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The New Silk Road: Xi Jinping's Grand Strategy for Eurasia

Theresa Fallon

ABSTRACT Chinese Communist Party Secretary and President Xi Jinping's foreign policy agenda can be characterized as nothing less than rewriting the current geopolitical landscape. His announcement of the New Silk Road Economic Belt and 21st Century Maritime Silk Road lays out a vision which will include a population of over 4 billion people with one-third of the world's wealth, and a \$40 billion dollar Silk Road fund, along with the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank, also known as the BRICS bank, to fund it. Xi's ambitious initiative has three drivers: (1) energy, (2) security, (3) markets. Like the silken strands on a loom, these drivers will weave together to create a fabric of interconnected transport corridors and port facilities that will boost trade, improve security, and aid strategic penetration. No longer is there a division in China's foreign policy between either the maritime domain or the "March West." The over-arching "Belt and Road" concept attempts to sew together these interests in one mega-foreign policy project. The "Belt and Road" initiative is a flexible formula and can even be expanded to include past projects as there are no deadlines or clear parameters. China's leading academics have been recruited to celebrate Xi Jinping as the "designer of China's road to being a great power."

KEYWORDS Asia-Pacific; Asian Infrastructure Investment Bank (AIIB); Belt and Road; China; New Silk Road; U.S. foreign policy; Xi Jinping

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THE SILK ROAD VISION

Xi Jinping's ambitious vision is to improve connectivity from China to Europe, which is now considered part of China's Greater Neighborhood Policy (GNP).¹ China plans to spearhead investment in transport corridors including new air, rail and road infrastructure projects.

Xi announced his Silk Road initiative in Astana, Kazakhstan on September 7, 2013 while on tour of Central Asia. He characterized it as an "economic belt" emphasizing the wealth of investment funds China could bring to the struggling region.²

In Astana, Xi Jinping introduced new vocabulary, notably the idea of an "economic belt" in order to differentiate his vision from that of Hillary Clinton's "New Silk Road." Hillary Clinton first referred publicly to her

vision of a “New Silk Road” in a speech in Chennai, India on July 20, 2011.³ Clinton’s approach was to help to integrate Afghanistan into a north–south trade corridor as a means of improving the Afghan economy.

Chinese policymakers felt historic ownership of the Silk Road. Historically there was no single silk road but many, some more dangerous than others. Not only was silk traded, but also spices, silver, and other goods. The term “Silk Road(s)” is of recent vintage and was only introduced in the mid-1800s by German explorer Ferdinand von Richthofen who organized expeditions to China between 1868 and 1872.⁴ Chinese officials were flummoxed to find that Hillary Clinton used the term Silk Road to describe a U.S. policy. According to one Chinese diplomat, “When [the] U.S. initiated this we were devastated. We had long sleepless nights. And after two years, President Xi proposed [a] strategic vision of our new concept of Silk Road.”⁵

Clinton’s concept was repurposed, repackaged, and shifted from a north–south axis designed to improve Afghanistan’s economy, to an east–northwest axis, which gave the impression that all silk roads lead to Beijing. Clinton’s Silk Road initiative is not dead, but, compared to China’s deep-pocketed promises, appears to be on life-support.

In October 2014, while in Indonesia, Xi Jinping announced the will to build a “Maritime Silk Road of the 21st century.”⁶ This maritime component of his Silk Road concept is expected to stretch across Southeast Asia, the Indian Ocean, Persian Gulf and the Mediterranean. Connectivity would include, for example, investment in port infrastructure in Sri Lanka and modernization of facilities. Although “road” is an awkward term to describe a maritime corridor, this word refers to the “silk road” and emphasizes China’s attempt to claim historical legitimacy in the region. Since then, the overland “economic belt” and the “maritime silk road” are referred to as “One Belt and One Road” (*yi dai yi lu*) and “Belt and Road” in official documents.⁷

The Government Work Report to the National People’s Congress of March 2014 and successive documents stressed the importance of the “Belt and Road” as a priority of China’s external action.⁸ At the March 2015 National People’s Congress, Foreign Minister Wang Yi indicated that the “Belt and Road” would be the focus of Chinese diplomacy in 2015 and that it would lead to the “rejuvenation of the Eurasian continent.”

In the Chinese Communist Party (CCP) document released in March 2015, emphasis is placed on “global” and “world.” It also introduces the concept of the “Silk Road Spirit” which was described as a “historic and cultural heritage shared by all countries around the world. . . . Jointly building the Belt and Road is in the interests of the world community. Reflecting the common ideals and pursuit of human societies, it is a positive endeavor to seek new models of international cooperation and global governance, and will inject new positive energy into world peace and development.”⁹

WHY A NEW SILK ROAD?

According to Ye Zicheng, author of a treatise on Chinese grand strategy, “there is a close connection between the rejuvenation of the Chinese nation and China’s becoming a world power. If China does not become a world power, the rejuvenation of the Chinese nation will be incomplete. Only when it becomes a world power can we say that the total rejuvenation of the Chinese nation has been achieved.”¹⁰

The Silk Road was a major trade route between China and Europe between third century B.C. and fifteenth century A.D., and relates to a time when China was a dominant trade power. The “Belt and Road” initiative sits well with Xi’s “China dream” of “great rejuvenation of the nation,” as it is an expression of China’s confidence and international clout. Xi’s ambitious vision of improved connectivity from China to Europe would promote development, boost intercontinental trade between Asia and Europe, attract foreign investment, and thereby enhance stability and security for states in this historically turbulent region. This intends to give rise to a new form of regional economic community and, as Xi put it, “a sense of common destiny” among the countries concerned.

More prosaically, the People Liberation Army’s (PLA) Major General Ji Mingkui, a professor at China’s National Defense University, wrote that the “New Silk Road” provides a useful economic carrot to deal with the majority of security problems China has with its neighbors. This economic card is also an important one to play in the framework of China’s quiet strategic competition for influence with the United States and Japan.¹¹

China's "silk road economic belt" also has a strong domestic angle. Arguably, the "belt" starts not at China's western border with Central Asia, but within China's eastern coastal regions. For Chinese policy-makers, it is a way to help the economic development of China's less advanced central and western provinces. These would be opened up to regional trade and domestic, State-owned enterprises would invest there. With the addition of a "maritime silk road" in 2014, Xi also took into account the interests of China's more advanced coastal regions and created a hybrid package that included the major interests of all China's regions.

In China's view, economic development should also help fight Islamic extremism and promote security both in Western China and in Central Asia. However, the effectiveness of this approach can be questioned. China has been trying to fight the "three evils" of separatism, extremism, and terrorism in its own Xinjiang and Tibet regions through economic and social development, but results have been limited because of a lack of cultural sensitivity.¹²

As for the Maritime Silk Road, Major General Ji Mingkui envisions that "the Maritime Silk Road will promote regional security and cooperation, cool the South China Sea issue and be beneficial to realizing the Asian Dream."¹³

GEOPOLITICS

Although FM Wang Yi has stated that "Belt and Road" is "not a tool of geopolitics" it would be surprising if economic cooperation did not eventually turn into political influence.¹⁴ In reality, there are clear signs that Chinese policymakers think in geopolitical terms. FM Wang Yi himself spoke of the "rejuvenation of Eurasia" as mentioned above. Dr. Wang Yiwei, a professor at Renmin University, quoted Halford Mackinder, the father of modern geopolitics, and called for a revival of Eurasia as a "world island" (Mackinder's term), thanks to China's "One Belt One Road," which would sideline the United States.¹⁵ The European Union (EU) would then be able to "rebalance between Pacific and Atlantic."¹⁶

Mackinder's paper on "The Geographical Pivot of History" given in 1904 at the Royal Geographical Society, laid out his "Heartland Theory."¹⁷ His 1919 work, *Democratic Ideals and Reality: A Study in the Politics of Reconstruction*, contained the famous

quotation: "Who rules East Europe commands the Heartland; who rules the Heartland commands the World Island; who rules the World Island commands the World." The Heartland Theory and more generally classical geopolitics and geostrategy were extremely influential in the making of U.S. strategic policy during the period of the cold war.¹⁸

ONE AND MANY SILK ROADS

The precise contours of the "Belt and Road" initiative have not been completely defined. At the moment the "Belt and Road" appears to be a versatile label for China's foreign policy in Eurasia. The core of the initiative seems to consist of several overland and maritime transport corridors that should boost trade and economic development.¹⁹ (See Figure 1.)

The overland component will, predominantly, take the form of several railway lines connecting China with Europe. It will also include road and energy interconnections. The original plans envisaged railway links through Central Asia, Iran, and Turkey that would circumvent Russia. However, later blueprints include railway connections through Russia itself along the trans-Siberian Railway line.

In October 2014, twenty-one Asian countries signed a Memorandum of Understanding on Establishing the new Asian Infrastructure Investment Bank (AIIB), based in Beijing.²⁰ It is expected that the AIIB will be formally established by the end of 2015 and that it will help fund many of the much-needed infrastructure projects of the "One Belt One Road." Fifty-seven countries successfully applied before the March 31 deadline to join AIIB as founding members and it is believed that more may join after the bank is established.

In November 2014, Xi announced that China would set up a \$40-billion Silk Road Fund. The fund would be used to provide investment and financing support to carry out infrastructure projects with the aim to improve connectivity between countries along the "Belt and Road."

INFRASTRUCTURE

The Asian Development Bank (ADB) estimated that Asia's infrastructure gap required a massive \$8 trillion through 2020.²¹ Similar to what China has



FIGURE 1 One attempt to geographically define the imprecise contours of the constantly-evolving “Belt and Road” initiative. Credit: Xinhua News Agency.

experienced on the African continent, loose lending requirements over the long term could actually undermine China’s desired outcome. With low energy costs and the efficiencies of scale in cargo shipping, it is hard to justify railway building and the required long-term maintenance and security efforts associated with them. Over the long term there are concerns that investment projects that lead to environmental or human rights scandals may undermine China’s efforts to be seen as a provider of global goods and leadership.

Particularly in Central Asia, investment in physical infrastructure will allow the planned transport corridor to handle larger amounts of freight with better track, signals, and equipment after two decades of neglect following the collapse of the Soviet Union. There is plenty of room for improvement as older rail lines in this region have an average speed of about 20 kilometers per hour. The introduction of new higher-speed trains and more direct lines will positively impact commerce through faster delivery times.

Supersized infrastructure projects are a Chinese tradition; think the Great Wall, Grand Canal, and the historically more recent Three Gorges Dam.

However, all of these projects were constructed on Chinese territory. The resurrection of the Silk Road is aimed to aid China’s domestic economy and improve security but much of the infrastructure building will take place beyond its borders and, thus, will introduce variables outside of its control. Large building projects by Chinese companies in Africa have contributed to an increased confidence in their abilities to operate abroad, but the geopolitical and geostrategic terrain of Central Asia is far more complex due to the delicate diplomatic dance with Russia in a region where it has long held influence.

The “Belt and Road” has gained momentum since this grand project was first announced. In part, this is because earlier, successful projects were carefully folded into the Silk Road narrative so there was no chance of failure.

Headline-grabbing pledges to fund infrastructure projects in Pakistan have a magnetic attraction for cash-strapped countries along the “Belt and Road.”²² Xi’s visit was a bold advertisement to other governments that if they provide political stability and a positive investment climate for China, they too will benefit from Beijing’s infrastructure investment

largesse. Failure to meet Beijing's criteria may mean a lost opportunity for countries along the "Belt and Road" to derive promised benefits from the proposed economic corridors and infrastructure development. China's economic clout and "Silk Road Dream" narrative give it powerful influence in Eurasia.

CENTRAL ASIA

Chinese leaders have been articulating policies toward Central Asia since the demise of the Soviet Union in 1992 with visits to the region by Jiang Zemin (1994) and Hu Jintao (2009). Beijing was the catalyst for the creation of the Shanghai Cooperation Organization (SCO) in 2001 between China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, and has hosted the secretariat of that organization since 2004. The two main focal areas of the SCO are security and economic cooperation.

Just like the SCO, the "Belt and Road" initiative has clear links with security issues concerning China's western border province of Xinjiang. As mentioned, the "Belt and Road" also aims at fighting the "three evils" of terrorism, separatism and fundamentalism. Islamist fighters from Central Asia have long supported the rebellion of Xinjiang's Muslim Uighurs. China has a particularly important role to play to ensure the security and stability of the region at a time when the North Atlantic Treaty Organization (NATO) has withdrawn from Afghanistan and Russia is occupied in a stand-off with the West over Ukraine. Moreover, Afghan President Ashraf Ghani chose Beijing as the destination of his first international trip upon being elected in 2014.

Major General Ji Mingkui pointed out that the Silk Road Economic Belt created new momentum for the development of the SCO and that the 2014 SCO heads of government meeting "started the process of Silk Road Economic Belt security building." Ji Mingkui stressed the linkage of economic and security issues and added that the Belt provided an opportunity for the SCO to expand from the area of security to that of economic development and to achieve benefits in both fields.²³

One important field of action for the Belt in Central Asia will be the connectivity of energy infrastructure, notably oil and gas pipelines. China already has pipelines in place from Kazakhstan and Turkmenistan. Currently, Chinese energy supplies are vulnerable

because 80 percent of them pass through the Malacca Straits in South-East Asia. New infrastructure, including pipelines, roads and railway lines, would allow China to use an overland transport corridor for its energy supplies both from the Middle East and from Central Asia in order to bypass the Malacca Straits choke-point. Energy connectivity would also help link the Central Asian countries more closely to China and loosen their historic ties with Russia.

RUSSIA

After strategic rivalry in Soviet times, Russia and China concluded a "strategic partnership" in 1996. The two countries have been moving closer together since Vladimir Putin rose to power in Russia in 2000. China has been flattering Russia with great outward consideration, including frequent State visits, despite Russia's diminished economic and political status. Despite the deep seated, mutual distrust (Bobo Lo aptly described the relationship as an "axis of convenience" in his 2008 eponymous book²⁴), Russia has been moving gradually eastward toward China as its relations with the West deteriorated. In this context, Ukraine has been playing a special role as a bone of contention between Russia and the West and as an indirect driver of Sino-Russian cooperation.

Between November 2004 and January 2005, an "orange revolution" took place in Kiev against a Russian-backed regime, which Russia ascribed to U.S. and EU interference through support for the opposition parties. In the following months, Russia changed its policy on military cooperation with China and acceded to China's long-standing request for a joint military exercise. This first-ever Sino-Russian joint military exercise was held in China's Shandong peninsula in September 2005 with the participation of thousands of Russian troops (most costs were covered by China). In the following years, follow-on joint military exercises were held in Russia and in other members of the Shanghai Cooperation Organization.

The next and more significant step driving Russia closer to China was the "Euromaidan" in Kiev from November 2013 to February 2014. Russia responded to the regime change in Kiev with the annexation of Crimea and support for separatists in Eastern Ukraine, which drove a seemingly permanent wedge between Russia and the West. As if by a law of

physics, the crisis in relations between Russia and the West was matched by closer relations between Russia and China.

Presidents Xi and Putin met at the opening of the Winter Olympic Games in Sochi on February 6, 2014, shortly after Russia and China had signed a major gas deal. Until the Sochi meeting, Russia had been wary of China's Silk Road Economic Belt initiative, which spanned the Eurasian continent and crossed Russia's traditional sphere of influence in Central Asia. However, the official China Central Television (CCTV) network reported that at the meeting "Putin pledged to support China's proposal of 'One Belt and One Road,' and expressed his willingness to link the section of Eurasian Rail inside Russia with the initiatives to create greater benefits. Russia's attitude toward 'One Belt and One Road' has changed dramatically."²⁵

Up until that point, China's Silk Road Economic Belt skirted Russian territory and only ran around Russian borders to the South. After February 2014, it also included a rail corridor from Beijing to Moscow. How the Belt and Road will affect the division of labor between China and Russia in Central Asia is still an open question.

INDIA AND PAKISTAN

China-India relations are clouded by long-standing border disputes, trade imbalances, and the China-Pakistan strategic partnership. India's "Act East" and "Connect Central Asia"²⁶ initiatives and suggested "Cotton Route" collide with China's "Belt and Road" initiative. Debate in Delhi on ancient mariner Zheng He and if he was actually Chinese and whether the Silk Road was beneficial to those along it signify the skepticism around the promised "win-win" benefits of the "Belt and Road." India watched warily as China announced further investments in Pakistan its acrimonious rival. It is concerned about the strategic implications of China's presence at Pakistan's Gwadar port and Beijing's regional aspirations and activities in the Indian Ocean.²⁷

For Pakistan, the "Belt and Road" has much more than just economic significance. At a time when the United States has retreated from Afghanistan, it is an expression of China's greater role in Central and Southern Asia. Pakistan-China relations are likely to expand as Pakistan-U.S. relations recede. The recent announcement of a \$45 billion Chinese

investment package in Pakistan made headlines and raised the hopes of other countries along the Belt and Road to tap into Chinese infrastructure funding.

EUROPE

In 2011, China launched a new forum for cooperation with Central and East European countries: the "16 + 1." This includes 11 EU countries (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) and five EU candidate countries (Albania, Bosnia and Herzegovina, FYROM [Macedonia], Montenegro, and Serbia). Although vastly different culturally, linguistically, and in terms of religion, these countries are united in their quest for Chinese investment.²⁸ They are also all former communist states and thus share some common historical experience with China.

China is careful to explain that the "16 + 1" does not supplant, but rather supplements, EU-China relations. However, the 11 countries that are also members of the EU can easily form a pro-China lobby and therefore influence policymaking in Brussels from within this block. At the "16 + 1" meeting in Warsaw in 2012, former Chinese Premier Wen Jiabao recommended 12 proposals in order to promote China-Central Eastern European (CEE) economic cooperation and friendship. The next China-CEE meeting was attended by new Premier Li and held in Bucharest in November 2013. The new Chinese leadership upgraded the "16 + 1" by formally institutionalizing it. The Chinese Foreign Ministry set up a China-CEE Cooperation Secretariat in Beijing. In response, some CEE countries organized counterpart departments, while others designated a national coordinator for communication with the Beijing-based secretariat.

As U.S. Secretary of Defense in 2003, Donald Rumsfeld remarked on the "old and new Europe." He maintained that "New Europe," in 2003, was largely made up of the new member states of the EU from Eastern Europe that were formerly in the Soviet sphere of influence and traditionally supported the United States. Further, this "New Europe" backed U.S. actions during the Iraq campaign. By contrast, Rumsfeld viewed the behavior of "Old Europe"—turning to China to counterbalance the United States because of its actions in Iraq—in a less favorable light. China's investments and increasing influence in the CEE may, in the longer term, help

to undermine the ties to a region long seen as supportive of U.S. policies.

On 16 December 2014, at the third meeting of Heads of Government of China and Central and Eastern European Countries, it was agreed that the nations would construct a new Asia–Europe maritime-land combined transport passage, which would include building a new Belgrade–Budapest Railway and Greece’s Piraeus Port. China’s massive investment in the infrastructure of Piraeus testifies once more to the critical position of Europe in the building of the “Belt and Road.”

However, the 16 Central and Eastern European countries have differing attitudes toward China. Some are skeptical, but most need bridges, railways, roads, and they are balancing different policy goals. The CEE nations are a particular target for lobbying by China and are more likely to support China’s position internationally and regionally. The “16 + 1” group is an important peg in support of the Western end of the “Belt and Road.” China’s activities in the region are greeted with ambivalence by some officials in Brussels who see the investments as an attempt to gain political influence in the region and within the EU.

There was no coordination at the EU level about individual member states joining the AIIB. The United Kingdom, France, Germany and Italy decided to join in March 2015. Some member states suggested that the EU itself should become a party to the AIIB. Some believed that the EU should coordinate a common position for the negotiations surrounding the founding of the Bank, in an effort to promote EU standards in the workings of the new institution. Further, more EU member states may join the AIIB in the future.

“BELT AND ROAD” AND THE UNITED STATES

As PLA Deputy Chief of the General Staff Sun Jianguo stated recently, “‘No confrontation, no conflict’ does not mean ‘no struggle’ . . . without the struggle the United States would still have no respect for China’s core interests.”²⁹ The Belt and Road initiative is a case in point. It is oriented toward China’s neighbors to the West and South, and it tacitly excludes the United States, even though the United States is also part of China’s greater neighborhood across the Pacific.³⁰ As mentioned above, Chinese

scholars present the Belt and Road as a tool in the framework of strategic competition with the United States and Japan in the Asia-Pacific region. They also promote it as an opportunity for the EU to balance between East and West, which is relevant to the current EU–U.S. negotiations of a Transatlantic Trade and Investment Partnership (TTIP).

The Belt and Road gained rapid traction and the business opportunities offered by China’s strategic design did not fail to attract some close U.S. allies in Europe, when in March 2015, the United Kingdom, France, Germany, and Italy decided to join the AIIB despite U.S. protests.³¹ After the UK decision, a senior U.S. official accused Britain of “constant accommodation” of China.³²

At a time when the U.S.’s own Silk Road initiative receives paltry funding, when it retreats from the Middle East, including Afghanistan, and when financial resources are scarce, including caps on defense spending, the United States will have to reassess its position. It will need to devise a clearer, more pro-active stance, and use its economic, diplomatic and security levers in a more efficient way. It will have to work together with China where possible, but also propose suitable alternatives to Chinese initiatives.

Notes

1. See Theresa Fallon, “China’s Pivot to Europe,” *American Foreign Policy Interests* 36, no. 3 (2014): 175–182, <http://www.tandfonline.com/doi/abs/10.1080/10803920.2014.925342#.VUjUzroxGgQ>.
2. Here is how Xi himself characterized the initiative: “First, we need to step up policy communication. Countries should have full discussions on development strategies and policy response Second, we need to improve road connectivity. The SCO is working on an agreement on transportation facilitation Building on that, we will actively discuss the best way to improve cross-border transportation infrastructure and work toward a transportation network connecting East Asia, West Asia and South Asia Third, we need to promote unimpeded trade. The proposed ‘economic belt along the Silk Road’ is inhabited by close to 3 billion people and represents the biggest market in the world with unparalleled potential. . . . Fourth, we need to enhance monetary circulation. . . . If our region can realize local currency convertibility and settlement under current and capital accounts, it will significantly lower circulation cost, increase our ability to fend off financial risks and make our region more competitive economically in the world.” Xi Jinping, “Address at Nazarbayev University,” September 7, 2013.
3. *New Silk Road Fact Sheet* (Washington, DC: U.S. Department of State, September 22, 2011), <http://www.state.gov/r/prs/ps/2011/09/173765.htm>.

4. *Seidenstraße* and *Seidenstraßen* are German terms for "the Silk Road(s)/Route(s)."
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12. See, for example, Didi Tang, "China Bans Ramadan Fast for Muslims in Northwest," <http://bigstory.ap.org/article/china-bans-ramadan-fast-muslim-northwest>, July 3, 2014.
13. *Ibid.*
14. "China's 2015 Diplomacy Focuses on 'Belt and Road,'" *China Daily*, March 8, 2015, http://www.chinadaily.com.cn/china/2015twosession/2015-03/08/content_19750295_2.htm.
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