

ISAS Brief

No. 479 – 9 May 2017

Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



The Belt and Road Initiative: Charming and Alarming Aspects

While China has propagated the potential benefits of its Belt and Road Initiative, some countries are concerned about the possible consequences.

Rajeev Ranjan Chaturvedy¹

Introduction

Charmed by Chinese President Xi Jinping's signature project, the Belt and Road Initiative (BRI) [originally known as One Belt One Road], several leaders from around the world will attend the Belt and Road Forum for International Cooperation (BRF) Summit, which is scheduled to be held in Beijing on 14 and 15 May 2017. According to media reports, 28 heads of state or government, more than 80 leaders of international organisations, 100 ministerial-level officials, as well as 1,200 delegates from various countries and regions will attend the meetings. Following the launch of this initiative in the fall of 2013, the recent constitution of the BRF at the highest-level is designed to review the progress of the initiative and plan the way forward. Chinese State Councillor Yang Jiechi oversees the preparatory work for the forum.

¹ Mr Rajeev Ranjan Chaturvedy is Research Associate at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. He can be contacted at isasrc@nus.edu.sg. The author bears full responsibility for the facts cited and opinions expressed in this paper.

Chinese Ambitions

The BRI has fascinated several countries, while also giving rise to questions among many others about China's real motives. Certainly, the BRI powerfully illustrates China's growing capacity and economic clout in the emerging global economic and security architecture. The BRI is not just about economics; rather, it is a significant diplomatic tool to gain strategic access around the world. Through this initiative, China is striding towards turning its economic advantage into political advantage which could widen its room for strategic manoeuvre.

What are the key objectives of and expectations from the BRF? Labelled as the biggest diplomatic event of the year for China, the BRF has three key objectives. The first is to review the progress of the initiative and build consensus among the participating political leaders and professionals to sustain the momentum of cooperation. The second is to discuss major cooperation measures, going forward, facilitate greater synergy between the development strategies of partner countries, deepen partnership and work for interconnected development. Another objective is to advance international cooperation for win-win outcomes and foster China's image as a responsible great power. Since its launch, the BRI has been broadly viewed as a Chinese national initiative. However, China underlines that this initiative is meant to be a major international public good that will benefit all countries along the belt and road. China expects that the forum would generate synergy among national, regional and global developmental agendas, and make it a more participatory and inclusive initiative.

The Chinese leadership seems fairly optimistic in its effort to reshape the country's global profile in a bold and creative way – a key element of which is to build an economic system with China at the centre of it. China is taking decisive steps to improve its overall geopolitical position by securing natural resources from, and developing extensive transport networks – including roads, railways, ports and energy corridors – in partner countries. Beijing is also increasing its influence through a series of international investments. Undoubtedly, the BRI demonstrates this innovative approach, which is the first global strategy to enhance trade and foster peace proposed by the Chinese President Xi Jinping. This initiative has a clear strategic purpose and it is a helpful channel for the Chinese grand strategy. The BRI aims to transform Asia and create more strategic space for China.

The present leadership in Beijing has promised to transform China through a national rejuvenation in order to realise the "China Dream". Beijing is also responding to the region's

need for investment and development and aims to unlock a massive trade potential and bolster economic development through this initiative. The BRI has become a defining strategy for economic outreach to China's partners. In fact, it is an attempt to create a favourable international environment conducive to China's continuing development, and, thus, an important element of Chinese grand strategy.

This ambitious initiative is being supported mainly from the Silk Road Fund, Asian Infrastructure Investment Bank (AIIB) and the New Development Bank, among other capital pools. With full political and financial support from the Chinese government, the BRI has become one of the key tools of Chinese diplomacy and one of the most important research agendas among Chinese universities and think tanks.

The BRI is also seen as a part of the new round of China's "opening up" strategy. China is facing challenges of overproduction and overcapacity, particularly in the steel and construction material sectors. This initiative aims to create a greater demand abroad for these Chinese products, and could help address China's domestic economic problems. There is now a growing need for China to invest more in foreign countries. The labour market is becoming more competitive and its costs are increasing. As such, through this initiative China also aims for an economic restructuring.

Moreover, the initiative is expected to stimulate development programmes in the less developed regions of China to narrow income gaps between regions. The BRI also has immense potential to provide tremendous overseas investment opportunities for the Chinese private sector. Further, the BRI promises significant progress in continental and maritime connectivity – both hard and soft – and its effective implementation will be immensely consequential to regional stability and global peace. China seems to be influencing perceptions, relationships and organisations all over the world through the initiative. Most importantly, the BRI is a smart strategy of President Xi which integrates domestic and international goals, and is comprehensively expanding from economic engagement to foster closer political, cultural and security networks with Chinese characteristics in Asia and beyond.

Concerns with the BRI

While China claims that the BRI is rooted in the principles of “extensive consultation, joint contribution and shared benefits”, evidence so far, from a few projects under this initiative, is contrarian. In fact, the BRI is a strategy to forge a new network that is centred on China, organised according to Chinese interests and guided by Chinese values. Much of the planned BRI infrastructure is in regions and countries where security is weak and politics is unstable. Hence, the risks to large-scale investments are considerable. The China-Pakistan Economic Corridor (CPEC) or Hambantota Port and Mattala International Airport (Sri Lanka) are some examples and indicators of the fact that China’s decision to invest overseas in such projects is heavily guided by political and strategic considerations and is also a mechanism to deal with some domestic economic challenges. Far from being a “game changer”, as envisioned under the BRI, many of these big projects seem to be economically unsustainable for the host countries.

Overlooking India’s sovereignty concerns, China is going ahead with the CPEC, parts of which pass through Pakistan-occupied Kashmir (or Azad Jammu and Kashmir as Pakistan refers to this area). This raises a question mark on China’s real motivations. Indeed, an article in the *Global Times* (a state-run Chinese daily) titled “China ready to play a greater role in resolving conflicts in South & Southeast Asia”, published on 1 May 2017, strengthens the reasons for alarm further, when it says that “Beijing can’t turn a deaf ear to the demands of Chinese enterprises in protecting their overseas investments”.² It adds that China has made massive investments in countries along the Belt and Road, and it has “a vested interest in helping resolve regional conflicts including the dispute over Kashmir between India and Pakistan”.³ When Beijing wants to settle its own territorial disputes with neighbours bilaterally, how does it expect other countries to accept such proposals? Is the logic of “community of shared destiny” under the BRI an extension of a Sino-centric world? A selective interpretation of history and a mismatch between Chinese stated objectives and actions on the ground are arousing apprehensions about the BRI among many countries.

² Global Times, “China ready to play a greater role in resolving conflicts in South & Southeast Asia”, available at <http://www.globaltimes.cn/index.html>. Accessed on 3 May 2017.

³ Ibid.

Conclusion

Overall, the BRI marks a new phase in the growing salience of geopolitical considerations in Chinese foreign policy. The dream of restoring China's traditional place and creating a Sino-centric regional order begins to loom large over economic and developmental matters. Perhaps, the BRF will provide a platform to learn lessons from the developments so far from the BRI and China could consider de-linking some controversial projects and instead taking a more inclusive approach for greater support and involvement, like it did for the AIIB.

.