



BACK TO THE FUTURE: China's 'One Belt, One Road' Initiative

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Since its introduction in the fall of 2013, China's 'One Belt, One Belt' initiative has been the centre of a plethora of in-depth analyses and policy announcements. Heralded by many as a centrepiece of President Xi Jinping's foreign policy and domestic economic strategy, this grandiose initiative has certainly captured the attention of many policy-makers, analysts and commentators, marking a significant milestone in the country's trajectory of engagement in the international milieu. Whether China's grand design for its new trade routes will ultimately become a game-changer remains to be seen, yet its 'back-to-the-future' approach contained in its OBOR policy presents many potential benefits for Beijing, despite the evident risks.

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Since its introduction in the fall of 2013, China's 'One Belt, One Road' (yi dai yi lu, 一带一路) initiative has been the centre of a plethora of in-depth analyses and policy announcements. Heralded by many as a grand national strategy and a centrepiece of President Xi Jinping's foreign policy and domestic economic strategy, this grandiose initiative has certainly captured the attention of many policy-makers, analysts and commentators, marking a significant milestone in the country's trajectory of engagement in the international milieu.

Within the framework of the 'One Belt, One Road' (OBOR) initiative, Beijing has pledged to devote substantial resources towards weaving much of Asia, Europe, Africa, and the Middle East much more closely together through the construction of a network of new trade routes. Given the project's size and scope, both the potential benefits and the potential challenges standing in the way of this unfolding plan are significant. Chinese officials have multiply stated the beneficial effect this can have both on the wider region as well as on China, yet the very level of diversity amongst the countries where these routes are expected to go through poses risks that could jeopardise the project's success and longevity. Linked to this set of risks, as the eyes of the world focus more on China, there will also be a greater degree of scrutiny regarding the ways Beijing chooses to implement the project, potentially leading critics to question its motives and intentions.

Regardless of the intentions involved, however, this project has the potential to have a transformative effect on China and the entire Eurasian landscape. Yet, in our effort to dissect and analyse the initiative's current and future dynamics, there are still many areas where a greater deal of clarity is required. Despite the ambition and vision involved, this clarity will be key not only in deciphering the initiative's meaning, relevance and long-term implications, but also in deciding how participative the process of planning and implementing OBOR will be. This can prove crucial for the project's manner and specifics of implementation, which will ultimately decide whether Beijing's commitment towards devoting such financial firepower and diplomatic capital will succeed in turning this grand initiative into the kind of ambitious, workable strategy China needs and aspires to have for the decades to come.

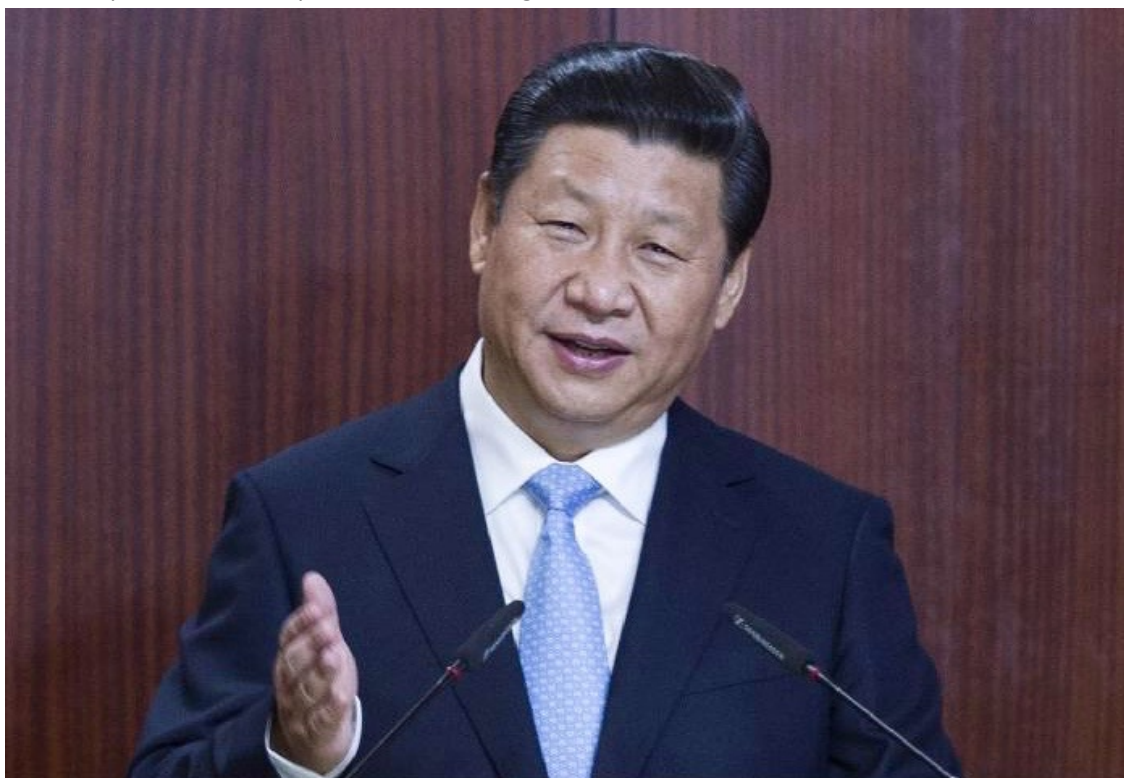
What's in a name? The Plan's chronology, content, and quite elastic nature

After almost 40 years since the enactment of the 'reform and opening up' strategy by Deng Xiaoping, President Xi Jinping unveiled this initiative in the fall of 2013. Taking historical resonance in the ancient Silk Road that connected China to Persia, the Arab Peninsula and Europe (and offered the basis for a political dialogue in addition to being an economic exchange facilitator), Beijing has tried to revive the very pragmatic idea of connectivity between the East, the South and the West along with the number of countries that are strategically located in the in-between.

Since then, the initiative has gradually gained in recognition and momentum as one of China's major foreign policy components. Marking an important break-through in this process, in March 2015, the Chinese government delineated an action plan about how this grandiose project is expected to come to life in a document aptly titled 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', which was published as a joint undertaking among the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce.¹

¹ The full document can be found at: Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, March 28, 2013, (accessed March 7, 2016)
http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

To date, a plethora of visits by Chinese officials has taken place to countries interested in participating in this project, underscoring the importance that Beijing and the Xi administration are attaching to the initiative. During their visits to Europe, Asia and Africa, China's top leaders have regularly promoted the general framework of OBOR as well as the more specific range of projects that can be developed in each country. This has been done both bilaterally but also at a regional level, through a number of fora and organisations, including the China-European Union, the ASEAN+1, the Shanghai Cooperation Organisation, and the China-CEEC 16+1 (the sixteen Central and Eastern European Countries plus China) meetings and summits.



Chinese President Xi Jinping delivers a speech at the Nazarbayev University in Astana, Kazakhstan, September 7, 2013. (Xinhua/Wang Ye)

This activity has been also complemented by a number of official policy announcements on the issue. In a speech delivered at the Fourth Session of the 12th National People's Congress of the People's Republic of China in March 2016, Chinese Premier Li Keqiang, underlined that the intended course of action on the part of the Chinese government is to 'work to secure solid progress in pursuing the Belt and Road Initiative. We will promote domestic regional development and opening up and international economic cooperation in a coordinated way, work with other countries and regions to build overland economic corridors and maritime cooperation hubs, and promote connectivity, economic and trade cooperation, and cultural exchange. We will work to develop cooperative mechanisms for achieving compatibility in customs clearance procedures along the routes and build international logistics networks. We will promote the development of border economic cooperation zones, cross-border economic cooperation zones, and overseas economic and trade cooperation zones. With a commitment to achieving common development and shared growth through joint consultation, we will ensure that the Belt and Road Initiative creates bonds of peace, friendship, and common prosperity'.²

² Report on the work of the Government, Delivered at the Fourth Session of the 12th National People's Congress of the People's Republic of China on March 5, 2016, Li Keqiang, Premier of the State Council, (accessed March 8, 2016), http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf

In terms of the initiative's actual specifics, a variety of maps and sub-proposals have been mentioned since the first introduction of the idea, however, the plan primarily refers to a network of a land and a maritime route.

The Silk Road Economic Belt concept

Introduced by Chinese President Xi Jinping in September 2013 during a speech at Nazarbayev University in Kazakhstan,³ the 'Belt' is a land route designed to connect China with Central Asia, Eastern and Western Europe, as an attempt to revive the historical Eurasian 'Silk Roads' of the past.

The 21st-Century Maritime Silk Road

First mentioned by President Xi during a state visit to Indonesia in October 2013,⁴ the 'Road' constitutes a sea route, which spans from the east coast of China to Europe through the South China Sea and the Indian Ocean, and east into the South Pacific Ocean, also inspired by the historical maritime routes that connected mainland China with the South China Sea and beyond.

Referred to jointly as the 'One Belt, One Road', this initiative is described in the 'Vision and Actions' document as 'a systematic project which should be jointly built through consultation to meet the interests of all and effort should be made to integrate the development strategies of the countries along the Belt and the Road'. In both the case of the 'Belt' and the 'Road', the historical tradition of the ancient Silk Roads, viewed as a multi-dimensional transcontinental economic development zone across numerous regions and markets, has been cleverly used as a 'hook' to remind of the importance and the relevance of such an endeavour. Taken to the modern era, the intention here is also to create an uninterrupted trade and investment networks of linkages and routes stretching from East, Central and South Asia to the Middle East, Europe and Africa.

Yet, instead of a simple recreation and expansions of the various historical trading routes and corridors, the Chinese intentions for OBOR is to go far beyond that. Indeed, OBOR might be a grandiose project but it forms only part of a broader economic strategy on the part of Beijing aimed at expanding the tools that the country has at its command. Other components underpinning the same strategy is the highly successful launch of the Chinese-led Asian Infrastructure Investment Bank (AIIB), the BRICS New Development Bank and the proposed Shanghai Cooperation Organisation Financing Institution, all backed up by substantial financial firepower on the part of Beijing.

Crucially for the project's success, this initiative has also not been envisaged simply as a massive infrastructure development programme, pushed forward by the substantial financial firepower and strong infrastructure development capabilities of China. Although building up physical infrastructure will inevitably be an indispensable component, China's intention for OBOR is for the sectoral nature of the links to be created to also cover the areas of: Enhancing and promoting policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds. As it is clearly mentioned in the 'Vision and Actions' document 'the connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.'⁵

³ President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries, September 7, 2013, ' http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml

⁴ Chronology of China's Belt and Road Initiative, Xinhua (accessed February 15, 2016) http://news.xinhuanet.com/english/2015-03/28/c_134105435.htm

⁵ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, March 28, 2013, (accessed March 7, 2016) http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html



This demonstrates the willingness to move past the obvious part of the infrastructure into areas that can enhance the project's effectiveness and impact. The inclusion of the people-to-people links as one of the five basic aims of the projects in particular, serves as a powerful reminder both of how wide the scope of the project is, and how mindful Beijing is of what is needed to create the stable political environment necessary for successfully implementing the project along the full trajectory of OBOR.

Moving to the actual trajectory now, the announced geographic spread of the initiative is vast. According to official announcements, it is calculated that the network of corridors and routes connecting Asia, Europe and Africa will pass through more than 60 countries and regions with a population of about 4.4 billion.⁶ What is more, trade between China and Silk Road nations is said to exceed \$2.5 trillion,⁷ and under the banner of OBOR, it will initially be funded by the New Silk Road Fund with \$40 billion,⁸ in addition to receiving additional funds from the AIIB and the BRICS New Development Bank.



Map released by the Xinhua Finance Agency showing some of the potential routes of the OBOR

⁶ Many sources quoting these figures, for example,

⁷ 'China's Xi: Trade between China and Silk Road nations to exceed \$2.5 trillion', Sui-Lee Wee, March 29, 2015, Bloomberg, (accessed March 5, 2016), <http://www.reuters.com/article/us-china-economy-oneroad-idUSKBN0MP0J320150329>

⁸ China to establish \$40 billion Silk Road infrastructure fund, Reuters, November 8, 2014, (accessed March 5, 2016), <http://www.reuters.com/article/us-china-diplomacy-idUSKBN0IS0BQ20141108>

Looking at the map though, it is clear that the routes envisaged are not singular, in that they represent networks of connections, corridors and linkages to different geographical locations. Indeed, OBOR comprises of various arteries of overland and maritime trading routes, corridors, highways, rail links, ports, oil and gas pipelines and other projects, connecting Asia, Europe and Africa in one coherent web of connectivity.

Of course the imagery presented above paints only the general contours of OBOR's trading corridors, as there is a lot of conceptual and practical issues that still need to be resolved; the 'Visions and Action' document only provides a strategic blueprint and the overall information supplied in published Chinese sources is relatively low considering the number of projects and pledges that have been already made under the banner of OBOR. The most fundamental point where this absence of detail and clarity becomes apparent concerns the very finalisation of the trajectory of the OBOR corridors. Thus far, no government agency in China has issued an authoritative map of OBOR, and the vast majority of maps that are widely circulated is not official, only representing interpretations of the OBOR routes based on all the available information. This is based on the Chinese government's preference not to *a priori* include countries in the map but rather gradually flesh out a map based on how the initiative evolves.

More information is essential not only regarding the exact routes, but also concerning the initiative's timeframe and prioritisation of projects. It is also still unclear whether Beijing's preference for the majority of projects that the OBOR will comprise of is to be agreed and promoted through a more centralised way (in direct cooperation with the European Union or ASEAN for example), or if it will be done bilaterally. Greater clarity is also absent regarding the level of openness to foreign contractors, as well as how sensitive issues of security that might arise in the process of OBOR's implementation will be dealt with by Beijing.⁹

There are obvious tactical and strategic advantages in choosing this more 'elastic' approach, which allows OBOR to retain a much-needed level of flexibility while showing respect to the gradual manner in which countries are expected to join the initiative. However, this course of action could also prove problematic in the long-term as it does not allow for maximum transparency regarding China's priorities and preferences on this matter. The sheer size and scope of the initiative is so vast that a much greater level of detail is necessary for countries that wish to join but perhaps cannot yet visualise any practical projects and ideas with which to participate in the initiative. More clarity in this area would also further demonstrate Beijing's willingness to engage in a process of joint consultation with all the actors involved, respecting the principles of openness and parity; as such, it could instil a greater degree of trust in the process, which will be key in demonstrating that OBOR is a collaborative and participatory venture.

Clarity would also serve well to provide an answer to critics that see the whole initiative as Beijing's effort to establish and affirm its centrality in the region, and who remain unconvinced by policy pronouncements for the 'win-win' character of the project. It would also have a beneficial effect on raising further awareness around the initiative not only amongst institutional actors and government representatives, but also more importantly among the citizens of all participant countries. This becomes even more significant if one takes into account the significance that the promotion of people-to-people links has in the entire initiative. In this sense, moving toward the direction of decreasing the unknowns concerning this project will be essential in securing the organic growth of the routes and the active participation of a greater number of actors.

⁹ 'Building support for the Belt and Road Commentary', Raffaello Pantucci, ECFR, March 8, 2016, (accessed March 8, 2016), http://www.ecfr.eu/article/commentary_building_support_for_the_belt_and_road6023

The (long and winding) road ahead: economic, regulatory and political risks

For all its potential, and perhaps due to its grandiose scope and size, it is evident that are many structural challenges remaining to confront the OBOR initiative and to derail its process of implementation. Indeed, the initiative's geographical spread and thematic scope is such that it is not difficult to understand that the risks and the unknowns involved in this process would be many *and* varied.

Economic and regulatory risks

Even a basic risk analysis could indicate that the most obvious challenge that OBOR faces is the rich tapestry of countries it is anticipated to cover. For a project that aspires to link up Asia, Europe and Africa, and overcome physical and other barriers that have existed for decades, and in certain cases, centuries, the objective of doing so remains an extremely challenging undertaking. Beijing's strong commitment to push the project forward as actively as possible might be there, but what lies underneath the grand announcements is a reality of countries with competing economic interests, or at least divergent visions of how they would like the initiative to materialise within their borders, and often beyond. At this stage, the aforementioned flexible approach employed by China has the potential to accommodate a great deal of such differences, but as time goes by and the initiative takes a more concrete form, this will become an increasingly laborious and arduous affair.

Such an endeavour is certainly made more challenging when one considers the kaleidoscopic organisational and regulatory frameworks that exist in all countries, whether already participating or expected to do so. Such policy, legal and bureaucratic mismatches between China, Europe and all intervening transit countries range from their respective rules on credit and payment, quality control, and insurance, to the various national legislations on labour, environment, and human rights. What is more, especially concerning the 'Belt' component of OBOR, the absorptive capacity of certain countries is often dependent on issues of corruption, patronage and rent-seeking, which could further complicate both the designing and the implementation of OBOR projects, and that will most certainly jeopardise the much needed transparency around the initiative. If not complemented by meticulous planning, due diligence and sustained diplomatic efforts, such a diversified field could prove to be an impeding, if not prohibitive, factor for many actors and companies to participate in the project.

Beijing is certainly mindful of the sensitivity in dealing with all this complexity, and it has variously proclaimed its willingness to promote the project in an inclusive, consultative manner, aimed at gradually working over these differences. Nonetheless, such differences remain one of the most vexing challenges for the initiative's future success.

Geopolitical concerns

Perhaps more crucially, China has to navigate through an equally, if not more, incongruous political landscape. Looking at the Eurasian region for example, it is worth noting that the fact that intra-regional trade and connectivity has been historically low is only partially due to economic or infrastructural underdevelopment; in most cases, the status quo represents a depiction of chronic patterns of regional rivalry, confrontation and even conflict on a geopolitical level. Even if one limits the focus only on the issue of infrastructure (where most countries would not refute the obvious dividend involved), there is still an overabundance of political sensitivities that have to be taken into account. At the very least, countries might be willing to be recipients of infrastructure investment and development, but many will be more than reluctant to accept a more Sino-centric rules regime that could come tightly intertwined with such investment.

In the foreseeable future, the very existence of the initiative could also deepen rather than diffuse regional tensions both between countries that participate and countries that do not, as well as

among participant countries, depending on the kind, location, and level of success of projects chosen for each country. This is due to the very simple reason that, if implemented fully, OBOR has the potential to redraw the Eurasian continent's map.

Two major regional players in the region that have already shown signs of discomfort with OBOR along the lines of what has been described above are India and Russia. Delivering a speech on the issue of 'Asia: Regional and Global Connectivity' at the inaugural Raisina Dialogue in New Delhi just days ago, Indian Foreign Secretary S. Jaishankar has warned that 'The interactive dynamic between strategic interests and connectivity initiatives — a universal proposition — is on particular display in our continent. The key issue is whether we will build our connectivity through consultative processes or more unilateral decisions.'¹⁰ Without a direct reference to OBOR or China, this reference was clearly targeted to convey India's preoccupations with various aspects of this initiative, which include concerns about the China-Pakistan Economic Corridor that is part of OBOR and that includes projects in territory that India claims, in addition to the way Beijing is pushing OBOR forward and its underlying interests and motivations.¹¹

Expectedly, Russia's reservations are of a different regional focus but share the same rationale as India's; these reservations remains, even following the meeting between Presidents Putin and Xi in May 2015 which ended with the joint signing of a declaration on 'Cooperation in coordinating development of the Eurasian Economic Union and the Silk Road Economic Belt'.¹² At the moment, the Kremlin appears to have acquiesced to OBOR's implementation in an area it considers its own backyard as 'a result of painful internal discussions',¹³ and the two leaderships look like they have reached an understanding on coordinating their respective strategies. Nonetheless, the formula of cooperation between Russia and China has to be clarified further in the future as the OBOR unfolds, and this will be a delicate exercise.

In this sense, and looking at OBOR initiative broadly, China's readiness to expand in different directions -both sectorally and geographically- and therefore to become involved in one way or another in a set of much wider regional realities, poses many risks on a geopolitical level. Firstly, China might find itself entangled in thorny political situations, ranging from simple diplomatic altercation, all the way to trade embargoes, corruption scandals, terrorist attacks, and security escalations that it is not prepared to confront in such a direct manner. This scenario of over-reaching can play out particularly in cases where Beijing does not complement its financial offering with some level of diplomatic involvement. Complicating things further, given that the geopolitical-security nexus will not remain static in the future, China also runs the risk of raising concerns in some countries, as Beijing's more active involvement in mitigating some of these risks could create additional frictions.

Delving into this rich tapestry of regional issues will require a sustained diplomatic commitment on the part of China, in addition to the necessary use of its economic firepower. China's pledge, as illustrated by the 'Vision and Actions' document is that the initiative 'upholds the Five Principles of Peaceful Coexistence: mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.' Yet, Beijing's capacity to navigate through this varied geopolitical

¹⁰ Speech by Foreign Secretary at Raisina Dialogue in New Delhi, Ministry of External Affairs, Government of India, March 2, 2015, (accessed March 3, 2016), http://www.mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech_by_Foreign_Secretary_at_Raisina_Dialogue_March_2_2015

¹¹ 'What India thinks about China's One Belt, One Road initiative (but doesn't explicitly say)', Tanvi Madan, March 14, 2016, (accessed March 14, 2016), <http://www.brookings.edu/blogs/order-from-chaos/posts/2016/03/14-india-china-asia-connectivity-madan>

¹² Press statements following Russian-Chinese talks, May 8, 2015, (accessed March 6, 2016) <http://en.kremlin.ru/events/president/transcripts/49433>

¹³ <http://carnegieendowment.org/2015/06/05/eurasian-silk-road-union-towards-russia-china-consensus/i9lm>

landscape will decide to a great extent whether the sort of intensified networks of connectivity envisioned in the OBOR proposal becomes a reality or not.

The significance for China

Despite this multiplicity of challenges, Beijing has consistently committed to going forward with OBOR. The rationale behind such a conscious decision can be easily inferred from all the available information, official discourse and publications focusing on OBOR: the initiative bears a great deal of significance for the country in that it can prove multiply beneficial both domestically and economically.

Domestic level

China has undoubtedly hit a series of important milestones in its economic development in the last few decades, such as being the world's second largest economy and largest trading country. Yet, lately the country's economy has experienced trends of slower economic growth below the percentage point target set by the Chinese government, declining trade flows, and deflation. Economic performance in these and other indicators has led the Chinese leadership to look for ways to structurally transform the country's economy so as to deal with this 'new normal' of slow growth, as President Xi himself has put it.¹⁴ This transformation was deemed necessary not only due to the increasing incidences of market 'arrhythmia' that have been recently observed and that (to an extent) could have been anticipated, but also because of the serious problem of overcapacity in many of its industries (for example, in the steel and cement industries).

In order to proceed with the strategy of the 'great rejuvenation of the Chinese nation' against this economic backdrop, Beijing has tried to use the substantial pool of financial capital and foreign reserves it has amassed over the past decades. What is more, internally, it has signalled its intention to proceed towards the swift implementation of a series of reforms that will allow the country to sustain economic growth in the face of lower economic growth rates.

OBOR can be regarded as segueing perfectly into this long-term development strategy in that it does have the potential to prove beneficial in this dual process of transitioning to this 'new normal' of slower growth, and rebalancing through a policy of greater economic openness and reforms. In the official decision of the Third Plenum of the 18th Central Committee of the Communist Party in late 2013, it is clearly mentioned that 'economic system reform is the focus of deepening the reform comprehensively'; in the same decision, there is also an announcement of the intention to 'set up development-oriented financial institutions, accelerate the construction of infrastructure connecting China with neighbouring countries and regions, and work hard to build a Silk Road Economic Belt and a Maritime Silk Road, so as to form a new pattern of all-round opening'.¹⁵

As mentioned above, this not only due to the fact that OBOR can indeed enlarge, strengthen and secure access for the excess capacity of Chinese exported production, but also because, by maximising the potential for development of new markets for Chinese trade and investment, whether near or far, it gives Beijing the policy framework to 'sustain its growth in the long run by using its excess manufacturing capacity for offshore projects, and allowing for full utilisation of its capital and reserves to fund such projects.'¹⁶

¹⁴ 'Xi's "new normal" theory', November 9, 2014, Xinhua, (accessed March 1, 2016)
http://news.xinhuanet.com/english/china/2014-11/09/c_133776839.htm

¹⁵ 'Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform', China.org.cn, January 16, 2014, (accessed 4 February 2016),
http://www.china.org.cn/china/third_plenary_session/2014-01/16/content_31212602.htm

¹⁶ 'The bears got it wrong on China', Sam Ahmed, The Straits Times, January 29, 2016, (accessed January 31, 2016),
<http://www.straitstimes.com/opinion/the-bears-got-it-wrong-on-china>

As it becomes easily apparent, the potential benefits of OBOR on the domestic level are not constrained to economics. By its very design, OBOR can lay the basis for greater domestic regional integration within China, fostering greater development in underdeveloped parts and provinces of the country. It is also expected to give further impetus and funds to the country's immediate periphery of neighbouring countries to develop, which could in turn reduce the levels of domestic instability in Chinese provinces (particularly the Westernmost provinces, such as Xinjiang) that are neighbouring these countries.

Moreover, given the tremendously beneficial effect the successful management of a project of this size and scope can have domestically, OBOR can also provide the foundations for a much more efficient system of policy creation, exchange and sophistication amongst the various actors and levels involved in the Chinese bureaucracy. This potential refers not only to the cooperation amongst the various government and public bodies but also within the private sector of the country. Ultimately, this all-encompassing initiative has the potential to not only give direction and strengthen cooperation, but also, perhaps more crucially, provide a comprehensive and coherent framework upon which various elements of Chinese policy can be based. This way, through acting as a point of reference for policy planning and actions, OBOR can be elevated to being a great deal more than its individual parts, allowing Beijing to design and implement the various sub-projects included under its banner in a more coherent manner. It follows that this could provide the basis for the country to maximise the value it can exact from the overall initiative regarding the promotion of its long-term interests, whether in the economic or the political sphere.

International level

Echoing this last remark, OBOR represents a multiply beneficial initiative for China in the international realm as well. Commencing with the more economic aspects of it, China has looked for long for a diversification of its trading routes, so as to reduce its dependence on the traditional trading corridors of today, such as the heavily used maritime route going through the important strategic passage of the straight of Malacca. Developing an expansive and diversified network of routes and linkages will enable the country to also satisfy its increasing need for raw materials, and to enjoy a more continuous and seamless transfer of products to a far greater number of markets, avoiding phenomena of trading disruptions and bottlenecks.

OBOR could also help to increase the global competitiveness and innovation of Chinese industries, as it will guide them towards a less risk-averse stance when trying to exploit the untapped potential of the trading routes, which can most likely be found in the most unstable political environments. This increase could in turn serve to maximise the global appetite for higher value-added Chinese goods, assisting in the further diversification of the overall Chinese product output.

What is more, the loans and aid that will be given for the purposes of OBOR are anticipated to increase China's financial leverage in the long-term. Although Beijing has routinely underlined that OBOR investment does not come part and parcel with a set of political *sine qua non*, it is fair to believe that Chinese assistance and funds will imply a minimum of conditions at the very least, which, according to certain analysts, 'may include high interest payments, a need to use Chinese labour, goods and technology and having to grant long-term access to natural resources'.¹⁷

This, as long, of course, as this investment is made on a strategic cost-benefit calculus. Beijing appears to be cognisant of the dangers of blind investment from previous infrastructure projects, and will do best to minimise the likeliness of such projects. In spite of the risk of losing money or 'dumping' funds on gargantuan projects of little practical or strategic value, China's position stands to

¹⁷ 'China's Global Ambitions, Cash and Strings Attached', Clifford Kraus and Keith Bradsher, *The New York Times*, July 24, 2015 (accessed October 16, 2015), http://www.nytimes.com/2015/07/26/business/international/chinas-global-ambitions-with-loans-and-strings-attached.html?_r=0

benefit a lot from an OBOR-led landscape of greater economic interdependence along a more diversified group of links in the Eurasian region and Africa.

The same logic applies when one considers more the more *haute-politique* strategic issues and regional chessboard. Based on a number of official announcements, such as President Xi's talk of a 'community of destiny'¹⁸ among Asians, it is not difficult to infer that there are a number of geopolitical considerations implicit in the rationale behind OBOR. As indicated above, OBOR will more likely than not build or strengthen political support within many countries wishing to join the initiative.

Take infrastructure for example. Many countries clearly lacking the resources today to set up their own competitive networks and to fund much required infrastructure projects will resort to OBOR and Chinese-led investment to help them improve their connectivity to major markets and resource supplies. Intent to use its large financial leverage in this way, China has expressed the willingness to fund these projects *inter alia* in order to improve its own market linkages and find additional outlets for its construction industry. By doing so, and so as to secure the safe and orderly conduct of its investment (and the commerce continuity that the business model behind such investment is based upon), Beijing will inevitably (try to) secure a higher level of support within each respective country.

Therein lies the core of the argument about how OBOR could be politically beneficial to Beijing at the international level. Indeed, China is bound to gradually enlarge its footprint on the ground in large swathes of Eurasia as it uses its massive economic firepower to underpin the ambitious physical networks of OBOR. As the initiative unfolds, and as mentioned above, this will inevitably mean that Beijing will find itself increasingly involved in a wide variety of regional matters, ranging from political or social instability and regional disputes, to 'non-traditional' threats such as terrorism, sea-borne crime and piracy, insurgencies and drug trade. In all of these matters, China's involvement in OBOR will provide both an opening *and* an active interest in diffusing tensions and settling the situation, if it wants to preserve the status quo. In doing so, it will inevitably utilise the increasing leverage it will have in the region, as a consequence of its increasing leverage over the trading routes (and therefore the transit countries). In this sense, whether intentionally or not, Beijing's amassed economic clout will most likely translate into political clout, not least due to the fact that, though its involvement with OBOR, China will become an agenda-setter.

According to many international commentators, this signifies that OBOR reveals a marked shift to Beijing's hitherto low-profile international involvement. For these critics, the noticeable change that OBOR represents lies in what they see as China's ambition to become a principal diplomatic force in the region in addition to the inevitable primary economic role it will want to secure for itself if the OBOR initiative succeeds; viewed as such, they also interpret OBOR, for example, as a strategic move by Beijing to counter the United States (US) pivot to Asia and/or the also US-led Trans-Pacific Partnership.

For obvious reasons, China has routinely attempted to fend off any such allegations that it wishes to use OBOR for political purposes internationally in the classical 'sphere of influence expansion' sense. Indeed, Chinese officials have gone to great lengths to convey this message during their many visits in countries abroad, portraying OBOR as an initiative that is by no means a tool for any country to seek geopolitical advantages but one that is based on complementarity, joint consultations and mutual benefit. President Xi Jinping, for example, has stated that OBOR 'should be jointly built through consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the routes. It is not closed but open and inclusive; it is

¹⁸ 'Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries', October 25, 2013, Ministry of Foreign Affairs of the People's Republic of China (accessed February 28, 2016), http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/activities_663312/t1093870.shtml

not a solo by China but a chorus of all countries along the routes.”¹⁹This also explains why Chinese leaders and party operatives have vehemently rejected the comparison that many observers have made that the OBOR is a Chinese scheme that resembles the U.S. Marshall Plan. Indeed, unlike the Marshall Plan, that is, the US-led and US-funded programme aimed at revitalising Western Europe after the end of the Second World War, which came hand in hand with strict conditions, Beijing has emphasised time and time again that there is not set of preconditions attached to OBOR.

In this context, Beijing's insistence on the 'win-win', 'no-strings-attached' character of OBOR should not be seen as a simple slogan, but is rather embedded in the traditional Chinese ethos in its international modus operandi. For Beijing, the indivisibility of connectivity, stability, security, and development is an important component in explaining what is for them the real long-term added value of OBOR for the region: serving as a confidence-building exercise, OBOR and the greater connectivity it will bring with it can foster regional stability and development, which could in turn assist countries in transcending geopolitics and their geopolitical sources of antipathy. Put more simply, the intention here is for neighbouring countries to feel like stakeholders of the project, reap the benefits of what China has to offer through OBOR, and therefore gradually align their interest amongst them (and with Beijing) without feeling threatened by its increasing influence. Viewed in this context, the OBOR does not constitute an initiative targeted at converting economic influence into geostrategic might, but a gradual exercise in seed-planting of sorts, which if it succeeds, can strengthen the stability of the wider region.

Regardless of the intentions of Beijing, the way(s) in which the confluence of all of the above factors will be perceived internationally relies heavily on how the OBOR initiative will be implemented. Indeed, as OBOR is expected to shape the country's economic development strategy and international activities in the upcoming years, the ways in which the initiative will be implemented will ultimately decide the project's 'reputation'. For the moment, Beijing has shown that it almost exclusively focuses on the economic drivers of the initiative and that it places a great emphasis on the inclusiveness of the programme. Evidently, this can change over time, and in this sense, it is important to underline that the balance between the two will have to be continuously reassessed along the trajectory of OBOR's development.

Yet, in spite of whether OBOR intentionally or unintentionally manages to extend the pulling radius of China's international gravitational field, the initiative itself can only be ostensibly regarded as a way to promote trade routes; the centrality of the initiative within China's foreign and domestic policy announcements and discourse points elsewhere. Indeed, much like its added value in providing a framework of common reference and action in the domestic realm, OBOR can also act both as a springboard and a lynchpin for the intensification of China's engagement internationally. As such, it can be seen as the policy embodiment of the intention for China to become a less dependent, more active strategic player in the international arena. Whether or not this exercise succeeds remains to be seen, but its potential consequences for China and world will be very significant nonetheless.

China's (potential for a) game changer

Highly ambitious in its goals and Herculean in its proportions, the OBOR initiative has been characterised as the 'most significant and far-reaching initiative that China has ever put forward'.²⁰ If played correctly by China, the initiative has the potential of being much more than its individual

¹⁹ Towards a Community of Common Destiny and A New Future for Asia, Keynote Speech by H.E. Xi Jinping, President of the People's Republic of China, At the Boao Forum for Asia Annual Conference 2015, Boao, 28 March 2015
http://news.xinhuanet.com/english/2015-03/29/c_134106145.htm

²⁰ "One Belt, One Road': Far-Reaching initiative', Wu Jianmin, Former President, China Foreign Affairs University, China-US Focus, March 26, 2015, (accessed March 2, 2016)
<http://www.chinausfocus.com/finance-economy/one-belt-and-one-road-far-reaching-initiative/>



parts, elevating China both economically but also politically. For Beijing, OBOR's added value could be multi-faceted, ranging from creating new markets through economic penetration, widening the trading and commercial horizons to export Chinese surpluses, improving the innovation and competitiveness of Chinese industries, whilst providing the necessary impetus, vision, and know-how for a more coherent regional policy aimed at alleviating internal inequalities amongst provinces and for a more active and better-founded foreign policy that will promote the Chinese interests in a more reliable and efficient manner.

Inherent in the project's vision and scope, both in its continental and its maritime component, one can also trace the many obstacles that exist and that will largely decide the project's future success. Although the initiative is still in its early stages, critics point to the its sheer size and ambition as the source of many vexing challenges: from the incredibly varied political, economic, legal and regulatory framework within which OBOR will have to function, to the political uneasiness, if not antipathy, it could create in many areas along its routes. Regardless of the levels of financial firepower that will be employed, building a network of Sino-centric trading routes along a milieu of great diversity and even greater risks will lead China to engage more actively with regional affairs. If the initiative succeeds, whether it is the intention of Beijing or not, this will create both an opening and an additional layer of risk: China's rise, not least in the economic sphere, will embolden the country's position internationally, yet, as the eyes of the world focus more on China, there will be a greater degree of scrutiny regarding its praxis in the region. Whether China's Grand Design for its new trade routes will ultimately become a game-changer remains an open question, yet its 'back-to-the-future' approach contained in its OBOR policy presents many potential benefits for Beijing, despite the evident risks.