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“One Belt, One Road”: China’s New Global Strategy

Rumi AOYAMA

Abstract

The “One Belt, One Road” (OBOR) initiative has been a topic of hot debate among Sinologists and pundits in recent years. What is the nature of this foreign policy and how is it implemented under the Xi Jinping administration? By examining China’s OBOR initiative, this article argues that OBOR is not only a regional policy but a grand global strategy for achieving the “Chinese Dream”. While there is little chance that China will be able to create a large area of influence around the world, the potential impact on global politics cannot be overlooked.

Keywords

China’s foreign policy, “One Belt, One Road” (OBOR), East Asia

1. Ambitious Foreign Policy of Xi Jinping Administration aiming toward “Great Rejuvenation of the Chinese Nation”

“The great rejuvenation of the Chinese nation” is a phrase that has been repeated at every opportunity since the transition to the Xi Jinping administration. This phrase should not be dismissed as simply the administration’s slogan, but should be seen as satisfying important functions, such as giving the political system performance legitimacy, rallying the public together, and as a national strategy goal in terms of foreign policy as well.

In order to achieve a “great rejuvenation,” the Xi Jinping administration set forth its “hundred-year dream” to coincide with the 100th anniversary of the founding of the Communist Party of China. This “hundred-year dream” is also referred to as the “Two 100s,” and entails China achieving a moderately

prosperous society by the hundredth anniversary (2021) of the establishment of the Communist Party of China, and realizing its “dream of a great rejuvenation of the Chinese nation” by the hundredth anniversary of the establishment of the new China. If China achieves its plan to double its gross domestic product and per capita national income by 2020 from 2010 levels, and realizes this “hundred-year dream,” China’s influence on the political and economic landscape in Asia as well as around the globe will certainly increase dramatically.

Entering the third year since the start of the Xi Jinping administration, China’s foreign policy direction is gradually becoming clearer. The Xi Jinping administration’s foreign policy aiming toward the “great rejuvenation of the Chinese nation” consists of the following three principles:

1. Attaining stability in Sino-American relations
2. Creating a sphere of influence and increasing its own influence in the international community
3. Not compromising on its “core interests”

Under the Xi Jinping administration, Sino-American relations are one of the most important foreign relations for China, and the establishment of a cooperative relationship between the United States and China is a matter of utmost urgency. However in the meantime, China is not going to compromise on its “core interests” including Tibet, Xinjiang, and the South China Sea, and is attempting to increase its influence in the international community.

Such a direction in its foreign policy is of course nothing new. Already since 2009, the Chinese government switched from using the slogan formulated by Deng Xiaoping “keep a low profile, achieve something” to the slogan “continue to keep a low profile, actively seek to achieve something,” which in reality indicates a shift in focus to “achieve something” despite saying “continue to keep a low profile.” However, although the “keep a low profile, achieve something” policy by Deng Xiaoping had already been revised during the Hu Jintao administration, China’s foreign policy since entering the Xi Jinping administration has clearly become more audacious and assertive compared to the previous administration. How is this foreign policy implemented under the Xi Jinping administration? By examining China’s “One Belt, One Road” strategy, this article seeks to clarify the aims and realities of the Xi Jinping administration’s foreign policy.

2. What is “One Belt, One Road”?

Another slogan by the Xi Jinping administration is the “new normal”. This entails primarily aiming for stable growth while making structural reforms instead

of pursuing a high rate of growth. China's real growth rate in 2015 was 6.9%, lower than the previous year. Based on the numbers, it can be seen that China is currently in a transitional period from double-digit growth rates to stable growth. However, since the leadership up to this point had been pursuing economic growth as a means to reinforce its own legitimacy, the Xi Jinping administration would likely be well aware of the fact that a marked drop in economic growth presents the risk of increasing dissatisfaction with the administration and a resulting spread of social instability.

Shifting our focus to foreign policy, stabilization of relations with the United States has proved to be difficult. Since the autumn of 2011, the United States has declared its "pivot to Asia", conveying the message that "the United States will maintain its unipolar dominance in the Asian region." In terms of the economy the United States has promoted the Trans-Pacific Partnership (TPP), and in terms of security, the United States has strengthened its military cooperation with allied nations in the Asia-Pacific such as Japan and Australia. Such policies by the United States towards Asia have been interpreted by China as a "strategy to contain China," and the government, feeling greatly threatened, has harshly criticized the policies.

China, which is facing problems both domestically and abroad, has put forth a new Silk Road strategy referred to as "One Belt, One Road". China's surrounding environment has worsened dramatically, with escalating confrontation between Japan and China, and an increase in tensions with surrounding nations due to issues regarding territorial waters. Amid this, China is seeking new opportunities for foreign relations both to the west and the south. In addition, the strategy entails developing infrastructure, creating a large economic market by strengthening relations between China and various nations in Central Asia, Europe, the Middle East, North Africa, Southeast Asia, and South Asia, and easing excess domestic production through exporting, thereby stimulating its economy.

In September 2013, President Xi Jinping announced in Kazakhstan the idea of a Silk Road Economic Belt, and in October, he announced in Indonesia the idea of a 21st-Century Maritime Silk Road. Against this backdrop, at a Peripheral Diplomacy Work Conference held that same October, "peripheral diplomacy" was emphasized, and in November 2014, the Chinese government announced the creation of a new Silk Road fund (\$40 billion) at the Asia-Pacific Economic Cooperation (APEC) meeting held in Beijing. In March 2015, the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce jointly announced the One Belt, One Road concept.

In May 2015, specific policies pertaining to the "One Belt, One Road" concept were revealed. As shown in Table. 1, "six international economic corridors" would

be created¹ with an estimated total investment of \$890 billion or more² for the “One Belt (Silk Road Economic Belt)”, while two routes for the Maritime Silk Road would be deployed in the center.

(1) China-Mongolia-Russia Economic Corridor
Includes two economic corridors. One economic corridor starts in Northern China, extends through Hohhot, Inner Mongolia, and reaches Mongolia and Russia. Another corridor starts in Northeast China, extends through Manzhouli, and reaches Chita, Russia. Both rely on the Trans-Siberian Railway to connect China with Europe.
(2) New Eurasia Land Bridge (Second Eurasia Land Bridge) Economic Corridor
A route divided into three parts that connects Lianyungang, Jiangsu Province with the Port of Rotterdam in the Netherlands. Said to also be possible to connect to Japan, South Korea, and Europe through Lianyungang. Can also reach from Iran and Russia to Hungary by way of Kazakhstan. Covers over 30 nations.
(3) China-Central Asia-West Asia Economic Corridor
Starts in the Xinjiang Uyghur Autonomous Region, extends through the Persian Gulf, and reaches the coast of the Mediterranean Sea and the Arabian Peninsula. Connects Central Asian nations such as Kazakhstan, Kyrgyzstan, and Tajikistan as well as Iran and Turkey, includes regions that are rich in oil and various mineral resources, and would serve as a resource/energy source for China.
(4) China-Indochina Peninsula Economic Corridor
Starts in Nanning, Guangxi Zhuang Autonomous Region and Kunming, Yunnan Province and ends in Singapore. China has established an FTA with ASEAN and cooperated in developing the Greater Mekong Subregion, but there are also tensions in the South China Sea, and establishment of this economic corridor faces great difficulties.

¹ “Zhongguo Guihua ‘Yidaiyilu’ 6 da Jingji Zoulang [China Announces Plans to Develop the “One Belt, One Road” Initiative by Creating Six Major Economic Corridors],” *People’s Daily Online*, May 28, 2015. <http://world.people.com.cn/n/2015/0528/c1002-27069213.html>

² “Liuda Jingji Zoulang You Duochang [How long are the Six Major Economic Corridors],” *People’s Daily*, June 1, 2015

(5) China-Pakistan Economic Corridor
A 3000 km route connecting Kashgar, Xinjiang Uyghur Autonomous Region with Gwadar Port in Pakistan. Has the role of connecting the “One Belt” with the “One Road”. An agreement between China and Pakistan to cooperate broadly in areas such as energy, infrastructure, and industry in addition to developing Gwadar Port.
(6) BCIM Economic Corridor
To be established together with Bangladesh, India, and Myanmar. Through this economic corridor, China can promote ties with Bangladesh and India, with which it historically did not have close ties.
(7) 21st-Century Maritime Silk Road
Consists of routes from the South China Sea and the Indian Ocean to Europe and Africa, and routes from the South China Sea to the South Pacific. In order to establish the Maritime Silk Road, China would concentrate its investment in 15 harbor cities including Shanghai, Tianjin, Ningbo, and Zhoushan.

Table 1: Land and Sea Corridors Constituting One Belt, One Road

Source: Created by the Author

As clear from the specific measures above revealed in the middle of 2015, “One Belt, One Road” started off as a concept and gradually turned into specific measures while the core of the concept is still very fluid. To put it directly, China is aiming to create an economic and political sphere of influence in the Eurasian continent through the land and maritime “One Belt, One Road” concept.

On the other hand, “One Belt, One Road” is not only a regional strategy for China but is also a global strategy. China has only stated that “One Belt, One Road” provides a focus and direction for cooperation, and that any nation that wishes to participate can do so without any limits on nation or region. In fact, similar strategies to the diplomatic initiatives in the Eurasian region can be seen in Africa and Latin America, which are not included in the scope of OBOR.

3. Characteristics of “One Belt, One Road” as a Global Strategy

The concept of “One Belt, One Road” has two characteristics: future extension of diplomatic routes, and new aspects sought after by the Xi Jinping administration. One Belt, One Road is seen as an abstract foreign policy by the Xi Jinping administration, but we must not overlook the fact that this concept is being

deployed atop achievements already made by the Hu Jintao administration. As shown in Table 2, China has been actively involved in regional organizations throughout the world since the latter half of the 1990s, and has established cooperative relationships with them. One Belt, One Road can be seen as simply a new name for the consolidation of efforts that China had already been making in its relations with Asia, Europe, the Arab World, and Pacific Islands.

Region	Start Year	Cooperative Framework
Asia	1996 2001 2003 2005	China-ASEAN talks (unofficial talks: since 1991) SCO (start of predecessor Shanghai Five: 1996) Six-Party Talks Observer of SAARC
Europe	1998 2012	China-EU summit China-CEE summit
Africa	2000 2008	China-Africa cooperation summit China-AU strategic dialogue mechanism
Arab world	2004 2010	China-Arab States Cooperation Forum China-GCC Strategic Dialogue
Pacific Island states	2006	China-Pacific Island Countries Economic Development and Cooperation Forum
Latin America/Caribbean	2014	China-CELAC Forum

Table 2: Major Cooperative Frameworks Forged by China with Regions

Source: Rumi Aoyama and Satoshi Amako, *Chotaikoku Chugoku-no Yukue 2/Gaikou to Kokusai Chitsujo* [Where is China Going? The Future of a Superpower 2/ China and the Future of International Order], University of Tokyo Press, 2015: 64.

Additionally, efforts by China in Africa and Latin America up to now are being continued, which means that the OBOR concept is not limited to Eurasia but inevitably takes on a global scope. Furthermore, based on China's policies up to now, deployment of OBOR depends on the establishment not only of bilateral ties but also of ties with various regional organizations throughout the world.

On the other hand, The OBOR differs from China's previous foreign policy in the following two ways. The first difference is that the geographical scope is larger. It has been close to 20 years since the start of China's Western Development project, which is linked with China's foreign policy in Asia (policy towards surrounding countries), but there has been no marked reduction in economic disparity between eastern and western China. One reason is the difficulty in opening up western China to the outside world due to ethnic issues in the region, and

that China and Central Asian countries have not forged mutually complementary economic relations. Based on these lessons, One Belt, One Road seeks to expand China's economic sphere not only to Central Asia but further west to Europe and Arab nations.

The second difference is that the OBOR involves simultaneous progression of efforts to open up east and west as well as land and sea efforts. Through OBOR, the Chinese government hopes to stimulate the economies of the northeast, central, and western regions of China, whose economies have fallen behind, but unlike the Western Development project, China is seeking to open up the eastern region to the outside world to an even greater degree. In the 5th Plenary Session of the 18th CPC Central Committee held in October 2015, a proposal for the 13th five-year plan was adopted. As a result, the pairing of "land and sea" came to be emphasized.

In this manner, OBOR is a foreign policy that incorporates foreign policy accomplishments and lessons up to now and adds new ideas. In addition to creating a uniform nation-state space by eliminating the economic disparity between the eastern and western regions and switching to domestic production, OBOR is seen as cure-all for the ills of China including by increasing China's influence in the international community. Thus, there are high expectations for "One Belt, One Road".

4. Changes in Foreign Policy since the Start of "One Belt, One Road"

As economic growth has slowed, combating corruption, ensuring stable economic growth, and the One Belt, One Road strategy are key to preserving the legitimacy of the Xi Jinping administration. Against this backdrop, China is putting full effort into achieving the goals of "One Belt, One Road" while stabilizing relations with the United States.

1) China's Foreign Policy towards the United States - New Model of Major-Country Relations

In September 2015, President Xi Jinping visited the United States for the second time since taking office. China has considered this visit to the United States as a foreign policy success by the Xi Jinping administration, and while China uses the phrase "new model of major-power relations" instead of "G2" (two major nations), it has aimed to create a framework to manage regional and global issues in concert with the United States.

In addition to the issues surrounding the South China Sea, confrontation between the United States and China is escalating, particularly regarding cyber security. China is unwilling to compromise on the South China Sea, but when it comes to cyber issues, it has aimed to create international rules together with the United States, sending a special envoy in advance. In 2015, the United States Office of Personnel Management (UNOPM) received a cyber-attack leading to the leak of personal information of up to 4 million federal employees, and the National Security Agency considers the Chinese government to have been involved. It is also said that China has hacked into American companies resulting in the leak of confidential information. In May 2014, US law enforcement officials charged five members of the People's Liberation Army of China with having hacked into computers of organizations including major American nuclear firms. China put effort into establishing international rules concerning cyber issues together with the United States through a China-US summit meeting, but the two nations ended up only agreeing to create a channel for dialogue.

Concerning climate change, several talks have been held between the United States and China since the beginning of 2015, and the two nations took on a leadership role at COP21 (21st session of the Conference of the Parties to the UNFCCC) held in November, which yielded some results.

Building on an agreement to hold a US-China summit meeting, the United States and China were in lockstep as they took on their leadership role at COP21 held in Paris. China declared that it would introduce an emissions trading system starting in 2017, and that it would create a framework to the tune of \$3.1 billion to aid developing countries. This is how China persuaded developing nations, contributing to the adoption of the COP21 agreement.³

2) Softening of China's Policies in Asia

With the announcement of the OBOR strategy, the west and south of China became strategic areas. Since the establishment of the OBOR strategy, changes have been seen in China's foreign policy towards Asia. Of course there is no significant sign of softening in China's actions regarding the Senkaku/Diaoyu Islands or South China Sea issues, but China has started working towards improving relations with surrounding nations.

Regarding the South China Sea issue, China has set aside its principle of bilateral agreements, and has started to accept limited multilateral agreements. Chinese Foreign Minister Wang Yi made a proposal in August 2014 in a meeting with ASEAN to resolve the South China Sea issue through dialogue with concerned parties, and to maintain security in the South China Sea with the

³ Robert A. Manning, "Is China Becoming a 'Responsible Stakeholder'?", <http://asia.nikkei.com/Viewpoints/Viewpoints/Is-China-becoming-a-responsible-stakeholder> (July 10, 2016).

concerned parties.⁴ The aim here is to remove American influence and promote security cooperation with ASEAN nations. Foreign Minister Wang's proposal had another significance. Up to now, China had been strongly emphasizing bilateral negotiations regarding territorial issues, but Foreign Minister Wang accepted multilateral negotiations between China and ASEAN.⁵

Reflecting this change in stance, in October 2013, China had already signed a bilateral agreement with Brunei to strengthen maritime cooperation and promote joint development. China has also put effort into seeking a path to mutual understanding through bilateral dialogue with Vietnam, a country with which China has had particularly strong disagreements concerning territorial waters. In an unprecedented move, in the beginning of April 2015, China welcomed Nguyen Phu Trong, General Secretary (top leader) of the Communist Party of Vietnam. Both nations agreed to establish an "infrastructure cooperation working group" and a "finance and currency cooperation working group," and confirmed that Vietnam would be one end of the 21st-Century Maritime Silk Road. Concerning the South China Sea issue, which is a source of contention, China and Vietnam issued a joint statement, agreeing to "actively [study] transitional solutions that do not affect stances and policies of each side, including actively studying and discussing cooperation for common development." Furthermore, the two nations agreed on establishment of hotlines in both defense ministries.

Sino-Japanese relations have shown a definitive improvement as a result of an Asia-Pacific summit meeting held in November 2014. Following the APEC summit meeting as well as a summit meeting in Jakarta, a Japan-China-South Korea summit meeting was held in Seoul, South Korea in November 2015, and Japan-China talks were held between Prime Minister Abe and Premier Li Keqiang.

As a recovery in relations has begun in earnest as a result of the resumption of such summit meetings, various government level measures such as negotiation mechanisms and interparty dialogue, which had been suspended, have been restarted, and moves have intensified to strengthen political relations between Japan and China. Various talks and conferences including Japan-China security talks, talks between the legislative bodies of Japan and China, the New Japan-China Friendship Committee for the 21st Century, and the Energy Conservation and Environment Forum have been held one after the other. In the latter half of 2015, a channel for dialogue has opened up to discuss important issues between

⁴ Wang Yi: Yi 'Shuanggui Silu' Chuli Nanhai Wenti [Wang Yi: To Advocate the 'Dual-track' Approach in Resolving the South China Sea Issue], "China News Service, August 9, 2014. <http://www.chinanews.com/gn/2014/08-09/6477091.shtm> (July 10, 2016).

⁵ "Zhongguo Dui Nanhai Wenti 'Shuanggui Silu' Xianxian [China's 'Dual-track' Approach was seen in Resolving the South China Sea Issue]," December 8, 2014. <http://m.ftchinese.com/story/001059524> (July 10, 2016).

Japan and China, examples of which include high level political talks started between National Security Council head Shotaro Yachi and State Councilor Yang Jiechi, and financial talks held in China with Minister of Finance Taro Aso. Discussions were also started between defense officials of Japan and China regarding a maritime and air communication mechanism, and even as tensions continue around the Senkaku/Diaoyu Islands, both governments have agreed on avoiding unforeseen situations, and share an understanding on the importance of creating a crisis management mechanism.

As specific measures pertaining to OBOR are gradually taking form, foreign relations between China and Northeast Asia and East Asia have increased in importance. China and South Korea have established friendly relations in recent years, and in 2015, negotiations to establish maritime borders have started. There are some competing claims for exclusive economic zones (EEZ) between China and South Korea in the Yellow Sea, and there is a territorial dispute between the two nations regarding Socotra Rock where the South Korean government has established an ocean research station. A total of 14 negotiations to establish a border were held at the bureau director level between the two countries from 1996 to 2008, but from 2015, these negotiations would be raised to the vice-ministerial level and held every year. Additionally, South Korea and China have strengthened cooperation regarding the North Korea issue, and have opened up a national defense hotline in December 2015.

There have even been ideas to include North Korea in One Belt, One Road. Since North Korea held a nuclear test in 2013, relations between China and North Korea have cooled, but since 2014, China has made moves to improve its relations with North Korea. Liu Yunshan, the fifth-ranked member of the Politburo Standing Committee of the Communist Party of China, visited North Korea during their ceremony to mark the 70th anniversary of the founding of the Workers' Party of Korea, and handed a personal message from Xi Jinping to Kim Jong-un. In March 2015, Foreign Minister Wang Yi said "we cherish the traditional friendship between China and North Korea", but the revival of the phrase "traditional friendship" has provoked criticism. In July 2015, President Xi Jinping visited Changchun, and emphasized the importance of promoting the economy of the three provinces in the northeast of China. With attention being paid to the promotion of the three provinces in the northeast, the importance of developing friendly relations with North Korea and Japan has also come to the fore. However, improvement in China-North Korea relations has not gone the way China planned.

6 "Kan-Chu no kaiyou kyoukai kakutei koushou/jikan-kyu kaidan o maitoshi kaisai e [South Korea-China maritime boundary negotiations/vice-ministerial meetings to be held every year]" http://www.chosunonline.com/site/data/html_dir/2015/12/22/2015122203484.html (July 10 2016).

In December 2015, the Moranbong Band, which had been planning to perform in Beijing, suddenly canceled their event and returned to North Korea, an illustration of the awkward relationship between China and North Korea.

Against the backdrop of improved relations with surrounding nations, Chinese President Xi Jinping and Taiwanese President Ma Ying-jeou held a summit meeting in November 2015, the first such meeting since the 1949 separation of China and Taiwan. Of course, this summit meeting was held in view of the Taiwanese presidential elections to be held in the beginning of next year, but it is natural to believe that China is also aiming to create a surrounding environment conducive to OBOR. On December 30, 2015, a cabinet-level hotline was opened between the Taiwan Executive Yuan's Mainland Affairs Council, which handles relations with China, and China's Taiwan Affairs Office of the State Council.

As mentioned above, China places great importance in its relations with the United States, and aims to create a cooperative relationship between the United States and China regarding important international issues, while stabilizing relations between the two nations. Amidst this, China has been proactive in improving and strengthening relations with Japan, South Korea, North Korea, Taiwan, and ASEAN in order to create a surrounding environment conducive to OBOR.

5. Realistic Implementation of "One Belt, One Road"

Specific policies pertaining to One Belt, One Road are still being developed, and the domestic system and cooperative relations with other nations relating to the implementation of One Belt, One Road are still being created. The Chinese government has indicated its position of "starting with what we can," and thus, they anticipate that OBOR will change according to the changing international situation, making the concept very fluid.

How far has OBOR progressed? There are two key elements necessary to implement "One Belt, One Road". One is obtaining funds, and the other is cooperation with involved nations. As far as funds are concerned, preparations are progressing under Chinese leadership, but the nations involved in OBOR are dealing with their own complicated issues, and cooperation would not be easy.

1) Source of Funds for "One Belt, One Road"

According to estimates by China, a total of \$6 trillion in investments would be required for OBOR.⁷ Provinces and autonomous regions have invested a total

7 "Jianshe 'Yidaiyilu' Qian Cong Nali Lai? [Where the Money Comes From to Support

of up to 1.04 trillion RMB in infrastructure planned for One Belt, One Road, of which 500 billion RMB, 123.5 billion RMB, 116.7 billion RMB, and 170 billion RMB would go to roads, high speed rail, airports, and harbors, respectively.⁸ Since the leadership of provinces and autonomous regions is emphasized in One Belt, One Road, the central government likely needs to incorporate regional plans into One Belt, One Road.

The Asian Infrastructure Investment Bank (AIIB), the China-led international financial institution, will of course play an important role in China obtaining such a large amount of funds.

Of the 57 founding members, 17 nations including China, South Korea, the United Kingdom, and Germany have completed ratification procedures⁹ as of December 2015, and the total investment ratio of ratifying members has exceeded 50%. Thus, AIIB was officially launched. AIIB is headquartered in Beijing, and has \$100 billion in capital.

Although it will be some time before AIIB activities begin in earnest, China's state owned banks have taken the initiative in financing OBOR in order to compensate. By September 2015, the China Export-Import Bank has already financed 2057 projects in 49 nations.¹⁰ The China Development Bank has also financed over 400 projects in 48 nations as of August 2015.¹¹

The already existing ASEAN Foundation, Eurasia Foundation, and CEE Foundation have started financing projects pertaining to One Belt, One Road, including the New Silk Road Fund. China has already encouraged member states to participate in One Belt, One Road. By incorporating projects for OBOR in the national strategies of other nations, China hopes to increase the probability of OBOR being implemented. It is amidst these trends that China has started softening its foreign policy as described above. In other words, OBOR has brought about changes in China's foreign policy.

the China's "One Belt, One Road" Initiative?],” December 16, 2015. <http://toutiao.com/i6228714268225700354> (January 10, 2016).

⁸ “‘Yidaiyilu’ Zhe Liangnian Toule Duoshao Qian? Ruhe Ruxuan Guanfang Xiangmuku [How Much Money Has Been Spent on China's “One Belt, One Road” Initiative? How to Get a Project Chosen to Be Listed in the Official Projects?],” December 25, 2015. <http://www.wxmw123.com/finance/20151225/127591.html> (July 10, 2016).

⁹ The 17 nations are Myanmar, Singapore, Brunei, Australia, China, Mongolia, Austria, the United Kingdom, New Zealand, Luxembourg, South Korea, Georgia, the Netherlands, Germany, Norway, Pakistan, and Jordan.

¹⁰ “Jianshe ‘Yidaiyilu’ Qian Cong Nali Lai? [Where the Money Comes From to Support the China's “One Belt, One Road” Initiative?],” December 16, 2015. <http://toutiao.com/i6228714268225700354/>

¹¹ “‘Yidaiyilu’ Zhe Liangnian Toule Duoshao Qian? Ruhe Ruxuan Guanfang Xiangmuku [How Much Money Has Been Spent on China's “One Belt, One Road” Initiative? How to Get a Project Chosen to Be Listed in the Official Projects?],” December 25, 2015. <http://www.wxmw123.com/finance/20151225/127591.html>

2) Deployment of One Belt: Five Economic Corridors

Among the five economic corridors constituting the Silk Road Economic Belt started in mid-2015, China places the most importance in the China-Pakistan Economic Corridor and the BCIM Economic Corridor.

The China-Pakistan Economic Corridor stretches a total of 3000 km. In April 2015, President Xi Jinping visited Pakistan, and during that visit, China and Pakistan agreed to a plan for creating roads, railways, oil and natural gas pipelines, and optical fiber networks from Kashgar, Xinjiang Uyghur Autonomous Region to Gwadar Port, Pakistan. The China-Pakistan Economic Corridor amounts to \$46 billion in scale, and during the meeting in April, China and Pakistan agreed to 51 cooperative projects and \$28 billion in investment, and in December, the China Export-Import Bank decided to finance \$2.89 billion.

A pipeline from Gwadar Port, Pakistan to Urumqi, Xinjiang had been considered since the Hu Jintao administration, and the Pakistani government was very enthusiastic about construction. However, construction encountered difficulties due to the fact that the pipeline would need to pass through regions with cold climates and was anticipated to incur major costs, and as a result, the Hu Jintao administration became hesitant.¹² While pipeline construction was still not decided, China decided to provide assistance in construction of Gwadar Port in 2001, which took precedence. However, as One Belt, One Road was being considered, construction of the pipeline from Gwadar Port, Pakistan to Kashgar, Xinjiang Uyghur Autonomous Region suddenly became more realistic, and in 2015, this project was added to the China-Pakistan Economic Corridor, for which the Xi Jinping administration took the initiative.

There are security risks and there is no guarantee of revenue. Furthermore, anti-governmental forces in Pakistan have moved to obstruct creation of this economic corridor. The Xi Jinping administration has a strong desire to allow the China-Pakistan Economic Corridor, which would serve as a model case for One Belt, One Road, to succeed, but implementation faces difficulties.

The BCIM Economic Corridor pertaining to Bangladesh, India, and Myanmar has three proposed routes: north, central, and south. The southern route would be the same route as that of the oil/natural gas pipelines from Ruili, Yunnan Province to Kyaukpyu Port in the western part of Myanmar, facing the Bay of Bengal. The central route would pass through four nations from Kunming, Yunnan Province to Kolkata, India, and the northern route would pass alongside the Brahmaputra River.

In October 2013, just after President Xi first announced the "Silk Road

¹² Rumi Aoyama, *Chuugoku no Ajia Gaikou* [China's Asia Policy in the Post-Cold War Era], University of Tokyo Press, 2013: 251.

Economic Belt” concept, Prime Minister Singh of India visited China and the two nations agreed to promote the BCIM Economic Corridor. Working groups consisting of the four nations including India, Bangladesh, and Myanmar have been held three times as of the end of 2015. However, the nations have found it difficult to reach an agreement, and in reality, the routes still remain undetermined.¹³

Furthermore, there is strong opposition within India against the BCIM Economic Corridor. In addition, the National League for Democracy (NLD) led by Aung San Suu Kyi won a major victory in Myanmar’s November 2015 elections, and the political situation in Myanmar as it approaches regime change has also complicated issues with creating the economic corridor.

The other three economic corridors have yet to be established. In reality, movement has centered on bilateral cooperation. In May 2015, President Xi Jinping visited Russia, Kazakhstan, and Belarus, and confirmed links with Kazakhstan’s Bright Road (Nurly Zhol) strategy.¹⁴ China and Belarus agreed to create an industrial park as a symbol for cooperation on the Silk Road. China and Russia have signed an agreement covering 32 items and costing \$25 billion in areas such as energy, high speed rail, aviation, and space. The important point is that China and Russia issued a joint statement concerning a link between the Silk Road Economic Belt led by China and the Eurasian Economic Union (EEU: five member states of Belarus, Kyrgyzstan, Russia, Kazakhstan, and Armenia) led by Russia.

Discussions have also been held concerning the creation of international traffic corridors between Primorsky Krai in the Russian Far East and China. Such international traffic corridors (Primorye-1 and Primorye-2 projects) are seen as a symbol of the link between the Russia-led Eurasian Economic Union and the China-led Silk Road Economic Belt¹⁵, with the aim of creating a freight transportation route from Jilin and Heilongjiang Provinces in China to the Port of Vladivostok, the Port of Troitsa (formerly Zarubino), and the Port of Nakhodka in Russia.

¹³ “Liu Zongyi: Woguo ‘Yidaiyilu’ Changyi Zai Dongnan, Xinan Zhoubian de Jinzhan Xianzhuang, Wenti ji Duice [The “One Belt, One Road” Initiative at the Southeast and Southwest Peripheral Areas in China: The Present Situation, Problems and Solutions], ” September 22, 2015. <http://rdcy-sf.ruc.edu.cn/displaynews.php?id=15049>.

¹⁴ Announced by Kazakh President Nazarbayev in the legislature in November 2014. Emphasizes the importance of infrastructural investment.

¹⁵ “Development of Primorye-1 and Primorye-2 International Transport Corridors will be Discussed at Eastern Economic Forum”, <http://www.forumvostok.ru/en/news/development-of-primorye-1-and-primorye-2-international-transport-corridors-will-be-discussed-at-east.html> (July 10, 2016).

3) Deployment of One Belt: Progress in Relations with Europe

As development of relations between China and Germany, the United Kingdom, and France has accelerated since 2010, cooperation between China and EU nations has also shown strong progress. The EU Economic and Financial Affairs Council announced a €315 billion investment plan to encourage growth and job creation in the EU. Voting within the European Council must be unanimous, but nations that are economically less well developed are largely taking a cautious stance regarding China's One Belt, One Road.¹⁶ Against this backdrop, in December 2015, the European Bank for Reconstruction and Development (EBRD) has solidified its intent to admit China as a new member. Thus, a path for coordination between China's EU New Silk Road plan and the EU's investment plan has opened up.¹⁷

In June 2015, Foreign Minister Wang Yi visited Hungary and the two nations signed a memorandum of understanding on promoting the Silk Road Economic Belt and the 21st Century Maritime Silk Road. This is the first international agreement on One Belt, One Road with an EU member state.

In a China-EU summit meeting held in July 2015, Premier Li Keqiang strongly promoted cooperation with EU member states and signed an agreement with France to develop third party markets, and agreed to a China-France joint fund. In October 2015, President Xi Jinping visited the United Kingdom, and made reference to a "golden era" of China-UK relations. During the UK visit, the two nations not only reaffirmed a strengthening of cooperation in finance but also agreed on Chinese investment in a power company in Hinkley Point in the western part of the UK, as well as the installation of the Chinese nuclear reactor Hualong One in Bradwell in the eastern part of the UK.

Among EU nations, China has made most progress in relations with Germany. Germany is the largest European trading partner for China and relations between the two nations are becoming closer. Cooperation agreements have been signed between China and Germany in many areas such as finance, energy, information and communications, industry and agriculture, and education. Besides Germany,

¹⁶ "Cao Xin: 'Yidaiyilu', Ouzhou You Ziji de Xiangfa Zhongguo Rengyou Jihui [The "One Belt, One Road" Initiative: (Although) Europe Has Its Own Thoughts, China Still Has a Chance]," June 26, 2015. <http://www.infzm.com/content/110332>

¹⁷ The EU hopes that with its enormous financial power, China will invest through the following four channels: to contribute to investment plans for European Fund for Strategic Investments; to become the loan guarantee fund of "European Fund for Strategic Investments"; to support projects and investments in key areas such as infrastructure of transport system; to purchase bond launched by European Investment Bank, which is also the main contributor of "European Fund for Strategic Investments". <http://www.ftchinese.com/story/001062927?full=y> (July 10, 2016).

the UK, and France, other nations such as the Netherlands and Belgium have also indicated their interest in China's OBOR.

The cooperative relationship between China and Central and Eastern Europe has been set up through the China-CEE Summits. China Railways has started work on a railway project linking Serbia and Hungary. This railway is a portion of the trans-Balkan trunk line from the Port of Piraeus in Greece to the Danube Delta, and is the second largest investment project by China in Europe after the bridge construction project across the Danube River in Belgrade. The project was proposed by Premier Li Keqiang during the 3rd China-CEE Summit held in Belgrade in December 2014, and signed during the 4th China-CEE Summit held in Suzhou in November 2015. At the 4th China-CEE Summit, Premier Li Keqiang further proposed the creation of a financial company between China and the CEE. Premier Li Keqiang also proposed building ports on the Arabian Sea, the Baltic Sea, and the Black Sea¹⁸. China has particular interest in construction and railway operations in the Port of Koper in Slovenia, and Chinese companies are aiming to participate in the municipalization process of nationally owned companies in Slovenia.

China has also been involved in projects such as Macedonian high speed rail, the bridge over the Danube River in Serbia, and wind farms in Bosnia and Herzegovina, making use of such sources as China's fund for use by China and the CEE and investment cooperation funds. Cooperation between China and Arab nations has taken place through the China-Arab States Cooperation Forum and the China-GCC Strategic Dialogue.

4) Deployment of "One Road": Emphasis on Overseas Construction of Ports

China has placed emphasis on the construction of ports in order to move forward the One Road concept. It is possible to interpret as a part of these efforts the previously mentioned proposals by China to construct Gwadar Port in the China-Pakistan Economic corridor as well as to construct ports in the Arabian Sea, the Baltic Sea, and the Black Sea.

China is already involved in the construction of ports in nations such as Cambodia, Myanmar, Bangladesh, Sri Lanka, Pakistan, Djibouti, Tanzania, and Mozambique. As One Belt, One Road is being deployed, China is also constructing the Port of Piraeus, ¹⁹ which is located in the northern part of the Mediterranean Sea and is the closest in proximity to the Suez Canal through

¹⁸ "Zhongfang Changyi Tantaoshi 16+1 Jinrong Gongsi[China Proposes All Parties to Discuss on the Establishment of a 16+1 Finance Company]," *Beijing Youth Daily*, November 25, 2015.

¹⁹ Already by 2009, China Ocean Shipping Company (COSCO) has obtained the rights to operate two container terminals for 35 years.

which Chinese manufactured goods are transported to the EU market.

In November 2015, the Landbridge Group from Shandong Province, which takes the form of a private company of China, has obtained operating rights in Darwin Port in Australia, where US Marines are based. The lease is for 99 years, and was obtained for A\$506 million.

Chinese naval vessels were deployed off the coast of Somalia from December 2008 in order to deal with the piracy issue, and China has also been involved in security in Africa through UN peacekeeping operations. Against this backdrop, in December 2015, China revealed plans to construct a naval supply station in Djibouti. By constructing its first overseas military site in Djibouti, China has managed to further expand its military presence.

Through the China Pacific Island Countries Economic Development and Cooperation Forum, China is already deeply involved in the affairs of Pacific Island nations, and with the Pacific Island nations being incorporated in OBOR, China will be even further involved in this region such as in infrastructural development.

5) "One Belt, One Road" as a Global Strategy

Through "One Belt, One Road", China plans to foster a strengthening of relations in five areas (Wu Tong): policy, finance, trade, infrastructure, and people-to-people exchanges.

The "One Belt, One Road" is not limited to Eurasia but is a global strategy, and thus, the strengthening of relations in the five areas of policy, finance, trade, infrastructure, and people-to-people exchanges also applies to Africa and Latin America. In December 2015, a China-Africa Media Summit was held in Beijing. Participants included 47 African nations and executives of 120 communications companies. At this summit, China promised to provide aid to communications companies in Africa while calling for media cooperation to weaken the influence of Western media in Africa²⁰.

At the Forum on China-Africa Cooperation Summit held in December 2015, President Xi Jinping promised a total of \$60 billion in financial assistance over the next three years, as well as the creation of a \$10 billion China-Africa Fund for Production Capacity Cooperation. China also reaffirmed its \$6 billion in grant aid over the next five years to the African Union (AU), which it originally announced at the United Nations General Assembly in September 2015. Strengthening of cooperation in ten areas including industry, agriculture, infrastructure, finance, and

²⁰ "Meiti Hudong Tisheng Zhongfei Hezuo Shuiping [Media Interactions upgrade China-Africa Cooperation]." *People's Daily Online*, December 1, 2015. <http://politics.people.com.cn/n/2015/1201/c1001-27875538.html>.

peacekeeping was also agreed at the Forum on China-Africa Cooperation Summit.

Relations with Latin American and Caribbean nations have also been developed, primarily around building of infrastructure and harbors. In May 2015, Premier Li Keqiang visited Brazil, Colombia, Peru, and Chile, and during this visit, signed an agreement to conduct a feasibility study on an Amazonian railway linking Peru and Brazil. A railway cutting across South America was proposed by President Xi Jinping in July 2014, and is estimated to be 5000 km in total length with a construction cost of over \$10 billion.

6. Direction of Xi's Foreign Policy

The Xi Jinping administration's foreign policy is aimed at the "great revival of the Chinese people". One Belt, One Road, which is not only a regional policy but a global one, is an important foreign policy for achieving the "Chinese Dream".

As OBOR progresses, there is a power game at play in the Asia-Pacific to seek a balance of power, which has raised concerns of a new cold war. The TPP has largely been agreed upon, the Japan-US alliance has been strengthened, and US-led military alliance networks in Asia such as Japan-US-Australia and Japan-US-India networks are progressing. A change in power balance in the Asia-Pacific region has alarmed not only China but Russia as well. As Russia develops its Far East region, it is planning to hold naval military exercises with Asia-Pacific nations.²¹

Based on a shared perception that the US pivot to Asia is a threat, China and Russia have suddenly become closer. Russia, which up to now had hesitated to provide the latest military technology to China, agreed in 2015 to sell arms such as the S-400 surface-to-air missile system to China²². In May 2015, following a joint military exercise between the Chinese and Russian navies held in the Mediterranean Sea, China and Russia once again conducted a large scale military exercise in the Sea of Japan in August off the coast of Vladivostok, Russia and conducted the first landing exercises between the two navies. Such military exercises are generally seen as a move to counter the strengthening of the Japan-US alliance. As for economic ties, Russia's Far East development plan and the Russia-led Eurasian Economic Union have been linked with China's One Belt, One Road.

In reality, Japan and the US, and China and Russia have struggled for

²¹ "Russia will Take Part in Naval Military Exercises together with its Asia Pacific Allies, according to Russian Deputy Defense Minister Anatoly Antonov."

²² "Sold: Russian S-400 Missile Defense Systems to China," <http://thediplomat.com/2015/04/sold-russian-s-400-missile-defense-systems-to-china/?allpages=yes&print=yes> (July 10, 2016).

supremacy in the Asia-Pacific region. However, as argued in this paper, US-China relations and China-Russia relations are not necessarily in a trade-off relationship with each other. The Xi Jinping administration places special importance in its policies towards the US, and cooperates with the US in important international issues while aiming to stabilize US-China relations. The creation of a cooperative framework between the US and China is an important element in the Xi Jinping administration's policies towards the US.

While pushing for stabilization and cooperation in US-China relations, China aims to expand its own influence in the international community while defending its core interests. It is through such strategies that China is aiming towards achieving the "great revival of the Chinese people".

OBOR has brought about changes in China's foreign policy. Regarding the South China Sea issue, China has set aside its principle of bilateral agreements, and has started to accept limited multilateral agreements. Also, China has put effort into improving or strengthening relations with its neighbors including Japan, South Korea, North Korea, and Taiwan. China aims to improve its surrounding international environment by involving as many nations as possible in One Belt, One Road. In order to achieve this, China has softened its foreign policy compared to the past.

China has put its full effort into One Belt, One Road, but there are many issues building up.

First, as the Chinese economy slows down, China's ability to drive forward One Belt, One Road is being called into question.

Second, a large portion of the regions covered by One Belt, One Road has an unstable security and political situation, and also includes regions where the Islamic State (IS) has been actively engaged. In 2015, Chinese citizens were killed by extremist organizations in Syria and Mali, and in 2013 a car crashed and burst into flames in Tiananmen Square. In 2014 an indiscriminate attack was perpetrated in Kunming Station. As Islamic extremist organizations are active internationally and extremists in Xinjiang are active domestically, China faces difficult challenges in leading OBOR forward.

OBOR has only just started and there are many uncertainties as to how specifically it will progress in the future, but OBOR has in reality not always gone the way China planned. Although some progress has been seen in the China-Pakistan Economic Corridor, relations between China and some European nations, and cooperation between China and Africa, in reality progress on economic corridors has slowed.

As mentioned above, as OBOR is being implemented, competition for supremacy is escalating between Japan and the US, and China and Russia, but US-China cooperation is showing definitive progress. There is little chance that

China will be able to create a large area of influence in Eurasia through OBOR.

On the other hand, through strengthening of relations in the five areas (“Wu Tong”) of policy, finance, trade, infrastructure, and people-to-people exchanges, which is promoted as a part of OBOR as a global strategy, China also retains the ability to expand its influence. China has been able to further enter the world economic order by signing FTAs and investment and trade agreements, which increases China’s economic presence. China’s presence in the world financial order will also likely to increase through financial cooperation. The construction of ports in some nations also has the potential to expand China’s military presence.

Will China be able to convince the world that it is not a threat but rather an opportunity? Policies to win over popular sentiment will be an important key as to whether China will be able to succeed in its “One Belt, One Road” concept and emerge as a true superpower. There will be calls for domestic reforms in China, and Xi Jinping’s foreign policy will be put to the test.

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