

What are the long-term strategic goals of the One Belt, One Road initiative?

Introduction:

Long term goals can be inferred from examining differing perspectives, for example:

The actual strategic goals of the One Belt One Road Initiative 一带一路 (yi dai yi lu) (BRI), as agreed between the strategic thinkers and planners inside the Chinese Communist Party (CCP) which can be found stated as a matter of public record and we can call this the Chinese perspective.

The strategic goals of the BRI as perceived by say, a US federal government official, whose view may be different but would also be a matter of public record and we can take into account commercial considerations and can call these the American perspective.

The social and economic effects of the BRI should be considered, the construction projects, their effects on trade, industry, employment and standards of living of the people whose lives are affected by it. This may include any possible negative effects such as the 'debt traps' commonly referred to in mainstream media and academic literature. We could call this the international perspective.

I would like to add a brief, speculative, Chinese historical viewpoint and then evaluate all these perspectives to give a more informed view of the strategy and long term goals of the project.

The Chinese Perspective:

Announced initially in 2013, a more comprehensive description was published in 2015, the 'Visions And Actions On Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk ROAD' opens by aligning the BRI to the purposes of the UN Charter's five principles of peaceful coexistence: equality, mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs and mutual benefit¹. It presents itself as an open, cooperative affair, encouraging co-operation particularly in international trade, the aim of which is mutual prosperity, in their own words:

It promotes practical cooperation in all fields, and works to build a community of shared interests, destiny and responsibility featuring mutual political trust, economic integration and cultural inclusiveness.²

The BRI was initially viewed as an infrastructure investment programme, inspired by China's own economic growth which was itself at least partially driven by infrastructure investment. From this standpoint, one most obvious strategic aims of the BRI is to improve global trade³.

To underpin the initiative the Asian Infrastructure Investment Bank (AIIB) was launched in January 2016 with US\$ 100 billion initial capital. It was a Multi-Lateral Development Bank (MDB) from the

¹ Ministry Of Foreign Affairs Of The People's Republic Of China, *Visions And Actions On Jointly Building Silk Road Economic Belt And 21st Century Maritime Silk Road*, (2015) p. 6 -7.
https://www.fmprc.gov.cn/eng/topics_665678/2015zt/xjpcxbayzlt2015nnh/201503/t20150328_705553.html.

² Ministry Of Foreign Affairs Of The People's Republic Of China, *Visions* p. 3.

³ Deutsche Bank, *China's Belt And Road Initiative: A Guide To Market Participation* (2019) p. 3.
<https://corporates.db.com/publications/white-papers-guides/china-s-belt-and-road-initiative>.

outset, with 57 participating countries,⁴ the largest shareholder being the People's Republic of China (PRC). It was setup to facilitate finance for infrastructure projects largely using China's balance of payments surpluses⁵. It has a triple AAA rating with US credit rating agencies and by January 2018 it had 84 approved member countries and had invested a modest US\$4 billion, but by 2022 it had 147 participating countries⁶, reaching 65% of the world's population and accounting for 25% of all China's cross border goods and services trade⁷.

Apart from the overall increase in trade, the poorer provincial regions of China, Xinjiang, Guanxi, Gansu and Yunnan have benefitted from the growth of cross border trade with their bordering countries helping China meet the UN's Sustainable Development Goals⁸.

The American Perspective.

The American perspective is heavily influenced by military, political and economic considerations. Its federal government institutions sponsor a range of research for foreign policy guidance, such as the Congressional Research Service which provides authoritative research and analysis for the US Congress and Senate. Its article 'China's Military: The People's Liberation Army (PLA) 2021' is a long and detailed military analysis and it opens with the statement:

'China's military modernisation is a major factor driving some observers' concerns about China's rise.'

It's not unreasonable to assume the unidentified "observers" include federal government agencies and interested parties such as the CIA, NSA, Boeing, Lockheed Martin, Raytheon Technologies⁹ etc. and their "concerns" may well be about the USA's loss of primacy as an economic and a military power and how that might be reversed. Although this document does not address the BRI directly, it is fundamental to understanding the US Government's perception of Chinese expansion, which is how the BRI is perceived. China is regarded as an existential threat that harbours ambitions to overtake the primacy of the US's position in the world.

Independent US think tank analysts are little different, the 'Council On Foreign Affairs' published a special report of March 21st 2021, the 'Independent Task Force Report No. 79. China's Belt and Road: Implications for the United States' which summarises its findings by saying 'the BRI presents significant risks for U.S. economic, political, climate change, security, and health interests.'¹⁰

⁴Asian Infrastructure Investment Bank, *Governance Of The Asian Infrastructure Investment Bank In Comparative Context* (2018) <https://www.aiib.org/en/about-aiib/who-we-are/yearbook/download/governance-aiib-comparative.pdf>.

⁵ AIIB, *Governance*, p. 51.

⁶ Green Finance And Development Centre, *Countries Of The Belt And Road Initiative*, (2022) <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri/?cookie-state-change=1665316588956>.

⁷ Deutsche Bank, *China's* p.4

⁸ Ibid p.4.

⁹ Bloomberg, *The Top 10 Defense Contractors* (14th July 2022) <https://about.bgov.com/top-defense-contractors/>.

¹⁰ Council On Foreign Relations, Jennifer Hillman and David Sachs, *China's Belt And Road: Implications For The United States* (March 2021) <https://www.cfr.org/report/chinas-belt-and-road-implications-for-the-united-states/findings>.

And the political climate in Washington is not only influenced by think-tanks. In 2019 the New York Times reported on the activities of Steve Bannon¹¹ in an article describing how Mr Bannon's "extreme views" [on China] have been "embraced by Washington" and since integrated into foreign affairs policy¹². In 2021 the US Secretary Of Defence Lloyd J. Austin III, described China as a "pacing threat" meaning that 'China is the only country that can pose a systemic challenge to the United States in the sense of challenging us, economically, technologically, politically and militarily¹³.

Whether China actually poses that threat is not discussed, so to evaluate that, here is the briefest summary of China's National Défense Strategy document:

Published in 2019, the opening preface reminds the reader that China's ambition is to become a "moderately prosperous country". 小康社会 (xiao kang she hui) is a Confucian term meaning a society with an educated middle class. It was first re-used in modern times by Deng Xiaoping (1979)¹⁴ and is re-iterated throughout government policy today. It wouldn't be too great a conceptual leap to suggest that one of the strategic aims of the BRI is for China to become a moderately prosperous country, given that the BRI's primary objective was infrastructure investment.

The aim of the defence policy is to strive for 'peace, development and win-win cooperation', but with the caveat that 'the world is not yet a tranquil place¹⁵' on which it elaborates:

The US has adjusted its national security and defence strategies, and adopted unilateral policies. It has provoked and intensified competition among major countries, significantly increased its defence expenditure, pushed for additional capacity in nuclear, outer space, cyber and missile defence, and undermined global strategic stability¹⁶.

So both sides view each other as a threat, although the Chinese do not regard the US as an existential threat, more like an impediment to their development. The document discusses China's legitimate security concerns and the protection of China's 'overseas interests' and 'maritime rights and interests' by inference the BRI.

The details of the US's military build-up are described in the Congressional Research Service's document 'China's Military: The People's Liberation Army, (June 4th 2021)'¹⁷ which discusses in

¹¹The Guardian, 'Steve Bannon Stole Millions Of Dollars To Line His Own Pocket,' New York Attorney General Says, As It Happened. (8th September 2022) <https://www.theguardian.com/us-news/live/2022/sep/08/steve-bannon-fraud-trump-wall-biden-vaccines-latest-updates>.

¹² New York Times, *A New Red Scare Is Reshaping Washington* (2019) <https://www.nytimes.com/2019/07/20/us/politics/china-red-scare-washington.html>.

¹³US Department Of Défense, *Official Talks DOD Policy Role in Chinese Pacing Threat, Integrated Deterrence* (2021) <https://www.defense.gov/News/News-Stories/Article/Article/2641068/official-talks-dod-policy-role-in-chinese-pacing-threat-integrated-deterrence/>.

¹⁴ Ministry Of Foreign Affairs Of The People's Republic Of China, *China's Moderate Prosperity And Its Benefits to the World*. (2021) https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/202111/t20211109_10445967.html.

¹⁵Mission Of The People's Republic of China To The European Union, *White Paper: China's National Defence In The New Era*. (2019) http://eu.china-mission.gov.cn/eng/zywj/bps/201907/t20190724_8301668.htm.

¹⁶ Congressional Research Service, *China's Military: The People's Liberation Army*, (June 4th 2021) <https://crsreports.congress.gov/search/#/?termsToSearch=china's%20military&orderBy=Relevance>.

¹⁷ Congressional Research Service, *China's*. p. 18.

military detail the long range missiles already targeting China both from South Korea and Japan and the US plans for military expansion in Taiwan and space¹⁸. In essence, the American perspective interprets any Chinese “expansion” as an existential threat, the Council On Foreign Affairs concludes:

The Task Force finds that BRI presents significant risks for U.S. economic, political, climate change, security, and health interests.

Although that is not the only American voice; commercial entities, particularly banks, regard participation in the BRI as an excellent opportunity. The Green Investment Principles agreed between the participating nations in 2019 received strong backing from the global financial industry, including ‘commercial banks, development banks, institutional investors, stock exchanges and other stakeholders that invest or help mobilise investment in the BRI.’¹⁹

The International Perspective.

Economic Effects of the BRI.

Transport Costs.

‘Investments that improve the efficiency of trade can be growth-enhancing,²⁰ and therefore the initial emphasis on building transport infrastructure yields continual economic benefits going forward. Deutsche Bank (DB) Analysts compared the average growth rate of all the collective BRI economies with non-BRI economies over time and growth rates peaked in 2010 at 7.3% vs 4.5% which by 2020 had subsided to 5.2% vs 3.3%, but still a substantial difference. They also estimate the cumulative BRI spend since 2013 to have been US\$ 932 billion²¹.

Diversification.

Despite the emphasise of the importance of transport infrastructure projects, in its research document *China’s Belt And Road Initiative: A Guide To Market Participation (2021)* DB analysts point out that BRI projects now include power generation installations, electrical distribution utilities, oil and gas pipelines and telecommunications infrastructure.²² Infrastructure already built includes roads, railways, ports, bridges, tunnels, power stations, mosques, parliament buildings, factories, stadiums and libraries²³.

Debt Trap Diplomacy.

When the Solomon Islands switched their diplomatic relations from Taiwan to China on the 16th September 2019 the Taiwanese Foreign Ministry warned that ‘China’s expansion in the Pacific has made many countries fall into the trap of debt.’²⁴ They were referring to Sri Lanka’s Hambantota Port, which was leased to the China Merchant Port Holdings company for 99 years in lieu of loan repayments, but predatory debt practices were not involved. Sri Lanka’s economy at the time needed all the foreign reserves that it could get and this was a guarantee of foreign income for the

¹⁸ Ibid. p. 15 – 17.

¹⁹ Deutsche Bank, *China’s* p. 17.

²⁰ Michael Spencer, Chief Economist, Deutsche Bank, *China’s* p. 13.

²¹ Ibid. p. 24.

²² Deutsche Bank, *China’s* p. 13.

²³ Ibid, pp. 19 -23.

²⁴ SupChina, *The ‘Debt-Trap Diplomacy’ Debate: Are China’s loans predatory?* <https://signal.supchina.com/the-debt-trap-diplomacy-debate-are-chinas-loans-predatory/>.

next 99 years²⁵. The Chinese took on the responsibility for running the port and making it profitable. This emerged from an analysis of 40 cases of debt renegotiation by the Rhodium Group,²⁶ who found no other transfer of assets whatsoever, other than one ambiguous case in Kazakhstan²⁷.

The introduction of other lenders into the BRI has opened opportunities for western banks to participate. Since launching the project the Chinese have put in about US \$1 trillion but an ever increasing amount of lending is by foreign banks thus lessening the exposure to Chinese “predatory” lending practises²⁸.

The Historical Perspective.

China’s two most catastrophic strategy failures of all time are arguably: the Ming Dynasty’s retraction from naval power²⁹ in the 16th Century and the Qing Dynasty’s refusal to open China to world trade in the 18th Century³⁰. Had China maintained its naval superiority and given more thought to trading with the rest of the world it wouldn’t have had to suffer the Century of Humiliation with its grievous human and economic cost spanning almost two centuries³¹.

The BRI directly rectifies those two failures by opening modern, newly industrialised China to the rest of the world and by building the means to facilitate and export its trading benefits.

²⁵ SupChina, *The ‘Debt-Trap Diplomacy’*.

²⁶Rhodium Group, *New Data On The Debt Trap Question* (29th April 2019) <https://rhg.com/research/new-data-on-the-debt-trap-question/>.

²⁷ SupChina, *The ‘debt Trap Diplomacy’*..

²⁸ Ibid.

²⁹Independent, *500 Years Ago China Gave Up Its World-Dominating Navy Because Its Political Elite Were Afraid Of Free Trade* (5th March 2017) ²⁹ <https://www.independent.co.uk/news/world/americas/500-years-ago-china-destroyed-its-worlddominating-navy-because-its-political-elite-was-afraid-of-free-trade-a7612276.html>.

³⁰Qian Long’s Letter To George III (1793) <https://sourcebooks.fordham.edu/mod/1793qianlong.asp>.

³¹History Department, University of Exeter, *How The Century Of Humiliation Influences China’s Ambitions Today* (11th July 2019) <https://imperialglobalexeter.com/2019/07/11/how-the-century-of-humiliation-influences-chinas-ambitions-today/>.

Conclusions.

“Does exactly what it says on the tin”³² might be one way to describe the long-term, strategic aims of the BRI, according to the Chinese it’s about peace, harmony, friendship and economic growth.

The US’s Council On Foreign Relations agrees:

Through BRI, China began addressing long-standing needs of people living in developing countries for power and transportation, filling a void created when the United States and many of its partners and allies refrained from similar investments³³.

The Organisation for Economic Co-operation and Development’s (OECD) reports that ‘the world has a large infrastructure gap constraining trade’³⁴ which the Chinese understand better than most, given their success in the rapid rebuilding of their own economy. So clearly one of the long-term strategic objectives of the BRI is to alleviate poverty both inside and outside of China and to form strong bonds with those partner countries.

The failure of US foreign policy’s “Pivot To ASIA” and the Trans Pacific Partnership (TPP) provided a vacuum for the BRI to expand into at an unexpected speed³⁵. Therefore not all of the effects that it has already had can be attributed to the original strategic planning.

Although this rapid growth overtook the original strategic aims the pragmatic Chinese have widened the scope to include all the benefits of participating in their hi-tech economy; green power generation, low carbon transport, IT, communications infrastructure, smart cities, clean water, mining resources and building construction for numerous, diverse communities.

The “Century of Humiliation” often overlooked by the West, was undoubtedly remembered by the CCP strategic thinkers when planning BRI policy, dedicated as it is to the integration of China into the global economy.

³² Ronseal’s Popular Culture Reference: “Does Exactly What It Says On The Tin” <https://www.ronseal.com/the-ronseal-phrase/>.

³³ Council On Foreign Relations, Jennifer Hillman and David Sachs, *China’s Belt And Road: Implications For The United States* (March 2021) <https://www.cfr.org/report/chinas-belt-and-road-implications-for-the-united-states/findings>.

³⁴ OECD, *China’s Belt And Road Initiative In The Global Trade, Investment And Finance Landscape* (2018) p. 3. <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>.

³⁵ The Diplomat, *US Pivot To Asia Was Dead On Arrival* (31s March 2022) <https://thediplomat.com/2022/03/the-us-pivot-to-asia-was-dead-on-arrival/>.

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