II and the Cold War.

Today, the international system is marked by power transition with the rise of China, which also deeply influences the Arctic. Reflecting its phenomenal economic growth and geopolitical transformation, China expresses its interest in the Arctic as well by identifying itself as a Near Arctic state and an Arctic stake holder. All of these claims reflect China's efforts to obtain legitimacy in engaging Arctic affairs, but are interpreted as a rising power's ambition and power projection.

China's every move in the Arctic evokes scrutiny; especially, early ideas of Chinese investments. An illustrative case was the tourism investment ideas by Chinese real-estate developer Huang Nubo in Iceland.<sup>11</sup> Huang Nubo has personal connections to Iceland from Icelandic student friends at Peking University in the 1970s. He proposed buying a remote area in Northeast Iceland at a place called Grímsstaðir á Fjöllum to develop an eco-tourism resort for Chinese tourists. The idea met widespread suspicion in Icelandic society. The area is very remote and inhospitable, so many Icelanders did not believe the commercial tourism reason and suspected a political-strategic reason behind it. Recent strong growth in Chinese tourism to Iceland suggests the commercial viability of the idea. Perhaps the mistrust reflected two communities of extreme difference in size that could not comprehend each other's scales. Other examples of distrust of China as a non-Western rising power entering the Arctic were China's big new embassy in Reykjavik, which has been described as the evidence of China's Arctic ambitions.<sup>12</sup>

In Greenland, there is a strong, general desire for greater and eventually full independence from Denmark. A major impediment for this independence is Greenlandic fiscal dependence on Denmark. There are, therefore, great hopes in Greenland for funding (greater) independence through natural resources as oil, gas, and minerals. When commodity prices were high before 2014, there were great expectations for Greenlandic mining, especially an iron ore prospect at Isua near Nuuk, owned by the

British London Mining Group. The likely investor and source of labor for establishing the Isua mine was China. The prospect of Chinese investment and a couple of thousand Chinese mining workers in Greenland in combination with Greenlandic independence aspirations caused great turbulence in Danish-Greenland relations, creating widespread Danish distrust of both China and Greenland and disrespect of Greenland. The Danish media coverage and public debate was alarmist and exaggerated in wrongly claiming Chinese ownership of the British mining project development company London Mining Group. The extent of alarmism and exaggeration led to a Danish-Greenlandic op-ed in *The New York Times* “No, Greenland Does Not Belong to China,”<sup>13</sup> and the exceptional step of Hua Chunying, the spokesman of foreign ministry, stating at a formal media conference in 2013 that China did not have any ambitions in Greenland.

In contrast to the commercial investment, Sino-Arctic scientific<sup>14</sup> cooperation contributes to mutual learning and confidence-building. Such Sino-Arctic science diplomacy seems to allow China to enter the Arctic in a less threatening manner and allows for the Arctic states to integrate China with greater confidence.<sup>15</sup> These lessons will be discussed in greater detail below for their possible insights concerning the BR.

### THEORETICAL FRAMEWORK: TRANSNATIONAL KNOWLEDGE-BASED INSTITUTION

The structural condition for both China’s engagement in the Arctic and the BR is power transition. We combine theoretical insights from two sources, Institutional Liberal theory and transnational knowledge relations (science diplomacy and epistemic communities)<sup>16</sup> to the existing case of Sino-Arctic knowledge cooperation to discuss the potential of knowledge cooperation surrounding the BR initiative. Much attention has been paid to the possible influence of international institutions in the liberal tradition of International Relations theory. We wish to look in particular at institutions based on transnational co-creation and sharing of knowledge.

Institutional liberalism picks up on earlier liberal thought about the beneficial effects of international institutions. Institutions can be international organizations or a set of rules that govern state action in particular areas. Institutions are functional in the sense that they regulate a certain area of activity, environment, trade, communication, and so on.

Institutional liberalism does not believe power could easily be constrained by institutions, but it does believe that institutions are more than mere handmaidens of strong states. Institutions are independently important, and they can promote cooperation between states. International institutions help promote cooperation between states and thereby help alleviate the lack of trust between states and states' fear of each other, which are considered to be the traditional problems associated with international anarchy.<sup>17</sup>

Knowledge-based institutions represent a high level of institutionalization, providing a stable flow of information and knowledge among academia, government, and enterprises. Similarly, policymaking is improved on the basis of science and research cooperation, such as working groups under the Arctic Council. In this way, knowledge-based institutions provide better continuity and stability than general institutions, as the mutual understanding starts at an early stage of knowledge production. It creates a climate in which policymaking is the result of mutual understanding and communication. We focus on two dimensions of knowledge-based institutions: science diplomacy and epistemic community.

Science diplomacy is usually categorized by three phenomena: (1) Science informing diplomacy, as in supplying the knowledge-basis for negotiations; (2) diplomacy for science, as in agreements allowing for or funding scientific collaboration; (3) science for diplomacy, as in research collaboration serving as alternative connections to diplomatic ones, which may be hampered by political conflict.<sup>18</sup> Looking at Sino-Arctic science diplomacy and its possible lessons for the BR, all three aspects are important; however, we focus on the third dimension of mutual learning and confidence-building through scientific cooperation.

A useful conceptual tool for analyzing such transnational knowledge collaboration and what it can entail in terms of learning, socialization and (co-) creation of knowledge is the term "epistemic communities."<sup>19</sup> These are transnational communities of experts, who through continued collaboration come to agree on the definition of problems and solutions in their field, which may have policy impact. We have participated actively in Sino-Arctic knowledge cooperation since 2013, and it is our personal observation that such epistemic communities exist in Sino-Arctic affairs and in Arctic research in general.<sup>20</sup> We turn to four particularly important knowledge-based institutions for Sino-Arctic cooperation.

## KNOWLEDGE INSTITUTIONS' ROLE IN CHINA'S ARCTIC ENGAGEMENT

There are several knowledge-based institutions to which China sends large or influential delegations on Arctic affairs. These institutions are the Arctic Council, which has a structure of meetings and working groups; the China Nordic Arctic Research Center, which sponsors annual Sino-Nordic dialogues; and the Arctic Circle Assemblies in Reykjavik, which convenes a range of stakeholders concerning the Arctic.

In contrast to the mistrust around commercial investments, China's knowledge-based engagement with Arctic nations is marked by greater levels of trust. Our research on Sino-Arctic science diplomacy suggests that knowledge-based institutions have allowed China to enter the Arctic in a less threatening way and has allowed the Arctic nations to integrate with China with greater confidence. This greater level of trust is particularly clear after China was accepted as permanent observer on the Arctic Council.<sup>21</sup>

### *The Arctic Council*

The Arctic Council is the leading intergovernmental forum on Arctic issues. It is composed of the eight Circumpolar Arctic states (Canada, Kingdom of Denmark, Finland, Iceland, Norway, Russia, Sweden, and the US) and six indigenous groups as permanent participants (Aleut International Association, Arctic Athabaskan Council, Gwich'in Council International, Inuit Circumpolar Council, Russian Association of Indigenous Peoples of the North, and Saami Council). Non-Arctic states can only participate as observers, and the inclusion of new observers has been a contentious issue among Arctic Council member states for many years.

It took China seven years to be accepted as a permanent observer on the Arctic Council, whereas Germany, the Netherlands, Poland, and the UK were accepted in 1998, France was accepted in 2000, and Spain was accepted in 2006. The application was initiated in 2006; China was accepted as an ad hoc observer in 2007 and as permanent observer in 2013. The key question for the long delay is distrust of China's Arctic intentions. China's Arctic policy and strategy are unclear, and utterances such as "the Arctic is global human common" by the People's Liberation Army (PLA) and government officials worsened the suspicions.<sup>22</sup>

China finally received permanent status due to accepting Nuuk Criteria and delivering official speeches that clarified its position on the issue of sovereignty. The work of the Arctic Council is primarily carried out in six Working Groups (WG), which are open to all Arctic Council observers. This openness provides China an opportunity to engage deeply with Arctic affairs and enhance understanding on the basis of research cooperation. The WG structure of the Arctic Council provides key epistemic communities on Arctic affairs.<sup>23</sup>

### *China Nordic Arctic Research Center*

China together with Iceland initiated the China-Nordic Arctic Research Center (CNARC). It is a platform for academic cooperation to increase awareness, understanding, and knowledge of the Arctic and its global impact, as well as to promote cooperation for sustainable development of the Nordic Arctic and the coherent development of China in a global context.<sup>24</sup> CNARC activities include carrying out joint research projects, developing Arctic research networks by providing fellowships and scholarships, convening regularly the China-Nordic Arctic Cooperation Symposium (CNACS) and other workshops, and facilitating information-sharing and cultural exchange.

The CNARC is an Arctic research center established on the basis of China-Iceland Arctic research cooperation and bilateral cooperation. The plan was extended by the Polar Research Institute of China (PRIC) and The Icelandic Center for Research (Rannís) to include the other four Nordic states; they changed the previous China-Iceland group to the China-Nordic Arctic Research Center. This new proposal was discussed in the first China-Nordic Arctic Cooperation Conference in June 2013, and obtained an active response and the support of the research institutes of China and the Nordic states.

CNARC was established in December 2013. It developed deeper influence than originally planned, with 10 founding member institutes of the CNARC, four Chinese and Six Nordic, each having the ability to influence and coordinate Arctic research as well as policy. Many of them function as key research institutes for advising their government on Arctic policy. CNARC is designed as a research institute to promote academic research, but it actually establishes knowledge-based policy influence, covering the academic research, policy, and economic development in this region.



The annual conference representatives are members of government, academia, business, and international organizations. CNARCis also opening up to representatives of other Arctic and Asian states.

### *Sino-Arctic Bilateral Dialogues*

Chinese universities and research institutions have initiated bilateral dialogues with a number of Arctic states. The China-Russia Dialogue began in 2012, initiated by China Ocean University; the China-Canada Dialogue began in 2013, initiated by Shanghai Jiaotong University; and the China-US Dialogue began in 2015, initiated by Tongji University. These bilateral dialogues have been hosted alternately among Chinese universities or research institutes and their counterpart in the Arctic states. They involve representatives from government and academia, such as China's most important Arctic coordination agency, the Chinese Arctic and Antarctic Administration (CAA).

Prior to 2013, most exchanges were limited to science cooperation, but since 2013, there have been increasing bilateral dialogues involving both academic and government officials from China and the Arctic states. The bilateral dialogues are often very small-scale, including generally 15–20 people, and generally do not include business representatives, as with the roundtables during the annual CNACS. However, the bilateral dialogues have established knowledge-based exchange platforms with some influence on policy making.

### *The Arctic Circle Assembly*

An increasing number of Arctic-related gatherings provide a platform for China to explain its policy. Those factors contribute to mutual understanding among China and the Arctic states. There are a small number of key Arctic conferences. Here we have chosen to focus on the Arctic Circle Assembly meeting in Reykjavik, which has occurred every Autumn since 2013. The Arctic Frontiers conference is another large, long-running Arctic conference, taking place in Tromsø every January since 2007. The Russian Geographical Society has organized the conference “The Arctic—Territory of Dialogue” for some years as well. We review the Arctic Circle Assembly, as it holds unique features of Arctic-based strategy by a very small state (Iceland) and engagement with large outside actors, including China.

The Arctic Circle Assembly was the result of a very successful effort of then-President Ólafur Ragnar Grímsson to make Iceland (a very small state) a key meeting place for major political, economic, scientific, and other interests concerning the Arctic.<sup>25</sup> The Arctic Circle Assembly demonstrates science diplomacy at work. President Grímsson, with very limited resources but superior international networks and skills, managed to attract a range of international sponsors and participants. What is striking about the Assembly is that Iceland is in the background, but supplies the platform for very large states, companies, and other parties to meet, including China. A characteristic about the Arctic Circle Assembly meetings is that countries and other involved parties can organize entire sessions, and China has used that opportunity to do so. The Ministry of Foreign Affairs has sent representatives to speak every year since 2014. Although there has been no China strategy until now, several speeches given at the Arctic Circle Assembly have been recognized as official China Arctic policy.

#### KNOWLEDGE-BASED INSTITUTIONAL LESSONS FOR THE BELT AND ROAD INITIATIVE

The BR reflects both domestic economic interests of creating a demand for certain economic sectors, as well as China as a continental power, which since the Korean War has existed in a balance of power in Asia, with the US as a maritime power.<sup>26</sup> China is deeply dependent on sea-borne trade for its energy security and its exports, but those seas are firmly dominated by the U.S. Navy. China, an enormous continental power, borders a long list of countries in Asia and Central Asia. The phenomenal socio-economic development of China since the Open Door policy commenced in 1978 has also skewed development in China enormously, with a great deal of development along the coast and much less development the further inland.

China, therefore, has a number of strong domestic and strategic reasons to engage further in the BR. The BR will develop the Central and Western parts of China. At a strategic level, it both supports Chinese sea-borne trade along the sea route through the Malacca Strait, the Indian Ocean to the Middle East, East Africa, and further to Europe. Overland, along the New Silk Road, the BR promises both to contribute to domestic Chinese development and also to connect China to a long list of countries in Central and Southwest Asia. These overland connections contribute to

Chinese energy security and trade routes independent of US maritime dominance. International strategic infrastructure projects by rising powers, as the historical example of the Berlin-Baghdad-Bahn shows, is likely to raise suspicion from status quo and other powers.

A number of important differences between the Arctic and the BR should be acknowledged. The Arctic is the backyard of highly developed, strong states, key status quo powers led by the hegemon, the US. There are a number of well-established circumpolar and global Arctic knowledge institutions that can be used for Chinese engagement, such as the Arctic Council, the International Arctic Science Committee, and the International Arctic Social Sciences Association. In contrast, the BR concerns a very heterogeneous range of countries, from Russia as a former superpower, to the very large developing India, to a range of Central and Southwest Asian countries at vastly different levels of development and security, and reaching all the way to the Caucasus and Eastern Europe. The maritime power of the US has also been deeply engaged in Central Asia, most clearly in the Afghanistan war since 2001. That is not the case with Central and Southwest Asia, where one finds a more fragmented scenery. We draw these lessons after briefly outlining existing BR-related institutions.

The multilateral organizations in the area are first and foremost the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB). Reaching to Central and Eastern Europe, China has initiated the 16+1 collaboration. But the institutions of BR are mostly top-down structures initiated by the government and mainly engaged by government officials. Few channels exist for transnational knowledge production and academic communication that informs policy-making. A lesser-known exception is the University Alliance of the New Silk Road, organized by Xi'an Jiaotong University and involving about 60 universities from 22 countries.<sup>27</sup> The purpose of the alliance is engineering and science support for BR.

The overall lessons from China's Arctic engagement suggest that using bottom-up, knowledge-based institutions in the BR context could contribute to building mutual understanding through mutual learning and co-creation of knowledge in epistemic communities. The framework of epistemic communities in the WGs or research centers of China's Arctic engagement points to the value of well-established, long-serving, knowledge-based institutions. They have been a remarkable success in building an enduring and expanding multilateral intellectual framework to discuss and cooperate in a multilateral setting.

## CONCLUSION: KNOWLEDGE-BASED INSTITUTIONS IN A SYSTEMIC CONTEXT

China's power transition is one of the most important international relations research and policy questions today. This power transition can be studied in many functional areas or geographic regions. This paper takes the lessons from the Arctic and discusses relevance for China's most important international strategic infrastructure project, the Belt and Road Initiative.

Among other areas, the two regions differ in that the Arctic is composed of highly developed strong states that are core, status-quo powers of the international system. The Arctic has well-defined institutions for China to connect with the Arctic states, and these connections have served well to manage power transition. They have allowed China, focusing on science, to enter the Arctic in a less threatening way, and likewise for the Arctic states to integrate China with greater confidence.

The countries along BR are very diverse in terms of size, level of development, and security. In addition, regional and outside actors play important roles. As with any historical international strategic infrastructure projects initiated by a rising power, BR is raising concern and suspicion. China and Russia are the immediate competitors in the Far East and Central Asia. We suggest that using institutions focused on knowledge and leveraging their ability to share knowledge, co-create knowledge, further transparency, and facilitate negotiations will be useful in mitigating the distrust of power transition around the BR.

### NOTES

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## Chinese Investments in European Countries: Experiences and Lessons for the “Belt and Road” Initiative

*Philippe Le Corre*

This chapter focuses on Chinese foreign direct investments (FDI) in Europe, and their potential impact on the landscape of the targeted countries. It examines the investment’s possible connections with the current Belt and Road Initiative (BR), which is primarily billed as an international network of infrastructure projects. With the BR in mind, this chapter asks whether Chinese state-owned enterprises (SOE) can build from their recent experiences in Western Europe, and looks at three main questions: (1) What is the political, economic, and social impact on targeted countries when it comes to public investments in the field of infrastructures? (2) How does it relate to the Belt and Road Initiative? (3) What are the stakes for the cooperation between Chinese investors on the one hand, and local public- and private-sector actors on the other?

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## THE STATE OF CHINESE INVESTMENTS IN THE EUROPEAN UNION

China has almost a millennia-long history of commercial interactions with Europe through the ancient network of trade routes of the original Silk Road. However, these efforts have been redoubled in recent history. This is partly due to the euro debt crisis of 2008; a lower exchange rate for the euro between 2008 and 2016; an ongoing de-industrialization; and a Chinese hunt for world-famous brands and technologies, of which many are in the European Union (EU). According to a 2017 report by Merics and the Rhodium Group,<sup>1</sup> Chinese investments in the EU reached a record \$36.5 billion in 2016, up 77% from \$23 billion in 2015, which now represents about 4% of total FDI stock in the EU. The United States, in particular, remains a much bigger foreign investor in Europe.

From 2000 to 2016, the top sectors receiving Chinese capital investment were energy, automotive, agriculture, real estate, industrial equipment, and information and communications technology. Chinese state-owned firms also seized opportunities to buy European mining companies, energy assets, and utilities. In 2016, the UK, Germany, and Italy were the three largest recipients of such investments.

China is investing in energy and raw materials in developing countries, and meanwhile looking for opportunities in energy distribution, infrastructure, mergers and acquisitions for brand names, high technology, and market shares in advanced economies. China has also shown a strong interest in airport infrastructures—it took 9.5% of London Heathrow Airport in 2013, 49.9% of France’s Toulouse Airport in 2014, and 82.5% of Germany’s Hahn airport near Frankfurt. China is also active in Eastern and Central Europe, with controlling stakes in Albania’s Tirana Airport and Slovenia’s Ljubljana Airport. In addition, the Beijing Construction Engineering Group (BCEG) is committed in a large £800 million project to redevelop Manchester airport, the UK’s second largest airport.

This wave of Chinese FDI in infrastructure on the European continent started in 2008 in the midst of the euro-debt crisis, when China was offered the opportunity to buy Eurobonds and invest in some of Europe’s infrastructure projects. Bilateral relations between China and EU institutions were also strengthened, and cooperation moved to a new level when President Xi Jinping proposed building a “China-EU partnership” in 2014. China may yet become the largest non-EU contributor to the European Fund for Strategic Investments (EFSI), the initiative launched

by the European Commission, with the goal of raising 315 billion euros for stimulating growth and employment. China is expected to contribute 5–10 billion euros to the EFSI. A working group including experts from China’s Silk Road Fund, the European Commission, and the European Investment Bank has been set up to explore opportunities for co-financing.

### COOPERATION BETWEEN CHINESE INVESTORS AND LOCAL PUBLIC AND PRIVATE ACTORS IN THE INFRASTRUCTURE SECTOR

It has taken some time before Europeans and Chinese started working together. In its three decades of “open door policy” (1978–2008), China was initially a manufacturing country that attracted European companies and others to invest in its industries and market. In China itself, foreign firms were required to engage in joint-venture companies with Chinese partners. China then started hunting for natural resources in places as diverse as Australia, Africa, and Latin America. It only started investing equity outside its borders about 15 years ago. Europe became part of the “going out policy” (Zou Chu Qu 走出去) in 2008 and has since seen a growing number of state-owned enterprises as well as some private companies investing in the EU.<sup>2</sup> There have been a number of cases in the industrial sector such as the Geely-Volvo partnership in Sweden, Zoomlion-Cifa in Italy, Sany-Putzmeister in Germany, and Dongfang-PSA Peugeot-Citroën in France. A few public-private partnerships have timidly emerged, especially in the UK. In Finland, Tencent acquired Supercell for \$7 billion, and in Ireland HNA group bought aircraft leaser Avolon. The year 2016 saw much debate in Germany about Chinese takeovers of technology brands in fields where national security is at risk. For example, in 2016, a Chinese company was barred from acquiring the semi-conductor company Aixtron.

Other challenges have arisen from this new Chinese wave, especially in the field of acculturation. Most Chinese companies have been facing difficulties in adjusting not only to a different business model but also a very different political, social, and economic environment. This may have prevented China from expanding more quickly than it would have liked.

Although transactions between Chinese and European firms have evolved over the years, they are still characterized by snags that are capable of making the negotiations fail at any moment. The list of these obstacles is long: a negotiation that lasted much longer than the standard length in

the profession; ignorance of Western business norms and customs on the part of the Chinese participants; constant personnel changes on the teams in place; the drafting of changes, ranging from inserting due diligence clauses to the writing of the final agreements; “resolved” clauses that were regularly put back on the table; unreliable valuations; and financing that was once in place, but is now lost.

The diversity of cultures and languages in Europe has often disarmed Chinese entrepreneurs. Poorly understood by some investors, European law is often perceived as overly favorable to the employees. A Chinese lawyer who has settled in Europe cites as obstacles to investors the authorizations required for overtime work or work outside an employee’s grade-level duties, the tax system, and the role of trade unions. Meanwhile, there is one Chinese characteristic that is proving difficult when dealing with Europeans: All Chinese SOEs and some private companies are tied to entities of the Chinese government or the Communist Party.

Many intended Chinese investments remain unsuccessful for reasons that are often cultural. “Chinese enterprises do not want to admit that they must produce in Europe if they want to be accepted in the long term,” stressed a well-known Chinese academic who prefers to remain anonymous.<sup>3</sup> He deplored the “absence of vision” among his compatriots. Different notions of timeliness are indeed among the principal challenges: While Europeans want results right away (or by a fixed date), the Chinese work over the long term, with economies of energy. The contrast is often that between a sprinter and a marathon runner.

The differences are slowly eroding, however. Little by little, Chinese entrepreneurs are using accountants, lawyers, auditing services, bankers, and other professional services. This is particularly true of groups that have international ambitions, those that interest us here. For example, Lenovo, which inherited a mixed corporate culture since the 2005 IBM acquisition, has been practicing intercultural management at the highest level: Its executive committee now includes four mainland Chinese, a Chinese person from Hong Kong, a Dutch national, an American, an Italian, and a Canadian. All its European subsidiaries are run by European managers.

It will take time before Chinese entrepreneurs adjust to the Western business world. Business school training will not be enough as cultural habits and practices dominate, but if the company of the twenty-first century is to be “Sino-Western,” both sides will have to engage in a process of mutual understanding. In the past few years, Chinese firms have

stepped foot in Europe, but it is especially the case in two singled-out countries which have allowed Chinese equity into some of their key-utilities: Greece, which started welcoming Chinese investors for its port facilities in 2008; and Portugal, which since 2010 has become a key destination for energy-related Chinese companies.

### CASE N°1: GREECE'S PIRAEUS HARBOR COSCO-RUN CONTAINER PORT TARGETING EUROPE AND THE BALKANS

As a principal victim of the financial crisis that struck Europe, Greece scarcely hesitated to call upon Chinese entities to invest. The country was encouraged to do so by institutional loaners such as the European Commission, the European Central Bank (ECB), and the International Monetary Fund (IMF). In 2008, the 30-year concession given to the Chinese state-owned shipping giant China Overseas Shipping Group Co. (COSCO) to manage two terminals of the commercial Port of Piraeus, near Athens, for the sum of €490 million (apparently five times more than the market value), constituted one of China's most visible commercial actions in Greece.<sup>4</sup> COSCO was later given another five-year contract and the right to build a third terminal. In 2013, COSCO chose to increase its investment by renovating—for another €230 million—the existing terminals, thus making Piraeus its port of entry into southern Europe, with the aim of targeting opportunities in the Balkans and Mediterranean countries.<sup>5</sup>

When COSCO first arrived in Athens, it was met with a month-and-a-half-long dockworkers' strike and a banner along the waterfront: "COSCO Go Home." At the time, Piraeus was a struggling harbor worn down by decades of industrial decline and the country's protracted debt crisis. Greece has experienced a punishing economic crisis since then. The unemployment rate at times reached 70% in the Athens suburbs due to a process of de-industrialization and a badly performing shipping industry, which used to be the nation's economic flagship. According to several reports—at least on its Chinese side—the Piraeus port has been transformed by COSCO, even though the company only ran two terminals out of six until April 2016.<sup>6</sup> COSCO has quadrupled container traffic to just under 3 million units a year. That capacity was to be expanded to 6.2 million units in 2016. "Piraeus has become the story of two worlds—that of the 'turbo capitalism' of the successors to Mao Zedong on one side, and a market economy that can move as slowly as a Socialist one on the other. Some people see the port

as an image of the country's future. It's an image that is "a horrific one for many, including a large portion of Syriza voters," a news report stated.<sup>7</sup>

The investment ranks as one of the most successful Greek privatizations in recent decades. COSCO has successfully upgraded the infrastructure, introduced more efficient machineries and equipment, dealt with the issues of labor unions, improved the management system, and created more traffic. In 2008, Piraeus moved just 433,582 containers. In 2014, that number grew more than sevenfold to 3.16 million, 80% of which can be attributed to COSCO, which ran Piers II and III, while Greek state-owned OLP port authority ran Pier I.<sup>8</sup>

Originally, the Greeks and the Chinese shared processing responsibilities for the containers of MSC, the shipping company. Due to the Greek economic crisis, traffic collapsed between 2011 and 2015. Since MSC and Maersk, the two market leaders, began their 2M Alliance in January 2016, all of the company's containers have been loaded by COSCO on Pier II. COSCO is simply twice as fast as its competitor. COSCO has installed 11 new loading cranes that will put its Piraeus operations roughly on equal footing with the capacity at Rotterdam, Antwerp, and Hamburg, Europe's three busiest container ports. By 2016, the new COSCO-built container terminals employed 1200 workers, "silencing" most union unrest.<sup>9</sup>

Chinese leaders have spent a great deal of time visiting Greece. In June 2014, Premier Li Keqiang spent three days in Greece—an exceptional duration for an official trip—which led to no less than 19 cooperation agreements and commercial contracts for a total amount of €3.4 billion.

In January 2015, plans to sell off further port assets, including repair docks as well as car, passenger, and cruise ship terminals, were halted by Alexis Tsipras' newly elected Syriza left-wing government, who decided to take into account the views from the dockworkers' union and the Greek Communist party. Both insisted that COSCO would use Piraeus for social dumping and would limit labor rights. Until his reelection in June 2015, Tsipras remained publicly elusive on the future of the COSCO-Greek cooperation. His former Finance Minister Yanis Varoufakis estimated that "this problem will be solved," but China did not appreciate this uncertainty and speculated about the "risks" the elections would bring to its investments.<sup>10</sup> Towards the end of 2015, the situation started to improve after Tsipras was reelected at the helm of a more moderate government. Although Greece wanted to be less dependent on its creditors, the internal debates reflected the changing political climate in Greece, or perhaps in

Southern Europe, where a number of commentators started monitoring closely the management by Chinese companies of major infrastructure projects in Europe. Piraeus became representative of some concerns regarding Chinese FDI in Europe, including labor issues and national security.

Meanwhile, in June 2015, at the annual EU-China summit, Premier Li Keqiang made clear that China saw its relationship with the EU as vital to its long-term interests, though primarily in economic terms. When Li was asked during his press conference in Brussels (July 2015) if China was willing to provide loans or other financial aid to help Greece, the Premier responded by restating China's preference for "a united Europe, a prosperous EU, and a strong euro." He continued: "As for the issue of Greek debt, in principle it is an internal affair of Europe. Having said that, whether Greece would stay within Europe is not only a question that concerns Europe but also concerns China and Europe ... that is why China has made its own efforts to help Greece overcome the debt crisis."<sup>11</sup>

COSCO was given full management of Piraeus in April 2016. It paid \$420 million (€368.5 million) for a 67% stake of the harbor authority, which is increasingly becoming China's maritime gateway to Europe, and has plans to further expand. The total value of the COSCO deal is estimated to be €1.5 billion, including additional investment.<sup>12</sup> The announcement led to dockworkers' protests in the streets of Athens although the Syriza government had already sealed the deal.<sup>13</sup> In June 2016, the Greek Parliament approved it, putting a closing line on a long-standing debate. This was followed by an official visit to China by Prime Minister Tsipras.

As a foreign investor, China had seemed all along ready to speak up for its interests. It has shown its commitment towards Greece but admits it has no control over the fast-evolving local situation. For months, it adopted a wait-and-see attitude in order not to become a scapegoat in the Greek context. Eventually, this strategy was successful, and China is now hopeful it can "create jobs and help the Greek economy prospering."<sup>14</sup> There is little doubt that China will use Piraeus to enhance its presence in Greece and the Mediterranean region. Other Greek infrastructures are also on the Chinese radar. Led by the Shanghai-based group Fosun, a consortium has purchased the Elliniko airport south of Athens to make it a leisure complex in the mode of Dubai.<sup>15</sup> China State Construction Group (a state-owned enterprise) has expressed interest in the airport of Kastelli. Lastly, the port of Tympaki on the island of Crete has been a target for COSCO for several years but the deal has not been finalized.

## CASE N°2: THROUGH PORTUGAL, IS CHINA TARGETING THE LUSOPHONE MARKET?

In 2004, China signed strategic partnerships with four European countries: Germany, France, the UK and—perhaps more surprisingly—Portugal. With Germany, Beijing aimed at an increased economic partnership; with France, it aimed at a continuous multilateral dialogue via the United Nations (UN) and African issues; and with Britain, there was the financial weight of the City of London and the longstanding relations formed around the former British colony of Hong Kong, not to mention the Commonwealth, the English language, and multilateralism. But why Portugal, whose tottering economy had made life difficult for the European Union after the financial crisis of 2008?

There are many reasons for this. First, China recognizes the political weight of the former Portuguese empire through language; there are more than 220 million Lusophones in the world. In 1996, seven countries created a new community of Portuguese-speaking countries (*Comunidade dos Países de Língua Portuguesa*). Apart from Brazil, Angola, and Mozambique (a country where China has many economic interests), one should not forget the special relationship between the former Portuguese enclave of Macau and the former Middle Kingdom, which retook possession of its territory in 1999 after more than four centuries of Portuguese colonization. Chinese and Portuguese elites have had close relationships for a long time, through the Sino-Portuguese Chamber of Commerce as well as a number of Macau-related organizations. Each year, the Macau Forum celebrates—in the presence of senior Chinese officials—the relationship between Beijing and Lisbon via Macau, and it now also includes economic cooperation in Portugal and elsewhere.

Second, on the investment side, the Chinese in Hong Kong and Macau quickly swarmed to Lisbon. From the 1980s, thanks to a “Macau connection,” overseas Chinese started investing in Portuguese real estate. According to a report published in late 2015, Portugal has in recent years received more Chinese investment than any EU member state except the UK, Germany, and France.<sup>16</sup> “Chinese investors increasingly deployed capital in economies that were severely affected by the financial crisis [and] seized opportunities arising from the privatization of ... utilities and transportation infrastructure,” says the report. The Head of Portugal’s investment and trade agency says the inflow proves “not only the quality of our

assets but the closeness of the relationship.” Portugal offers “a platform for the Portuguese-speaking world and its 250m consumers.”<sup>17</sup>

Third, there is the hot issue of immigration visas. Today, agencies specializing in obtaining “golden visas” are multiplying in Portugal.<sup>18</sup> The principle is simple: whoever invests a minimum of €500,000 in real estate property may obtain a long-stay visa, with the minimal obligation to spend seven days every year in the country. After six years, the investor can ask for Portuguese nationality and then get a EU passport. Of course this procedure still affects only a small number of persons (2788 in Portugal in 2015), but it is expressly aimed at (rich) Chinese nationals who want to emigrate.<sup>19</sup> Up to now, the number of jobs created has remained very small and the results are mixed, and most of the beneficiaries have been individual Chinese property owners. A corruption scandal has made headlines after a probe into allegations of corruption, influence peddling, and money laundering linked to the program prompted 11 people to be detained in November 2014, according to the Portuguese Prosecutor General’s Office.<sup>20</sup> Since then, the Portuguese authorities have tightened their visa policy, upsetting a number of applicants. The real question is whether this will benefit employees of Chinese groups, both private and public, that have made important investments.

As part of Beijing’s “going out policy” (走出去), China’s acquisition wave in Portugal began in 2011 when the state-owned Three Gorges Corporation paid €2.7 billion for 21% of *Energias de Portugal* (EdP), the country’s highly indebted top power utility, which has a virtual monopoly on the residential retail energy market. The Chinese company won against Germany’s E.ON, following what reports called “Berlin’s high-handedness in demanding that Portugal undergo structural economic reforms.”<sup>21</sup> Three Gorges’ offer to EdP seemed to have come at the right time. In June 2014, the head of EdP, Joao Marques Cruz, declared that, through this deal, his company was interested in working with CTG towards the Brazilian or African market.<sup>22</sup> Three months later, China’s State Grid invested €1.4 billion to acquire 25% of *Redes Energéticas Nacionais* (REN), the National Grid operator.

On the private side, the Shanghai-based private conglomerate Fosun International spent €1 billion in 2014 to acquire 80% of *Caixa Seguros Saúde*, Portugal’s largest insurance group, and has also acquired the distressed hospital business *Espírito Santo Financial Group* for €460.5 million. Huawei invested €10 million in a technology center and Beijing Enterprises Water Group bought Veolia *Água*.<sup>23</sup> “The important thing in



a country in crisis is to shift capital from weak hands—of owners with solvency and debt problems—into stronger hands with the capacity to invest and open up markets,” commented José Brandão de Brito, chief economist at Portuguese bank Millennium BCP in a report. “The Chinese are in a very good position to do this.”<sup>24</sup>

Many of these investors plan to expand to Angola, Brazil, Mozambique, or other former Portuguese colonies. The link was made particularly clear in 2011 when Sinopec, China’s state oil company, paid \$4.8 billion for a 30% stake in the Brazilian subsidiary of *Galp Energia*, Portugal’s largest oil and gas utility, to jointly develop its Brazilian upstream portfolio.<sup>25</sup> Last June, they unveiled their latest, Hydroglobal, targeting South America and Africa. State Grid created similar ventures with REN in Angola and Mozambique, and in 2013 helped it secure a €1 billion finance line from China’s Development Bank. Fidelidade continued its drive into Africa, setting up in Mozambique.

With their Chinese partners, Portuguese energy companies are expanding their hydropower and other new energy businesses to Brazil, Mozambique, and Angola, which all have large energy needs. So far, the process has taken place smoothly, and there has been limited social action in Portugal. The business community has also been extremely supportive of Chinese investors.

In October 2015, as in Greece, a left-wing government led by Prime Minister Antonio Costa was elected in Portugal, with an equal support of local trade unions. Costa vowed to end austerity through “persistence in investment” and “corporate modernization.”<sup>26</sup> Chances were high that foreign investors would not be as welcomed as they were under the previous center-right government. There is a possibility that a democratic process in a European country may not be working in favor of foreign investors. China, as an investor, is particularly willing to avoid controversy, although in this case, Portuguese authorities have been very cautious not to address sensitive issues regarding Chinese investments publicly in order not to offend their new partners. There seems to be a left-right political disagreement on whether China might be the answer to some of Portugal’s economic problems. A cabinet minister of the new Portuguese administration told the author in July 2016 that his party was originally opposed to the privatization program and expressed concerns about the national security aspects. “We were not happy with the privatization of major parts of Portugal’s national power utility (*Energias de Portugal*) and national grid (*Redes Energéticas Nacionais*)

orchestrated by the previous government, and we are concerned about long-term consequences for our national security,” he said during a private meeting.<sup>27</sup>

### WHAT IS THE IMPACT OF CHINESE INVESTMENTS ON TARGETED COUNTRIES?

One should here make a clear distinction between public and private investments. Although they often require approval from the Chinese authorities, private acquisitions are made on a case-by-case basis, per the board’s decisions—hence they do not generally carry a strategic dimension. On the other hand, investments by public entities do represent a challenge as acquisitions are often made at the highest level in China, either at the state level (COSCO) or sometimes the provincial level.

China’s investment in European infrastructures will lead to more questions to European governments. A case such as Piraeus Harbor has started attracting attention, as COSCO has in fact been able to demonstrate its management skills as well as financial capabilities. Chinese investments in Portugal will soon also be closely studied, with *Energias de Portugal* as a prime example of China’s ambition. Another critical example would be the UK’s Hinkley Point nuclear power plant.<sup>28</sup>

Hence the question that many experts have been asking: besides cash, what is the benefit for European countries to have some of their national infrastructures controlled by a future competitor like China?<sup>29</sup> China is looking at further investments in infrastructures, not just in Europe but also in Central Asia and South Asia, as part of the BR.<sup>30</sup> It is trying to sell high-speed trains and will soon try to export nuclear plants. Therefore, it is natural for European countries to engage in a debate about whether this particular nation should be allowed to take a stake in their utilities.

Secondly, there are questions asked about the long-term interest of China in European utilities: If it does finance a nuclear plant in the UK, for example, the British consumer will be paying for it through its monthly consumption. Hence a legitimate “value for money” question: While China is investing in European infrastructures, it is not always committed to the idea of public service. The bills ultimately land at the feet of the public, whether it is electricity, rail fares, or taxation.<sup>31</sup>

The European general public and the media do not necessarily have a detailed grasp of the financial stakes and implications. Although Chinese investors have been better at communicating their positions recently, there seems to be a gap between European elites and grassroots on the matter of Chinese investments.<sup>32</sup>

## LESSONS TO BE LEARNED

It is much too early to make a definitive assessment about Chinese investments in Western Europe in the field of infrastructures. The number of compelling cases is limited. Only the Greek case seems worthy of an in-depth analysis because it encompasses several matters that we have alluded to in this paper. First, cooperation between Europe and China: is it short term, long-term, or strategic? Many agreements have been designed and signed, but both bureaucracies and multiplying EU crises have somewhat prevented a faster development. Second, the future of European infrastructures: There are technical aspects that involve the protection of local industries and environmental laws. Third, the impact of national elections on government decision-making: They can be quite radical, and more dramatic changes could take place in the years to come. Fourth, tensions between elites and grassroots views. There is a sense that decisions on allowing Chinese FDIs are sometimes “made by elites” against the will of the people, and not necessarily to the benefit of the latter. Sixth, human resources: Job creation remains the top priority of all the decision-makers in Europe. As explained in the COSCO/Piraeus case, Chinese investors have been better perceived when using local staff.

Most of these issues can be applied to future projects under the BR. If China is to lead through this new initiative, it is implied that it should develop a sense of universality, or at least an understanding of the political, social, cultural, and economic environments where it is intending to invest.<sup>33</sup> Central Asian countries, for example, have a relatively short history as independent nations, but they have the same sense of belonging and history as any other country. Therefore, the BR will have to encompass local aspects as much as global aspects, financial sustainability, transparency, and local political systems.

The internationalization of China, and of its companies in particular, is one of the most important phenomena of the beginning of the twenty-first century. After taking an interest in Africa, Oceania, and Latin America, China has started looking at developed countries, where it engaged in some increasingly important investments. Each of the European countries possesses a sophisticated legal apparatus inherited from its history. The legislation of the European Union adds still another layer of complexity. However, if they want to be engaged over the long term, potential Chinese investors will have no other choice but to understand and accept this system.

Now that China is engaged in a major initiative that will give it responsibilities not just towards its own people, but also towards the foreign populations in countries where it is investing, it is hoped that Beijing's decisions will not be oriented exclusively towards its domestic public opinion, especially when acquiring European technological jewels, or even utilities. Moreover, promises of Chinese infrastructure projects directed at Central Asia, Pakistan, and even Europe must be followed by actual deeds. In too many cases, announcements of cooperation have been made without them becoming reality.

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## Former Empires, Rising Powers: Turkey's Neo-Ottomanism and China's New Silk Road

*Nora Fisher Onar*

When *Conquest 1453*, a film about the Ottoman conquest of Constantinople, which boasted the largest budget, cast, and profits of any production in Turkish cinematographic history, was released in 2012, it sparked wide-ranging reactions. Some were disturbed by the film's glorification of militarism. But the primary response across Turkey's otherwise polarized political spectrum was delight at the film's swashbuckling celebration of the Ottoman heritage. Even for public intellectuals typically critical of the government's neo-Ottoman aspirations, the film was seen as an overdue answer to the demeaning depiction of "Oriental" peoples in productions like *Lord of the Rings* or *300 Spartans*. As a prominent journalist put it: "Foreigners will never understand"<sup>1</sup>; when your place in history has always been narrated from Western perspectives—when you are invisible or demonized in Western stories—the self-lionization of *Conquest* was exhilarating.

The debate marked a moment characterized by an unprecedented sense of "manifest destiny" regarding Turkey's presumed capacity as a former

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empire and emerging economic power in the Middle East, Balkans, and Caucasus. Endeavors included market-driven products like Ottoman-themed films and soap operas, which promoted Turkey's image across the region. The Turkish authorities also were undertaking large-scale investments promoted via neo-Ottoman motifs. Projects packaged in neo-Ottoman colors ranged from a new Bosphoros rail tunnel and bridge at home, to subsidies abroad. These included support for a trans-Balkan highway, a planned Turkic history museum in Mongolia, and aid—to the tune of billions—to Egypt's then Muslim Brotherhood regime. The purpose of all these efforts: to situate Turkey at the center of a new, multiregional *Pax Ottomana* built on trade and soft power.

While neo-Ottomanism is specific to Turkey, this chapter emanates from recognition that in (re)emerging powers across the global South, imperial pasts are increasingly being celebrated to harness new political and economic energies. Examples include Russia's muscular approach to restoring traction in its former imperial space, and China's support for trans-regional trade under the Belt and Road Initiative (BR). Such trends are examined in a growing academic literature often aggregated under the label of "global international relations (IR)," which parlays insights from history, historical sociology, post-colonial studies, area studies, and IR proper to grapple with the (re)emergence of former imperial geographies.<sup>2</sup> A case in point is the expansive edited volume from Nicolaidis et al. on *Echoes of Empire*, which brings together imperial historians and IR scholars of Russia, India, Turkey, Africa, Latin America, and the Caribbean, as well as of former European powers.<sup>3</sup> A parallel body of popular literature like the *oeuvre* of Pankaj Mishra also grapples with the historical sources of the "rise of the Rest." Important questions either posed explicitly or suggested in such works include: *How is the past—or invocations thereof—being leveraged in the present? What similarities and differences characterize projects to reinvigorate former imperial spaces? What conditions are necessary for such projects' success? And what does the ability to deliver (or not) tell us about the very notion of emerging powers, regionalism, and multi-polarity beyond and after the West?*

This chapter develops a framework with which to begin to address these questions. Building on the notion of "former empires/rising powers" (FERPs) as unit of analysis,<sup>4</sup> it seeks to help address the Western-centric bias of much IR scholarship on one hand, and the navel-gazing of much area studies on the other.<sup>5</sup> It does so via a study of neo-Ottomanism in Turkey, from which lessons are extracted for other FERPs. It then reflects



upon the possible relevance for China's new Silk Road while recognizing that the magnitude of Turkey and China's neo-imperial powers of projection are vastly different.

Nevertheless, China is leaving behind its "short twentieth century" as a middle power to (re)claim the mantle of great powerhood in an age of great uncertainty. It would do well, the chapter argues, to recognize from Turkey's experience as an ambitious middle power that the very rhetoric of neo-imperial renaissance can obscure a clear grasp of the challenges any such project faces. The dangers of blurring neo-imperial visions and geopolitical realities are all the more salient in the complex geographies where both the Turkish and Chinese projects are situated, raising risks of unintended or self-defeating policy consequences. The chapter concludes by reflecting on the added value of case-based and comparative study of FERPs' neo-imperial aspirations for global IR as a more inclusive body of theory.

### POST-COLONIAL IR MEETS PRAGMATISM

A growing chorus of voices around the world is challenging the ahistorical and Eurocentric assumptions of much social scientific scholarship. An early wave emanated from Edward Said's seminal intervention, *Orientalism*.<sup>6</sup> His was a cogent summation of a century of critique by intellectuals and politicians from formerly—or nearly—colonized territories. The thrust of the argument: To achieve empowerment, non-Western actors must challenge habits of thinking as well as governing that were forged in the West. Research in this vein—which Chakrabarty would later call "provincializing Europe"—made the most headway in the humanistically oriented fields of history, cultural studies, anthropology, and to some extent sociology. It sought to unmask legacies of imperialism in shaping but also skewing today's North-South dynamics.<sup>7</sup> Such work was normative. It called upon scholars and practitioners to confront and address the inequitable legacies of both Western imperialism and indirect neo-imperialism in the wake of formal decolonization.<sup>8</sup>

By way of contrast, the fields of politics and especially international relations arguably remained committed to two modes of thinking that hindered understanding of (re-)emerging powers beyond the West. The first—realism—presumed the universality of power politics over time and space and thus read world affairs in a presentist vein. This led realists to naturalize Western hegemony and hampered the ability to read the role of

both native and colonial histories and memories in shaping trajectories beyond the West. The second approach—liberalism—presumed the inevitable convergence of economic and political projects around the globe towards a modernity first and best—liberals tended to assume—defined by the West.

Realism and liberalism informed, moreover, influential mid-range theories that hardly captured the complexity on the ground in rising powers. From Samuel Huntington's quasi-realist and clumsy treatment of non-Western culture in his influential "Clash of Civilizations," to the modernization/democratization theses and their expressions in work on Europeanization and "normative power Europe," views from the "East" or "South" was largely ignored. Meanwhile, ad hoc categories like "BRICs" engaged emerging actors' experiences, but emphasized economic dynamics to the exclusion of historical and cultural sources of both conflict and cooperation across the global South.<sup>9</sup>

By the 2000s, however, the real world impelled change even in the conservative and Western-centric politics/IR academy. First, over the course of the 2000s, emerging economies gained momentum. Their positions appeared to be consolidated when rising powers weathered the 2009 global economic crisis relatively more successfully than the United States and especially the European Union (EU). Western analysts confronted with emerging multipolarity accordingly "discovered" the earlier wave of post-colonial scholarship while also reaching out to colleagues around the globe.

One result was the proliferation of panels, conferences, research projects, and publications on themes like how the "Rest" views the "West."<sup>10</sup> Other initiatives examined South-South interactions and the nascent solidarities they may engender (e.g., the Social Science Research Council's Inter-Asia platform). That work in this vein penetrated the politics/IR mainstream is attested by the 2015 International Studies Association (ISA) conference, chaired by figures like Acharya,<sup>11</sup> Bilgin,<sup>12</sup> Ling,<sup>13</sup> and Tickner.<sup>14</sup> The organizers, in effect, sought to aggregate both the "old" post-colonial and the "new" pragmatist strands of scholarship on the non-Western world under the label "global IR." Access to the event for a large swathe of global scholars was still difficult due to challenges associated with academic English and the resources necessary for a week-long trip to the conference venue in the United States.<sup>15</sup> The event nevertheless showcased diverse national, ethnic, racial, and gendered perspectives. If the overall atmosphere was celebratory, critics also expressed concern that the

very wealth of approaches (e.g., historical sociology, post-colonial theory, ethnic and racial, gender and sexuality studies) would lead to fragmentation and incommensurable research platforms, dooming intellectual advancement for the discipline as a whole.

How then to square the circle? That is, how to engage in rigorous and comparative but pluralistic scholarship about topics like emerging powers in a post-Western world? The key, I argue, is to situate analysis on a level playing field by using a notion like FERPs as unit of analysis. Doing so can help to fuse global IR with area studies' attentiveness to historical and cultural specificities; it also can offer novel conceptual perspectives on major policy initiatives like China's new Silk Road.

### A NEW UNIT OF ANALYSIS: FORMER EMPIRES, RISING POWERS (FERPs)

Elsewhere, I have proposed the category of "former empires that are rising powers" (FERPs).<sup>16</sup> The unit of analysis attends to several key actors which were (1) never fully colonized by the West and which until recently were empires in their own right like Turkey, Iran, Russia, and China); and (2) former colonial hubs like Brazil, South Africa, and India. In such contexts, at least three waves of engagement with and resistance to the West have unfolded. Recognizing this provides common ground for comparison while remaining sensitized to the specifics of each case.

The first of the three waves as articulated by intellectual and political elites was predicated on *westernism*: adoption of Western technologies for the paradoxical purpose of confronting Western domination. Often, such a strategy resulted in wholesale westernist economic and political programs and attempts to impose Western cultural norms. Examples include the projects of Peter the Great in Russia, the Meiji emperor in Japan, the Tanzimat and later Kemalist reforms in Turkey, and comparable endeavors in the Shah's Iran. The late nineteenth and early twentieth centuries marked the heyday of such westernism, though earlier and later expressions are to be found.

A second wave, *rejectionism*, gained momentum in the second half of the twentieth century onwards. Rejectionism was a reaction to both persistent Western hegemony and the excesses of earlier Westernization. Rejectionist platforms emphasized difference and autonomy from the West through nativist economic and political programs. These ranged from moderate economic resistance like import substitution policies to full-fledged cultural

rebellion like the Iranian revolution. A number of today's fundamentalist movements, not least salafi/jihadi Islamism, could be seen as later-day expressions of this rejectionist ethos and strategy. For rigorous analysis, the key is to explore family resemblances across rejectionist platforms while recognizing their unique contexts.

A third wave, increasingly salient in today's global economy and networked world, is what I call "authenticism": the pursuit of an idiosyncratic path to prosperity and power, which entails neither sameness nor difference with the West, but eclectic synthesis. Recognizing this opens up a rich field of comparative inquiry that the notion of FERPs helps to elucidate. It captures the will in former empires that are emerging economic powers to recover historical greatness and lead the former imperial space. This is evident in programs from Turkey's neo-Ottomanism and Iran's outreach across the Middle East, to Russia's assertiveness in its former sphere of influence, and China's trade- and infrastructure-driven new Silk Road.<sup>17</sup> The phenomenon raises, moreover, mid-range theoretical questions of real-world consequence: How does the role of imperial legacies, real and imagined, shape national and foreign policy trajectories? What are the implications for coalescing regional—and trans-regional—orders? What might FERPs learn from each other's experiences? And how can such a conversation facilitate cooperation rather than conflict across an ever more volatile Eurasia?

### TURKEY'S NEO-OTTOMAN EXPERIMENT

To probe such questions, one can examine the Turkish case. However, some initial caveats are in order. Above all, Turkey is a middle power in no way comparable in influence and capacity to giants like China. Its power is amplified, nonetheless, by location in what has been called the most valuable (if troubled) real estate on earth at the nexus of the Black Sea and the Mediterranean, Europe and Asia, the "West" and "Islam." Situated at the intersection of pipeline routes and migrant pathways, Turkey is continuously confronted with geopolitical drama and wooed by superpowers. Since at least the late Ottoman Empire, Turkey has parlayed this position into an enduring place, but not necessarily a leadership role, at the table of international relations.

Since the foundation of the Turkish Republic on the ashes of the Ottoman Empire in 1923, Ankara has committed to *westernism*, taking geopolitical and cultural cues from Europe and the United States. For their

part, the Great Powers and their later-day incarnations as the EEC/EU and US have persistently sought Turkey's cooperation as either ally or buffer vis-à-vis perceived threats to the East and South. The most recent manifestation of this phenomenon was the pursuit of Turkey's cooperation by the US and German leadership in the battle against ISIS, and the refugee crisis radiating out of Syria.

Economically, meanwhile, Turkey has like other emerging actors "taken off" since the 1980s securing its place in the G20 middle-income bracket by the 2000s. Although growth has tapered recently due to a combination of domestic, regional, and global factors, Turkey today leverages more resources towards foreign policy than ever before in its modern history. Heightened wherewithal has translated into global governance aspirations. If Ankara hardly compares to Moscow or Beijing with their Security Council seats and nuclear capacity, it nonetheless has invested considerable resources into its aid agency, the Turkish Cooperation and Coordination Agency (TİKA), and its equivalent of Confucius Institutes: Yunus Emre Institutes. Public-private cooperation is also in evidence, especially in the construction sector, which drives growth both at home and in Turkey's export portfolio to the Balkans, Caucasus, Central Asia, Middle East, and sub-Saharan Africa.

Moreover, as the primary successor state of an empire that spanned these same regions, Turkey has sought to capitalize on the EU's diminishing engagement of Eastern and Southern neighbors. In this endeavor it arguably competes in state capacity, diplomatic tradition, and human capital only with Russia and Iran in the Balkans, Caucasus, and Middle East.<sup>18</sup> The upshot of all these endowments and policies was that at least for a moment—from the Eurozone crisis of 2009 through to the fallout of the Arab spring by 2012—Turkey often was cited as a "model" or "inspiration" for the Muslim world.<sup>19</sup>

During this period, the notion of "neo-Ottomanism" gained salience. The term had been coined in the 1980s by an advisor of Turgut Özal. As prime minister and briefly president, Özal's legacy of social conservatism and economic liberalism was advanced through celebration of the Ottoman past. It served also as an inspiration to the Justice and Development Party (AKP) when it came to power in 2002. The AKP initially pursued European Union membership, but by the late 2000s that process had lost momentum. This was due to both skepticism in the EU about accepting Turkey as a member and growing interest within Turkey itself in exploring the country's "strategic depth" in the historic hinterland, as then foreign minister, later prime minister, Ahmet Davutoğlu put it. The idea was that Turkey—thanks

to its historical and cultural connections across geostrategically significant regions like the Middle East—could leverage momentum as a rising economic power towards brokering regional peace and prosperity. The logic, very much an expression of “authenticist” FERP engagement with—but also resistance to—the West, basically fused cultural empowerment with economic pragmatism.

The project received a mixed reception domestically, regionally, and internationally. At home, it galvanized ordinary people’s sense of grandeur and world historical purpose after decades or even centuries of (explicit or implicit) denigration by Westerners. In other words, it pushed back against the “Sèvres”<sup>20</sup> or “Capitulation” syndromes, Turkey’s equivalent of China’s “hundred years of humiliation” or Iran’s trope of “Westoxification.” This amounted to reclaiming purportedly authentic historical agency even as the tools for the experiment were a product of Turkey’s modernization. As attested to by the proliferation of cultural productions like *Fatih 1453* in art, architecture, and design, as well as domestic and foreign policies, neo-Ottomanism appealed to diverse constituencies across Turkey’s polarized society. At the same time, it distinguished the new pro-Islamic agenda from the westernist secularism of Turkey’s earlier pro-secularist establishment.

Regionally, meanwhile, Turkey’s leaders sought never to call the project “neo-Ottomanism” per se in contexts like the Western Balkans or Caucasus where memories of former Ottoman overlords were not necessarily rosy. Instead, cultural affinities and the benefits of cooperation were emphasized. This led to some successes such as Ankara’s brokerage of a trade agreement between Belgrade and Sarajevo.<sup>21</sup> On balance, however, Turkey’s inroads in the region had a partisan character. After all, Ankara’s influence was most salient among fellow Sunni-Muslim communities like the Albanians, Kosovars, and Bosniacs. In the Caucasus too, historical legacies strained relations as much as they enhanced ties with countries like Armenia, a brief attempt in 2009 at rapprochement notwithstanding. Relations with Georgia and Azerbaijan, however, thrived by respectively ignoring or affirming historical and cultural linkages.

The Islamist subtext of neo-Ottomanism was most salient in the Middle Eastern theater. This became evident in outspoken criticism of Israel by then Prime Minister, current President Recep Tayyip Erdoğan, who championed the Palestinians of Gaza and the “Arab street” more broadly. An opportunity arose to convert such populism into regional influence when the uprisings of 2011 brought Muslim Brotherhood (MB)-affiliated

movements to power in Tunisia and Egypt. The AKP proceeded to invest heavily in what it (mistakenly) presumed would become an MB-dominated crescent from Cairo to Damascus.

Finally, at the international level, neo-Ottomanist outreach both impressed and disturbed. Many in Brussels and Washington, for example, saw Turkey's activism in its neighborhood(s) as added value to its Western alliances.<sup>22</sup> This was especially true at a time when the West—under economic duress—was hard-pressed to invest in the Middle East at previous levels either economically or militarily. Others, however, were perturbed by the increasingly anti-Westernist and Islamist overtones in neo-Ottomanist rhetoric. By the new decade, such concerns would spur the then U.S. Secretary of Defense to ask in terms reminiscent of Washington's quietude vis-à-vis China half a century earlier: "Who lost Turkey?"

### THE EMPIRE STRIKES BACK: A SEQUEL?

As it turned out, Davutoğlu's neo-Ottomanism floundered. One reason for this was mounting domestic opposition to AKP rule from diverse constituencies like secular Turks who were increasingly alienated by Ottoman-Islamist paternalism. Such groups responded through mass protests around Gezi Park in 2013 and a tumultuous series of electoral and political upheavals which followed. A second, related reason was the spillover of insecurity from a transforming Middle East as established borders and political identities across the region have come up for grabs. As the situation in Syria evolves rapidly, for example, the region's Kurds perceive other geopolitical opportunities. Many Kurds, as such, are today far less likely, compared to a few years ago, to welcome an Ankara-centric neo-Ottomanist framework for regional cooperation.

Meanwhile, relations in a Middle East, once envisaged as the crown jewel of the neo-Ottomanist project, became increasingly fraught. Ankara's sworn nemesis in Syria—the Assad regime—remained entrenched, even as Turkey has taken in millions of refugees from the conflict. Similarly, overinvestment in the MB's regional prospects meant that when the Brotherhood lost its foothold in power across the region, so too did Ankara lose its partners from Cairo to Damascus. Indeed, within just a few years of the neo-Ottoman experiment, Turkey's only meaningful interlocutors in the Middle East were Saudi Arabia and Qatar, entities with their own geocultural tensions and missions that Turkey could hardly presume to lead.

In tandem with mounting differences with Iran and Russia over Syria (among other sources of rivalry), Turkey appeared to re-pivot back towards its NATO allies, the EU, and its traditional partner the United States by early 2016. The upshot was attenuation of neo-Ottomanism in the foreign policy narrative, especially with the exit from the scene of a key champion of the framework when Davutoğlu stepped down as prime minister in May 2016.

On 15 July 2016, however, a botched coup attempt unleashed a new era in Turkey's politics and foreign relations. As the country's institutions—including the foreign ministry—are recalibrated in the aftermath, will neo-Ottomanism be revitalized? At the time of writing, there are several reasons to believe that it will at least remain in circulation as a domestic and foreign policy frame. First, the narrative has become integral to a story of national identity promulgated through the toolkit of “invented tradition” from new days of celebration to the reworking of school curricula. The 2016 festivities celebrating the conquest of Constantinople/Istanbul by Mehmet the Conqueror, for example, entailed an extravagant production that brought together over a million participants—many bused in from the provinces—who were addressed live by both the prime minister and the president.

A second arena in which neo-Ottoman referents continue to have traction is in the framing of cooperative endeavors with the other Eurasian FERPs along the historic Silk Road. For while Turkey is but one of many actors from Spain to Poland seeking to engage Beijing in the development of new transport corridors, the fact remains that its position at the gateway to Europe is one of heightened geo-economic as well as geo-strategic importance. In December 2015, Chinese premier Xi Jinping acknowledged this position on the occasion of his meeting with Turkey's Erdoğan. Analysts from Turkey and India to China have read such engagement as a win-win opportunity for trading states to coordinate stewardship of the East and West segments of the historic Silk Road. To date, a highspeed railway between Ankara and Istanbul has been built by a Turkish-Chinese consortium, and there is discussion of spending a further 45 billion USD on a high speed, 10,000 kilometer rail link.<sup>23</sup> At the 2016 G20 summit, moreover, Turkey and China pledged to amplify cooperation on nuclear technology—a notable move given Ankara's earlier if abortive attempt to buy a 3.4 billion USD missile system from China which it abandoned after strident criticism from Turkey's NATO allies.



## RELEVANCE FOR CHINA'S BELT AND ROAD INITIATIVE

The success of any such routes and commitments—framed in neo-imperial language or otherwise—depends on the complicated new great game across Eurasia. In addition to the volatile situation and rivalry between FERPs like Russia, Iran, and Turkey in settings like Syria, it remains to be seen what role will be played by the large number of potential spoilers to new Silk Road cooperation. Resistance and sabotage could come from ethno-nationalist groups along such routes (e.g., Uighurs or Kurds) as well as religious radicals like Al Qaeda or ISIS.

Several lessons nonetheless can be drawn from Turkey's experience. Their relevance depends, to be sure, on the relative capacities of the FERP in question with Turkey and Iran arguably middle powers; Russia, arguably a revanchist but declining great power; and China, a once-and-future great power. China's rise, however, comes on the heels of a century spent as a middle power. And Beijing finds itself reprising preeminence in an era of heightened geopolitical ambivalence. As such, it would do well to recognize from Turkey's attempt to project neo-Ottoman influence that:

*One should not confuse vision with realities (or aspiration with capacity).* For example, one should avoid grandiose rhetoric and diplomatic overstretch that forces one to commit to suboptimal courses of action; to this end, face-saving, back-out strategies can be built into any bilateral engagement.

*One should pursue synergies at the nexus of official and market policies* at the municipal, national, regional, and international levels. For example, one of the successes of Turkey's neo-Ottoman frame has been the soft power gleaned through lucrative cultural industries like soap operas, which are avidly consumed across the former imperial geography.

*One should leverage rather than abandon extant institutional relationships.* In Turkey's case, important institutional frameworks include EU candidacy and G20 membership. Such links impress multiregional capacity upon potential partners while reassuring interlocutors that policies will remain multilateral, cooperative, and mutually beneficial.

Relatedly, *one should be reflexive about mixed responses to neo-imperial rhetoric among diverse actors in the former imperial geography.* Barring a willingness and ability to impose one's will, there is no added value in raising red flags among interlocutors about neo-imperial intentions. In particular, one must be cognizant of ways that sectarian or ethnic overtones in one's project may backfire. For example, as the Sunni-Islamist overtones to

Ankara's neo-Ottomanism mounted, it alienated, among others, secular Arab and Shi'a/Iranian interlocutors as well as piqued domestic resistance among minorities.

Finally, *one should remember the adage "Be careful what you wish for."* Both the Balkan, Caucasian, and Middle Eastern basins of Turkey's neo-Ottoman aspirations and the far more expansive terrain of China's Belt and Road Initiative pass through complex and troubled geographies. The allure of new markets, exchanges, and influence coupled with access to key economic and security corridors is undeniable. But regional or great powerhood in Eurasia comes with serious burdens as well as responsibilities. The pressures these will exert on domestic leaders, institutions, constituencies, and capacities should not be taken lightly.

In a nutshell, attempts to influence former imperial spaces should pitch projects in customized terms to different audiences, and seek to deliver win-win items like trading infrastructure. They also must be realistic and prepared to deal with hard security and other challenges. Former empires that are rising powers (FERPs), as such, offer a rich and underexplored field of empirical analysis and theory building. Turkey's neo-Ottomanist experiment is suggestive, for one, of both the promise and pitfalls of grand visions for former imperial geographies. For such a research agenda to bear fruit, however, scholars in and of FERPs must overcome deeply ingrained habits of analytical exceptionalism that privilege national viewpoints over comparative perspectives. There is a need for more platforms that bring together scholars and practitioners with diverse area studies expertise for cross-fertilizing conversation. Through frank, comparative appraisal of the assets and challenges facing the FERPs, we can address one certainty: that former empires/rising powers' emergence from the long shadow of the West is just beginning, and that their intertwined trajectories will reshape the vast, inter-connected Eurasian geography.

## NOTES

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2. For a more extensive literature review, see Nora Fisher Onar, "IR and Middle Eastern Studies: Speaking Truth to Power in a Multipolar World,"

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3. Kalypso Nicolaidis, Berny Sèbe, and Gabrielle Maas, eds., *Echoes of Empire: Memory, Identity and Colonial Legacies* (London: IB Tauris, 2014). See also the seminal work of Andrew Hurrell on “would-be great powers” such as “Hegemony, Liberalism and Global Order: What Space for Would-be Great Powers?,” *International Affairs* 82.1 (2006): 1–19.
  4. Nora Fisher Onar, “Historical Legacies in Rising Powers: Toward a (Eur) Asian Approach,” *Critical Asian Studies* 45.3 (2013): 411–430.
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  6. Edward Said, *Orientalism* (New York: Penguin, 1979).
  7. Dipesh Chakrabarty, *Provincializing Europe: Postcolonial Thought and Historical Difference* (Princeton: Princeton University Press, 2009).
  8. For an overview, see Nora Fisher Onar, and Kalypso Nicolaidis, “The Decentring Agenda: Europe as a Post-colonial Power,” *Cooperation and Conflict* 48.2 (2013): 283–303; Duara, Prasenjit, “The Discourse of Civilization and Pan-Asianism,” *Journal of World History* 12.1 (2001): 99–130.
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  10. See, for example, Charles Kupchan, *The West, the Rising Rest, and the Coming Global Turn* (Oxford: Oxford University Press, 2012).
  11. Amitav Acharya and Barry Buzan, eds., *Non-Western International Relations Theory: Perspectives on and beyond Asia* (London: Routledge, 2009).
  12. Pinar Bilgin, “Thinking Past ‘Western’ IR?,” *Third World Quarterly* 29.1 (2008): 5–23.
  13. L. H. M. Ling, *The Dao of World Politics: Towards a Post-Westphalian. Worldist International Relations* (London: Routledge, 2013).
  14. Arlene Tickner, “Seeing IR differently: notes from the Third World,” *Millennium* 32.2 (2003): 295–324.

15. For more on such barriers to the global IR conversation, see Arlene B. Tickner and Ole Wæver, eds., *International Relations Scholarship around the World* (London: Routledge, 2009).
16. Fisher Onar, N. "Historical Legacies in Rising Powers"; Fisher Onar, N. "IR and Middle Eastern Studies."
17. See, for example, Nora Fisher Onar, "Echoes of a Universalism Lost: Rival Representations of the Ottomans in Today's Turkey," *Middle Eastern Studies* 45.2 (2009): 229–241.
18. That said, Russia and Iran both have more experience in their spheres of attempted influence, whereas Turkey, as noted, spent much of the last century channeling resources towards relations with the West.
19. While Indonesia is arguably more successful, it is too far removed from the Middle East to be influential.
20. Named for the post-World War I treaty which would have dismembered the Ottoman Empire and parceled its territories to the occupying Allied powers.
21. See Nora Fisher Onar and Max Watson, "Crisis or opportunity? Turkey, Greece and the political economy of South-East Europe in the 2010s," *Southeast European and Black Sea Studies* 13.3 (2013): 407–420.
22. See, for example, Ronald Linden, Ahmet Evin, Kemal Kirişci, Thomas Straubhaar, Natalie Tocci, Juliette Tolay and Joshua Walter, *Turkey and its Neighbors: Foreign Relations in Transition* (Boulder: Lynne Rienner, 2002); Cemil Aydin, *The Politics of Anti-Westernism in Asia: Visions of World order in Pan-Islamic and Pan-Asian Thought* (New York: Columbia University Press, 2007).
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# Knowing the World: International and Chinese Perspectives on the Disciplinarization of Country and Area Studies

*Chunchun Hu*

Since the twenty-first century, the developed countries have realized that country and area knowledge play a very critical role in addressing local, regional, supranational, and global political, economic, social, cultural, and religious problems. “The parliaments, governments, media, enterprises, associations and development assistance organizations that need special area knowledge in the action field call for pragmatic studies and advice to help them keep up with the local changes.”<sup>1</sup> Many countries substantially increase their input to Country and Area Studies from a strategic height, indicating that Country and Area Studies are highly significant in a globalized world.

Consider the developed countries in North America and Western Europe, for example. In 2014, the U.S. Department of Education announced five types of funded programs<sup>2</sup> and awarded grants totaling \$63.35 million to 269 institutions of higher education across the country to train “professionals with solid cultural knowledge and language skills

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that cover all parts of the globe” with the objective of “helping the United States to enhance its leadership role in world markets, global engagement, and scholarship.”<sup>3</sup> the German Council of Science and Humanities (“Wissenschaftsrat”)—the most authoritative decision advisory organization in scientific research and higher education of the German federal government and state government—released in 2006 “Advice to Universities and Non-university Research Institutes on Area Studies,” emphasizing that the development of Area Studies needs a top-down design which should be beyond the boundaries of the federal states and with an all-Germany view, and suggesting the establishment of “national research centers” for the studies of certain key countries.<sup>4</sup> During the period 2009 to 2017, the BMBF (Federal Ministry for Education and Research) will be awarding €59.50 million to 17 Area Studies programs and organizations by two installments.<sup>5</sup>

China is no exception. The Chinese government has called for new types of university think tanks and wants to promote Country and Area Studies under the new circumstance of development—particularly in the context of China’s ambitious Belt and Road Initiative (BR).<sup>6</sup> This, undoubtedly, is a significant innovation for China’s higher education system.<sup>7</sup> One of the reasons for this innovation is that new forms of interaction between policy makers and academic elite are taking shape. There is no doubt that the former omnipotent governmental apparatus has reached the limits of competence when China tries to find its adequate role as an international and global player in terms of both economy and politics. Policy making must be backed up by sound expertise about the involved regions, countries, and areas, as far as the Belt and Road Initiative is concerned and beyond. Such developments will inevitably incur constant adjustments in the education system ranging from disciplinary orientation to the administration of universities in search of an optimal combination or a balance between the existing practices and institutional innovation.

Against this background, this chapter refers to the research conditions of Country and Area Studies and analyzes the experiences of other countries to determine the current status of Country and Area Studies as scientific research; then, the chapter continues to discuss the possible problems that may underlie the disciplinarization of Country and Area Studies in China and the US, as well as the institutionalization of academic development of young scholars.

## THE HISTORICAL DEVELOPMENT OF COUNTRY AND AREA STUDIES

Country and Area Studies, or in a broader sense, Area Studies, has different traditions and trajectories in Europe and the US. Area Studies in European countries still maintains its colonial hallmark and unexceptionally focuses on its colonial and ex-colonial possessions.<sup>8</sup> In Germany, the first organization for Area Studies is the Institute for Oriental Languages (Seminar für Orientalische Sprachen) established in 1887 in Berlin. The early stage Area Studies, which is also known as colonial studies, was completely under the influence of Euro-centrism, and areas outside Europe were just taken as source of research objects, materials, and evidences. Different from Europe, the Area Studies in the US are explicitly the “product of the Cold War,” and can hardly fade out its strong political and intelligence color—“at least the East Europe studies and China Studies were aimed at obtaining the enemy’s information in the old times.” After 9/11, the academia of Middle East Studies fell in great panic and everyone felt insecure in their potential role as intelligence providers.<sup>9</sup>

From the perspective of the history of science, the upsurge and demise of Area Studies always results from the tension between external conditions like colonial studies or political inclination, and so on, and academic disciplinarization.<sup>10</sup> In the US for instance, Area Studies in its early stage was closely linked with external conditions like safeguarding the national interests,<sup>11</sup> while the temporary downturn of Area Studies in the US can also be attributed to the end of the Cold War and the rampant blind optimism accompanying “the end of history.”<sup>12</sup> In the meanwhile, the rapid progress of globalization has brought about a “de-parochialization” and a “de-nationalization” in the economic and political world, which makes the objects of Country and Area Studies outdated conceptions in a sense, thereby undermining the theoretical and practical grounds of Area Studies.<sup>13</sup>

On the other hand, globalization expedites the internationalization of US universities. As a result, Area Studies prospers unexpectedly to the degree that Area Studies courses have become part of the standard configuration of contemporary higher education in the US—whether in fundamental education or in advanced studies.<sup>14</sup> Further observation from the perspective of scientific research reveals that the external conditions are just one factor affecting the development of Country and Area Studies, and

that the real challenge is actually coming from inside scientific research and institutions. In particular, the interplay between Country and Area Studies and traditional disciplines generates pressure for the further disciplinarization of Area Studies. Similar structuring developments arise from the evolution of research paradigms.

Robert H. Bates takes political science as an example and summarizes the internal challenges of Area Studies as differences between the contextualization orientation of traditional Area Studies and the generalization and theorization orientation of social science. According to Bates' analysis, "the area specialists within political science are multidisciplinary by inclination and training. In addition to knowing the politics of a region or nation, they seek also to master its history, literature and languages." In this sense, they are basically applying the academic standard of ethnology to Area Studies, which implies that any serious studies must be based on "field research." On the contrary, the researchers taking Area Studies as social science "strive to develop general theories and to identify, and test hypotheses derived from them rather than seeking a deeper understanding of a particular area."<sup>15</sup> The fact that they can, in principle, freely use any materials of an area or a country defies the methodological preposition that politics are naturally area-bound.

No matter whether Bates intentionally exaggerated the differences between the two orientations; it is a reality that the traditional Area Studies orientation and the Social Science orientation have developed antagonistically in the past 20 years—in favor of the latter.<sup>16</sup> Peter J. Katzenstein further elaborated on this paradigm shift.<sup>17</sup> In the discipline of political science, the comparative politics that usually deals with topics from Area Studies has increasingly to follow the academic standards of social science. The paradigm shift caused high tensions between Area Studies scholars of different generations receiving different training within the same field.<sup>18</sup>

The disciplinarization progression of Country and Area Studies can be further analyzed in the light of the sociology of knowledge or, more precisely, the "politics of knowledge."<sup>19</sup> According to Foucault and Wallerstein, disciplinary knowledge has always been the "discourse formation" of human cognition in certain conditions of social development. Contemporary social science categories are derived from the order of the modern world—including the order of knowledge in the first place—which was formed during the period from the mid-nineteenth century to the end of World War II. Contemporarily, these categorical systems are evolving as "openness" and "reconstruction" become imperative.<sup>20</sup>



As a result, cross-disciplinary practices became self-evident, and this is also why Wallerstein et al. raised the “tentative proposals” in their report.<sup>21</sup> Under such circumstances, the disciplinarization practices of Country and Area Studies are especially eye-catching—most of which happen to take the form of “new quasi-disciplines and/or programs,” as the report pointed out.<sup>22</sup> It is clear from the above, except for the influence of the shift of cross-disciplinary, multidisciplinary research approaches, that a postmodern logic of cultural “guerrilla tactics”<sup>23</sup> leads to a form of de-centrism different from the aforesaid “pure” institutionalization. The emergence of respective new research centers and alternative sites of knowledge generation, which are not fully rooted in a disciplinary structure and tend to develop in a certain opposition to or tension with official bureaucratic policies of disciplinarization, is also evident from within China.

The utmost form of disciplinarization of Country and Area Studies, however, inevitably will be embodied by its institutionalization within the university, or, as a 2005 symposium on “The Future of Area Studies in Germany” put it: “Infrastructure matters.”<sup>24</sup> Again taking the US as an example, US universities have developed two major forms for the institutionalization of Area Studies: (1) Establishing independent departments of Area Studies, and (2) establishing platforms, research centers, institutes, or research programs of Areas Studies.<sup>25</sup> Coincidentally, universities in China are also exploring similar solutions in the field of Country and Area Studies. These two different forms of institutional organization inside the university lead to different orientations of the discipline, and are closely interlinked with the academic development of young scholars at different stages.

### DISCIPLINARY ORIENTATION AND ACADEMIC CAREERS IN CHINA AND THE US

David L. Szanton noticed that the independent departments of Area Studies in US universities are mostly multidisciplinary, but primarily humanities-oriented. The undergraduate curriculum covers courses of language, literature, history, religion, and sometimes politics of a certain region; the graduate curriculum mainly focuses on literature and history. This practice usually produces scholars with a “double identity,” say, “a historian and a scholar of China Studies,” or “a sociologist and a scholar of Latin American Studies,” and so on. From the perspective of disciplinarization, this means

that the traditional disciplines like history and sociology still remain in a dominant position, whereas the Area Studies disciplines (still in the making) are actually marginalized. Consequently, independent departments of Area Studies are mostly “shrunk, marginalized and passive” within the institutional setting and bureaucratic politics of the university.<sup>26</sup>

Compared with the independent departments of Area Studies, the second form of organization appears more flexible and successful. Presently, US universities house a large number of Area Studies centers and institutes. From the perspective of the academic development of young scholars, these organizations usually do not offer degree courses, but they can attract scholars and students of other disciplines to participate in their various offerings such as lecture series, seminars, workshops, conferences, research programs, publishing schemes, and public outreach activities.<sup>27</sup> This is obviously beneficial for the campus ecology and for fundraising. Similar positive results are observed in Germany. The German Council of Science and Humanities also agrees that establishing cross-disciplinary Area Studies centers is the most effective method of power conglomeration.<sup>28</sup>

Hence, we can see that the disciplinarization of Area Studies in the US and the corresponding institutionalization in terms of concrete facilities are still in the process of dynamic development. However, it is unclear whether Area Studies will remain dependent on traditional disciplines, become an independent discipline based on universalism theory, or break the barriers of traditional discipline and traditional Area concept with a global view to develop a research approach with new objects and new methods;<sup>29</sup> the last option is seemingly taking an upper hand.

Though the US experience is primarily country-specific, there is still common ground in certain questions that can provide reference to China for its construction of Country and Area Studies. By comparison, the most distinct difference between China and the US lies in their pathway of knowledge disciplinarization, which also affects the construction of relevant entity organizations. The disciplinarization of Area Studies in the US is approximately synchronized with the establishment of institutional entities, whereas in China institutional entities cannot be constructed without the discipline being fully established and recognized. In addition, the establishment of a certain discipline in China is subject to regulation by a set of “catalogues of disciplines.”<sup>30</sup> As the assessment of universities and accreditation of specialties are conducted within the framework of these catalogues, the catalogues play an important role in

guiding universities' development. It is important to note that Country and Area Studies is not included in the catalogue.

Under such circumstances, Country and Area Studies have little space for further development and minimal possibility of institutionalization: It cannot recruit students of its own, but it can recruit to other disciplines included in the catalogue. Students cannot find a matching career specialty after graduation; upward mobility (such as promotion, etc.) of reserve professionals of Area Studies is subject to whether or not the discipline they are affiliated with is friendly. Consequently, it becomes difficult to develop and keep outstanding professionals in this field. The fact that a few Chinese universities have set up an unauthorized, second-grade, sub-discipline of Country and Area Studies under a first-grade discipline reflects the suboptimal situation of Country and Area Studies in China.

As Country and Area Studies include higher requirements in terms of foreign languages,<sup>31</sup> the Country and Areas Studies in China are mostly placed in foreign languages colleges or departments. This leads to compatibility problems in research and education. The content of Country and Area Studies and that of traditional language and literature studies is so different<sup>32</sup> that the personnel trained from this channel would not only miss the "double identity," an experience that belongs to US Area Studies, but also find themselves "homeless" and rather "belonging to nowhere." Country and Area Studies has not yet gained the legitimate status of a discipline and has to endure the institutional squeezing and intellectual repulsion by traditional disciplines. "Who am I?" and "where do I belong?" might be the most annoying questions of the young generation of academics in Country and Area Studies in China. In view of this situation, the formation of scientific communities in Country and Area Studies is obviously a "mission impossible" as long as the institutional situations in China remain unchanged. This, however, is a serious obstacle to developing adequate knowledges about foreign countries, regions, and places on which the success of the Belt and Road Initiative, and China's foreign policy more generally, depends.

#### DISCIPLINES AND SPECIALTIES: THE GERMAN EXPERIENCE

As for the classification of disciplines and specialties, it might be more appropriate to learn from the German experience because there is less political connotation of institutional design and the catalogue of disciplines is flexible and open-ended. Germany has a federal education system in which

education is governed by each individual state (“Land”). The institutes of higher learning usually have a high degree of autonomy. The categorization of disciplines and specialties therefore does not follow a top-down model in which the government makes decisions that the universities have to execute. The establishment of study programs or degree-awarding programs, demonstrating the division of disciplines and specialties, is a complicated process in which no single factor is decisive.<sup>33</sup> This indicates that the catalogue of disciplines and specialties has statistical, rather than substantial, meaning in Germany.<sup>34</sup>

In the statistical data of German federal higher education, two types of classification and only two catalogues are used to cater to the education of students and the research of the faculty.<sup>35</sup> There is obviously a systematic equivalence between German terms and their Chinese counterparts: In the former “Catalogue for study” the German “Specialty Groups” correspond to China’s “Discipline Categories,” “Fields of Study” to “First-grade Disciplines,” “Specialties” to “Second-grade Disciplines.” The main difference between the Chinese and the German catalogues is that the Catalogue for study is more inclusive and demonstrates the general condition of traditional disciplines and specialties, while the Catalogue for research can reflect the depth of a certain discipline or specialty. Taking the Catalogues issued in 2004 by the German Federal Bureau of Statistics, for example, in the Catalogue for study, under the specialty group of “Medicine” are two items of “Fields of study,” and again under the “Field of study” are two items of “Specialties;” however in the Catalogue for research, under the Specialty group of “Medicine” are five items of “Fields of Teaching and Research” and again under the “Field of Teaching and Research” there are 71 special fields.<sup>36</sup>

This design of diverging catalogues to meet the different needs of the students and research faculties offers some lessons for the Chinese situation. From the catalogues Germany issued every year, the trajectory of the disciplinarization of knowledge is clearly visible: Since 1993, the catalogues have been enlarged by the “Fields of Study/Fields of Teaching and Research” and many other cross-disciplinary specialties or special fields with no definite names. Translated into Chinese terminology, this would mean the following: In the catalogue of disciplines and specialties for higher education, adequate space is provided under the first-grade discipline to develop cross-disciplinary and second-grade disciplines.<sup>37</sup> In reality, however, for all activities of the higher education in China, the notion of cross-disciplinary and multidisciplinary disciplines is a new

thing. Country and Area Studies still runs against the internal logic of knowledge genesis and disciplinarization. As “the Catalogue” is taken as primary guidance, Country and Area Studies have no choice but to adapt to the rigid traditional discipline structure.

Meanwhile, the German Catalogues also began to put Area Studies under the group of “law, economics, and social disciplines” as a first-grade discipline, which reflects that the orientation of this discipline is more towards social science rather than to the humanities. This suggests a balance, as Area Studies requires a lot of foreign languages, history, and culture and always necessitates involving the humanities.

## CONCLUSION

In developed countries such as the United States and Germany, Country and Area Studies have developed through the tensions from external conditions and internal disciplinarization processes, which has helped the formation of the double orientation of contextulization on the one hand, and the orientation of universalism and theorization on the other. As a result, Area Studies became formally institutionalized by the emergence of independent departments or research centers. In China, in contrast, Country and Area Studies as a new academic field is constrained by the Catalogue and confronted with disciplinary bottlenecks in its self-development and talent training. The flexible measures Germany has taken in its discipline and specialty setting can serve as a good reference to solve this problem. In the meanwhile, the complicated situation of Area Studies implies that China will lack the depth of knowledge and research, the context specialization, and the human resources that countries such as Germany and the US have commanded for a long time, and that are crucial capabilities to support the revival of the modern Silk Road. Multi- or transdisciplinary disciplines and institutions of knowledge production cannot be expected to emerge from the current situation. Therefore, the German example might point toward a more modest approach to institutional innovation.

## NOTES

1. See Wissenschaftsrat, *Empfehlungen zu den Regionalstudien (area studies) in den Hochschulen und außeruniversitären Forschungseinrichtungen* [Recommendations for Regional Studies (Area Studies) at German Universities and Research Institutions], (Mainz: Wissenschaftsrat, 2006), 47.

2. The five types are: Centers for International Business Education, Language Resource Centers, National Resource Centers, Foreign Language and Area Studies Fellowships, and Undergraduate International Studies and Foreign Language Education. National Resource Centers and Foreign Language and Area Studies Fellowships, which are regarded as Country and Area Studies in a narrow sense, have obtained 84% of the total grant funding. See “More than \$63.3 Million Awarded to Colleges and Universities to Strengthen Global Competitiveness through International Studies and World Language Training,” *U.S. Department of Education*, October 8, 2014, accessed March 8, 2015, <http://www.ed.gov/news/press-releases/more-633-million-awarded-colleges-and-universities-strengthen-global-competitive>
3. “More than \$63.3 Million Awarded to Colleges and Universities.”
4. Wissenschaftsrat, *Empfehlungen zu den Regionalstudien*, 48.
5. Bundesministerium für Bildung und Forschung, *Rahmenprogramm Geistes-, Kultur- und Sozialwissenschaften. Forschung für die Gesellschaft von morgen* [Framework for the Humanities, Cultural and Social Sciences. Research for Tomorrow’s Society], (Bonn: Bundesministerium für Bildung und Forschung, 2012), 3, 19.
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  9. Schäbler, “Einleitung. Das Studium der Weltregionen,” 15. Quotations translated by author.
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  12. Katzenstein, “Area and Regional Studies in the United States,” 790.
  13. Szanton, “Introduction. The Origin, Nature, and Challenges”; Hübner, “Area Study Centres in North America.”
  14. Szanton, “Introduction. The Origin, Nature, and Challenges,” 6ff.
  15. Bates, “Area Studies and the Discipline,” 166.
  16. Hübner, “Area Study Centres in North America” (see especially “Methodological Issues”). Of course, different disciplines hold different attitudes toward the social science inclination. Schäbler, “Einleitung. Das Studium der Weltregionen,” 35.

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29. Schäbler, "Einleitung. Das Studium der Weltregionen," 35.
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31. The problem of language teaching is a focal point of debates over Area Studies in the US.
32. Szanton takes Area Studies as a collection of many academic fields and activities, the overlapping areas are: (1) Concentrated language learning; (2) in-depth field research of the local language; (3) close observation of the area's history, opinions, materials, and narration; (4) testing, verifying,



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## Modern Silk Road Imaginaries and the Co-production of Space

*Maximilian Mayer and Dániel Balázs*

The current Chinese leadership under President Xi Jinping, aiming at the “great rejuvenation of the Chinese nation,”<sup>1</sup> pursues a visionary foreign policy.<sup>2</sup> The renewal of the ancient Silk Road is arguably China’s biggest foreign policy project since the foundation of the People’s Republic in 1949. Its geographical repercussions are worth pondering. While the implementation of the Belt and Road Initiative (BR) is still in a nascent stage, this chapter focuses on how China, whether deliberately or unconsciously, is projecting its own distinctive territorial and functional rendering of space. Although the BR ties into preexisting dynamics that will apparently lead to a deeper integration of regions and between countries across the Eurasian continent via markets and security institutions,<sup>3</sup> the plans, scenarios, mappings, and visions invoked by the BR are suggestive of a new geopolitical imagination. In fact, seeing, planning, and strategizing the future of Eurasia already affects the present, even before the promised investments in the countries along the modern Silk Road materialize. Which imaginations of territorial space are entangled with the BR’s infrastructural ambitions? Is the scope of China’s new gaze regional, hemispheric, or global? What are the consequences on the ground? Which competing socio-technical imaginaries affect the planning activities and the initiative’s implementation?

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Theoretically, this chapter draws on the idea that geographical expertise is “not a natural given but a power-knowledge relationship” shaped by broader social and political conditions.<sup>4</sup> Given China’s long-term ambitions and the variegated worldwide responses, the BR can be explored as a case of political reconstruction of space. In doing so, we draw on literature from science and technology studies (STS) and critical geography in order to conceptualize the politics of shifting geographical visions. The notion of “socio-technical imaginaries” employed here refers to collective activities that envision a future world embodied by large-scale technical systems such as transport and communication infrastructure.<sup>5</sup> Hence, we trace the BR’s geo-visions by interrogating the *mélange* of public images, mappings, and visions on the one hand, and the technical planning for, the policy discourse around, and the implementation of infrastructural projects on the other. Insights from interviews and participant observation are included as supportive evidence.

The chapter proceeds as follows: first, we elaborate on the theoretical framework. Second, we explore the spatial representation of the globe that stems from multiple mappings of the BR originating from within and outside of China. Third, we probe into Chinese strategies, designs, and discourses that privilege a globalized connectivity and structure territory as corridors. Fourth, we shed light on the tensions between Chinese and Indian socio-technical imaginaries related to maritime space in the Indian Ocean. The final section summarizes how the reconstruction of the spatial representation of places, regions, and countries involved in the BR results in a fresh, if still sketchy, vision of Eurasian space.

### THEORETICAL APPROACH

As China’s infrastructural foreign policy has generated sweeping claims and suspicions,<sup>6</sup> it is apt to question whether new infrastructures indeed already facilitate the making of a “new order.” For some observers, China now openly pursues hegemonic ambitions, trying to reshape the global economic order according to its own grand strategy.<sup>7</sup> Others conclude that Beijing is creating “parallel” structures and institutional arrangements that ultimately challenge the existing institutional order.<sup>8</sup> However, a cautious note is warranted. At the moment, facts, fears, and dreams appear to be inseparably mixed up. It is therefore too early for systematic conclusions about the implications that infrastructural investments and the operations of new institutions such as the Silk Road Fund and the Asian Infrastructure

Investment Bank (AIIB) conducted under the BR framework will have for global order. To focus, instead, on the spatial shifts implied by new socio-technical imaginaries, and in particular those related to the Indian Ocean, implies a more viable, albeit restricted, research approach to the BR for the time being.

Various theoretical perspectives were proposed to study how the social construction of space is related to power strategies. One body of literature shows how space and time were reconfigured due to the effects of new military and surveillance technologies during the Cold War.<sup>9</sup> Others point out that the territoriality of the modern state system and the state itself were a product of maps and scientific methods to organize space in the first place.<sup>10</sup> Jeppe Strandsbjerg notes that “the map is not only constitutive of territory but of space as a general concept.”<sup>11</sup> Sovereign states, at the same time, were actively forging territory: The “function of cartography was to transform seized space into a legible, ordered imperial territory,”<sup>12</sup> writes Tuathail drawing on the work of Michel Foucault.<sup>13</sup> David Harvey, advancing a Marxist perspective, argues that global capitalist dynamics reshape space (and time) in a continuous process. Geographical knowledge has offered a powerful strategic leverage to states and companies in all of these contexts.<sup>14</sup>

Against this background, we can assume that the BR, which contains long-term ambitions on a continental scale, will inevitably impact the understanding of regional and possibly global space. Firstly, China’s rise, in general, has domestically provoked a revival of ancient thought traditions. While Chinese scholars began to develop a “Chinese international relations (IR),” others are theorizing an alternative world order based on an updated version of the *tianxia*, a model of political hierarchy that refers back to China’s imperial past.<sup>15</sup> The BR became a central site for Chinese strategists and intellectuals to construct worldviews and theories.<sup>16</sup> What is more, the Silk Road discourse has “the potential to grow into an alternative idea showing how the common space of international politics could be organized in the future.”<sup>17</sup>

Secondly, notwithstanding the Chinese government’s cautions avoidance of the term “strategy,”<sup>18</sup> the implementation of various local and regional components of the Silk Road essentially involves governmental practices. The efficient management of economies, trade flows, and legal frameworks in far-flung places outside of China became a concern for Beijing.<sup>19</sup> Thus, it seems plausible that the capitalist rational behind the Belt and Road could lead to attempts to reconstruct regional or global space.

China might apply the same set of domestic administrative technologies of territorial rescaling—including special administrative and economic zones—which were used during Chinese reform and opening policies.<sup>20</sup>

One way to study how ideas, visions, and plans affect the spatial configuration of world politics is to focus on the related representations and visualizations of space(s). Critical geographers point to the intimate link between representations of the world and power political constellations. Cartographic materials are critical generative elements in geopolitical processes that redefine the scope, functions, and boundaries of global territorial space.<sup>21</sup> Building on this insight, our framework integrates co-productionist notions from STS in order to capture the “techno-scientific” underpinnings of changing geo-visions. Jasanoff views socio-technical imaginaries as “collectively held, institutionally stabilized, and publicly performed visions of desirable futures, animated by shared understandings of forms of social life and social order attainable through, and supportive of, advances in science and technology.”<sup>22</sup> In this sense, “socio-technical imaginaries” can illuminate operations of space-making; that is, how territory is construed as “a historically and geographically specific form of political organisation and political thought.”<sup>23</sup>

This approach emphasizes the future-oriented production of space that is shaped as territory by the application of science and technology and vice versa. Importantly, socio-technical imaginaries “are not limited to nation states (...) but can be articulated and propagated by other organized groups, such as corporations, social movements, and professional societies.”<sup>24</sup> Furthermore, the planning of infrastructure is intimately connected with normative commitments. The importance of values such as “inclusiveness” and “unhindered flows” is obvious from the rhetoric of China’s leaders and official documents.<sup>25</sup> Finally, we assume that various imaginaries can exist in parallel.<sup>26</sup> In a time of fluid global connections, competing imaginaries are key to understand changes in geographical visions and territoriality.<sup>27</sup> Philip E. Steinberg’s archetypes of the social construction of maritime space in the Indian Ocean are helpful in this line: China’s approach seems most similar to a “void type,” which seeks to “annihilate” the ocean by overcoming the distance in order to maintain the circulation of goods. In contrast, the “stewardship” archetype, which is closer to India’s approach, views the sea as a free realm that is used by strong states for power projection in order to serve national interests through managing oceanic resources.<sup>28</sup>

The following sections explore new geo-visions in the context of the BR as crucial sites of spatial construction and contestation of the future Eurasian economy.

### REORGANIZING THE WORLD IMAGE

As pointed out in the introduction in this volume, China has become a champion of regional integration both with and within its neighboring regions of Southeast and Central Asia, but it is a latecomer when it comes to plans for the economic and infrastructural integration of greater Asia.<sup>29</sup> Since China was focused on its immediate neighborhood for decades, it is also a conceptual and intellectual newcomer.<sup>30</sup> For instance, Beijing had not developed a strategic vision for the Indian Ocean. Nor was the Chinese strategic community focused on the entire Eurasian continent. This situation changed with the BR. For Wang Yiwei, a leading scholar on the Silk Road, the BR “signals China’s active involvement in building a new trend of globalization, rather than only looking for opportunities to seek profits from it. It is China that is now promoting the integration of Eurasia (...).”<sup>31</sup> While Chinese and foreign observers debate whether the BR is a “Chinese Marshall Plan,”<sup>32</sup> the Chinese government has articulated a comprehensive vision, coined the “China dream,” which links China with all countries in Eurasia. In 2013, speaking before the Indonesian House of Representatives, President Xi Jinping stressed the idea of a “closely-knit China-ASEAN community of common destiny.”<sup>33</sup>

Beijing has set in motion a dialogue with various governments in which values such as “openness and inclusiveness,” and “mutual learning and mutual benefit” are part and parcel of improving physical connectivity along the modern Silk Road.<sup>34</sup> Others claim that the BR and “China’s dream” are mutually reinforcing while China’s strategic goal was to become ever more connected to the “world’s dream.”<sup>35</sup> China’s focus on physical infrastructures is converging with the focus on transport infrastructure in other international development discourses.<sup>36</sup> The positive responses to China-led funding institutions reaffirm this general communality.

How do maps visualize this rhetoric of connectivity and connected dreams that frame the planning of infrastructural hubs and networks across vast areas? A comparison of a range of maps (collected from Chinese and non-Chinese sources) results in intriguing conclusions.<sup>37</sup> At first glance, all

maps have a strikingly similar rendering of the BR, whereas they differ in various ways from the hitherto existing maps (used both in China and elsewhere). This suggests, then, that a major remapping of the world is underway. A core feature of the maps is a new hemispheric geo-vision: the image of the world changes as “Eurasia” is pictured with Western Europe on the one end, and China on the other. The “transatlantic” constellation is thereby replaced by the Eurasian landmass, excluding the US, and sometimes Australia and parts of Africa. The geopolitical space of action is construed in which the US is invisible—even though Chinese scholars stress the inclusiveness of China’s initiative.<sup>38</sup>

These maps are also strikingly different from historical Chinese maps. The imperial maps of the Qing dynasty depict the “Middle Kingdom” as natural center of Asia. The maps of the early republic show the country’s mutilated “geo-body” suffering from imperial and colonial conquest.<sup>39</sup> Today, the cartography of “national humiliation” is replaced with references to a glorious past. By adding camels or ancient ships as ornaments, the visualizations of the BR make allusions to a time when Asia was at the center of the world and the Chinese empire the dominant power. The rhetoric around the BR taps into the narratives of glorious historical trade networks, suggesting that the BR restores such a world only under modern conditions. Yet in contrast to the rhetoric of shared “dreams,” many Chinese maps signal by virtue of their color design that China is set apart from the rest of Eurasia. The coloring of the maps emphasizes the difference between China and the rest, while the differences among the participating countries are de-emphasized. This binary view corresponds with the spatial-normative exceptionalism in the *tianxia* discourse among Chinese scholars that sets China apart from the world.<sup>40</sup>

As a consequence of de-centering Europe and eclipsing the US, India and the Indian Ocean become center stage. As the Indian Ocean is central to Chinese imports of goods and energy resources, it was discussed under the rubric of the “Malacca Dilemma” already for a long time.<sup>41</sup> However, the BR involves ideas of space that go beyond the traditional geopolitics of energy security. India, at the same time, as the regional power and cultural hegemon, responded strongly to Chinese designs in its backyard by initiating its own Indian Ocean diplomacy. Chinese and Indian imaginaries about the utilization of space and the structure of the future economy of South Asia and the Indian Ocean differ.

## GLOBALIZED CONNECTIVITY

Transport infrastructures are a core element of China's domestic and, increasingly, also global policies.<sup>42</sup> The "road diplomacy" that began moderately 10 years ago developed into a comprehensive initiative promoting China's global connections.<sup>43</sup> China's president stressed the goal to "break the connectivity bottleneck" in Asia. Today, in Sri Lanka, Pakistan, and various African countries, Chinese contractors invest billions to build deep-sea ports and adjacent transport corridors. Among the most ambitious projects are a 5000 km high-speed rail system that when completed will connect six Southeast Asian countries between Kunming and Singapore.<sup>44</sup> The main goal is to conquer distance in order to lubricate the flow of trade and investments in entire Eurasia, and especially to facilitate China's own exports into Europe and new markets.

Logistics, shipping, and finance scientifically underpin this economic vision.<sup>45</sup> Several new funding institutions provide the necessary financial backbone: the \$40 billion Silk Road Fund and the \$100 billion Asian Infrastructure Investment Bank (AIIB). The task of these agencies is to use their financial instruments for creating "connectivity partnerships."<sup>46</sup> Their work is largely complementary to such well-established institutions as the World Bank and the Asian Development Bank (ADB). In sum, Chinese reconstruction of Eurasian space is about the unhindered global flow of products and the connection of its manufacturing base with world markets. In this imaginary, the regions and places of Eurasian space along the Silk Road are part of highly interconnected global economy.

The maps and policy discourses around the BR suggest that the Chinese vision of space aims at constructing a new type of win-win globalization that makes Eurasia into a frictionless block where movements are unhindered by distance, borders, and jurisdictions. In notions underlying this hyper-connectivity, it is not a "flat world;" rather, it is the idea that the "world is connected," as Wang Yiwei writes.<sup>47</sup> When it comes to the ocean, the 21st-Century Maritime Silk Road (MSR) resembles Steinberg's Indian Ocean archetype. Just as the Indian Ocean societies did before the advent of European powers, China today regards the ocean as a void that needs to be crossed swiftly. This imaginary has repercussions with respect to the utilization of (national) territory. The logistical networks intended to stimulate economic flows have spatial features that can turn countries into logistic corridors.



## FROM COUNTRIES TO CORRIDORS

It is striking that almost all Chinese maps of the Silk Road do not include national boundaries. Eurasia's territory seems to be a blank terrain, borderless landmasses, and empty oceans. Instead of borders there are corridors, lines, connections, hubs, and selected cities accentuated on the maps. The attractiveness of the corridors lies in their geographical novelty. For the first time, modern transport infrastructures such as roads, railways, pipelines, and communication networks would connect the countries in Central Asia and the Chinese Western provinces with the Indian Ocean. These connections have historically never existed and thus are a powerful dream.<sup>48</sup>

Reading these maps together with the policy discourses in China, it becomes clear that Eurasian space is constructed as a network of corridors that facilitate "connectivity, unimpeded trade, financial integration."<sup>49</sup> From the BR maps it is unclear whether the complete realization of Eurasian connectivity would leave sovereign entities unchanged, notwithstanding that the "Vision and Actions" document reaffirms the sovereignty of all participants of the Silk Road. The maps indicate that the imperative to connect the continental hinterlands with the seaborne trade routes drives a logic of "corridorization." The type of territory that results from corridorization, then, makes sovereign entities less important than logistical hubs.

The BR documents emphasize six large corridors.<sup>50</sup> Smaller countries that host the hubs of a corridor are regarded as gateways for physical connections and logistical networks. In doing so, countries are rescaled and turned into corridors, as the example of Pakistan illustrates. In Pakistan, China undertakes a \$100 billion dollar suite of investments in order to build the China-Pakistan Economic Corridor (CPEC).<sup>51</sup> The entire country is reconstructed as an energy, agricultural and transport corridor to connect China's landlocked Western provinces with Gwardar in Pakistan's Balochistan province, a large port at the Indian Ocean. While the Pakistani government called CPEC a "fate changer" because the economic development of the entire country is expected to enormously benefit from it,<sup>52</sup> the project has also stirred concerns related to contested territorial claims. India does not accept that the CPEC will run through parts of Pakistani occupied Kashmir, thereby making it official Pakistani territory and increasing China's presence in the bilateral territorial conflict.<sup>53</sup> In January 2017, Prime Minister Narendra Modi, while not mentioning the BR in name, stated that "connectivity in itself cannot override or undermine the sovereignty of other nations." In a critical remark about corridors, Modi

continued that “only by respecting the sovereignty of countries involved, can regional connectivity corridors fulfill their promise and avoid differences and discord.”<sup>54</sup>

While CPEC enjoys a broad public and political support,<sup>55</sup> the massive project also caused concern among Pakistanis.<sup>56</sup> Although it was the government in Islamabad that initially proposed to China to create an economic corridor, Pakistan’s sovereignty appears challenged due to the growing Chinese presence and because of the legal and financial conditions of ownership and control over infrastructure. “Pakistan,” notes a critical observer, “risks losing its sovereignty and being beholden and exploited by China for its natural resources and geostrategic location.”<sup>57</sup> The Chinese investments come mostly in form of loans backed by sovereign guarantees that make the Pakistani taxpayers responsible to cover company debts in the context of the CPEC.<sup>58</sup> Given the insecure situation in some regions and the local opposition against the CPEC, Pakistan’s government deploys a 12,000-strong security force with the sole purpose of protecting Chinese workers and technicians.<sup>59</sup> At the same time, the military has taken over a special role throughout the country that adds to the economic burden and the institutional messiness on the ground.<sup>60</sup> A Pakistani expert notes:

By leasing out vast tracts of land in the city of Gwadar and all along the route of the corridor, we in fact transfer sovereignty of some of our territory to a foreign power. And this is no ordinary foreign power. China is an emerging superpower with global ambitions. Have we built into the deal the necessary safeguards that will allow us to retain control of our territory if circumstances change?<sup>61</sup>

Undoubtedly, Pakistan is not Panama. China’s engagement is closely coordinated with different actors in Pakistan’s political system and society and differs in many aspects from the historical US activities to link the Pacific with the Atlantic. Yet there are also parallels in terms of the geopolitical novelty of the proposed infrastructural connection as well as the anticipated economic and environmental impacts on the involved country.<sup>62</sup> The consequences of the administrative formation of new territorial spaces in Pakistan, which are required to realize the CPEC, remain unclear. So, to some degree, the missing markers for national sovereignty on the maps seem to correspond with the practices and concerns of corridorization on the ground. While China reassures India that the CPEC is entirely

economic in nature and open to India's participation, the increasing security and military cooperation with Pakistan's Navy is first and foremost linked to CPEC.<sup>63</sup>

### A REGIONAL "BLUE ECONOMY"

The Chinese geo-visions are only partly shared by Indian observers. India's socio-technical imaginaries correspond with a *geostrategic* perception of the Indian Ocean. The 2015 Maritime Strategy of the Indian Navy argues that the "quintessential maritime character" of India fundamentally affects its development. Due to the mountainous barriers in the North of the country, the Indian Ocean is the main channel of communication<sup>64</sup> that also carries an overwhelming proportion of trade and energy transports. India's "arteries," as K. M. Panikkar claims, are located in the Indian Ocean, hence, making it New Delhi's "vital sea," while for other states it might be merely "one of the important oceanic areas."<sup>65</sup> Yet the Indian Ocean has enjoyed a privileged position in India's maritime policy only since the end of the 1990s. Before that, India's leaders had followed a land-based strategy because the main threats were considered to be originating from land.<sup>66</sup>

The Indian Maritime Doctrine (published in 2004, updated in 2009) identifies primary and secondary seaborne interests for the country, considering the Indian Ocean a primary level one.<sup>67</sup> The Monroe Doctrine with Indian characteristics, proposed by former Prime Minister Jawaharlal Nehru, is shaping India's Indian Ocean imaginary. To put it simply, it encapsulates a firm opposition against interference from extraterritorial powers in the Indian Ocean region.<sup>68</sup> India views the Indian Ocean as its backyard and aims to acquire a leading position in the area.<sup>69</sup> Moreover, India regards itself as an exceptional power, a benevolent global leader which takes up responsibilities rather than employs coercive measures.<sup>70</sup>

Against this background, India cannot simply claim quasi-ownership over its maritime neighborhood. As Harsh V. Pant argues, India's naval capacity is not sufficient to assert dominance in the region.<sup>71</sup> Furthermore, after independence, India's strategic endeavors were characterized by pacifism, international collaboration, and staying out of the Cold War tensions. A generally defensive military posture still restrains New Delhi's future strategic engagement in the Indian Ocean region.<sup>72</sup> India's imaginary of Indian Ocean space mostly resembles Steinberg's

Mediterranean archetype, under which strong players act as stewards of the sea to project their power and to serve their national interests.<sup>73</sup> India's efforts in becoming a "net security provider" in the Indian Ocean region and identifying the Indian Ocean as its sphere of interest<sup>74</sup> are in tally with this type of oceanic social construction.

This geo-vision of the Indian Ocean is accompanied by a utilization of space that simultaneously resembles and contrasts with Beijing's approach. It resembles the latter because economic engagement has a central position in it, just as in the BR. The leadership of Prime Minister Modi is primarily focused on boosting economic ties in the Indian Ocean region, in combination with a more masculine military approach that responds to China's growing influence.<sup>75</sup> In fact, India needs to have a continuously growing economy. Due to its lack of infrastructural connections, it has a great interest in partnering with China for logistical investments.<sup>76</sup> The port of Colombo, after it became a target for Chinese investments in Sri Lanka, shows this complementarity of economic interests. The harbor facilities became the most important gateway for Indian seaborne trade, accounting for almost 50% of trans-shipment volume in 2015.<sup>77</sup>

However, the spatiality inherent to Indian geo-visions is different from the Chinese examples. New Delhi's vision connectivity places islands instead of corridors at its center.<sup>78</sup> This view partly stems from the Indian concept of strategic autonomy, which indicates that India is reluctant to strategically engage with great and middle powers, but more than willing to boost security cooperation with small states that are considerably weaker than New Delhi.<sup>79</sup> The small and vulnerable island nations of the Indian Ocean region are suitable partners for this kind of cooperation.

India's spatial imaginary differs from China's as it aims to establish a *regional* economic space based on the idea of the "Blue Economy."<sup>80</sup> The concept is premised on the harmonization between economic development and maritime ecosystem protection.<sup>81</sup> India's efforts in building a Blue Economy focus on the island nations of the Indian Ocean. In 2015, the governments of the Seychelles and India set up a "Joint Working Group on the Blue Economy" to enhance cooperation in this field.<sup>82</sup> Similarly, Mauritius and India signed a Memorandum of Understanding (MoU) on the Ocean Economy.<sup>83</sup> The island-focused imaginary of India is also manifest on the institutional level. In 2011, New Delhi launched the "Trilateral Maritime

Security Co-operation Initiative,” a maritime security mechanism that includes national security advisors from India, Sri Lanka, and the Maldives. The Seychelles and Mauritius are planned for inclusion as well.<sup>84</sup> In addition, India has a considerable amount of soft power capital in its relations with these countries, originating from a shared history, ethnicity, and culture. This was accentuated during Prime Minister Modi’s 2015 visit to the island nations, when he aimed to lay down the groundwork of a revamped foreign policy based on the “neighborhood of an ocean.”<sup>85</sup>

Hydrography is another crucial element of the Indian economic imaginary. For this branch of science is indispensable for creating a Blue Economy.<sup>86</sup> Traditionally, the scientific measurement of oceans and coastal areas is carried out by the Indian Navy, which regards it as a “benign,” nonviolent naval activity.<sup>87</sup> Being one of the few nations possessing “adequate hydrographic capabilities,”<sup>88</sup> India capitalizes on its indigenous scientific prowess to deepen strategic cooperation with small island nations of the area. A media report stresses the salience of hydrography in India’s emerging Indian Ocean diplomacy:

Hydrography is to maritime power what Bollywood is to Indian foreign policy. One of the global leaders in this crucial but unsexy science, India should offer to map the ocean for small countries for their development, defence and security, an invaluable service. Indian hydrographers have done fantastic work and its time they are included in our strategic outreach.<sup>89</sup>

In sum, while the condition of possibility for the Chinese “void view” is that China has few cultural and historical connections with actors and places within the region, the Indian cooperation with island states is based on deep strategic, cultural, and scientific roots. The Blue Economy vision is the strongest future-oriented element of New Delhi’s policy, capable of mitigating threat perceptions and adhering to a benign self-image at the same time. On the one hand, considering New Delhi’s scientific and technological prowess, the island nations of the Indian Ocean look for Indian assistance in furthering their efforts of economic development.<sup>90</sup> On the other hand, the prerequisite of the Blue Economy is a secure maritime environment.<sup>91</sup> By “gluing security and the Blue Economy,”<sup>92</sup> India could eventually adopt a more “assertive” stance in the Indian Ocean, providing military and Coast Guard vessels to its maritime neighbors and creating military outposts.

## CONCLUSION

The conceptual vantage point of co-production suggests the reorganization of continental space of “Eurasia” is well underway. Space-making operates at the nexus of geographical, geo-economic, and geopolitical processes. Geographical knowledge is productive as an “ensemble of technologies of power concerned with the governmental production and management of territorial space.”<sup>93</sup> Tracing the shifting geo-visions is not only helpful to conceptualize the geopolitical effects of China’s BR, but also offers glimpses into the techno-political construction of Eurasia in an age of massive infrastructural investments. On the one hand, the borderless space of the Silk Road maps invokes post-sovereign practices that contradict Beijing’s long-standing principle of nonintervention. The visual materials are suggestive of a growing tension between China’s official foreign policy rhetoric and evolving BR practices. On the other hand, the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road” must be seen as part of a larger political struggle to reframe global space. While the new maps of the Belt and Road significantly diverge from traditional Chinese maps, they contain other surprises: an almost post-Westphalian Eurasian landmass is depicted replacing a focus on the Atlantic world. As a result, the Indian Ocean becomes critical for the realization of BR and is, arguably, more important than anticipated by Chinese experts.

Indian and Chinese socio-technical imaginaries about the future of the Indian Ocean diverge, indicating the politically contested nature of the Belt and Road. Beijing focuses on Eurasian corridors connecting the world markets with Chinese production lines. New Delhi emphasizes the Blue Economy, which has a regional scale. China invests in logistical infrastructures while India supports small countries with hydrographic research. Even without engaging thoroughly with the security dynamics of Chinese-Indian competition in the Indian Ocean,<sup>94</sup> the lack of India’s endorsement of the BR, which recently turned into an explicit opposition concerning CPEC, is partly explained by conflicting imaginaries. Yet, there also are overlapping and complementary aspects that would allow for substantial Sino-Indian cooperation.<sup>95</sup>

The co-production of Eurasian space cannot be covered comprehensively in this brief study. For instance, further studies are required of how military activities related to infrastructure investments undergird the geopolitical competition between India and China while threat perceptions also influence the evolution of the involved socio-technical

imaginaries. Although China is a powerful player in the reconstruction of Eurasian space, it cannot simply create a new regional order through physical infrastructure. The question in what ways the socio-technical process of region-building touches upon deeper ideational levels, as the very character of territoriality is at stake, calls for further inquiries. There is a considerable risk that, without synchronized transnational imaginaries—especially among the great powers China, India, and Russia—the “dreams” that drive billion-dollar investments in infrastructural projects could remain unfulfilled.

## NOTES

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## Berlin Looking Eastward: German Views of and Expectations from the New Silk Road

*Wolfgang Röhr*

Germany officially welcomes President Xi Jinping's Belt and Road Initiative (BR). The federal government views BR as a serious, long-term, and comprehensive Chinese foreign policy strategy towards Asia, Europe, Africa, and possibly beyond. Berlin was among the first European capitals—if not the first—formally to endorse the initiative. As early as October 2014, at the third German-Chinese intergovernmental consultations, a *Framework for Action for German-Chinese Cooperation: "Shaping Innovation Together!"* was adopted, stating:

Germany welcomes the further expansion of transcontinental trade routes for land traffic between Europe and China and the initiative for an economic axis along the Silk Road. This opens new opportunities for German-Chinese and European-Chinese cooperation and contributes to stability and prosperity in Central Asia and the countries situated along the route. (...) Both countries favour the enlargement of the trade corridor on land and the construction of an economic belt along the Silk Road.<sup>1</sup>

The "Joint statement on the occasion of the 4th German-Chinese intergovernmental consultations," in June 2016, stated:

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[The] two sides welcome the cooperation between China and the European Union to develop European-Asian transport corridors through the Belt and Road Initiative. Within the framework of existing mechanisms (including the EU-China Connectivity Platform), both sides will discuss the option of further boosting the participation of German companies in developing European-Asian transport corridors, as well as possibilities to cooperate in the fields of industrial investment and finance. Both sides support efforts, within a multilateral framework, towards the technical and legal harmonisation of European-Asian transport corridors with a view to increasing the capacity and efficiency of European-Chinese freight train routes. Both countries' customs authorities will focus on cooperating to simplify customs clearance formalities along Chinese-European freight train routes and will seek to facilitate Chinese-European transport.<sup>2</sup>

In a speech made during her visit to Beijing in October 2015, Federal Chancellor Angela Merkel gave credit to the Silk Road initiative as a good example of a “highly strategic policy that takes the long-term perspective into account” and builds bridges between different periods. She stressed that long-term strategic thinking was essential, even to the extent that it meant taking a leaf out of the history books. While at first glance the diverse work undertaken by the Chinese government seemed fragmentary, the issue of the Silk Road cropped up again and again in many areas.<sup>3</sup>

### TRYING TO UNDERSTAND WHAT THE BR MEANS

As everyone else, Germany has to base its view of the Belt and Road Initiative on the rather few existing official documents. The most important document to date is the publication, “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road,” issued in March 2015 by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce, with State Council authorization.<sup>4</sup> While occasionally somewhat grandiloquent, this document is remarkable because it clearly points to the often-overlooked fact that the Silk Road project is at least possibly geared to spanning the globe.

It is described as a great undertaking based on a Silk Road Spirit, one that is “[s]ymbolizing communication and cooperation between the East and the West, ... a historic and cultural heritage shared by all countries around the world,” that will “benefit people around the world,” and that has attracted “close attention from all over the world.” The BR would enable China to further expand and deepen its opening-up, and to

strengthen its mutually beneficial cooperation with countries in “Asia, Europe and Africa and the rest of the world.”<sup>5</sup> America, however, is never explicitly mentioned, contrary to the South China Sea, the Indian Ocean, and the “South Pacific.”

Cooperation is to be both bilateral as well as multilateral. The Asia-Pacific Economic Cooperation (APEC), the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), the Asia-Europe Meeting (ASEM), and the Conference on Interaction and Confidence-Building Measures in Asia (CICA) are only the most important of the multilateral forums mentioned. Also within China, hardly a region is left out: Not only are Western regions like Xinjiang, Shaanxi, Gansu, Qinghai, and Ningxia Hui listed—as was to be expected—, but equally, Inner Mongolia and the three Northern provinces, Southern Guangxi Zhuang, and the Pearl River Delta are named. The East is part of the initiative as well: The Bohai Rim; Tianjin; the Yangtze River Delta; and Shanghai, including the China (Shanghai) Pilot Free Trade Zone. Zhejiang and Fujian are referred to. The center is not left out; here, cities are mentioned rather than provinces: Chengdu, Chongqing, Zhengzhou, Wuhan, Changsha, Nanchang, and Hefei. Last but not least, Hong Kong, Macau, and Taiwan are to be part of the initiative.

With such a long list, it is rather more remarkable which cities or provinces do not appear on it; that is the case for Beijing, Nanjing, and Jiangsu, for example. Surprisingly, the Pakistani Gwadar Port, which many would see as a prime example of early Belt and Road cooperation, is nowhere to be found. Apparently China is reluctant to list Gwadar, which is sometimes seen as also having military importance, as a BR project.

That the Vision and Actions statement nowhere mentions the United States and Japan is perhaps less of a surprise.<sup>6</sup> One can see this—in the case of Japan—rather glaring exclusion as an answer to the Trans-Pacific Partnership (TPP): Just as the United States and Japan cooperate—or, in the case of the United States, cooperated—in TPP with the aim of excluding China, China works in the BR to exclude the United States and Japan.<sup>7</sup>

Trade with the states targeted by the BR is even more important for Europe than for China: China’s total trade with countries involved in the initiative in 2015 amounted to nearly US\$1000 billion—a quarter of its total trade.<sup>8</sup> But European Union (EU) member states export more than 40% of all their exports to countries along the Silk Road and receive more than 50% of their imports from them.<sup>9</sup>

The promises made by representatives of Chinese academia are stunning: Through the BR, Beijing purports to offer Europe an opportunity to

[R]ediscover its ties with China and take East-West integration to new levels. Global geopolitics may be reshaped..., returning Eurasia to its historic place at the centre of human civilisation. ...Europe is now faced with a historic opportunity to return to the centre of the world.

Europe could overcome a past where, simultaneously with the rise of the United States, it entered into decline. Extending the European single market into Eurasia could stimulate its growth. European integration need no longer be limited to the present EU but could extend further East, thus possibly even helping to overcome tensions with Russia. In relations with Washington, the bilateral exclusivity of the Transatlantic Trade and Investment Partnership (T-TIP) could be transcended.<sup>10</sup>

### THE BR AS A CENTRAL ELEMENT OF CHINA'S FOREIGN POLICY

Seen from Germany, the initiative embodies the essence of Chinese foreign policy at least for East, Central, and South Asia; the Middle East; Europe; and East Africa. It is regarded as a grand strategy for a substantial part of the globe spanning probably several decades—perhaps until 2049, the hundredth anniversary of the founding of the People's Republic of China—and covering all the elements of relations between China and countries in these regions in the political, economic, scientific, and cultural area.<sup>11</sup>

Members of the German foreign policy establishment note that the area covered by the initiative keeps expanding: During the state visit by President Xi Jinping to the United Kingdom in October 2015, the UK—which so far had not appeared on the list of participating countries—was quietly included.<sup>12</sup> According to recent semi-official indications, the initiative now covers at least 4.4 billion people in more than 60 countries—a whopping 63% of the global population.<sup>13</sup>

The Federal Chancellery and the Federal Foreign Office also take note of the personal commitment of President Xi Jinping, Premier Li Keqiang, and Foreign Minister Wang Yi to the Silk Road initiative. Rumors that the BR has already lost its luster and no longer figures among the leadership's pet projects are given no credence. Rightly so: allegations that Premier Li only briefly mentioned the BR in his annual work report to the National People's Congress in March 2016<sup>14</sup> do not square with the facts.

Germany is well aware that the final documents of summits of international meetings such as APEC, SCO, ASEM, and CICA (but, remarkably, not the G20 summit in Hangzhou<sup>15</sup>) have, at Beijing's initiative, mentioned the BR in a positive vein. In Berlin's view, this clearly underlines China's commitment to the Silk Road initiative. During his state visit to Germany in March 2014, President Xi traveled all the way to the city of Duisburg—arguably Europe's largest inland port, but not easy to reach—to welcome, jointly with German Vice Chancellor and Minister of Economics Sigmar Gabriel, the arrival of a freight train from Chongqing.<sup>16</sup> It is to be noted that it was just a normal train, not the inaugural one. This just goes to show how important the BR is to the President personally,<sup>17</sup> and also how easily well-established cooperation mechanisms are as a matter of course now subsumed under the BR.<sup>18</sup>

While technically not part of the Silk Road initiative,<sup>19</sup> the planned cooperation between China and Germany in third markets is at least closely related to it. Apparently the idea was brought up by Premier Li in talks with Chancellor Merkel in October 2015. The joint declaration of June 2016 mentions possible projects in infrastructure, energy, transport, environmental protection, health, and other areas. They are not to be government projects, but decisions of companies taken according to economic criteria, serving interconnectivity, employment, and growth, among others.<sup>20</sup> It is expressly stated that transparent and fair competition conditions are a prerequisite.

The Asian Infrastructure Investment Bank (AIIB) is also regarded as closely related to the Silk Road. Germany was not the first, but among the very first EU member states that signed up as Prospective Founding Members and also among the first EU states to ratify the Articles of Agreement. Most importantly, with a share of nearly 5%, Germany is the bank's fourth largest shareholder after China, India, and Russia, and the largest of all non-Asian shareholders. This is a clear commitment to a project that is seen with a wary eye by Washington.

### COORDINATING A EUROPEAN RESPONSE

Germany has from the outset stressed the role of Europe and the European Union in formulating a response to the Silk Road initiative.<sup>21</sup> It therefore welcomes the Connectivity Platform<sup>22</sup> that was agreed upon in a Memorandum of Understanding (MoU) signed by the European

Commission and China in September 2015. The platform is to enhance synergies between BR and the EU's own connectivity initiatives, such as the Trans-European Transport Network policy. Jointly with the European Investment Bank (EIB)—which in May 2016 signed a cooperation agreement with the AIIB,<sup>23</sup>—its mission is to promote cooperation in infrastructure, equipment, technologies, and standards. The related Connectivity Working Group, whose task it is to put together project lists and to look at options for co-financing, has already started its work.

No doubt Berlin sees value in the platform because it is geared to moderate internal competition of EU states for Chinese favor and to ensure that EU standards on government procurement, quality, and labor are upheld. The platform can also be seen as an attempt to avoid repeating the less-than-coherent initial response to China's AIIB initiative, and to develop a more coordinated approach overall.<sup>24</sup> In any event, it should become a center for coordination of EU member states on identifying new infrastructure projects, and a clearinghouse for positions to be taken with respect to the Silk Road initiative.<sup>25</sup>

Germany also welcomes China's contribution to the Commission's €315 billion investment plan—the so-called Juncker investment plan—for Europe. China, incidentally, is the first non-EU country to have announced its contribution. Similarly, Berlin has supported and is pleased with China's recent membership in the European Bank for Reconstruction and Development (EBRD).

In its official statements, Berlin describes the BR as an important vision for the Eurasian continent, foresees possible and necessary interaction with the European Neighborhood Policy and the EU's Central Asian Strategy, and expresses the hope that a broader framework that adds a new dimension to EU-China relations can be created.<sup>26</sup> It also mentions in a positive vein other models of integration that exist in the relevant region, such as the Eurasian Economic Union (EEU) and the SCO.

The "16+1" dialogue format of 16 Central and Eastern European countries and China that Beijing also links to BR is, however, regarded with some suspicion by Brussels, Berlin,<sup>27</sup> and other West European capitals. Such misgivings may not be totally unfounded: On the margins of a recent international seminar,<sup>28</sup> the idea of a separate free trade agreement (FTA) between these 16 states and China was put forward by some Chinese participants. The European discussants contradicted this, pointing to the exclusive competence of the European Commission in trade matters that precludes the conclusion of such an agreement for the 11 EU members among the 16.

## A PLATFORM FOR DIALOGUE

Berlin feels that countries in between are sometimes left uncomfortable. Small wonder, then, that it has been looking for an institution that could serve as a neutral bridge between China's rather more visionary approach and the somewhat down-to-earth European plans for cooperation. The ASEM has been suggested as a possible framework.<sup>29</sup>

The federal government has, however, made it clear that it sees the Organization for Security and Co-operation in Europe (OSCE) as the appropriate platform for dialogue. It wants the OSCE to take the lead in business- and sector-driven dialogues on connectivity that identify synergies, facilitate trade, and build trust and confidence. Thus, it could coordinate the various integration processes in the geographical regions that have a stake in good cooperation between China and Europe.<sup>30</sup> Germany, which held the chairmanship of the OSCE in 2016, promoted this task for the organization in a business conference held in May 2016 in which China participated. Foreign Minister Frank-Walter Steinmeier highlighted the new institutional momentum of the Silk Road initiative and the EEU, cautioning at the same time against competition between various integration initiatives.<sup>31</sup>

Whereas ASEM comprises 51 European and Asian states—including China—as well as the EU Commission and the ASEAN secretariat, the OSCE has 57 members and 11 partner states. Together with China, they account for well over 70% of global trade. China, however, is not a member nor a partner, as are Japan and South Korea. Its eventual reaction to the German proposal to give the OSCE a major role in coordinating the BR with other countries and initiatives in Asia and Europe therefore remains to be seen. The outlook may not be too positive.

It has also been suggested that the G20 could be used to promote a shared German-Chinese agenda on the Silk Road initiative.<sup>32</sup> President Xi Jinping did, in fact, mention the BR in his keynote speech at the opening ceremony of the 2016 B20 summit in Hangzhou, stating that China is ready to provide more public goods to the international community, share its development opportunities with countries along the Belt and Road, and achieve common prosperity.<sup>33</sup> Remarkably, however, the final communiqué of the summit does not even once mention the BR.<sup>34</sup> While the consecutive presidencies of China and Germany in 2016 and 2017 may indeed offer an opportunity to place cross-border infrastructure investment high on the agenda of the G20, in the long-term perspective the G20 is clearly not suited to day-to-day management of BR, if only because most of the countries that are to participate in the initiative are not members.<sup>35</sup>

## IS EUROPE THE BR'S ULTIMATE TARGET?

Perhaps the most exciting and difficult question for Germany is whether the ultimate prize coveted by the Silk Road initiative is not Asia or Africa, but Europe. This is sometimes claimed: Beijing is said to try to gain diplomatic influence particularly in Western Europe, where richer markets beckon than in relatively poor Central Asian states, and to try to parlay its economic strength into bigger diplomatic influence especially in cash-strapped states in the European East and Southeast.<sup>36</sup> According to this view, China will attempt to gradually make Europe economically more dependent on China and less so on the United States<sup>37</sup> and create a world where Europe is a mere peninsula of Asia, economically integrated with China, and in which the United States is relegated to the position of a distant island.<sup>38</sup>

Occasionally it has been stated that the underlying logic of the BR is somewhat similar to the functionalist approach that envisaged that the European Coal and Steel Community (ECSC) would lead to a shared cross-border infrastructure facilitating foreign policy cooperation and limiting the risks of conflict.<sup>39</sup> No one in Berlin's foreign policy establishment believes, however, that the Silk Road initiative could eventually become something even remotely akin to the EU.

While in Germany the BR has been widely noted in the media, in business circles, and in academia, there has been almost no substantive debate on its merits, its meaning, and its possible results beyond the close confines of political and academic circles, with one exception: Chinese direct investment. It has perhaps been the first and most significant element of the BR to be felt in Europe, or at least the one that has attracted most attention. Chinese investment in Europe,<sup>40</sup> particularly in Germany, recently has risen tremendously. According to Michael Clauss, the German Ambassador to China, Chinese investment in Germany in 2016 was nearly 20 times higher than in 2015.<sup>41</sup> According to Chinese statistics, it amounted to US\$5.8 billion in the first six months of 2016 alone. That equals all investment from 2005 to 2015.<sup>42</sup> The German investment agency Germany Trade and Invest (GTAI) believes that Chinese acquisitions and bids for German companies from January to October 2016 added up to €10 billion.<sup>43</sup>

Reactions to this Chinese investment offensive have been mixed. There was an ill-fated attempt by the federal government to shore up resistance against the takeover of industrial robot manufacturer Kuka by the Chinese

company Midea. However, not one of the German companies that were said to have an interest in acquiring Kuka was prepared to outbid the Chinese. Amid protests from the Chinese government, the approval of the Chinese bid for chip equipment maker Aixtron was withdrawn by the German ministry of Economics. Furthermore, Sigmar Gabriel, then Federal Minister for Economic Affairs and Energy, announced an initiative in the EU aimed at barring foreign state-owned or state-sponsored companies from acquiring European technology leaders at inflated prices, a plan clearly directed at offers from China.<sup>44</sup>

However German industry has voiced remarkably strong support in favor of unhindered acquisitions of German companies by foreigners, including Chinese bidders. The Chairman of the Asia-Pacific Committee of German Business (APA), Hubert Lienhard, and the President of the Deutscher Industrie-und Handelskammertag (Association of German Chambers of Commerce and Industry), Eric Schweitzer, spoke out against additional limitations to acquisitions of German companies from overseas, including from China.<sup>45</sup> The chief executive of the Bundesverband der Deutschen Industrie (Federation of German Industries), Markus Kerber, has been just as outspoken in this sense as the President of the Bundesverband Großhandel, Außenhandel, Dienstleistungen (Federation of German Wholesale, Foreign Trade and Services), Anton Börner.<sup>46</sup> Daimler-CEO Dieter Zetsche condemned the idea of “erecting fences” against foreign investors, as the strength of the German economy stems from the state and companies acting independently of each other.<sup>47</sup> The former President of the European Union Chamber of Commerce in China, Jörg Wuttke, and the Chief Executive Officer of Siemens AG, Joe Kaeser, have joined these critical voices.<sup>48</sup>

In addition, the influential Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (German Council of Economic Experts) discards fears that German technology might be transferred out of the country by Chinese investors:

Even if there is a lack of reciprocity and one country behaves in a protectionist way, there is still an advantage for the country that allows free inward movement of capital. ...Germany is well advised to maintain a unilaterally liberal regime for foreign direct investment, even if China remains an economy with restrictive conditions for the acquisition and market access by foreigners.<sup>49</sup>



To date, this discussion has been the most vivid debate in Germany by far related to an element of the BR—while, remarkably, the Silk Road initiative is not mentioned in it once. It shows that German business is in favor of open markets and free investments, but perhaps is also a little afraid of the possible reaction by the Chinese. Were the federal government to draw up new rules against Chinese investment in Germany or even to unite the member states of the European Union behind an initiative with this aim, they fear that German companies might be an easy target of Chinese countermeasures. This could be a significant blow to many German companies that make a sizable portion of their profits in China.

### FOR THE TIME BEING, A CIRCUMSPECT APPROACH

Taking a closer look at the German position on the BR, one does notice a number of doubts and question marks. Can one be sure that the main goal of the initiative is not simply to create new markets for China through economic penetration? Was it perhaps merely designed to develop China's Western regions through better regional integration? Could it be just another way to establish China's centrality vis-à-vis its neighbors?<sup>50</sup>

Diplomats in Germany appear anything but sure about the answers. Some refer to the initiative as a prestige project that primarily serves the purpose of extending Beijing's influence in Asia. Others see it as simply another way to propagate China's message of common peaceful development and its win-win foreign policy. Still others view its main success in the attention that it has received by media at home and abroad and by think tanks around the world. Also, it is seen as an attempt to set Chinese standards in industry and beyond, and thus to create a counterweight to existing and possible future FTAs.

Some claim that more than two years after the initiative's launch by President Xi, real new projects within the framework of the BR are few and, if any, limited to Russia and Pakistan. All the other projects mentioned were really projects predating the initiative that have subsequently been relabeled. This critical view is rarely officially expressed. One can, however, catch a glimpse of this thinking in a statement made by Nikolaus Graf Lambsdorff, the German Consul General in Hong Kong. In it, he pointed out that it would "take a long time before you can measure success" of this "Chinese idea," Because it was a "grand scheme," "political rhetoric" was part of it. Any initiative would "only work if interested businesses, companies and people invest" in it. "Any roads and any belts should [...] be a two-way street—in both directions."<sup>51</sup>

As can be expected, German businesses mostly take a pragmatic view. They see the main reason for the large investments under the Silk Road initiative in the benefit for Chinese companies that, under the “new normal,” have to keep up growth and sell their overcapacities to emerging countries primarily in Southeast and Central Asia and the Middle East.

While opportunities for European companies to participate in this endeavor are seen as real, the risks are also clearly set out. The credit risk in countries like Syria, Iran, Ethiopia, Egypt, Kenya, and Greece—to name but a few—is seen as exceedingly high. The country risk in Afghanistan, Pakistan, Syria, Iraq, and Ukraine, and also in Tajikistan and Uzbekistan, is regarded as worthy of attention, and it is noted that projects in Sri Lanka and Myanmar have already been hampered by unfavorable political developments.<sup>52</sup>

Above all, German businesses regard transparency as an important prerequisite in the awarding of contracts. Institutions like the AIIB or the Silk Road Fund would have to work according to internationally agreed upon lending standards, and cooperate rather than compete with established institutions such as the World Bank and the Asian Development Bank (ADB). Political stability is another prerequisite; if lacking, German companies would be reluctant to dispatch their staff. As is the case for projects in China itself, a level playing field for European companies is also of prime importance for projects under the Silk Road initiative.<sup>53</sup>

While a few German companies already can point to positive results of the BR—one large German company from the automotive sector claims that its well-functioning just-in-time delivery from Russia to China would be impossible without the political backing for the Silk Road initiative—most companies take a wait-and-see approach. The head of the China business group of a large consulting company in Germany points out that in view of the “enormous risks” for China as well as for participating enterprises, only the “next years” could show how far the BR will fulfill its goals and its motivation.<sup>54</sup>

## OPEN QUESTIONS

When Berlin looks eastward towards the Silk Road, it sees that China means business; it is serious about the BR. The concept is open and inclusive, and everyone can participate. The top level of the party and state apparatus take a personal interest; therefore, failure is not an option.<sup>55</sup> Demand for infrastructure in the countries concerned is huge; whether the capital required to satisfy this demand fully can be found, however, is

another matter. Berlin also views the initiative as being in line with Beijing's vital political and economic interests. It believes that one of its legitimate aims is to find new customers for ailing Chinese state-owned enterprises (SOEs), particularly in parts of the world where competition may not be too fierce. Another goal is to minimize dependency on specific states and markets. Using the "Belt"—land transport—is faster, although also more costly than maritime transport. That can be advantageous for both China and Europe.

Berlin believes that Beijing also pursues important geostrategic goals. It wants to stabilize its sometimes restive border provinces, as well as the volatile states in Central and South Asia. As China's plans for a naval base in Djibouti show, military considerations also exist.

But the initiative's strengths—openness and inclusiveness—are also its weaknesses. At present, neither the federal government nor German businesses can see clearly where the Silk Road will lead. Its goals are still uncertain, its procedures unclear, and its risks have not yet been discussed sufficiently.<sup>56</sup> The concept is therefore regarded as vague. In addition, the "Vision and Actions"<sup>57</sup> appears to be more of a general compendium of Chinese foreign policy than a framework for specific action.

Members of the federal government wonder about the relationship of the initiative to Russia. Some unofficial maps from Chinese sources show the new Silk Road largely bypassing Russia and only entering it from Ukraine and Belarus, leading eventually to Moscow. Many in the West, therefore, believe that China wants to plan for both scenarios: Should tensions between the EU and Russia continue or even worsen, China could conduct its trade with Western Europe via Russia's Southern neighbors; should it improve, Russian territory could also be used.

Many other questions are asked in Berlin. Will China be able to allay Russian fears about possible long-term Chinese designs upon its vast and unpopulated Far East? Will the countries targeted by the Maritime Silk Road (MSR) cooperate in spite of their fears of what is at least perceived to be Chinese assertiveness on territorial issues? Is there not, as also in the BRICS, a clear disequilibrium between China's huge economy and that of its BR partners?<sup>58</sup> Can "blind development," which is, after all, not unknown to China, be avoided? Will Beijing make sure that no "White Elephants" are placed in the middle of nowhere, fulfilling no economic purpose? Can it exclude unrest in populations that see Chinese investment as an attempt to unduly increase Chinese influence?<sup>59</sup> Can mistakes that

have been made by Chinese developers in Africa—but also, for example, in Poland—be avoided? Will Muslim countries cooperate with Beijing when at least some of them perceive China’s treatment of Muslims in its Western provinces as less than exemplary? Will Washington react negatively to increasing cooperation between Europe and China through the BR?<sup>60</sup> And, last but not least, will the BR outlast the leadership change that is expected in 2022/2023?

It is possible that President Xi recently has become more aware of some of these issues. At a study meeting on the ancient Silk Roads in April 2016, he told members of the Communist Party Central Committee that the BR is not only about China, but that all states along the road should benefit. China would take care of its own interests, but give more consideration and care to the interests of other countries.<sup>61</sup> At the B20 summit in Hangzhou in September 2016, Xi stressed that

The new mechanisms and initiatives launched by China are not intended to reinvent the wheels or target any other country. Rather, they aim to complement and improve the current international mechanisms to achieve win-win cooperation and common development. China’s opening drive is not a one-man show. Rather, it is an invitation open to all. It is a pursuit not to establish China’s own sphere of influence, but to support common development of all countries. It is meant to build not China’s own backyard garden, but a garden shared by all countries.<sup>62</sup>

This statement may be a germane reaction to some of the questions that have been raised abroad, including in Germany.

#### AFTER BREXIT: WHITHER BERLIN AND BEIJING?

Over the past 10 years or more, China has often been asked to be a responsible stakeholder in international affairs. It should be given credit for now attempting to live up to these expectations. It is becoming less risk-averse, aiming at taking its rightful place in the world. Perhaps it can really bring some positive change to an international order in the creation of which it had little chance to participate over the past 100 years or more—and of which no one can confidently say that it cannot be improved. That it does so with a project that takes its name—Silk Road—from a German geographer, Ferdinand von Richthofen, is only one reason that argues in favor of Germany participating as much as is compatible with its own interests.

That would, in particular, require specific proposals from China as to locations, methods, and conditions in which German and Chinese companies could cooperate.<sup>63</sup> It is a welcome and necessary development that the two governments declare their readiness to work together. But it is not sufficient: Businesses need to be convinced that there are good opportunities for joint projects and joint profits.

A last question: What is the effect of a possible Brexit going to be on German-Chinese relations with a view to the BR? Probably not too great. Concerning the BR, China looks at countries on a case-by-case basis, largely irrespective of whether they are members of organizations such as ASEAN, the African Union, or the European Union. The 16+1 process that groups together 16 members and nonmembers of the EU proves this point.

Trade with the UK in goods and services, and investment, including in infrastructure, will continue unabated, although in part on different legal bases. Politically, however, in the eyes of Beijing Brexit will in all probability weaken Britain's stature. And London's loss will be Berlin's gain, at least in part. As an interlocutor on issues like the BR, Germany as the most powerful economy in the EU, and increasingly its most important political voice, will become even more important to China.

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63. Godehardt, “China’s Vision” rightly suggests that the central contact point for offers of cooperation that are submitted to the German government and those of the Länder and cities should be the Federal Foreign Office.

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# The Geopolitical Significance of Sino-Russian Cooperation in Central Asia for the Belt and Road Initiative

*Enrico Fels*

Beijing and Moscow currently maintain the best bilateral relationship they have had since the establishment of diplomatic relations in 1689, whereas the relations between the People's Republic of China (PRC) and the United States of America (USA) are dominated by strategic rivalry, in spite of their economic interdependency. The path toward this development was anything but inevitable, given that the strategic triangle between these three great powers is marked by balancing and hedging policies. Yet after the collapse of the Soviet Union (SU), politicians in Russia and China made important decisions in particular regarding their cooperation in Central Asia (CA), which were essential for overcoming their strained relationship and establishing the foundation for more sustainable and cooperative relations. Pertaining to CA and taking a Realist perspective, one can now even speak of a growing Chinese-Russian entente in the region, considering both the longstanding cooperation in the framework of the Shanghai Cooperation Organization (SCO) and bilateral diplomatic progress over the last years. Still, this partnership, which has proven to be quite beneficial for both sides, has also come under an increasing pressure to coordinate and consolidate

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separate Chinese and Russian regional strategies such as the Eurasian Economic Union (EAEU) and Beijing's Belt and Road Initiative (BR).

### CHINESE-RUSSIAN RELATIONS AFTER THE END OF THE COLD WAR

The overlapping of interests between Beijing and Moscow in three areas appears to be decisive for the positive development of their partnership, not restricted to, but also regarding cooperation in CA: (1) Shared regional interests in this post-Soviet region, with ensuring security, stability, and order as a key priority; (2) the establishment of a multipolar, post-unilateral world order that ends the global supremacy of the US; and (3) largely compatible economic systems, which make Russia an important exporter of resources, energy, and technology to China, and China an important investor and provider of consumer goods.

#### *Shared Regional Interests*

As a foundation for the Chinese-Russian balance of interests, both countries worked towards the development of the SCO into one of the leading political regional institutions in order to fill the political vacuum that appeared after the collapse of the SU's empire in CA. In the course of their newly gained independence, the Central Asian states that had reappeared as regional political actors in the wake of the crumbling of the SU in 1991/1992—Kazakhstan, Uzbekistan, Tadjhikistan, Turkmenistan, and Kirgizstan—quickly began to reinforce the SU's former internal frontiers in this region through remilitarization. At the same time, they invested their efforts into the strengthening of a new sense of national identity within their fledgling states. These and other measures aggravated the tensions between the young autocratic republics, because, just like other colonial powers, Moscow had intentionally not drawn regional borders orientated at historic areas of settlement or along ethnic-cultural relations of the local peoples. In consequence, substantial ethnic minorities now found themselves in new states (plus substantial numbers of ethnic Russians as well as extra-regional minorities like the Volga Germans). Meanwhile, neither ailing Russia nor rising China were interested in the prospect of having to interact with states in CA that were remilitarized or involved in conflicts. In light of the enormous domestic challenges in Russia, this gave reason for a further improvement of Chinese-Russian relations (an official visit to China by Mikhail Gorbachev had heralded the

normalization of the bilateral relations already in 1989), as well as for a lasting endeavor to find joint answers to the developments in CA. Following intensive and eventually successful negotiations (which included a number of substantial transfers of land), both great powers were able to animate other regional states to sign important border and cooperation agreements in Shanghai in 1996 and Moscow in 1997. The negotiation processes led to the establishment of the so-called Shanghai Five in 1996—a format which, in addition to China and Russia, comprised also Kazakhstan, Kirgizstan, and Tadzhikistan and was bound to develop into the decisive regional format for the political process of regional demilitarization of the borders and the establishment of their universally acknowledged courses.

In 2001 the interest of Uzbekistan in regional cooperation led to the foundation of the SCO, which has since ascended to the status of arguably one of the region's most important political fora and saw a steady increase of its circle of active member states (e.g., the admission of India and Pakistan in 2017) and participants.<sup>1</sup> One of the objectives of the SCO is the mutual support of member states in the fight against the so-called “Three Evils” (separatism, extremism, and terrorism). It is indeed in this aspect that the regional political interests of both countries, for whose realization the SCO has been the essential forum over the last years, and for which also the smaller countries of CA could be involved rather effortlessly, come to the fore.<sup>2</sup>

The SCO is an assembly in which primarily (semi-)authoritarian states come together to pursue regional politics. According to its Charta, the SCO is explicitly not hostile towards any other states or international organizations, yet it is evident that cooperation with Washington is largely avoided. This is illustrated by the fact that the membership application of the US in 2005 was denied—not a bene the same year in which India, Pakistan, and Iran were granted observer status. Likewise, the SCO refused to let Washington send its own military observers to the SCO military maneuver “Peace Mission 2007” in which approximately 7000 soldiers participated. The SCO ultimately serves to help Moscow and Beijing in stabilizing post-Soviet CA politically and developing it economically. In this respect, it is not only about political support for the predominantly autocratic countries of the region, but also geared towards counteracting the expansion of Wahhabism,<sup>3</sup> which, if spread further, could not only destabilize the young regional regimes, but also bring large parts of the Muslim minorities in Russia and China in opposition to the respective central government. As several cases of terror attacks conducted by Islamic fundamentalists in recent years have proven, the spread of religious hatred already has had a negative impact on both countries' domestic security situation.

### *Establishment of a Multipolar World Order*

Alongside the founding of the SCO, a continuous strategic rapprochement between Beijing and Moscow also took place. This involved mutual consultations on strategic challenges in other regions as well (particularly regarding Russia's Western and China's Eastern periphery). Leaders of both countries have been internationally advocating concepts such as multipolarity or noninterference in the internal affairs of other states for many years. In this context, the paramount objective of both countries is to limit US influence on the international level, notably in CA, which is relevant as a strategically secure space to both great powers.

In 2001, Beijing and Moscow signed the Treaty of Good-Neighborliness and Friendly Cooperation. In the contract, which has a minimum validity period of 20 years, the two states agree not only on "ever-lasting peace and friendship"<sup>4</sup> between both countries and various confidence-building measures along their more than 4200 km-long border, but also explicitly stated strategic cooperation in all questions regarding regional and global security (such as in the fight against terrorism, extremism, and separatism) as well as the preservation of the global strategic equilibrium (§§9, 10, 11, 12) as major objectives of their partnership. Moreover, both states stipulated to not join any alliance that is directed against the other, as well as to make sure that on their own territory, no threat to the other country can be set up by third parties (§8). Furthermore, China and Russia agreed on close bilateral coordination regarding the ensuring of stability in neighboring countries (§14) and on extensive cooperation in important international institutions such as the UN, its Security Council (UNSC), and other, not-further-specified global formats that are significant for the global economy and the global financial order (§§13, 17).

With regard to the unipolar status of Washington and the global unilateral engagement of the US (particularly in the context of George W. Bush's "war on terror" and Barack H. Obama's "pivot to Asia"), Beijing and Moscow intend to preserve CA as a strategic space that is almost inaccessible for Western powers. This applies all the more in light of the challenges that the Russian leadership sees deriving from the enlargement of both EU and NATO since the end of the Cold War and the challenges that Beijing faces in view of the US "hub and spokes" alliance system in Asia-Pacific, as well as Washington's position on regional questions relevant to Beijing (i.e., Taiwan's "reunification" with the mainland, maritime territorial conflicts, US military partnerships). Their respective strategic rivalries

with the US, the sole remaining global super power, at the European and East Asian rims of the Eurasian landmass constitutes an important frame for the entente of both countries.

Thus, Sino-Russian strategic coordination is intended to preserve the region as an immediate zone of own influence and to reduce the regional presence of the American super power to an absolute minimum. Whereas the US was able, particularly thanks to Russian efforts in the aftermath of the terror attacks of September 11th 2001, to establish military bases in Uzbekistan (until 2005) and Kyrgyzstan (until 2014) for the support of the US campaign against the Taliban in Kabul and, owing to Russian mediation, to achieve a cooperation with the Afghan Northern Alliance, this sympathetic stance gradually ceased in light of growing differences with Washington on other international matters, including the Western-backed color revolutions in post-Soviet countries (Georgia in 2003, Ukraine in 2004, and Kyrgyzstan in 2005).

It is specifically the concern about these color revolutions which, besides Beijing's and Moscow's fear of the unipolar status of Washington in the global power structure after the Cold War, stirs the desire in China and Russia to reduce regional US influence. Hereby, both authoritarian governments intend to minimize the chance for the destabilization of their own regimes through those Western nongovernmental organizations (i.e., National Endowment for Peace, Eurasia Foundation, or Open Society Foundation) that have been described to act as a "Revolutions-GmbH"<sup>5</sup> ("Revolution Corp.") and which have regularly received US government funding in the past.<sup>6</sup> Some observers regard the fear of a Western-sponsored "Tiananmen-type incident in Beijing or Red Square"<sup>7</sup> as the central ideological cement between both leaderships.

The shared geostrategic and regional interests of Russia and China—in particular the "soft balancing"<sup>8</sup> of both countries towards the US and some of its allies—constitute, at least at first sight, a strong and resilient bond between the two countries. Outside of CA this has led, for instance, to the establishment of several alternative international financial institutions (such as the Asian Infrastructure Investment Bank (AIIB), the New Development Bank - BRICS (NDB) or the BRICS Contingent Reserve Arrangement (CRA)), which, interestingly, have also become attractive to some important US partners. Moreover, China's response to the annexation of Crimea as well as the hybrid warfare Russia has conducted in Eastern Ukraine since 2014 was rather appreciative. Not only did China not partake in Western sanctions against Russia, it condemned them and



in turn reinforced economic relations with Russia through new trade initiatives, a dual tax agreement, and the initiation of a renminbi clearing house in Russia. Moscow, on the other hand, took China's diplomatic side in the multiple maritime border conflicts in the South China Sea (SCS), which have been straining the relations of Beijing with its neighboring countries in recent years—a fact that remained unchanged by the verdict of the Den Haag Permanent Court of Arbitration of July 12, 2016, which ruled to China's disadvantage. Even when the fundamental importance of international law in this matter was stressed, Russia cautioned that external interference would only exacerbate the tense situation<sup>9</sup> and conducted a large-scale naval exercise with Beijing in the SCS two months later.

In light of the intensification of Chinese-Russian relations, it is particularly Moscow's "slow pivot to Asia"<sup>10</sup> which is remarkable: In his speech before the German Bundestag on September 25, 2001, Putin still mentioned the wish for an intensification of the European-Russian partnership. But this has changed. Ideologically, the Russian re-orientation seems to be based on the political revitalization of Russia's bi-continentalism—a process which has been reinforced since the mid-2000s through an increased emphasis on an alleged Eurasian character of Russian culture and people. In particular, the Neo-Eurasianism of Alexander Dugin appears to have developed a profound influence on Russian elites and is used to theoretically underpin the reinforced orientation towards Asia.<sup>11</sup> Dugin advocates a stronger cooperation particularly with China in view of the massive conflicts of interest with the West that came to the fore through the Ukraine crisis. What is noteworthy is that political observers outside of the Neo-Eurasianist school of thought also welcome the development of such a Russian-Chinese entente.<sup>12</sup> Besides questions pertaining to geopolitical and trade policies, this is also due to the fact that Beijing is regarded as important partner for modernization of the ailing infrastructure in the Siberian and Far Eastern regions.<sup>13</sup>

### *Economic Cooperation*

For a long time, the positive development of the Russian-Chinese entente was also based on the relatively good complementarity of their national economies. China aims to increase its energy and resource security in form of a stronger diversification through a closer economic cooperation with Russia. This also entails the attempt to reduce its own dependencies on the maritime sphere that continues to be dominated by the U.S. Navy through

the construction of “iron silk roads across the heartland.”<sup>14</sup> Moscow, on the other hand, tries to accelerate a stronger association of the Russian economy with the Chinese (as well as the South Korean and the Japanese) one in order to increase exports of oil, gas, and other resources, thereby reducing its dependency on Western markets.

A look at the Russian-Chinese trade figures reveals that trade between both countries increased significantly over the last 20 years.<sup>15</sup> It is important to mention, though, that the data of the two national statistical offices differ. According to Russian data the total bilateral trade increased from US\$ 4.2 billion in 1995 to US\$ 63.5 billion in 2015; the Chinese figures state a change from US\$ 5.5 billion in 1995 to US\$ 68 billion in 2015. Although these differences appear negligible at first, they cloak important trade imbalances. According to Chinese data, trade with Russia appears to be quite balanced and Beijing achieved relatively large trade surpluses vis-à-vis Russia only after long trade deficits (particularly in two phases (2007–2008; 2013–2014)). The Russian version, however, records a negative trade balance since 2007. Accumulated over time, these differences become substantial. According to Chinese figures, there has been a surplus of only US\$ 5.2 billion since 1995, whereas the Russian data shows a deficit of more than US\$ 72 billion for the same period. Given that China uses a different method of accounting,<sup>16</sup> the increase of trade figures since the 1990s is adequate, but the Chinese figures effectively hide substantial trade imbalances between the two countries.

Still, the Russian leadership does not publicly comment on the high trade deficits with China and instead chooses to highlight the extensive cooperation in high technology fields such as defense projects, nuclear power plants, and space technology, where Russia still has a technological edge over China. The national leaderships of both countries instead emphasize that their countries shall be “friends forever” (Xi) and stress that their perspectives on international questions are “very close to each other or are almost the same” (Putin).<sup>17</sup> China has accepted that Russia acts as regional hegemon in CA on many political questions, while the PRC managed to enlarge its own economic footprint, particularly in the field of energy—not least through the still-prevailing bilateralism between SCO members.<sup>18</sup> Nonetheless, Beijing is very aware of CA’s enormous geostrategic significance for Russia.<sup>19</sup> Therefore, in order to maintain the Russian-Chinese partnership, the complex interdependencies with Moscow in the realms of politics, economy, security, and energy policy have been structured in a way that China’s growing footprint in CA is advantageous for Russia as well.<sup>20</sup>

## RUSSIAN AMBIVALENCE IN LIGHT OF A STRONGER CHINA

In spite of this, the different military and economic power trajectories of both countries are decisive for the political-strategic character of other institutional projects intended to link them with regional countries. When looking at these regionalization projects, it becomes clear that Russia pursues a *hedging strategy*<sup>21</sup> vis-à-vis China, which since the end of the Cold War has undergone an enormous development, allowing it to overtake Russia in terms of aggregated power and coming close to the US.<sup>22</sup> Moscow's ambivalence in light of a rising China already had observers a few years ago speaking of an "axis of convenience"<sup>23</sup> between the two countries and of the SCO as a forum for "strategic compromise."<sup>24</sup> Certainly, Moscow tries to cooperate with the PRC; for example, via the SCO. At the same time, however, the Russian leadership desires to retain "geopolitical flexibility"<sup>25</sup> in order to be able to effectively counter future hegemonic claims of both Washington *and* Beijing. China comes into focus particularly due to its impressive economic and military development over the last decades and its proximity to both Russia and CA. A Chinese-dominated CA is no less frightening to Moscow than one where Washington calls the shots.

The change in aggregated power can be exemplified by the relative changes of the Russian defense spending in comparison to China, which concisely shows one of the multifaceted backgrounds of Russia's hedging. According to data from Stockholm International Peace Research Institute (SIPRI), Chinese defense spending has continuously and with a growing distance exceeded the Russian budget for national defense since 1998, when Russia was struck by a severe monetary and financial crisis. Since then, Beijing has annually committed more than twice the amount for defense as Moscow.

Moscow has tried to compensate the relative weakening of its own position in comparison to both a stronger US and an ever-stronger China by facilitating the integration of small and middle powers into regional forums under Russian leadership. Notably, this happened without taking an offensive stance against China (unlike Russia's stance against the West), which explains the continuing Sino-Russian cooperation. Examples of regional integration *à la russe* include, besides the Collective Security Treaty Organization (CSTO), among others a moderate progress within the Commonwealth of Independent States (CIS), which concluded a free trade agreement (FTA) between its members in 2012.<sup>26</sup> The CIS has thus achieved something that the SCO has not—despite the repeated efforts of

Beijing, which proposed the establishment of an SCO FTA already shortly after the organization's foundation. In light of economic differences within the SCO, it is hardly surprising that the establishment of an FTA was not accomplished, albeit a couple of business initiatives intended to increase regional trade have been implemented. Besides the trade imbalances between China and Russia (which extends to most other SCO members), the composition of merchandise trade between Russia and China has also changed considerably since 1995, which provides an indication as to why Moscow was not eager to intensify economic cooperation with the PRC via an FTA. Over the last years, however, China has exported to Russia mostly technologically advanced commodities, whereas Russia exported primarily agricultural commodities, raw materials, and related goods to the PRC.

In light of this development, the warnings that Russia could transform into "China's Canada"<sup>27</sup> become comprehensible: It could become a politically close northern partner that supplies the southern economy with greatly needed resources, but otherwise plays the politically subordinate role of a junior partner.<sup>28</sup> While this rather extreme reading of the situation is probably unfounded given Russia's recovered military capabilities as well as its global political importance (reflected in its permanent seat in the UNSC and its role as a key player in tackling and resolving current international conflicts in Syria, Iran, or North Korea), it does, however, concisely point out the delicate tilt of the Chinese-Russian trade relations and its possible long-term consequences for Moscow's position in these bilateral relations.

In addition to the repeatedly postponed establishment of a SCO FTA, it is also the continuation of the Russian-dominated CSTO,<sup>29</sup> which demonstrates the limits that the regional integration efforts between Russia and China have encountered so far. This clear-cut military alliance was established in 2002 and builds on a security treaty concluded in 1992. It struck up a cooperation agreement with the SCO in 2007, but a substantial intensification of the ties between both groups has not occurred. The discord between Russia and leading Western countries during the Ukraine crisis in 2014 did not lead to any relevant integration of the CSTO into the SCO framework in spite of corresponding official statements.<sup>30</sup> Moscow still understands regionalization as "protective integration"<sup>31</sup> that seeks to retain Russian supremacy in the post-Soviet space by granting economic and political advantages to smaller states.

Besides the persistence of the CIS and the CSTO, the establishment and consolidation of the Eurasian Economic Union (EAEU)—a new international format between Moscow and some SU successor states—is

particularly remarkable. The EAEU is a regional integration project that allows Moscow the perpetuation of its hedging strategy vis-à-vis the West as well as the PRC. It was founded by Russia, Kazakhstan (both SCO members) and Belarus in May 2014 and is an economic integration project that builds upon the 2010 established Eurasian Customs Union (EACU) as well as the Eurasian Economic Community (EURASEC). In 2015, Kyrgyzstan and Armenia joined the EAEU as members and in 2017 Moldova became the grouping's first observer state. The make-up of the EAEU is deliberately based on the one of the EU, but its political component is, at least officially, significantly weaker, as the main focus lies less on political-bureaucratic centralization and more on strengthening economic relations between members.<sup>32</sup> Nevertheless, observers attest a clear geopolitical orientation that goes beyond the formal EAEU treaties, since particularly Moscow's regional position is strengthened by the EAEU.<sup>33</sup>

The two pillars of the EAEU are the already fairly advanced EACU as well as the Common Economic Space (CES). Within the EACU, the member states so far have agreed to strengthen mutual trade relations as well as to jointly coordinate and improve relations to other states. Nontariff barriers have (at least officially) been dismantled and joint customs regulations and common external tariffs have been adopted. Importantly, the EACU customs code takes precedence over national regulations. The CES is less developed at present, but eventually aims (mirroring the EU) at the establishment of a common market that shall safeguard the freedom of goods, services, workers, and capital in the future. (To date, however, only the common market for goods has been implemented, and exceptions are in place for energy products.) Although high-ranking Russian politicians time and again outlined the creation of a common monetary area (allegedly with the establishment of the currency *Altyn* until 2025), these considerations seem to be negligible to the other EAEU members and will presumably only become relevant after the completion of the CES. In any case, through the increased interlocking with the four other members, Russia was able to not only maintain but upgrade its own economic importance for them in comparison to China.

The EAEU is based on the notion "that great powers need to be able to rely on regional blocks built around their own norms and standards."<sup>34</sup> In the face of potential future enlargement rounds of NATO and EU, which Moscow perceives as threatening to its national security given that buffer states at its Western periphery are disappearing, as well as Washington's engagement in the last decade in CA, the South Caucasus, and the Middle

East, the Russian desire for a *chasse gardée* by means of the EAEU or the CSTO may appear understandable from a geopolitical point of view. Yet, the fact that a comparable institutional consolidation of Russia with regional partners did *not* take place within the SCO, although China has tried to establish stronger economic cooperation within the SCO framework for quite some time, gives some insights into the actual state of Chinese-Russian relations in CA beyond official statements. Russian regional interests in the economic and the security policy field appear to have long been decisive for Moscow's rather feeble willingness to further amplify the existing regional institutional interlocking with a rising China—in spite of all strategic rapprochements with Beijing in light of the shared rivalry with the US and the “unmatched support”<sup>35</sup> that Beijing provided for Moscow in the context of the Ukraine crisis. Thus, through the EAEU Russia is able to partly protect its economy from the more competitive Chinese partner. Moreover, the trade surpluses that Russia gains with the other EAEU members help Moscow to somewhat compensate for its trade deficit with Beijing.

#### BEIJING'S NEW REGIONAL OUTREACH: THE BELT AND ROAD INITIATIVE

Initiated in 2013, China's BR represents a concise political frame for the unification of various foreign policy, financial, and political initiatives, which are aimed at augmenting the economic and infrastructural relations between the PRC and the countries of Asia-Pacific, CA, Europe, and Africa through strategic, multibillion investments. Notwithstanding that BR partly is old wine in new bottles and is neither uncontroversial in China nor lacking national as well as international challenges, it should be noted in light of the announcements on the political level and the demonstrated activity to date that in addition to some new wine, a significantly bigger bottle is being used to secure a new place for China in the world.<sup>36</sup>

Beijing made it clear from the start that CA and Russia are integral elements for the implementation of BR, for example in order to closer connect the PRC overland to Europe, the Persian Gulf, and the Mediterranean, but also to open up new development opportunities between the regional transit countries and China, which should benefit these countries' output legitimacy as well and thus help them in fighting Islamic extremism. Thus, with regards to the development that China envisages for CA as well as Russia's European periphery, this means for countries involved that previous forms of economic cooperation and regional integration (SCO, EAEU) have to be reassessed.

In particular, Russia is thus faced with the question in how far its hedging policy towards China and the partial economic compartmentalization can and should be upheld. However, BR does not appear to be a Chinese project inherently geared towards weakening Russia or the EAEU—quite in contrast, China regards the expansion of regional trade rather as perhaps the most important way to increase regional wealth, which can and is intended to benefit Russia, too. The perpetuation of good relations with Russia in CA and elsewhere is simply too important for Beijing, so that existing dissonances are regarded as tactical rather than strategical differences. Zhao Huasheng notes in this context that “China has no intention of trying to impede Russia in Central Asia. It does not oppose Russia’s integration project, the Eurasian Union. Indeed, it seeks to collaborate with it.”<sup>37</sup>

### FIRST STEPS TOWARDS A HARMONIZATION OF SCO, EAEU, AND BR

Although BR is still relatively young, first steps towards a harmonization of existing formats with China’s new regionalization policy are nevertheless already observable. During the last SCO summits, the connection of the SCO and the BR was one of the dominant topics. Moreover, EAEU members looked into Beijing’s new grand strategy. After the formal announcement of BR, Russian experts were at first divided regarding its consequences: Some argued that it could undermine Moscow’s regional position, considering that most segments of the regional infrastructure have long been dominated by Russia and that China is now competing with Moscow in one of the last regional spaces the Kremlin still yields substantial geopolitical influence. Accordingly, the high economic attractiveness of China was seen as having the potential to turn the EAEU into a “dead” organization, thus dooming a key Russian integration project. Hence, observers noted that Moscow should adopt an observant stance towards BR for the time being. Other experts pointed to the close trade relations between Kazakhstan and China and argued that the fact that Astana, besides Moscow, represents the driving force within the EAEU, demonstrates that Chinese and Russian projects do not per se have to be mutually exclusive.<sup>38</sup> In light of the simultaneous discord with the West, however, it was also remarked that Russia bade farewell to the idea of a “Greater Europe,” that is, the closer cooperation between EU and EAEU from Lisbon to Vladivostok, and should place its bets on “Greater Asia,” that is, a unified trade area from Shanghai to Saint Petersburg.<sup>39</sup>

With regard to the debate among Russian foreign policy experts, it is remarkable that the Chinese government apparently very early showed itself ready to address Russian concerns pertaining to a stronger Chinese economic footprint in CA, which eventually led to the public endorsement of the project by Putin during a bilateral summit in February 2014.<sup>40</sup> Already three months later during a meeting between Xi and Putin, this was complemented by another Russian declaration of commitment to BR.<sup>41</sup> On May 8, 2015, a historic date certainly chosen intentionally, the leaders of both countries finally signed a Joint Declaration regarding the further expansion of the cooperation between EAEU and BR, which shall comprise a FTA in the future.<sup>42</sup> Those were decisive first steps on the path towards a closer linkage of both models. With this step Russia grants China, due to its deeper pockets, to become the superior regional power for investments and trade; Beijing in turn agreed to let the long-standing bilateralism expire and to negotiate with the EAEU en bloc in the future. Moreover, Moscow's role as the most important regional guarantor of stability through the CSTO was again confirmed.<sup>43</sup>

During the SCO summit that followed a few months later, the members welcomed the Chinese initiative and suggested the establishment of further information mechanisms between Beijing and other countries in order to implement BR.<sup>44</sup> The SCO Development Strategy until 2025, which was also passed during that summit, explicitly mentions BR as a format that the members want to employ to increase regional prosperity. At the same time, however, the strategy correspondingly points out that the SCO should not become a regional organization representing a military-political union or an economic integration project.<sup>45</sup> This can be interpreted as an intention not to establish any organizations that might compete with Russian-dominated institutions such as CSTO and EAEU. On December 15, 2015, during a summit in Zhengzhou about economic cooperation within the SCO, the SCO heads of state approved another document that identifies BR as an important component for a further consolidation that shall be implemented together. It was also established that existing SCO structures should be used for this consolidation involving BR.<sup>46</sup> The closing document of the Tashkent summit 2016 again mentions China's initiative as a positive element that is regarded as beneficial for regional development and that should be put into practice.<sup>47</sup> Few weeks later, SCO Secretary General Raschid K. Alimov visited a trade exhibition in Lanzhou, which had the objective of initiating concrete projects within BR. In his speech, Alimov emphasized the great importance of a closer interlocking between the SCO



members while referring explicitly to Beijing's grand strategy and stating that the SCO would align its development strategy with BR.<sup>48</sup> Also the 2017 Tashkent Declaration mentions the SCO members support for BR and notes their particular praise for the results of the *Belt and Road Forum for International Cooperation* in May 2017 in Beijing, whose implementation the members want to support.<sup>49</sup>

Over the last few years, a growing number of voices in Russia began to describe BR as compatible with the SCO.<sup>50</sup> The establishment of "mutually satisfactory bilateral relations"<sup>51</sup> between both countries in CA would, in light of their rather tense relations with Washington, contribute to the creation of a "duumvirate"<sup>52</sup> which, although not directed against Washington, helps nonetheless to protect against Western policies perceived as hegemonic aspirations. Chinese observers, in turn, were pleased to assert that the excellent relations between the two countries would represent "a healthy check on Washington's 'unipolar folly.'"<sup>53</sup>

## CONCLUSION

In the course of the crises in Georgia and Ukraine, the increasing rivalry with Washington and some of its European allies led to a further rapprochement between Russia and China. Still, Moscow attempts to preserve and extend its influence in the post-Soviet space through old as well as new institutions. This serves as an insurance vis-à-vis an increasingly stronger China. Indeed, the verve with which the EAEU was advanced politically, economically, judicially, and institutionally demonstrates what kind of performance Moscow is capable of when it prioritizes a project. China's BR has thus not led to a re-balancing of Moscow; rather, the current Russian strategy of a cautious rapprochement with China while simultaneously installing insurances is further pursued. Even after the discord with the West, Russia seems to not commit itself completely to China and—another proof of the perpetuation of its hedging strategy—develops its relations with states neighboring China's maritime periphery, including countries such as Japan, Vietnam, or South Korea, who continue to have substantial differences with China.<sup>54</sup>

This confronts China with a veritable challenge regarding its own strategic positioning in CA: While it needs greater connectivity with nations in CA and Europe, the Chinese leadership wants to avoid alienating Russia's leadership. This was (and continues to be) not only due to Beijing's own rivalry with Washington, but is also connected to Moscow's ability to act as a "potential spoiler"<sup>55</sup> capable of undermining any Chinese

strategy in CA and thus weakening Beijing's position in the strategic triangle between China, Russia, and the US. The implementation of BR in CA will thus be a lengthy endeavor as Moscow very thoroughly calculates the advantages and disadvantages of a stronger Chinese engagement in the region. It appears that the Russian leadership over the last years came to the conclusion that a closer interlocking of its own regional projects with BR is beneficial given its own strategic fallout with the West and should, albeit cautiously, be pursued. This will likely continue as long as the "Russia hysteria"<sup>56</sup> in Washington and Brussels lasts, which has helped in its own ways to make Beijing a much more attractive international partner for an administration in the Kremlin that feels besieged and challenged by the West. A further continuation of this trend is thus good news for Beijing's plan to closer align Russia and CA with the PRC via BR.

While one can speak of a stronger alignment between Russia and China, it is striking that official statements have led to almost no concrete projects so far, which appropriately raised concerns among some Chinese observers that Moscow does not intend to commit to BR.<sup>57</sup> Hence, recent Russian-Chinese agreements regarding a closer interlocking of EAEU and BR can only be a first step towards a stronger economic cooperation. Projects such as the creation of an 800 km high-speed railway connection from Moscow to Kazan, that Beijing supports with substantial credits and which is planned to become part of an extensive high-speed railway network connecting Eastern China with European Russia via CA in the future, demonstrates the first tangible progress. This is all the more valid considering that the high-speed trains are planned to be produced in joint ventures of Chinese manufacturers in Russia, thus expanding the reverse technological cooperation (including the transfer of knowledge from China to Russia) in addition to the proven Chinese-Russian cooperation in the fields of military, nuclear energy, and space. More modernization projects across national boundaries are needed, however, to substantiate BR.<sup>58</sup>

The Russian-Chinese entente, although still quite far from a fully fledged alliance, represents an apparently reliable bond that, in spite of all uncertainties and hesitations, seeks to master the "art of triangulation"<sup>59</sup> and will most likely continue to function well over the next years given their mutual competition with the US as well as their multiple joined interests in CA. As noted, Russian concerns regarding a Chinese dominance in CA have to be mitigated for BR to prosper. Recent official statements out of Moscow, but also within SCO and EAEU, suggest that Beijing is succeeding in this regard. It appears that the axis Beijing-Moscow has thus emancipated itself from some of its past restrictions.

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## Changing International System Structures and the Belt and Road Initiative

*Chuanxing Wang*

It is a common perception that the international system structure is simply a power structure. However, such an assumption is insufficient in painting a comprehensive picture of the international system. Power as a concept consists of material and nonmaterial aspects.<sup>1</sup> Drawing on the broad literature on power in international relations, it is argued in the following that the international structure is composed of three closely related dimensions: (1) The dimension of capacity distribution, or the capacity structure, which entails material features; (2) the dimension of institutional arrangement, or the institutional structure, in which material and nonmaterial features are present simultaneously; and (3) the ideational dimension, or the ideational structure, in which typically nonmaterial features are present. All three structures are relevant if one aims at understanding how the Belt and Road Initiative contributes to change in the international system.

### THREE DIMENSIONS OF THE INTERNATIONAL STRUCTURE

In the international system, an individual state's capacities stem from its population, territory, economy, and military, as well as its development level of science and technologies. The formation of the international capacity structure relies on the distribution of material features; that is,

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the ways in which the aforementioned elements are allocated among the dominant states in the international system. Such an established capacity structure is the exact embodiment of the power of dominant states to achieve their national interest in the international system.

International institutions include international organizations and international regimes, which often go hand in hand, but there are also additional, more fundamental types of international institutions, such as state sovereignty or the balance of power. For neoclassical realists, the balance of power is a desirable institution and a good thing to strive for, because the balance of power is also a basic value: It is a legitimate goal and a guide to responsible statecraft on the part of the leaders of the great powers.<sup>2</sup> These fundamental institutions are not what liberal institutionalists focus on, but are the main objects of study for International Society theorists.<sup>3</sup> If the transformation of the international system is observed from the perspective of grand history—that is, the history of nation-states and beyond—then the focus will be on things like the study of state sovereignty or suzerainty, rather than the study of international organizations and international regimes. Nevertheless, the focus in this chapter is on the latter. The formation of the institutional structure in the international system is promoted mainly by the system's dominant state(s) and it reflects the national interest of the dominant state(s) in the beginning.<sup>4</sup>

The last dimension is the ideational element of the international structure. There are four types of ideas, namely: ideologies or shared belief systems, normative (or principled) beliefs, causal beliefs, and policy prescriptions.<sup>5</sup> This chapter mainly focuses on the first and second types. The formation of the ideational structure in the international system is again the outcome of the efforts of the dominant state(s), and, hence, the embodiment of their interests.

In all these three types of international system structures, while the capacity structure is a material structure and the ideational structure a nonmaterial one, the institutional structure is a semi-material one between those two. Besides the material structure, to incorporate the nonmaterial and semi-material structures into the power structure signifies an important issue, that is, “(A)ny discussion of power in international politics, must include a consideration of how, why, and when some actors have ‘power over’ others. Yet one also needs to consider the enduring structures and processes of global life that enable and constrain the ability of actors to shape their fates and their futures.”<sup>6</sup>

Another crucial point is that the relationship among the three international structures is dialectical rather than mechanic, because while the capacity structure is the foundation to support the institutional structure and the ideational structure in the international system structure as a whole, it is substantially embodied in the institutional structure because of the institutional arrangement based on the capacity structure; and it is seemingly legitimized because of the “legitimate narratives” in the ideational structure.

International system transformation (IST) is thus the outcome of the changing/changed international system structures, rather than the other way round. During the IST process, as discussed earlier, the initial change with the most decisive effects happens in the capacity structure; the following change will be the (re)arrangement of the (existing) international institutions; and finally, the change in the ideational structure will consolidate the international system transformation to the extent that the changed international system benefiting the newly emerging dominant actor(s) is legitimated.

### CONTEMPORARY GLOBAL STRUCTURES UNDER CHANGE

Observing the modern (contemporary) world, it is very clear that the formation of the modern (contemporary) international system characteristic of nation-state (sovereignty) simply reflects the aforementioned relationship among the three types of international system structures in which the West (the United States) assumes the dominant role.

To take the output in the modern international system as an example, the dramatic gap in per capita incomes between Europeans and peoples of what is now called the Third World (Asia, Africa, the Middle East, and Southern America) emerged after 1800. A century later, when Europe’s navies ruled the oceans and European Governments had annexed millions of square miles of territory on the mainland of Africa and Asia, 62% of the world’s output was consumed by Europeans, North Americans, and Australasians, who formed only 35% of the world’s population. By 1914, the Third World had clearly declined economically as well as politically from the position of parity held up to the beginning of the eighteenth century.<sup>7</sup>

In the case of the contemporary international system established after World War II, all of the three types of international system structures are characteristic of the US-domination. This was indicated by Henry Luce,

publisher of *Life* magazine, who wrote in 1941 effusively of “the American Century.” In many ways he was right; the United States was the key player in determining the outcome of World War II and the shape of the post-war world.<sup>8</sup> As a matter of fact, the US takes a share of the world GDP as high as 25% or so, an indicator that remained at 23.6% in 2010.

Nevertheless, the existing international system and its three structures have been under substantive, if not fundamental, changes since the twenty-first century, especially since the financial crisis in 2008. The change occurred most prominently in the international capacity structure, such as the alteration in the world economy. Based on World Bank data in 2012, the “emerging countries,” (or BRICS; Brazil, Russia, India, China, and South Africa), concentrate a fifth of the world’s GDP (USD \$14.7 trillion), and nearly 50% of the world population, which helps them to play a key role in counterbalancing power relations against the wealthiest nations in the world. Their efforts at restructuring the international system are sharply present in their actions in the G20.<sup>9</sup> Furthermore, the shares of the two leading countries, the United States and China, in the world GDP in 2014 are 22.2%, and 13.4%, respectively. Another example embodying the change in the capacity structure is the competition between China and Japan, in infrastructural construction in general, and in high-speed railway construction in particular. This reminds people of the competition between the UK and Germany in the late nineteenth century.<sup>10</sup>

The international capacity (e.g., economic) structural changes are followed by the international institutional structural changes to the extent that some scholars even envision a geo-strategic shift towards a new regional order in East Asia. In one of several scenarios, the scholar discussed the possibility of a *Pax Sinica*. The shift is reflected in China’s attempt to rebalance the regional, and ultimately, global order by gathering pace on multiple fronts—via peaceful diplomacy through cooperation platforms such as BRICS and the Belt and Road Initiative (BR); new financial structures such as the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and the BRICS New Development Bank. Other initiatives, such as investment forays globally (the latest being in the United Kingdom), are also indicative of this tendency.

Accompanying the structural change in capacity and institutions, the ideational structure is also under change. We can observe this alteration in two different ways. On the one hand, emerging countries like China would like

to initiate new ideas, such as the “Asia for Asians” security concept unveiled at the Conference on Interaction and Confidence-Building Measures in Asia (CICA) by Chinese President Xi Jinping in 2014. On the other hand, although Francis Fukuyama cheered his desired “end of history”<sup>11</sup> soon after the end of the Cold War, today he worries about the possibility of polity decay in the United States owing to the unbalanced relationship among the state, the rule of law, and the government accountability system.<sup>12</sup> To be more specific, the rule of law in the United States is facing the danger of laws with fussy details, which result in inefficient governance.

### CHINA AND THE CHANGING INTERNATIONAL STRUCTURES

As discussed earlier, the existing international structures are under change. This tendency provides the backdrop for the BR, which flows directly from the financial (economic) crisis in 2008. The crunch resulted in the rebalance of the economic relationship between China and the rest of the world in general, and between China and the United States in particular. The crisis also indicated that China’s labor-intensive and export-oriented economic development model adopted since the opening and reform policy in the 1980s was no longer sustainable. The reason is that on one hand, the United States, China’s largest foreign market, could no longer sustain its erstwhile consuming model, and it started to adopt a “reindustrialization” economic policy, implying that Washington would give up the production-consumption model with goods produced in China and consumed in America. On the other hand, the accumulation of capital and production-capacity surplus since the 1980s as well as the overheating of the real estate market could mean big trouble to China’s economy; thus, Beijing simply wanted to find new markets for its capital reserves and redundant production capacity. In this regard, it is understandable for China to launch such an initiative.<sup>13</sup>

The official initiative of the BR dates back to President Xi Jinping’s two official foreign visits in 2013. When President Xi paid a visit to Kazakhstan in September 2013, he initiated the establishment of an Economic Belt along the ancient Silk Road; and when he traveled to Indonesia in October 2013, he called for the construction of the Maritime Silk Road for the twenty-first century, as well as the foundation of an Asian Infrastructure Investment Bank. Hence, China’s official interest to carry out the BR became known to the world.

Before that, there was a debate on whether China should adopt a “Westward” or a “Southward” initiative. The most widely quoted academician who initiated one part of the BR is a Peking University scholar, Professor Wang Jisi. As early as October 2012, Professor Wang proposed that China should adopt a “Westward” initiative to face the challenges posed by the US’s pivot to Asia.<sup>14</sup> Professor Wang’s proposal evoked an immediate debate on the future direction of China’s initiative. While Professor Wang argued for a “Westward” initiative, other scholars like the retired People’s Liberation Army’s Navy (PLAN) Rear Admiral Yang Yi posited that China adopt an initiative to “develop southward while stabilizing the other three boundaries surrounding China,” which can be understood as an initiative focusing on “Southward.”<sup>15</sup> Hence, this was the embryonic form of the BR.

Nonetheless, this is only one side of the coin. The shift in economic flows and activities is never simply about the economy itself. In other words, the change in the economic arena will eventually have its effects on geopolitical relationship between great powers. In Asia, the China-Japan relationship is becoming more and more intense owing to the Diaoyu Island disputes. Still, the most serious geopolitical challenges in East Asia flow from the tense relationship between China and the United States. Since the 2008 financial crisis, serious geopolitical steps taken by the United States include the pivot to Asia initiative or the rebalancing of Asia, the securitization of the South China Sea Islands, as well as the reorientation of the US-Japan security relationship; all of these are measures taken to balance China’s rising influence in East Asia.

Accompanying these geopolitical measures, the United States also adopted a hostile geo-economic measure toward China, the initiative of the Trans-Pacific Partnership (TPP), which excludes China as a negotiating party. From the perspective of the United States, China’s initiative of establishing a new type of great power relationship between the two countries is simply a fundamental challenge to its dominant role in the existing international system.

Observing from the angle of international system structures under change, there are complexities in the BR. On one hand, since the international structures are under change, China will have the ability to make and put into practice its own development agenda via the BR; but on the other hand, the changing international system structures can also become the obstacles of the realization of the BR. The following cases are the embodiments of such complexities.

## THE STRUCTURAL COMPLEXITIES OF THE NEW SILK ROAD

First, via the BR, countries along the initiative's path will be substantially aided to construct their infrastructures. Such an engagement is beneficial both for countries with poor infrastructures as well as for countries with abundant funds, because it entails improved infrastructures and novel investment opportunities. The complexities in this case are that, because infrastructures are strategic assets, China should go to great lengths to convince all participants of its benign will and intention of sharing prosperity with all the other countries.

Forming a dialectical perspective—or in other words, if not observed in a one-sided way—the greater challenge to the BR is that the international structures under change, which are the origin of the BR, can also become the source of other countries' strategic hesitation. The case of China's neighbor, India, is illustrative of this. Regardless of the fact that in 1999, the Kunming Initiative—aimed at creating an opportunity for key stakeholders from the four countries (Bangladesh, China, India, and Myanmar) to come together to discuss and identify initiatives that could contribute to deepening of cooperation among them—was developed into what came to be popularly known as the BCIM Forum (focusing on BCIM Economic Corridor, or BCIM-EC), it seems that Indian Prime Minister Narendra Modi was more inclined to the US “New Silk Road” Initiative during his visit to the United States in 2014. This could be attributed to the fact that China and India should have more mutual political trust.<sup>16</sup>

Second, via the BR, China tries to attract (potential) stakeholder countries to participate in the initiative, especially countries in the developed world (including the United States and Japan), because their participation will be a multi-win game, and because they can benefit from the investment opportunities provided by this initiative. However, the changing international structures—the origin of the BR—can also become the source of the strategic hesitation of the developed world, especially the United States and Japan. As these countries have huge vested interests in the existing international system—enough to think about their stakes in the financial institutional arrangements in Asia—they are clearly suspicious of the establishment of AIIB. In the eyes of the United States, the new institutional arrangements, including the BR, initiated by China in Asia during the past decade are challenges to the existing institutional arrangements, which will—sooner or later, rather than whether or not—bring about geopolitical effects on the US domination.

Third, via the BR, China tries to improve its security environment at sea in Asia and in Inner Asia. Nevertheless, at the same time, certain countries will have geopolitical grievances. This is the reason behind the increasing securitization of South China Sea in the past several years, particularly on the part of the United States by way of further pushing its pivot to Asia strategy. Hence, the international structures under change, the origin of the BR, can also become the source of strategic competition between China and the United States, and between China and Japan, as well as between China and Russia to an extent. Actually, during the process of the proposal of BR and on its way to being implemented, Russia was suspicious about it in the beginning, because the Belt goes through the central Asian “stan” states, which traditionally have been the “backyard” of Russia.<sup>17</sup> When Russian President Vladimir Putin paid a visit to Beijing in May 2014, he and the Chinese President Xi Jinping signed a joint statement on Sino-Russian Comprehensive Strategic Partnership, marking a new stage in which Russia declared its support to the BR, as the two sides agreed to make the abutment between the BR and the Eurasian Union.

Fourth, via the BR initiative, China tries to push the development of regionalism in East Asia forward. In the past 15 years, although regionalism in East Asia is a one-leg lame because of the security dilemma flowing from history and current debates in East Asia. Economic regionalism (ASEAN+3; Northeast Asia Free Trade Agreement), in which China has been playing an increasingly important role, developed with rapid speed, but after the financial crisis in 2008, the Obama Administration increasingly took a competitive geo-economic position toward China by excluding its participation in TPP. Hence, the current situation of the international structures under change, the origins of the BR, can also halt the furtherance of regionalism in East Asia. For example, Hoang The Anh, Deputy Director of the Institute of China Studies at the Vietnam Academy of Social Sciences, argued that Vietnam would be active in participating in the BR only if there were no concerns about the territorial sovereignty related to the initiative.<sup>18</sup>

Fifth, China tries to balance the development between its coastal areas and its inland areas. Nonetheless, in the international system, as Robert Jervis argues, objectively, the system effects are always full of complexities, let alone the subjective evaluation of the BR by other countries because of those countries as subjective entities. Consequently, the BR under the current situation of the international structures under change can also bring about unexpected results, such as the demographic shift in Inner Asia. On one hand, it is argued that China will move more of its population into Inner Asia; and on the other hand, it is argued that the Muslim



population will flood into China's Xinjiang because of the improvement in infrastructures in inland Asia, which will result in the challenges similar to the refugee situation in Europe in 2015.

Sixth, China tries to establish supplementary international institutions. The international institutional structure under change poses a challenge to the existing international institutional arrangements. The responses are as follows: On one hand, there have been positive response to the initiative, such as the response to the AIIB from the U.K. and other countries both from West and East, South and North. On the other hand, the U.S. and Japan gave a cold shoulder to the AIIB, which they regard as a threat to them, and hence a threat to the existing international system structures (Asian Development Bank [ADB], WB). Hence, the international structures under change, the origins of the BR, can also become the origins of the resistance to such institutional innovation, such as the resistance to AIIB by the United States and Japan. The cold treatment to the BR in the Japanese media is such an embodiment.<sup>19</sup>

Seventh, China seeks to legitimize its ideas beyond the West. The international ideational structure under change paves the way for the legitimate narratives by narrators other than Westerners. Although the narrative of the China Model was originally presented by Westerners, which implies the powerful narrative ability of the West, it also makes the West stay alert of China considering the ideational structure change, which will have fundamental effects on the international system transformation. This is why Michael Walzer once argued that, "I want to endorse the politics of difference and, at the same time, to describe and defend a certain sort of universalism."<sup>20</sup> Hence, the international structures under change, the origins of the BR, can also become the origins of resistance to the efforts of "legitimate narratives" by the rest of the world, rather than simply by the West, as has been the case for a long time in modern world history.

In the recent years, what China narrates is the idea to establish a "community" for all mankind, namely, a community of common interest for all mankind, a community of common responsibility for all mankind, and a community of common destiny for all mankind. This is substantially different from the idea of "international community" which the West, in general, and the United States, in particular, has long been narrating. While the idea of a community of common interest for all mankind, a community of common responsibility for all mankind, and a community of common destiny for all mankind is typical of inclusiveness, the idea of "international community" is strikingly

characteristic of exclusiveness because in modern history, only a “civilized” state was qualified for membership in such an “international community,” according to the dominant narratives.

## CONCLUSION

In the contemporary international system, because of the insufficient changes in the capacity structure, the nonfundamental change in the institutional structure, and the lack of watershed change in the ideational structure, there will be various barriers and challenges to the BR, on the one hand; but on the other hand, as the BR is the result of the international system transformation based on the change in the contemporary international structures, it can also further promote the change in the international structures.

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