

## *Chapter 4*

# **Xi Jinping Regime's Aim in the Belt and Road Initiative**

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### **Proposal of the Belt and Road Initiative**

In September 2013, during a visit to Kazakhstan in Central Asia, President Xi Jinping delivered an address at Nazarbayev University, in which he proposed the construction of the Silk Road Economic Belt as a new cooperative framework furthering the economic coordination and the development of Eurasia, including China and Central Asia. Specifically, Xi Jinping proposed the setup of a “network of transportation that connects Eastern, Western, and Southern Asia” by improving transport-related infrastructure, along with promoting regional economic development through trade liberalization and the facilitation of investment, as well as enhancing their immunity to financial crises by promoting the settlement of trade accounts in local currencies.<sup>1</sup>

Furthermore, during his visit to Indonesia the following month, President Xi Jinping delivered an address to that country's lawmakers in which he stressed the policy of reinforcing cooperative relations with the members of the Association of Southeast Asian Nations (ASEAN). Politically, he expressed his hope that the Treaty for Good Neighborliness, Friendship and Cooperation would be signed with ASEAN, and economically, he spoke out on the policy of elevating the level of the China-ASEAN free-trade agreement. In addition, Xi Jinping proposed the establishment of the Asian Infrastructure Investment Bank (AIIB), expressing his desire to cooperate in boosting the infrastructure connectivity between ASEAN countries as well as with other developing countries in the region. He also proposed the joint construction of a 21st Century Maritime Silk Road and the establishment of a maritime cooperative partnership with the ASEAN countries.<sup>2</sup>

Most likely, the aim of the proposal by the Xi Jinping administration of the BRI—in particular, its emphasis on building cooperative relations with countries on its periphery—was to parlay its own burgeoning economic power into the establishment of better relations with its neighbors by providing economic benefits to them, thereby both stabilizing its periphery and boosting China's economic, political, and security-related influence with its neighbors. At the Seminar on the Work of Neighborhood Diplomacy held in October 2013, General Secretary Xi Jinping delineated the “strategic goal” of its

diplomacy with neighboring countries, explaining that “it must consolidate its relations with neighboring nations,” to be accomplished by “protecting sovereignty, security, and development interests, further consolidating friendly relations with neighbor countries, making them economically more closely tied, and deepening security cooperation.” The conference confirmed China’s policy of becoming more actively involved in regional economic cooperation through the promotion of the BRI in its neighboring countries, along with the establishment of the AIIB and expansion of free-trade zones. In addition, on the security front, China aimed at advancing security cooperation with its neighboring countries by taking a leading role in that involvement, based on a “new outlook on security, featuring mutual trust, reciprocity, equality, and coordination.” Furthermore, it set the target of ensuring that a “community of shared destiny” would take root among China’s neighbors by widely proclaiming the new policy abroad.<sup>3</sup>

China continued negotiations with relevant countries toward the establishment of the AIIB, having signed a consensus document in Beijing for the bank’s establishment along with 21 other countries in October 2014. Later, such countries as the United Kingdom, France, and South Korea also signed up, expanding the list of founding members to 57 when the agreement for AIIB’s establishment was finally inked in Beijing in June 2015. AIIB represents the first international financial institution in which China exerts powerful ascendancy, having proposed the bank’s establishment, serving as the bank’s top investor nation, and placing the bank’s headquarters in Beijing, among other things. AIIB’s establishment can fairly be described as a landmark event demonstrating the rise of China’s economic influence in Asia.

## **A New Diplomatic Strategy to Revamp the International Order**

China has gradually broadened the scope of its diplomacy—which had originally targeted the expansion of influence on its periphery and the revamping of its regional economic and security-related order—to include the whole world. By expanding its influence, not just on its periphery but also worldwide, the country aims to seize the initiative in reorganizing the existing international order.

In November 2014, the Central Conference on Foreign Affairs was held within the Communist Party of China (CPC), at which General Secretary Xi Jinping declared that China needed to promote reforms in the international order, with the recognition that it was in the midst of a major transitional stage. He said that the twin trends of the multipolarization of the world and the globalization of the economy would continue

into the future, and that “the international system and international order are going through deep adjustment,” leading to the “need to take a full view of the long-term nature of the conflict over the international order.” He also underlined the “importance of pursuing win-win cooperation and promoting a new type of international relations featuring win-win cooperation,” doing so by “promoting reforms in the international system and global governance, and increasing the representation and voice of our country and a broad swath of developing countries.” Simultaneously, Xi Jinping said that it was “necessary for China to develop a distinctive diplomatic approach,” pointing out that “we should conduct diplomacy with saliently Chinese characteristics and a Chinese vision,” proposing the creation of a “major-country diplomacy with Chinese characteristics,” the pillars of which would be the construction of a “new type of international relations” and the protection of “core interests.”<sup>4</sup>

Underlying the Xi Jinping administration's reinforced moves to restructure the international order—advancing the creation of a “new type of international relations”—is the perception of an emerging international power balance increasingly favorable to China, with the relative decline in the power of Western advanced countries along with the rapid rise of the emerging economies, including China. At the group study session on global governance by the Politburo of the CPC Central Committee held in October 2015, General Secretary Xi Jinping remarked, “the rise of emerging markets and developing countries has brought revolutionary changes to the world order, along with the uninterrupted strengthening of their international influence, causing a revolutionary shift in the international power balance that has existed in the modern era.” He also asserted that “emerging markets and developing countries must strengthen their representation and voice” to “promote reform in their unjust and improper arrangements position in the global governance system” and “strive for a more balanced reflection of the majority's hopes and profits in the global governance system.”<sup>5</sup>

### **Expansion of the Belt and Road Initiative and Xi Jinping's Leadership**

With the major goal of China's diplomacy having expanded from the establishment of a desirable regional order in its neighborhood to a revamping of the global order, the BRI has also undergone major changes. The original focus of that initiative was the reinforcement of connectivity in Eurasia, linking East Asia to Europe. Later, China went on to expand the regions targeted by the BRI to also encompass Africa, Latin America, and more.

In May 2017, China sponsored the Belt and Road Forum for International Cooperation in Beijing, with 29 national leaders attending, who came largely from Eurasia, but also included the leaders of Ethiopia and Kenya in Africa and Argentina and Chile in South America. In an interview given after the forum drew to a close, Xi Jinping gave high marks to the meeting, saying, “the countries sent a positive signal that they would cooperate in promoting the BRI, joining their hands together in the creation of a community of a shared future for mankind.”<sup>6</sup> In Chinese diplomacy today, the BRI is positioned as an “important exercise in the construction of a ‘community of a shared future for mankind.’”<sup>7</sup> It is absolutely necessary for China, which is aiming to restructure the international order, to get the cooperation of as many developing countries as possible. Most likely, it has enlarged the scope of its BRI to include Africa and Latin America because those continents both contain many developing countries, and that initiative has become, through the provision of economic opportunity, the means by which China can get support from such countries for the new international order that it advocates.

In October 2017, Xi Jinping was reelected general secretary at the 19th National Congress of the CPC. Having consolidated his political authority within the party, he declared the policy of further promoting “major-country diplomacy with Chinese characteristics” with himself as the advocator. As far as the BRI was concerned, moreover, the CPC Constitution, revised at the 19th National Congress of the CPC, also clearly stipulated the “pursuit of the BRI.”<sup>8</sup> Judging from those circumstances, an important element of Xi Jinping’s political authority has been “major-country diplomacy with Chinese characteristics,” which aims to restructure the international order, and the banner policy for Xi Jinping’s diplomacy has been the BRI, which represents the concrete means for its realization. At a meeting of the Central Conference on Foreign Affairs held in June 2018, Xi Jinping reconfirmed the importance of constructing and promoting the BRI, along with “reforming the global governance system,” building the “community of a shared future for mankind,” “protecting core interests,” and so forth. Yang Jiechi, director of the Office of the Foreign Affairs Commission of the CPC Central Committee, pointed out that “the most important outcome of this conference is that it established the guiding position of Xi Jinping thought on diplomacy.”<sup>9</sup>

## **Issues of the Belt and Road Initiative**

Although China has been pursuing diplomacy on a grand scale in that way under the

aegis of President Xi Jinping, aiming at the restructuring of the international order, and with the construction of a “new type of international relations” and a “community of a shared future for mankind” as its pillars, the outlook for that policy is hardly rosy. The pursuit of “major-country diplomacy with Chinese characteristics,” which has the BRI as its pillar, has brought several issues into relief.

The first issue is the fact that it has triggered warning bells and a backlash on the part of the advanced democratic countries, particularly the United States. China criticizes the existing international order, with the advanced countries at its helm, as being “unjust and improper,” and has argued for the creation of a “new type of international relations” that would empower the voice of developing countries. From the standpoint of the advanced democratic countries, however, which have striven hard to maintain and reinforce a free and open international order as a global commons, such a remark by China comes off as provocative. Above all, the United States has become increasingly wary of China's actions concerning the international order, given that it has been confronted by specific Chinese moves to change the status quo by coercion, such as the upgrading of its A2/AD capabilities vis-à-vis the United States in East Asian waters. The US National Security Strategy released in December 2017 explicitly painted China as a force seeking to change the status quo of the existing international order by coercion, harshly criticizing it as “seek[ing] to displace the United States in the Indo-Pacific region.”<sup>10</sup> That heightened strategic sense of caution toward China on the part of the United States has probably served as a backdrop for the harsh position adopted by the Donald Trump administration in trade issues with that country. There is also concern in Western Europe that China's growing influence on the countries of Central and Eastern Europe (CEE) may detract from the EU's centripetal force. At the China-CEE 16+1 Summit held in Bulgaria in July 2018, Chinese Premier Li Keqiang, while promoting the construction of the BRI in the region, also tried to alleviate Western Europe's concerns about China by stressing that the project would benefit the whole continent, helping the “balanced development in the region and the European integration process,” and said that the 16+1 cooperation would help shrink the developmental gap among individual European countries.<sup>11</sup>

The second issue is the growing suspicion on the part of developing countries concerning China's promotion of the construction of the BRI. Although China has been pursuing the project smoothly in many parts of the world, there has also been an increasing incidence of trouble, the most notable of which was the construction of Hambantota Port in Sri Lanka. The port facilities in that project have been developed thanks to heavy financing by China, but as the project lacked economic rationality, among

other reasons, Sri Lanka found it difficult to repay the loans, so Chinese companies ended up taking out a 99-year lease on the port. That has led to the criticism of such projects as “debt traps,” a situation in which developing countries are lent an excessive amount of debt to undertake unsustainable economic projects, and then are forced to hand back those projects to China on account of their inability to pay the money back.<sup>12</sup> Moreover, another reason for the growing distrust toward China is its pursuit of the BRI in a way that overlooks the democratic processes in its partner countries, thus lacking in transparency. Several instances have occurred already in which projects in the BRI have come under critical scrutiny as new leaders take the reins of government. When a new president was elected in Sri Lanka in 2015, he heaped heated criticism on the projects within the BRI that were promoted by the previous administration. After the Malaysian election of 2018, also, the new Mahathir bin Mohamad administration said it would reconsider projects that the previous administration had agreed upon with China, such as the construction of a railway, pronouncing the debt burden too large. China’s tendency to rely on its relations with authority figures to promote its BRI causes it to pay scant regard to democratic decision processes and accountability to citizens, so is starting to serve as a hindrance.

The third issue is uncertainty surrounding the sustainability of the BRI. While the initiative aims to enhance connectivity by improving transport-related infrastructure, materializing a project spanning multiple countries requires significant cost and time. It will likely take a considerable length of time until all related projects are completed and connectivity is manifested. Furthermore, there are BRI projects that have problems with economic rationality and loan safety. If project failures or debt defaults pile up, China may no longer be able to financially support the BRI. In addition, the current BRI is promoted under the strong leadership of President Xi Jinping and his political leadership ability will inevitably sway the future momentum of the BRI.

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- <sup>2</sup> “携手建设中国—东盟命运共同体 [Building Together the China-ASEAN Community of Shared Future],” 人民日报 [People's Daily], October 4, 2013.
- <sup>3</sup> “为我国发展争取良好周边环境推动我国发展更多惠及周边国家 [Attain a Favorable Surrounding Environment for China's Development and Promote China's Development to Bring More Benefits to Neighboring Countries],” 人民日报 [People's Daily], October 26, 2013.
- <sup>4</sup> “中央外事工作会议在京举行、习近平发表重要讲话 [Central Conference on Foreign Affairs Held in Beijing, Xi Jinping Delivers Key Statement],” 人民日报 [People's Daily], November 30, 2014.
- <sup>5</sup> “推动全球治理体制更加公正更加合理为我国发展和世界和平创造有利条件 [Promoting a Fairer and More Reasonable System of Global Governance to Create Favorable Conditions for China's Development and World Peace],” 人民日报 [People's Daily], October 14, 2015.
- <sup>6</sup> “在‘一带一路’国际合作高峰论坛圆桌峰会上的闭幕辞 [Closing Remarks at the Leaders Roundtable of the Belt and Road Forum for International Cooperation],” 人民日报 [People's Daily], May 16, 2017.
- <sup>7</sup> “王毅在十二届全国人大五次会议举行的记者会上就中国外交政策和对外关系答中外记者问 [Wang Yi Answers Questions of Chinese and Foreign Reporters on China's Foreign Policy and External Relations at a Press Conference of the Fifth Session of the 12th NPC],” 人民日报 [People's Daily], March 9, 2017.
- <sup>8</sup> “中国共产党章程（中国共产党第十九次全国代表大会部分修改、2017年10月24日通过） [Constitution of the Communist Party of China (Partially Amended by the 19th National Congress of the Communist Party of China, Adopted on October 24, 2017)],” 人民日报 [People's Daily], October 29, 2017.
- <sup>9</sup> “习近平在中央外事工作会议上强调坚持以新时代中国特色社会主义思想为指导努力开创中国特色大国外交新局面 [At the Central Conference on Work Related to Foreign Affairs, Xi Jinping Stresses Continuing to Follow the Guidance of the Thought on Socialist Diplomacy with Chinese Characteristics for a New Era and Striving to Usher in a New Phase for Major Power Diplomacy with Chinese Characteristics],” 人民日报 [People's Daily], June 24, 2018.
- <sup>10</sup> “National Security Strategy of the United States of America,” December 18, 2017, p. 25.
- <sup>11</sup> “在第八届中国—中东欧国家经贸论坛上的致辞 [Address at the Eighth China-CEE Economic and Trade Forum],” 人民日报 [People's Daily], July 8, 2018.
- <sup>12</sup> Devin Thorne and Ben Spevack, “Harbored Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific,” C4ADS, April 17, 2017.