The Silk Road was for millennia a trade bridge between East and West. Now China, as it pushes to be a global power again, is investing in a network of road and sea routes between the Pacific Ocean and the heart of Europe as a Silk Road fit for the 21st century.

The obstacles, the costs and the potential benefits are all immense — while the politics are complex and fraught.

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EVERY three to four years, China presents the world with a new concept, strategy or program. Key examples in the past have included “peaceful rise/development,” “harmonious world,” and a “new type of major-power relationship.” The most recent arrival is the “One Belt, One road” (OBOR) initiative, which is already creating much fuss in the scholarly and policy communities around the world.

Before conducting an anatomy of the concept and looking into its regional implications, it is both necessary and important to trace the origin of the initiative. According to some Chinese sources, interesting ideas of a few Chinese scholars were co-opted by the Party Center and later developed into a mega-project now popularly known as the OBOR initiative. Lin Yifu, a renowned economist at Peking University, is alleged to have proposed “China’s Marshall Plan” in 2012 as a way forward for China’s economy. Wang Jisi, a professor of international relations at Peking University, is also said to have on separate occasions written on a so-called “Westward March” (xijin) strategy as a desirable option for China’s foreign relations. In addition, Zheng Yongnian, a Singapore-based Sinologist, is reported to have underlined China’s need to build economic links with Central Asia.

Of course, there may have been similar ideas and schemes floating around in China at the time. Important is the fact that Liu He, a man in charge of the Administrative Office of the Central Financial and Economic Leadership Small Group, picked up these ideas and incorporated them into a mega-project. By September 2013, President Xi Jinping was already referring to the concept of the “Silk Road Economic Belt” in Kazakhstan; and, in October 2013, he was using the term “Maritime Silk Road” in Indonesia. By May 2014, the twin concept of “One Belt, One Road” (yidai yilu) was in use at the Conference on Interaction and Confidence-Building Measures in Asia (CICA), held in Shanghai.

THE ECONOMIC DESIGN
Viewed from the angles of published and official documents, the OBOR initiative is mainly economic in nature (i.e., the office of its small leadership group is anchored at the National Development and Reform Commission, the country’s top economic planning agency). According to the scheme, which continues to evolve, the Silk Road Economic Belt is to connect China with Central Asia, Southeast Asia, South Asia, Russia, and Europe while the 21st-Century Maritime Silk Road is to link China’s coastal region with Southeast and South Asia, the South Pacific, the Middle East and eastern Africa. Altogether, as it stands now, OBOR is supposed to cover 55 percent of world gross national product, 70 percent of the world’s population, and 75 percent of known energy reserves.

It is not so difficult to think of OBOR as an extension of China’s development strategy for the 21st century. In the face of diverse challenges and growing problems in achieving long-term sustainable growth, China has had to find a new engine of expansion. America’s remarkable experiences with the Gold Rush during the 19th century, which had the effect of extending the geographical space for growth and elongating the temporal duration for development, were not lost on the minds of Chinese policy-makers.

The OBOR initiative could play a crucial role in interconnecting China’s several disparate regional programs — the “Develop the
“Revive the Northeast,” “Raise the Central Region,” and “National-level New Zones” — in a more organic way. The initiative may also offer an upgraded version of China’s “outward” (zouchuqia) strategy of making overseas investments, building infrastructure, exporting workers, conducting mergers and acquisitions, and so on.

At this point, OBOR is still pretty much a “baggage” concept in the sense that nearly everything can be thrown into it. Since the convening of the Central Finance and Economic Conference earlier this year, where the launch of the OBOR initiative was officially decided, all 31 province-level governments, from Hainan to Heilongjiang, have been busy listing up their preferred projects and sectors to be supported by OBOR. With at least US$140 billion in hand — US$100 billion for the Asian Infrastructure Development Bank (AIDB) and US$40 billion for the Silk Road Fund — the initiative could indeed attract much of the world’s attention.

STRATEGIC INGREDIENTS

It would be naïve, of course, to overlook the strategic dimensions lurking behind the economic motives. Above all, OBOR is China’s well-thought-out response to America’s “pivot to Asia.” As Washington has been seeking to rebalance toward Asia away from Europe, the Middle East and Central Asia (at least rhetorically), Beijing is moving westward. As Sun Tzu said, “When the enemy advances, we retreat; and when the enemy retreats, we pursue” (dijin wotui, ditui wozhui). China is “temporarily” pivoting away from East Asia (ready to return whenever provoked, of course) just to avoid excessively confrontational situations with the United States.

The OBOR initiative, by way of building the “Silk Road Economic Belt,” is designed to consolidate the status and influence of the Shanghai Co-operation Organization (SCO), as well as to improve China’s co-operative relations with Russia, Central Asia and the whole of Europe. Through the framework of the “21st-Century Maritime Silk Road,” China is looking to establish key maritime linkages — connecting Hong Kong, Hainan, Myanmar’s Sittwe, Sri Lanka’s Hambantota, Pakistan’s Gwadar, Kenya’s Lamu, and Tanzania’s Bagamoyo — to safeguard China’s expanding strategic and economic interests on the high seas. Furthermore, China is also seeking to improve relations with Southeast Asian nations by linking the OBOR initiative with the scheme to develop the Greater Mekong Sub-region (GMS).

The directive jointly announced in March 2015 by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce makes it clear that OBOR looks far beyond economic development. Of the five “connections” (wutong) that OBOR seeks to accomplish, only three (connecting infrastructure, trade and finance) are primarily economic; the remaining two are non-economic and more strategic in nature. These two refer to “policy communication” (zhengce goutong) and “connecting the peoples’ minds” (minxin xiangtong). This is precisely where the hidden linkage — if there is, indeed, one — between the OBOR initiative as a Chinese Marshall Plan and Chinese soft-power diplomacy can be found.

More than anything else, OBOR best represents a global action plan of Xi’s “China Dream.” The “Silk Road Economic Belt” reminds us of the glory of the Tang Empire, while the “21st-Century Maritime Silk Road” is reminiscent of the wealthy Ming under which Admiral Zheng He was able to carry out his grandiose expeditions. OBOR is therefore designed to revive the glorious years of the Middle Kingdom under the catchphrase of “opportunities for China are those for the world.”

VIEWS FROM NORTHEAST ASIA

The most intriguing aspect about OBOR is that Northeast Asia is totally missing from this grandiose scheme, at least as stipulated thus far. A knowledgeable Chinese source suggests that “Northeast Asia is included in the picture, but you just won’t see them for the time being.” That is, despite the fact that South Korea and Japan are important partners for the OBOR initiative, China is keenly aware that Northeast Asia is simply too complex a region in strategic terms for its role to be explicitly defined at this juncture. As noted earlier, China’s three Northeast provinces are compiling a list of projects to be included in OBOR. Xi’s sudden visits to Shenyang in April and Yanbian in July this year to promote regional development should be construed in that context as well. Down the road, some connections between the “Revive the Northeast” scheme and the OBOR initiative will become unavoidable.

How is OBOR viewed by Japan? Of course, there are different views, but the mainstream assessment appears to be fairly rational and cool-headed. Roughly, four themes are readily discernible. First, according to some Japanese sources, the OBOR initiative has resulted from China’s meticulous efforts to deal with its excess production facilities and construction capacities, although it is certainly a “roundabout” way of preparing a long-term strategic challenge to America’s global influence. Second, Japan also seems to regard OBOR as more of a hard-power project and, therefore, is looking at its inevitable limitations (i.e., possible backlashes from regional states) as well. Third, more interestingly, Japanese pundits appear to differentiate the One Belt component from that of the One Road in terms of their respective workability and strategic implications. That is, economically, the One Road has a higher chance of success than the One Belt. If, however, the One Belt should become successful,
it is suggested, China’s relations with Russia will only get worse. Fourth, Japan is of the view that the era of China’s “low-profile diplomacy” (tao-guang yanghui) is now officially over.

South Korea’s perceptions of the OBOR initiative are fairly different from Japan’s. While Tokyo clearly chooses to be an aloof observer with a generally cynical attitude toward the initiative (as it was toward the AIIB), Seoul is certainly more curious about the possibilities of participation and co-operation. It is noteworthy that in October 2013, the administration of South Korean President Park Geun-hye came up with its own “Eurasia Initiative,” which is designed to build geo-economic connections that start from Pusan to North Korea, Russia, China, Central Asia and Europe. Naturally, South Korea has been searching for effective ways to find proper nexuses, including the Korea-Russia bilateral project on Nainin and Hassn, the efforts to connect the trans-Korean railways with the trans-Siberian railroads and, now, linking it with the OBOR initiative.

South Korea is nonetheless keenly aware of two major obstacles. One involves the North Korean conundrum, which, if it is not resolved, would make it impossible for any major projects to off in Northeast Asia (as we have seen in the continuous stalemate over the Tumen development schemes). The other obstacle is the lingering shadow of the South Korea-US alliance, which is of late becoming increasingly a factor in constraining Seoul’s co-operative ties with Beijing. To what extent South Korea can manage to frame its participation in the OBOR initiative in more or less non-strategic terms remains to be seen.

CHALLENGES AND PROSPECTS
The OBOR initiative has heralded a third round of opening for China. The first took place in 1979 when China’s coastal region was opened up, and the second happened in 1992 when the scope of opening was expanded to the entire nation. The third round now makes it “all-round opening” targeted at nearly the entire globe. The initiative is designed to offer “public goods” for the world as the economic might of the West has been in (relative) decline. China’s surprising success with the AIIB (with 57 countries joining as founding members) will certainly provide a further impetus for the initiative. The Chinese leadership’s commitment, along with its US$4 trillion reserve, will undoubtedly lead to something, regardless of some concerns about overheating domestically and overreaching externally.

Despite China’s repeated characterization of its intentions as “supplementing the existing [global] order,” the Asian chess board is being restructured. In an era of uncertainty that is often compared to the verge of “power transition,” the securitization of nearly everything is perhaps unavoidable. China’s successful extension of co-operative ties with Southeast Asia, Central Asia, Russia, and Europe — both bilaterally and multilaterally — will be closely watched by the US, because China has consistently said that partnerships are a good substitute for alliances. Perhaps, it may not be just the US, because Russia, India and Japan may also be similarly wary of China’s successes with the OBOR initiative. After all, China’s Silk Road initiatives will require very silky diplomacy to make them really work.

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