

POLICY BRIEF



Making Sense of the Belt and Road Initiative

Niva Yau Tsz Yan

Making Sense of the Belt and Road Initiative

Niva Yau Tsz Yan

Policy Brief #52, 2019

Niva Yau Tsz Yan is an independent researcher and Associate Research Fellow at the OSCE Academy in Bishkek, Kyrgyzstan. She was a Research Assistant at the Belt and Road Strategic Research Centre in Kuala Lumpur, Malaysia. Her most recent research compared the operational reality of the Belt and Road Initiative in Central Asia and South East Asia.

Niva graduated from the University of Hong Kong with a degree in politics. Her research interests are Chinese foreign policy, the Belt and Road Initiative, Central Asian politics and South East Asian politics.

tszyany@connect.hku.hk

© 2019 OSCE Academy in Bishkek. All rights reserved.

The views expressed and the conclusions reached in this brief are exclusively those of the author and are not necessarily shared or endorsed by the OSCE Academy in Bishkek.

Extracts of this Policy Brief may be quoted or reprinted without special permission for academic purposes, provided that a standard source credit line is included.

Central Asia Policy Briefs and submission guidelines are available on-line at www.osce-academy.net/en/research/policy-briefs/

Central Asia Policy Briefs became possible with financial support of the Norwegian Institute of International Affairs (NUPI)

Table of Contents

Executive Summary 3

Introduction..... 3

The Belt and Road for Chinese Foreign Policy 3

Realising the Ideal 7

Preventing the Unfortunate(s)..... 7

Discussion and Conclusion 8

Executive Summary

This article provides a theoretical ground in making sense of the Belt and Road Initiative and accordingly offers relevant policy recommendations for Central Asian states. Understanding the initiative in the framework of Chinese foreign policy, this theoretical ground offers a different lens in thinking about the debt trap, as well as other contested Belt and Road issues.

Introduction

Why are all roads leading to Beijing? Aimed to address the deep sense of scepticism over Chinese intentions, this article spells out how the Belt and Road Initiative should be understood as an umbrella concept and an integrated part of Chinese foreign policy. Central to the argument in this article is that development direction of the Initiative must be examined in the first instance from a Chinese perspective given the instructing capacity and the ideologically driven character of the Chinese Communist Party. With a particular focus on China's immediate western neighbours, this article subsequently examines what the Belt and Road Initiative as part of Chinese foreign policy means for Central Asian states. Looking at these possible scenarios, this article offers policy recommendations for Central Asian states in positioning against forces of the initiative.

The Belt and Road for Chinese Foreign Policy

What is the Belt and Road Initiative for the Chinese Communist Party? At its initial announcement in 2013, the Initiative was presented to the world as One Belt One Road (一带一路), made up of the Silk Road Economic Belt and the Twenty-first Century Maritime Silk Road. Sensitive to foreign criticisms concerning the monopolistic connotation of "One" (一), official presentation of the project to the outside world has since been changed to the Belt and Road Initiative. Meanwhile, One Belt One Road remains as the sole term of the grand project used in domestic Chinese discourse in Mainland China, Hong Kong and Macau.

Having allowed space for inclusive and creative implementation during its infant years, the Initiative began to take shape in summer 2015. First there was the release of the first policy framework for the Belt and Road Initiative, the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road", by the National Development and Reform Commission, Ministry of Foreign Affairs, and the Chinese Ministry of Commerce with State Council authorization.¹ Then there was the establishment of the Leading Group for the Belt and Road Initiative, which operates under the State Council's Coordination and Resolution Agency. Working under the Leading Group is the Office of the Leading Group for the Belt and Road Initiative, located and staffed by the National Development and Reform Commission.

Since then, the Party has been regularly publishing Belt and Road operation reports, often including projects that are not obviously labelled as a Belt and Road project either in Western

¹ State Council, 2015, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," National Development and Reform Commission [online; accessed 28 March 2015]. Available from: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

or in local media of the country in concern. According to Chinese media, China-Kyrgyzstan alone has reported to signing over 200 bilateral documents since the announcement of the Belt and Road.² How much has already been done in the name of Belt and Road?

From the Asia Star Agricultural Cooperation Zone, National Fertiliser Plant Project,³ Irrigation System Renovation⁴ to the export of melon fruits to China, all of these obviously trade and infrastructure related projects in Kyrgyzstan have been reported by the Chinese as part of the Initiative. The less immediately obvious projects are such as Kyrgyzstan's participation in the Belt and Road Media Cooperation Union,⁵ the Belt and Road University Strategic Alliance,⁶ China-Central Asian National Universities Association, Bishkek Center for Traditional Chinese Medicine, Chinese funding to support the research work on the ruins of the ancient castle in Naryn⁷ as well as the Shans Bookstore in Bishkek.⁸

Beyond the daily online report of Belt and Road operation worldwide, the office of the Leading Group in 2015 published a reported titled "Building the Belt and Road: Concept, Practice and China's Contribution".⁹ The report detailed operational aspects of the Initiative, aimed to increase understanding of the Initiative in the international community. At the 2017 Belt and Road Forum, a list of deliverables were released, noting 76 Belt and Road items with more than 270 concrete results worldwide in the five key areas identified in the first policy framework, namely policy, infrastructure, trade, finance and people-to-people bonds.¹⁰

In 2017, the Chinese State Information Center began to have its dedicated team of big data analysts to publish yearly Belt and Road reports on trade cooperation. Initially written to provide information for Chinese businesses to develop markets abroad and to showcase efforts from different Chinese industries and provinces in participating in the Belt and Road, "the Big Data Report of Trade Cooperation under the Belt and Road Initiative" (一带一路贸易合作大数据报告) added up to 212 pages in 2018, up from 62 pages in 2017. By 2018, the

² People's Daily, 2017, "Injecting new vitality to jointly build the "Belt and Road"" [online; accessed 6 May 2017]. Available from: <http://world.people.com.cn/n1/2017/0506/c1002-29257817.html> (in Chinese)

³ Belt and Road Portal, 2018, "The Kyrgyz National Fertilizer Plant Project has been fully launched, annual output of compound fertilizers and other products is projected to more than 500,000 tons." [online; accessed 17 September 2018]. Available from: <https://www.yidaiyilu.gov.cn/xwzx/hwxw/66479.htm> (in Chinese)

⁴ Belt and Road Portal, 2017, "China began assistance to Kyrgyzstan's irrigation system renovation project" [online; accessed 5 May 2018]. Available from: <https://www.yidaiyilu.gov.cn/xwzx/hwxw/54700.htm> (in Chinese)

⁵ Belt and Road Media Cooperation Union, 2017, "2017 Annual Manual," [online; 13 April 2017]. Available from: <http://upload.videochina.tv/2017/0413/1492062420147.pdf> (in Chinese)

⁶ China News Service, 2015, "46 Universities in China and overseas set up 'Belt and Road' University Alliance" [online; accessed 17 October 2015]. Available from: <http://money.163.com/15/1017/17/B655I9A600254T15.html> (in Chinese)

⁷ Belt and Road Portal, 2018, "Dunhuang Research Institute will promote the application of complete sets of cultural protection technology to countries along the "Belt and Road" [online; accessed 27 February 2018]. Available from: <https://www.yidaiyilu.gov.cn/xwzx/dfdt/49104.htm> (in Chinese)

⁸ Xinhua News Agency, 2017, "New bookstore in Kyrgyzstan helps to promote cultural exchange with China" [online; accessed 27 October 2017] Available from: http://www.xinhuanet.com/english/2017-10/27/c_136710596.htm

⁹ Office of the Leading Group for the Belt and Road Initiative, 2017, "Building the Belt and Road: Concept, Practice and China's Contribution," Foreign Languages Press Co. Ltd [online; accessed May 2017]. Available from: https://www.followingthemoney.org/wp-content/uploads/2017/06/2017_Leading-Group-for-the-BRI_Building-the-Belt-and-Road_E.pdf

¹⁰ China Daily, 2017, "List of Deliverables of the Belt and Road Forum for International Cooperation" [online; accessed 16 May 2017]. Available from: http://www.chinadaily.com.cn/china/2017-05/16/content_29359377.htm

published report provides a holistic picture of Belt and Road trade, including detailed export and import information between China and the host countries.

With a solid amount of published information on the Belt and Road by the Party in Mainland China, Hong Kong and Macau, there is evidently a serious mismatch between the domestic presentation of the Initiative and its international presentation. This clear disparity makes sense once the Belt and Road is understood as Chinese foreign policy, with its intrinsic character and utmost priority to serve Communist Party survival. It is therefore much more important to showcase and make transparent to the domestic Chinese all things Belt and Road, inducing a strong sense of Party work ethics in constantly improving the Chinese economy, legitimising Party rule in Mainland China.

Given the Party's success in lifting millions of Chinese out of extreme poverty, a strong commitment has been devoted to the use of economic performance as a legitimising rationale for ruling. Since Mao's death in 1976, the Deng (1978-1989) era had witnessed a normalised Sino-US relationship, alongside with introducing an open attitude to opening up the Chinese market. From Jiang (1989-2002) and on, Chinese leaders have recognised and took seriously their role during this "period of strategic opportunity" (重要战略机遇期) to secure a stable future for China. The Belt and Road Initiative should therefore be understood as largely a by-product of this carefully crafted narrative in China, especially since its implementation character has been a mirror of the Chinese development strategy as aided by the international community.

The "China Dream" (中国梦), as associated consistently with Belt and Road discussion in the Chinese discourse, has its sentiments originating from the nature and experience of the Chinese economic miracle. Hardly unprecedented, it is based off of this positive experience brought to the Chinese a high incentive to intensify international trade through the Belt and Road. Consistent Belt and Road vocabularies found in Chinese media also provide evidence that these projects have Chinese interests at heart, often framed as an opportunity for China to export its expertise, such as the National Fertiliser Plant Project and the Irrigation System Renovation Project in Kyrgyzstan.

When the Initiative is presented on the world stage, a lingering sense of experimentalism persists within the Party in light of lack of experience in undertaking international responsibilities. A direct cause of such inexperience can be traced back to the first formal piece of Chinese foreign policy in the immediate years after the establishment of the People's Republic of China, the Five Principles of Peaceful Coexistence (和平共处五项原则). The non-interventionist principle have since been the core of Chinese foreign policy, most frequently found in speeches at the United Nations, with China emphasising the importance to uphold respect for governments in their internal affairs.

It is also owing to this lack of experience in undertaking international responsibilities that had held back the Chinese leadership's ability to completely abandon Deng's "hide capabilities and lie low" (韬光养晦) policy, especially during the infant years of the Initiative.¹¹ Belt and Road international promotion has therefore been unclear and mild when compared to domestic promotion. Confined still by the non-interventionist principle today, internation-

¹¹ Poh, A. and Li, M., 2017, "A China in Transition: The Rhetoric and Substance of Chinese Foreign Policy under Xi Jinping," *Asian Security*, Vol. 13, No. 2, pp. 84-97.

al presentation of the Initiative finds itself stuck between a dilemma to encourage states' participation while respecting their choice to stay out of the Belt and Road. The modest and vague nature of cultivating “cooperative and win-win ethos in international politics” (合作共赢为核心的新型国际关) as invitation to the Belt and Road can therefore be understood in this sense.

At the 19th National Congress, the party had made clear its determination to cultivate a strong sense of all things with “Chinese characteristics” (中国特色). This has had another spillover effect to Chinese Foreign Policy, as Xi (2012-Present) affirmed during the Congress, “no two political systems are entirely the same, and a political system cannot be judged in abstraction without regard for its social and political context, its history, and its cultural traditions. No one political system should be regarded as the only choice.” (世界上没有完全相同的政治制度模式, 政治制度不能脱离特定社会政治条件和历史文化传统来抽象评判, 不能定于一尊, 不能生搬硬套外国政治制度模式。) China should therefore “ensure we have our say in the realm of ideology” (增强意识形态主导权话语权) and “should do more to foster a Chinese spirit, Chinese values, and Chinese strength” (构筑中国精神、中国价值、中国力量).

On one hand, many have concluded Xi's speech as evidence for Chinese assertiveness. On the other, what “Chinese Exceptionalism” (中国特殊论) in fact has revealed could well be a deep insecurity with the Party's grip on the Mainland. Real threat to the Party lies within domestic China, with the communist ideology in decline as capitalist thinking take over. Analytical focus in this case should center on the latter in the discussion of “socialism with Chinese characteristics” (中国特色社会主义). Positioned to favour Party ruling, extensive patriotic education campaign since the 1990s has been intensified in recent years to cultivate a new Chinese identity. With high symmetry between economic and social liberalisation, the Party's concern is justified and wise from their point of view given world development history.

Ensuring the Party's ability to comprehensively establish China as a “moderately well-off society” (全面建成小康社会) by the centenary of the founding of the Party in 2021, to put simply, the Belt and Road Initiative is an umbrella concept and an integrated part of Chinese foreign policy as it intrinsically prioritises the domestic environment out of necessity given the Party's commitment to performance legitimacy. The domestic trend of intensifying nationalistic sentiment has had a spill-over effect to Chinese foreign policy as manifested also with the Belt and Road strategy.

Understanding the Belt and Road this way helps make sense of persistent issues with the Initiative. Chinese respect for local governments to manage their internal affairs has translated to a neglect of local voices with Belt and Road project implementation. Likewise, with debt trap accusations, China believes it is the local government's responsibilities to make judgements with regards to loans, since the local government in concern should have better understanding than China of their own domestic economy and capacity. As a continuation in Chinese foreign policy, incorporation of old projects such as the North-South highway in Kyrgyzstan also therefore make sense for the Belt and Road.

Realising the Ideal

Given high domestic orientation, the extent to which host governments can benefit from the full ideals of the Belt and Road rely on appropriate positioning. Central Asian economies should in principle see growth in Gross Domestic Product (GDP) driven by export to China and other trade made possible by Chinese funded technology and infrastructure, as well as higher economic interdependence with the wider world.

Currently, the Joint Commission on Facilitation of International Road Transport serves as a good communication platform for SCO Member States on infrastructure issues. Clarifying potential export capacity and developing economic policies in alignment with the Belt and Road should in principle serve as the next step in order for all Central Asian economies to enjoy the fruits of trade brought about by the Initiative. There is a need to expand the current scope of the SCO Financial Ministers and Central Bank Governors Meeting, such as building a Central Asian business network that can enhance understanding of regional division of labour, minimising excessive production and make efficient domestic investment strategies.

Apart from multilateral efforts, much of the progress has been made between Sino-Central Asian States. Sino-Kyrgyz Regional Cooperation Plan (2015-2020), Kazakhstan's Bright Road Initiative, Tajikistan's national development strategy 2030 and Uzbekistan's new development strategy have all been welcomed and seen as compatible with China's Belt and Road Initiative in this Chinese discourse. Heads of states diplomacy has thus far served a sound basis with room for continuous effort and communication with the Chinese counterpart.

Without an official map of the Initiative, flexible nature of the initiative means that host countries need to actively approach and cultivate a good business environment to attract investments. What understanding the Belt and Road as a Chinese foreign policy means for local government is an assurance of Chinese intention as primarily economic, directly at the domestic economy.

Preventing the Unfortunate(s)

In envisioning and make possible the full extent of the Belt and Road, is it no surprise that China holds a tight grip to a region of high geo-strategic status that is Central Asia. Situated directly in the way of China's "Great Western Development Strategy" (西部大开发), what is feared for the most in this region is Chinese military presence. As of 2018, China's heavy military surveillance in Xinjiang has the Western discourse comparing it to a police state. While violence endures in Xinjiang, the build up of Chinese forces in the immediate Chinese provincial neighbourhood of Central Asia is undesired.

Despite high domestic orientation, the Belt and Road in operation concerns geo-political consequences that can trap Chinese investments (as in Venezuela). A politically stable Central Asia will be desired, local governments in Central Asia should therefore have high incentive to aid a long-term solution to Uyghur separatist sentiments.

Prior to settling for "tributary peace" (朝贡和平), there have been five notable cases (鲁梁之谋、衡山之谋、买鹿制楚、菁茅之谋、买狐降代) of economic warfare during the "Spring

and Autumn Period” (春秋时期) in Chinese history. Ancient Chinese states had been masters at misleading and encouraging another state to abandon its agricultural sector to concentrate investments on cultivating another more profitable sector. The manipulating state in the next few years will subsequently up prices of agricultural exports, while restricting or banning imports of goods from the manipulated state. Hengshan state abandoned theirs for a thriving weapon manufacturing sector, yet, with basic subsistence cut off, their weapons were not able to fight against Lu state and Qi state.

The Belt and Road Initiative theoretically can serve as foundation for potential economic tactics. The fear of Chinese investments killing infant industries in local economies is a justified concern. States such as Kyrgyzstan with a less diversified economy is most prone to economic manipulation. Central Asian states should therefore focus on developing while diversifying their economy, exploring different export partners. Protective policies regarding the agricultural sector should also be considered and intensified.

Discussion and Conclusion

The most probable scenario for Central Asia involves some gains and necessary losses. There is reason why most conquerers in history opt to divide and rule. Regional integration in Central Asia will be a dilemma for China, as it could potentially serve as great hindrance to Chinese dominance.

Thus far, the Shanghai Cooperation Organisation remains the only multilateral means for China to exert its influence in the region. Central Asian states should therefore 1) actively make sure of and expand the Shanghai Cooperation Organisation as platform for negotiation and communication. Central Asian actors should also consider 2) taking seriously the domestic orientation of the Initiative and position to gain accordingly.

To better secure Central Asian states' political and economic interests, attention should be paid to 3) supporting a long term solution to Uyghur separatist sentiments, 4) diversify development and export partners, as well as 5) consider protective policies against its own agricultural sector.

OSCE Academy in Bishkek
1A, Botanichesky pereulok
Bishkek, Kyrgyz Republic 720044
Tel: +996 (312) 54-32-00, 54-12-00
Fax: +996 (312) 54-23-13
E-mails: info@osce-academy.net
Website: www.osce-academy.net