

China's Belt and Road Initiative and the New Eurasian Order

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Summary

As Chinese President Xi Jinping's signature project, the Belt and Road Initiative (BRI) has redirected the structures and the objectives of both foreign and domestic policy in the PRC. BRI's goal is primarily economic: to increase trade and investment along China's periphery by funding and building infrastructure projects. But it is more. Through an analysis of official and semi-official sources, this policy brief will show that BRI aims to weave neighboring countries into a network of economic, political, cultural, and security relations centered around China. BRI is a new project that is still taking shape. Yet, its objectives are ambitious: Beijing's grand strategy is to re-constitute the Eurasian regional order with new governance ideas, norms, and rules. The policy brief concludes that European countries should address China's challenge by stressing their commitment to the normative goals of multilateralism, transparency, accountability, and the rule of law in an open, rule-based global order.

What is BRI?

The China's Belt Road Initiative (*yidai yilu*) is a long-term project that seeks to integrate Asia, Europe, the Middle East, and Africa into a Sinocentric network through the construction of land- and sea-based infrastructure.

According to the Asia Development Bank, there is an US\$8 trillion funding gap for infrastructure in Asia during 2010-20. By building 'connectivity' infrastructure projects on its periphery, China hopes to increase win-win investment and trade opportunities with its neighbors. The goal of the 'belt' is to build a network of overland road and rail routes, oil and natural gas pipelines, and power grids to connect western China to Central Asia, Moscow, Rotterdam and Venice. The goal of the 'road' is to construct a network of ports and other coastal infrastructure projects to connect China with Southeast Asia, South Asia, East Africa and the Mediterranean.¹ BRI is seen as an open and inclusive set of infrastructures projects, and is presented as a positive alternative to the US's Trans-Pacific Partnership (TPP) that is perceived as closed and exclusive.

BRI also is a domestic policy strategy. Its construction projects will address the overcapacity problems that daunt China's cement, steel, and construction industries. China's new multilateral banks—the Asia Infrastructure Investment Bank (AIIB), the BRICS New Development Bank, and the Silk Road Fund—are designed to fund BRI; they have the added benefit of allowing China to diversify the investment of its foreign exchange reserves. BRI also aims to address internal security problems: the plan is to buy security in China's restive Xinjiang region through economic development projects that link it with coastal China and Central Asia. Thus, BRI is beneficial for Chinese domestic and foreign policy because it would create Beijing as a one-stop shop for regional development and security: AIIB for financing, BRI for construction, and the People's Liberation Army (PLA) for security.

While Beijing's grand narrative is gaining much attention in international media, BRI itself is a moving target. Indeed, over the past few years, its official name has changed at least three times: Silk Roads (2013), 'One Belt, One Road' (2014), and now the Belt and Road Initiative (2015). While it seems to be a new initiative, many of the projects now branded as BRI actually preceded it by many years. The China-Pakistan Economic Corridor, for example, which includes the Gwadar Port that was completed in 2006, has been re-branded as a key BRI project.

More importantly, there is debate in China about whether BRI is primarily an economic project, (which is the narrative that is presented to the West), or whether it also has important political, security, and normative objectives. Some influential Chinese scholars argue that BRI and the AIIB are designed to challenge the current world order, to dethrone the Washington Consensus, and thus to use Chinese ideas to build a superior world order.

While BRI is still in its early stages, it is important to understand its structures and objectives because it is the signature project of Chinese President Xi Jinping. This policy brief examines official and semi-official sources in China to argue that BRI is not merely an economic project: it hopes to leverage Beijing's economic strength to pursue political, security, and even cul-

¹ National Development and Reform Commission, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', Beijing, March 28, 2015, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

tural goals. In other words, BRI is an expression of China's new grand strategy, where Beijing aims to use connectivity projects to socialize Asia and Europe into its own preferred view of global order, where China is the world's top normative power.

EU-China relations

China's bid to leverage economic strength into normative power is interesting because it parallels many of the EU's structures and objectives. Indeed, both China and Europe are best understood as on-going projects, rather than as stable institutional or geographic entities. Both are trying to turn economic power into political power, to pursue what each sees as their global moral project. In Europe, leaders worked to solve the problem of war through economic integration, which eventually led to social, political, and even cultural integration. As the EU spread to the East after the Cold War, it employed the promise of economic prosperity and the logic of conditionality to induce countries to make moral improvements, like abolishing capital punishment. In each case there was the expectation of 'spillover', where closer economic ties lead to closer political ties.

China has also been a target of Europe's socialization policy, with the same goals of promoting a market economy, democracy, and the rule of law. And it has been successful: since the 1970s, the PRC has been socialized into the global liberal order; it is active in all major international organizations. But what is interesting is that even with all this economic and institutional contact between China and Europe, there hasn't been much spillover into closer political and cultural ties. EU-China relations stagnated after 2005, and neither side talks about shared values anymore. Outside Europe, this is known as the 'Asian paradox', where Beijing has warm economic relations with its neighbors, but often cool political relations with Japan, South Korea, and many Southeast Asian nations.

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Now we have to consider whether the socialization dynamic has been reversed, with Beijing using BRI to socialize Asia and Europe into its own preferred view of global order. Curiously, China is trying to employ the familiar neo-functional 'spillover' logic: Beijing trusts that the closer economic ties generated by BRI will spill over into closer political ties. This strategy seeks to leverage China's economic power to build a tight network of economic, cultural, political, and security relations. China's grand strategy is ambitious: the goal is moral, to build a Sinocentric 'community of shared destiny' in Asia, which in turn will make China a normative power which sets the rules of the game for future global governance.

Xi Jinping's New Foreign Policy

When Xi became China's leader in 2012, he determined that his country's foreign policy was a 'problem' that needed fixing. He gave two major speeches: one on peripheral diplomacy in October 2013, and the other on general foreign policy in November 2014. Both speeches stressed the need for greater coordination for a more comprehensive foreign policy.²

Here Xi was responding to what he saw as the problems of the Hu Jintao era, where weak leadership encouraged infigh-

ing among different bureaucratic actors, with each pursuing their own narrow sectorial interests. Since China's foreign relations now deal with much more than traditional state-to-state 'diplomacy', its foreign policy needs a broader view of economic, cultural, and security issues in order to have a comprehensive foreign policy.

Xi's new objective is for foreign policy to be 'pro-active' and to 'strive for achievement'. These are vague terms; but for many this marked the end of the era of Deng Xiaoping's reactive 'bide and hide' foreign policy strategy. To coordinate this proactive foreign policy, Xi has recentralized power to put foreign and security policy more firmly under communist party control. Xi's goal is to coordinate diplomacy according to a grand strategy that is informed by China's national interest.

Xi's speeches also contain new ideas about how China can become pre-eminent in Asia over the next five to ten years. The goal of peripheral diplomacy, according to this new foreign policy narrative, is 'to realize the China dream of the great rejuvenation of the Chinese nation'. According to Xi, it is necessary for Beijing to deepen friendly relations with neighboring countries first through economic cooperation: in September 2013 China offered to set up the AIIB to finance regional 'connectivity' projects. Interestingly, in the peripheral diplomacy speech one month later, Xi went beyond this economic strategy to suggest that China also needs to build closer security ties in Asia. He even noted that regional cooperation must expand to include 'shared beliefs and norms of conduct for the whole region'.³

In other words, we need to think beyond the material measures of hard power—military might and economic ties—to consider how China sees its rejuvenation in terms of soft power: Beijing is on a moral mission to improve the world through its ideas, aspirations, and norms. Xi thus stressed that China seeks to socialize regional countries by developing shared beliefs and norms that will build the 'community of shared destiny'. These shared beliefs are familiar to students of Chinese foreign policy: mutual respect, mutual trust, reciprocity, equality, and win-win cooperation. But they also include traditional Chinese ideas of a hierarchical Sinocentric regional system: peripheral diplomacy assumes a 'center', which shows how Beijing sees China at the center of the new regional order, while neighboring countries are at the margins. The PRC's diplomats and scholars often invoke China's historical (and hierarchical) 'tributary system' to their neighbors as a benevolent model of regional order for the 21st century. The 'community of shared destiny' therefore provides an alternative moral order for Asia, and ultimately for the world.

Here Xi is going beyond seeing connectivity simply as the hardware of infrastructure projects to consider how China can use connectivity to influence the 'software' of global governance's ideas, norms, and rules. Interestingly, this normative ambition grows out of Xi Jinping's reconsideration of interdependence. Rather than seeing the outside world simply as a political threat, Beijing now thinks that it can benefit from a more nuanced notion of globalization. Rather than the West simply socializing China with liberal values, China can be proactive to socialize its region and the world with Chinese

2 Xi Jinping, *On the Governance of China*, (Beijing: Foreign Languages Press, 2014), pp. 325-29; Xi Jinping, 'The Central Conference on Work Relating to Foreign Affairs was Held in Beijing: Xi Jinping Delivered An Important Address at the Conference', Xinhua, November 29, 2014, http://www.fm-prc.gov.cn/mfa_eng/zxxx_662805/t1215680.shtml.

3 Xi, *On the Governance of China*, 315-24, 327.

values.⁴ In more concrete terms, Xi Jinping aims to eat his cake and have it too by integrating the China's international development agenda with its security agenda: i.e. buying security through international development projects.

Previous leaders pursued contradictory policies in succession: starting with diplomatic charm offensives, followed by assertive military actions, and then back to charm offensives. Xi is different because he is integrating development and security goals. This dual 'guns-and-butter' strategy was exemplified in 2015 by two high-profile activities: first, China's founding of the AIIB, which included 57 founding members, and second, Beijing's massive land reclamation projects in the South China Sea. The AIIB's institution-building demonstrated that China is a new player in global governance, while its island-building in the South China Sea provoked more overt security competition with its Southeast Asian neighbors – and the US.

Rather than understand these two actions as contradictory, we should understand them as a complementary pair. The diplomatic strategy is to enmesh neighbors into a web of win-win opportunities that raises the cost of confrontation. Beijing's hope is that it will be so successful that the PRC will be able to unilaterally define security issues in the South China Sea, because other states won't be in a position to protest.

BRI: Building China's Asia Dream

How will China achieve such ambitious goals? The Belt Road Initiative, which will be funded by the AIIB and Silk Road Fund, knits together ideas and institutions to integrate Eurasia into a Sinocentric 'community of shared interests, destiny and responsibility'.⁵ BRI is seen as the concrete means for realizing Xi's 'China Dream of the great rejuvenation of the Chinese nation'. The geographic space of BRI starts with China's periphery, but goes far beyond this to encompass most of the world. For example, in 2015 the UK government saw BRI as an opportunity to develop the North of England.

The values of BRI are much like those of peripheral diplomacy: namely, open, inclusive, and win-win for balanced economic cooperation. Its goals likewise mirror those of peripheral diplomacy, which are policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people ties. BRI thus seeks to leverage China's economic power to address a series of economic, political, and security challenges in both domestic and foreign policy. BRI thus is more than hard power, and even more than soft power: it is framed as a moral project.

Many Chinese public intellectuals see BRI as a cultural and moral alternative to what they characterize as the corrupt and ineffective world order of 'American hegemony'. According to this interpretation, the new Silk Roads will not just join economies, but the two 'civilizations' of China and Europe. Zhao Lei, at Beijing's Central Party School, stresses the importance of the new culture-economy, in what he sees as BRI's key role in 'China's civilizational rise'.⁶ Zheng Yongnian, who is

a close advisor to the leadership, sees BRI as an opportunity for China to use its civilizational ideas to guide the values of what he calls the post-American global 'zeitgeist'.⁷ Wang Yiwei, who is a vocal commentator from Renmin University, likewise sees BRI as the key to Chinese normative power in the 21st century. He looks to the Silk Road as an alternative to what he calls the globalization of 'Western imperialism'. Wang argues that BRI offers a superior model of globalization because the 'Silk road was a road of friendship and prosperity, a road of exchange and mutual respect'.⁸ (Actually, the Silk Road was most integrated after the Mongols' violent conquest of Eurasia in the 13th century.)

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. As Wang explains: BRI 'uses the Silk Road Dream to realize the China Dream, which will lead to the World Dream'.⁹

This goal may sound far-fetched, but it is not that different from Xi Jinping's various statements about the necessity to use China's traditional civilization and its socialist model to change the norms and rules of global governance.

Europe and China, again

Usually in EU-China studies, we ask 'how does China fit into EU policy?' Now we have to think about how Europe fits into BRI on both a regional and state level. We should also switch from asking how the EU can socialize China, to consider how Brussels needs to work with a Beijing that is trying to socialize Europe. While it is common to understand Chinese foreign policy in terms of the geopolitics of US-China relations, it is important to explore how Europe's normative power impacts China's futures, and vice versa.

In many ways, Europe faces the same problems as China. The EU's growing Brexit crisis, and enduring Grexit and refugee crises, are expressions of deeper questions of identity and territoriality, which we also see in China's dream of a transnational 'community of shared destiny', and its nightmare of national disintegration. There are also mutual concerns about migration, terrorism, and extremism, which are related to the challenges of demographically greying populations and the rise of populism. Indeed, the 'neighborhood policies' of the EU and China both face serious challenges. As the various official EU-China statements illustrate, diplomats are working on these shared concerns. Indeed, the main advice from European think tanks is that the EU needs to have a more unified and better-resourced China policy, as part of a more unified and better-resourced foreign and security policy. The EU thus needs to better leverage its status as the globe's largest trading bloc to develop more robust political, security, and normative power. China also

4 Xi, 'The Central Conference on Work Relating to Foreign Affairs'.

5 National Development and Reform Commission, 'Vision and Actions on Jointly Building Silk Road'.

6 Zhao Lei, *Yidai yilu: Zhongguo de wenmingxing jueqi* [One Belt, One Road: China's civilizational rise], (Beijing: Zhongxin chubanshe, 2015).

7 Zheng Yongnian, *Weilai sanshinian: gaige xinchangshe xiade guanjian wenti* [30 years into the future: key issues for the new normal of reform], (Beijing: Zhongxin chubanshe, 2015), pp. 197-200.

8 Wang Yiwei, 'Yidai yilu': *Jiyu yu tiaozhan* ['One belt, one road': opportunities and challenges], (Beijing: Renmin chubanshe, 2015), p. 2.

9 Ibid, 29, 40.

feels like an underappreciated power, and is likewise trying to leverage its economic might into greater political, security, and normative influence.

However, the EU and China are pursuing similar goals in quite different ways. As BRI's domestic/foreign policy narrative shows, the PRC is investing considerable time and resources into building stronger state power at home, and a more integrated economic-political-normative network abroad. This is part of Beijing's stress on building a multipolar world, which is a critical response to what it sees as the 'hegemony' of American unipolarity.

Beijing thus treats the EU, and non-EU European states like Norway, as it treats other states: namely as pawns in China's grand geopolitical and geo-moral struggle with the US. While many Europeans are happy that they do not have direct security interests in East Asia, this means that China does not take the EU seriously as a security actor, especially in the current post-Brexit milieu. BRI therefore is seen by Beijing as China's 'pivot to Europe', that challenges America's 'pivot to Asia'; likewise, the successful founding of the AIIB is hailed in Beijing as a geopolitical 'victory' that moved American friends and allies into the Chinese orbit.

The EU may choose to treat the EU-US-China relationship geopolitically by balancing with China against the global power of the US. But if we take the EU seriously as a normative power, then a different calculation is necessary. Indeed, the EU should be careful about signing up to Beijing's logic of a 'multipolar' world—as it does in all official EU-China statements—and stress its vision of a multilateral world order that includes a wide range of non-state actors.

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More concretely, the European countries like Norway that are founding members of the AIIB should push for more transparency and accountability, which is in line with the EU's model of an open rule-based global order. Likewise, the EU should demand that China respect international law in the East China Sea and the South China Sea, including support for the legal arbitration of territorial disputes and for freedom of navigation. It was encouraging that France

and the UK recently proposed to increase the number of European freedom of navigation operations in the South China Sea. It was discouraging, however, that the EU offered such a weak endorsement of the Permanent Court of Arbitration's decision about the South China Sea in July 2016 due to pressure from Eastern European members.

At the same time, the EU should pressure the US to join the AIIB and ratify the UN Convention on the Law of the Sea. In this way, the EU would not be forced to choose sides; rather it would be promoting its vision of an open rule-based global order. This, in turn, would build up the political, security, and normative role of the EU in international affairs. Europe could even benefit economically from this normative approach by making sure that BRI's investment in European infrastructure develops the goals of European integration, rather than just expanding Beijing's Sinocentric network of power. Otherwise, Europe will move from being a center of global power to being relegated to the sidelines as merely a market in the 'far periphery' of China's 'community of shared destiny'.

The real challenge for Europe, though, will be to act with unity—diplomats and scholars have been calling for a coherent China policy for over fifteen years, but one has yet to emerge. As we saw with Brussels' weak endorsement of the Permanent Court of Arbitration's July 2016 decision, Beijing is quite adept at playing European states against each other through divide and rule tactics. While China is centralizing power around Beijing, the EU is caught in an ongoing internal crisis where risks of disintegration proliferate.

The prospect a robust future that benefits both Europe and China is thus uncertain, and its challenges and opportunities are different from those of US-China relations. While the EU does not have the same geopolitical gravity as the US, its normative influence is quite strong. Since China aims to use BRI to become a normative great power, the EU is well placed to influence China's future, Europe's future, and thus the world's future.



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