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WEAPONIZING CAPITAL: ONE BELT, ONE ROAD, ONE WAY

— Yun Sun

As Xi Jinping's signature foreign policy project, the Belt and Road Initiative (BRI) is a grand plan with the potential to change the geopolitics and geo-economics of the Eurasian and the Asia-Pacific region in the coming decades.

When it was first proposed by China in 2013, the blueprint coincided with a strategic proposal wildly popular inside China — the “Westward” strategy, which advocated for China's own strategic rebalancing to the vast area to the west of it in light of the enhanced strategic contest with the United States in the east.

Following Chairman Mao's mantra, “Where the enemy advances, we retreat; and where the enemy retreats, we pursue,” the Belt and Road Initiative at its inception was designed to improve China's strategic position vis-à-vis the United States through enhancing its presence and influence in Eurasia.

The later conscious efforts by Beijing to downgrade the Belt and Road from a “strategy” to an “initiative” have been intentional: to mitigate the suspicion, rejection, and hostility from potential partners.

In the past four years, China has dedicated significant resources to turn the Belt and Road Initiative into many bilateral/sub-regional plans as well as projects. As it is currently understood, the Belt and Road Initiative utilizes China's vast foreign reserves and industrial capacity to connect and integrate the regional economies in a cooperative manner.

Geographically, it encompasses more than sixty countries in Eurasia. Economically, it will reduce trade barriers through infrastructure connectivity

projects, free-trade agreements, and other trade facilitation measures. According to former US diplomat and author Chas Freeman: “The vast space from the Atlantic to the Pacific and from the Pacific to the Middle East and the Indian Ocean is to be laced with industrial development corridors that draw on these links to create centers of economic activity. Network effects assure benefits not just to China as the leader of the BRI, but to every country touched by it.”

The economic significance of the Belt and Road Initiative should be widely recognized. Given China's financial and industrial capacity, it could play a key role in creating economic opportunities and stimulating growth in participating countries. This would turn China into a provider of important public goods in the region. If successful, the campaign could even have a long-term stabilizing effect in conflict-affected countries.

President Xi Jinping has envisioned the Belt and Road Initiative to reengineer China's strategic environment and project Chinese influence first through its economic power. The Initiative focuses on regions where US dominance is less consolidated. And the economic rather than political/security focus of the Initiative has made it less prone to the traditional zero-sum geopolitical interpretations.

However, its strategic implications are much more deeply embedded in China's economic diplomacy and in the ensuing inspirational and coercive power of Chinese influence. China has been adeptly leveraging its economic statecraft to influence the policies and politics of the recipient countries. Economic benefits such as investment, loans, and infrastructure projects have been used to motivate

and reward China-friendly policies, such as those of the Philippine president Duterte on the South China Sea. The 24 billion USD worth of funding and investment pledges he reaped from a four-day visit to Beijing last year forms a sharp contrast to the trade sanctions China imposed on the Philippines during the Aquino III years.

Equally important, as China's overseas economic engagements expand under the Belt and Road Initiative, they will introduce a natural and rising demand on China to protect its investment, assets, and personnel in politically less stable countries.

China has established its first overseas military base in Djibouti based on claims of logistical needs for its escort, peacekeeping, and humanitarian missions in the region. It is conceivable that in the future China will expand its direct security presence in other parts of the world to protect its Belt and Road projects.

Although the strategic implications of BRI are widely recognized, the level and scope of its actual impact significantly depend on the success of the economic projects implemented under the Initiative. Because of the expensive nature of the Initiative and the yet-to-be-proven Chinese ability to effectively manage the daunting challenges associated with the projects, some argue that the Initiative's impact in the long run is insignificant. China is still on a rather steep learning curve in terms of the domestic politics and even internal conflicts of many countries covered in the Initiative.

The political transformation in Myanmar, the domestic disturbances in Pakistan, and the failure of Chinese commercial endeavors in Afghanistan (such as the ill-fated Mes Aynak copper mine), all should serve as expensive lessons for the Chinese government and investors.

This is part of the reason China is eagerly seeking the Trump Administration's willingness to participate in the Belt and Road Initiative; to spread risks and to utilize American knowledge and experience in local countries. As President Trump prioritizes trade and exports, the Belt and Road Initiative could offer some lucrative opportunities to American companies, especially if China wishes to sweeten ties with the Trump Administration. However, how to manage the discrepancy between the short-term economic gains and the long-term implications of US support of a Chinese campaign to promote Chinese strategic influence remains a major question.

Cooperation is possible. If China is indeed interested in promoting the collective interests of the region and all countries rather than just its own, it should be open to different interpretations and variations of the Belt and Road Initiative as long as they serve the interests of peace and development.

China should not see itself as the owner or the manager of One Belt, One Road, dictating its membership, its substance, or its projects. With genuine inclusiveness and open-mindedness, Belt and Road will benefit the whole world, and China too.

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