



EUROPA

SARMATIA

ITALIAE

Rome

Mare Internum

Pontus Euxinus

Constantinople

Panticapaeum

LIBYA

Antioch

Damascus

Tyre

Alexandria

Dura-Europos

Ctesiphon (Seleucia)

MEDIA PERSIS

Hecatompylos

Merv

Bactra

Samarkand

Kokand

SOGDIANA

SCYTHIA

Mare Caspium

Kuldja

Turfan

Anxi

Wuwei

Dunhuang

SINAEE

Chang'an

Luoyang

Ningbo

Hangzhou

Fuzhou

Quanzhou

Guangzhou (Nanhai, Canton)

AFRICA

AEGYPTUS

Leuces Limen

Leucecome

Sinus Arabicus

ARABIA

Sinus Persicus

GEDROSIA

ARIA

Begram

Taxila

Charsadda

Khoan

INDIA

Mathura

Pataliputra

Tamiuk

Amaravati

Masulipatam

Oc Eo

AETHIOPIA

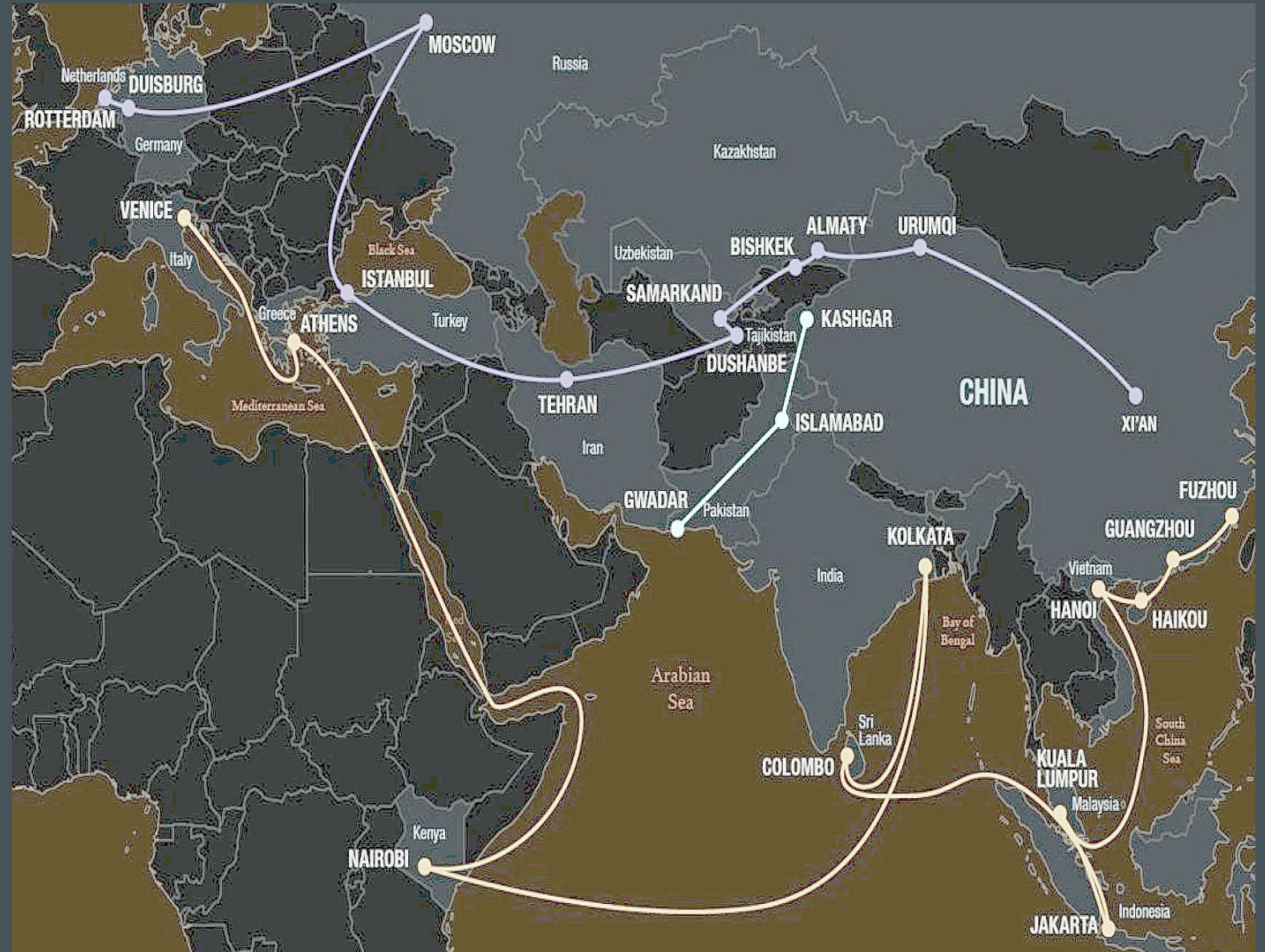
Oceanus Indicus

TAPROBANE

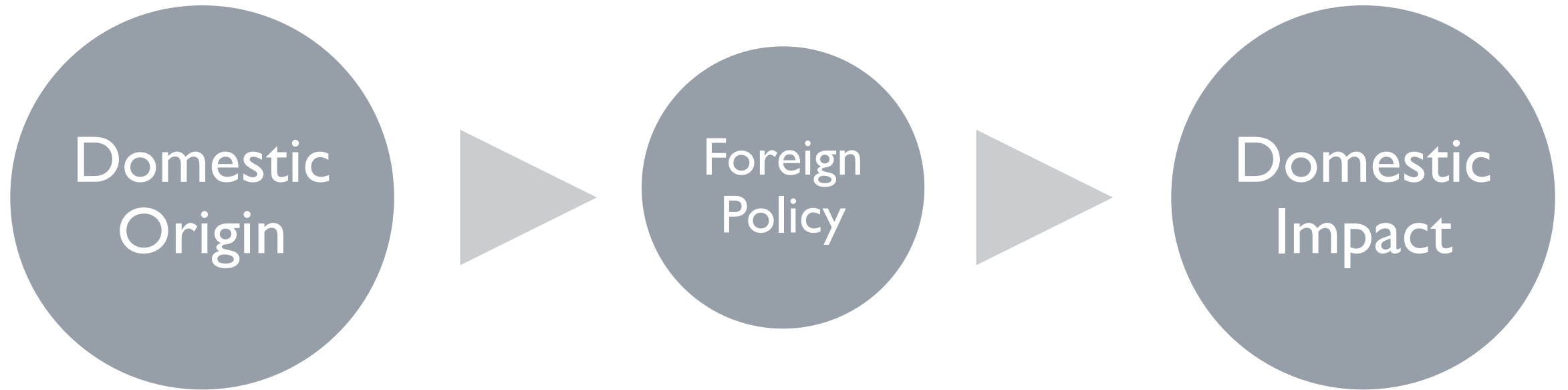
THE BELT AND ROAD INITIATIVE: AN INTERNATIONAL SOLUTION TO CHINA'S DOMESTIC PROBLEMS

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OLD DOMINION UNIVERSITY



UNDERSTANDING CHINA'S FOREIGN RELATIONS



UNDERSTANDING CHINA'S FOREIGN RELATIONS

Primary concerns

- Regime survival
- Economy & international status

Executive constraints

- “Party rules all.”
- No separation of power

Leadership transitions

- Less stable
- Less institutionalized

China: Domestic factors have more immediate and direct influence in China's foreign relations.

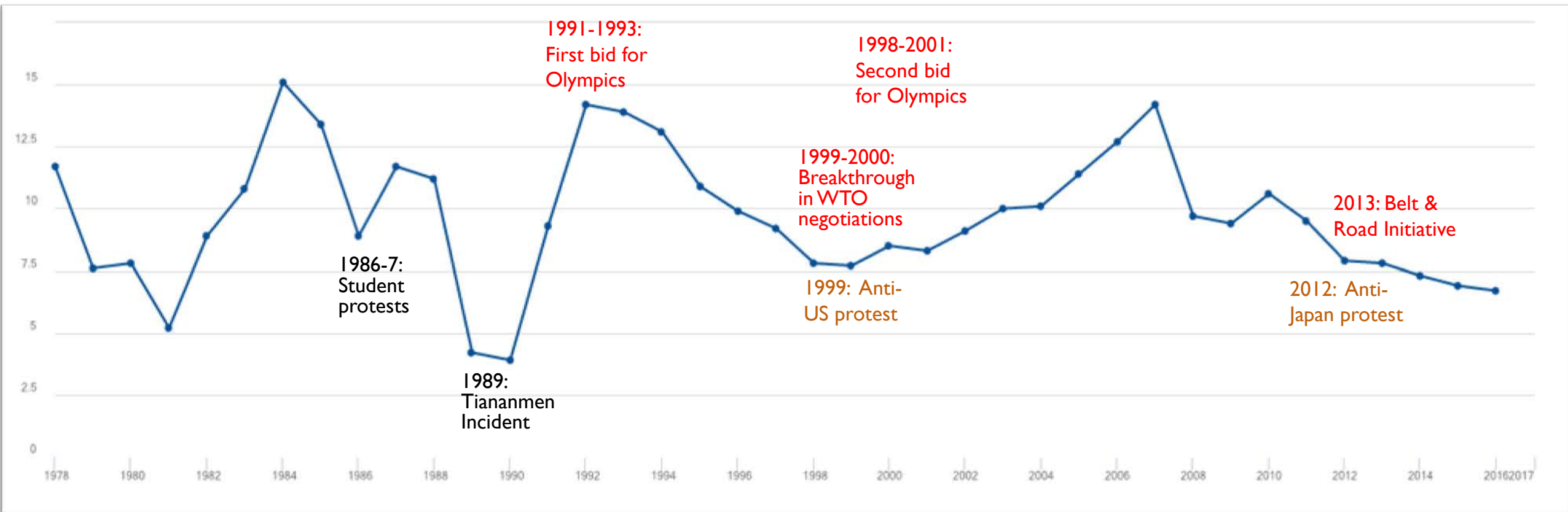
EVOLUTION OF CHINA'S INTERNATIONAL POSITION



DENG'S LEGACY: "KEEPING LOW-PROFILE"



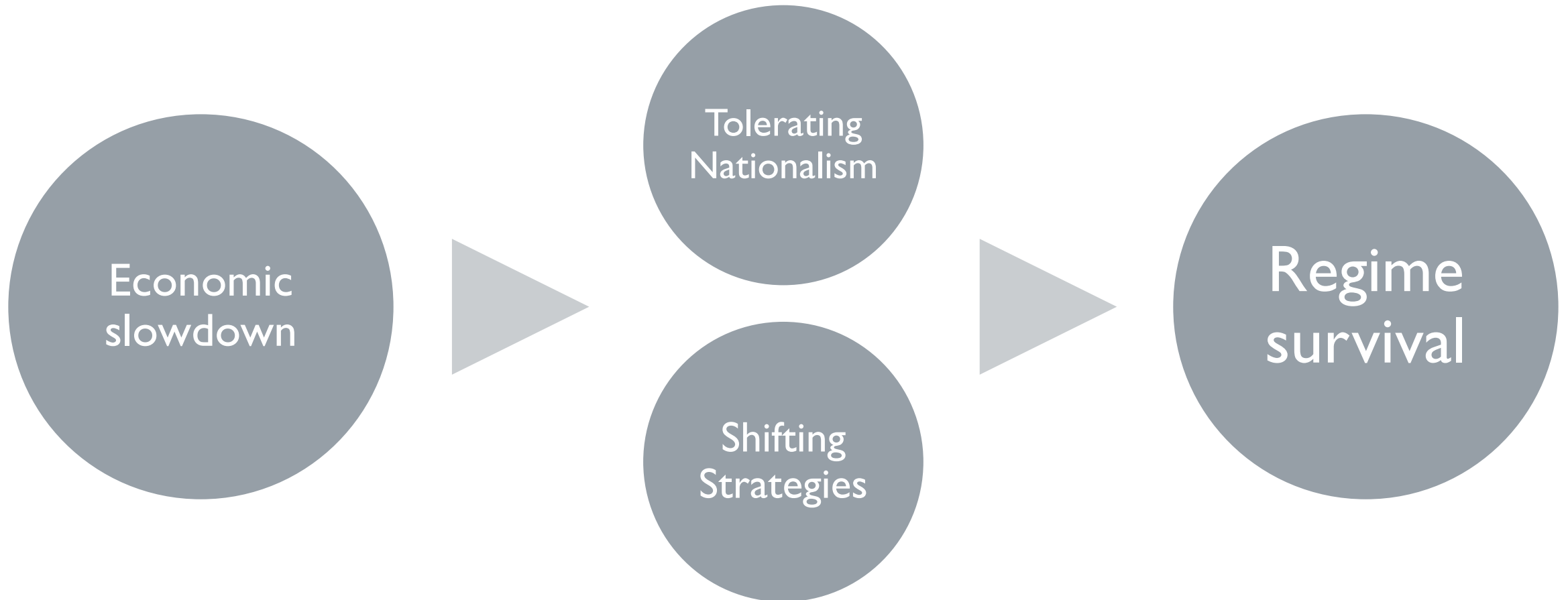
ECONOMIC DOWNTURN: UNREST AND RESPONSE



GDP GROWTH (ANNUAL %)

SOURCE: WORLD DEVELOPMENT INDICATORS

UNDERSTANDING CHINA'S FOREIGN RELATIONS DURING THE CURRENT DOWNTURN



THE BELT AND ROAD INITIATIVE

- China's "grand strategy"
 - To sustain economic growth
 - To increase international influence
 - To restore the glorious past
- Xi Jinping's legacy
 - Ambitious and confident
 - Power Consolidation

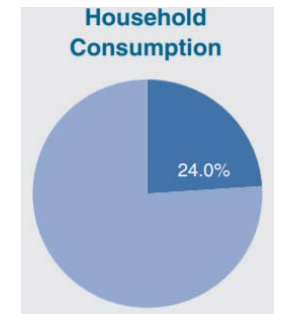
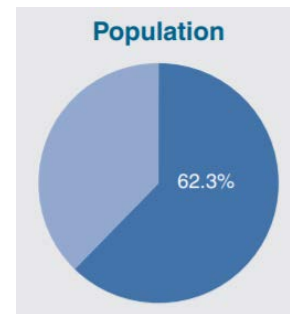
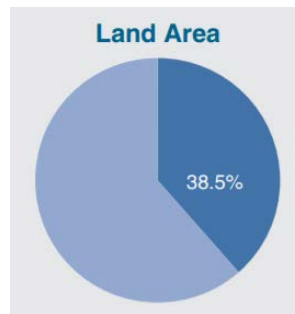


THE BELT AND ROAD INITIATIVE (BRI)

- Initiated by Xi in late 2013
 - “Silk Road Economic Belt”
 - “Maritime Silk Road”
- Infrastructure network
 - Railroads, highways, gas and oil pipelines, and ports
- Geopolitical importance
 - Connectivity
- 65 countries agreed to participate



Economist.com



BRI: BACKGROUND

- Wang Jisi
 - 2012: “*Marching Westward: The Rebalancing of China’s Geostrategy*”
- Extending the “Western Development” Strategy
 - Domestic inequality (East vs. West)
 - Separatist and terrorist activities
- Geostrategic rebalancing
 - Responding to Obama’s Pivot to Asia
 - Rethinking China as the “Middle Kingdom”

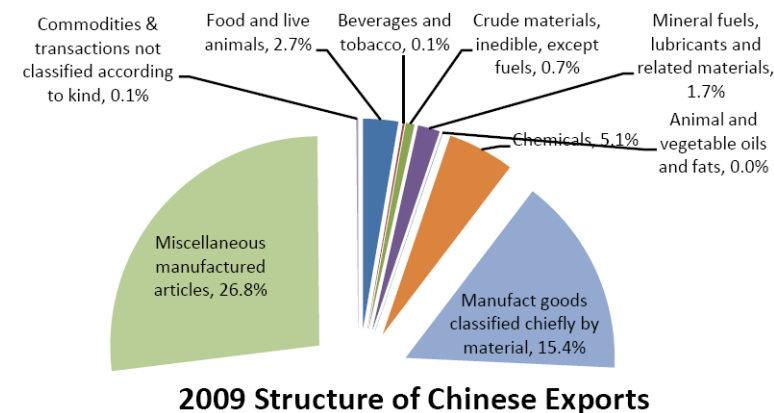
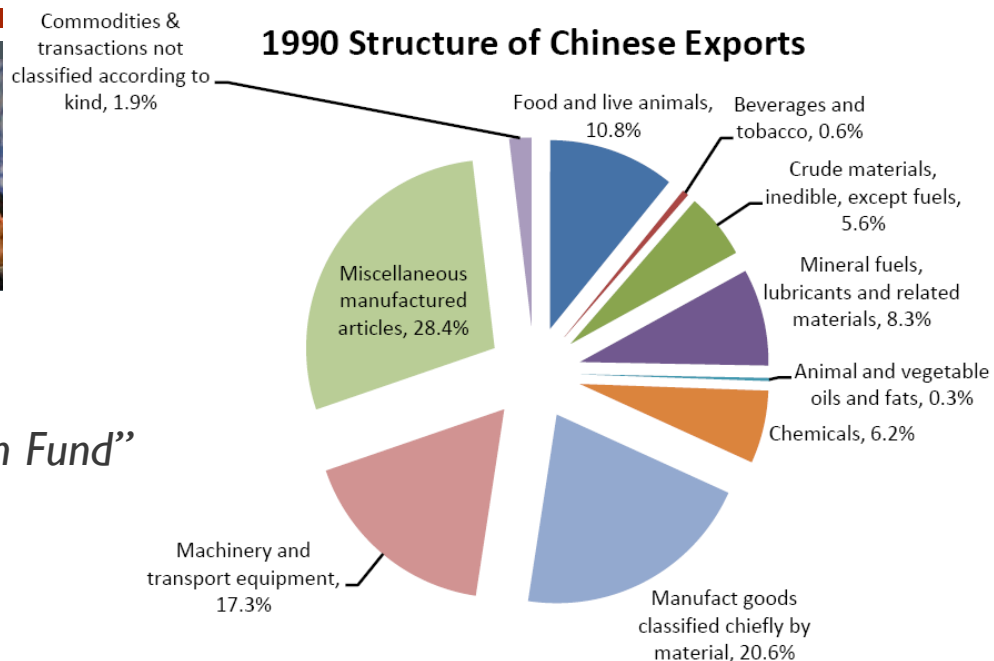
“China does not need to limit itself to first becoming an Asia-Pacific power, then becoming a global power.”



BRI: BACKGROUND



- Justin Yifu Lin
 - 2013: “*Beyond the Marshall Plan: A Global Structural Transformation Fund*”
- Previous success of Chinese economy
 - Advantage of backwardness
 - Comparative advantage
- Challenges to China’s growth
 - Continued strong growth in investment
 - Widening of income inequalities
- An international solution
 - Investing infrastructure in developing countries
 - Initiating a Global Structural Transformation Fund

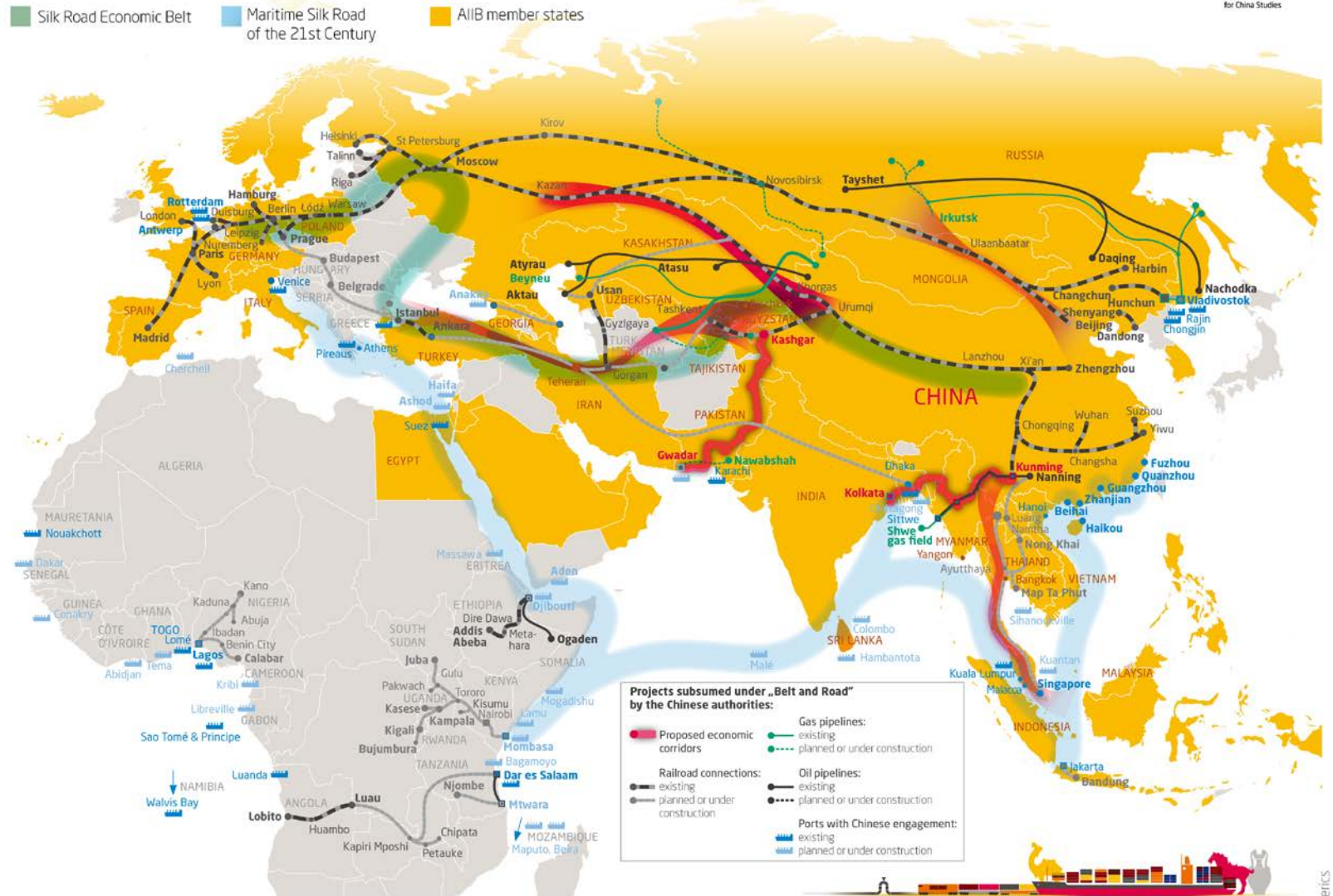


SOURCE: WITS Database; from Lin, Yifu. 2011. “China and the Global Economy”

BRI: CURRENT STATUS

- Written in the **Party Charter**;
- Estimated **1 trillion** US dollars;
- Planned railway linking China to Southeast Asia, Central Asia, West Asia, and Europe;
- In Pakistan: **\$60 billion** worth of infrastructure (the flagship project)
- \$786 billion** in trade between China and BRI partners in the first three quarters of 2017, **15% increase** from 2016.

China aims to build a global infrastructure network "Belt and Road" infrastructure projects, planned and completed (March 2017)



Source: MERICS research

BRI: FUNDING MECHANISMS

- Asian Infrastructure Investment Bank
 - Initiated by China in 2013; operated in December 2015.
 - 57 founding members
 - Initial capital \$100 billion
- Silk Road Fund
 - Established in December 2014
 - Backed up by China's sovereign wealth fund
 - \$55 billion
- China policy banks and commercial banks
 - China Ex-Im Bank
 - China Development Bank



BRI: CHINA-CENTRIC EFFORTS

“When we hear the BRI rhetoric we think it is about China sharing the love and giving us money and contracts, but they would say they are sharing the love by helping fill the infrastructure deficit and helping under-developed countries develop.”

Raffaello Pantucci

Director of the UK's Royal United Service Institute

Source: Financial Times

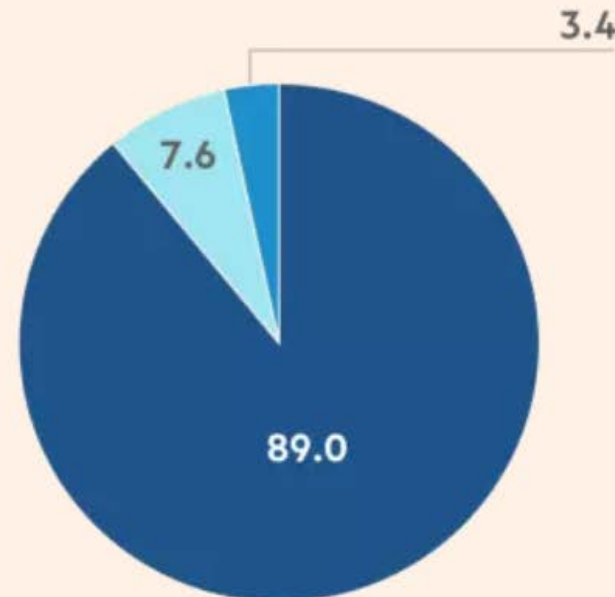
(<https://www.ft.com/content/76b1be0c-0113-11e8-9650-9c0ad2d7c5b5>)

Chinese companies win majority of Eurasia projects

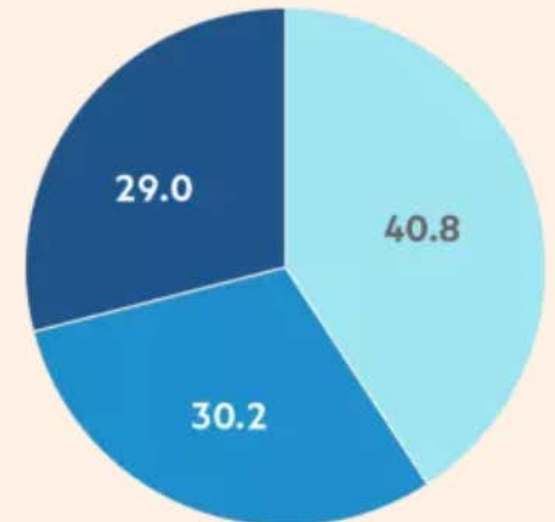
Distribution (%)

Chinese contractors Local contractors Foreign contractors

China-funded projects



Multilateral bank projects

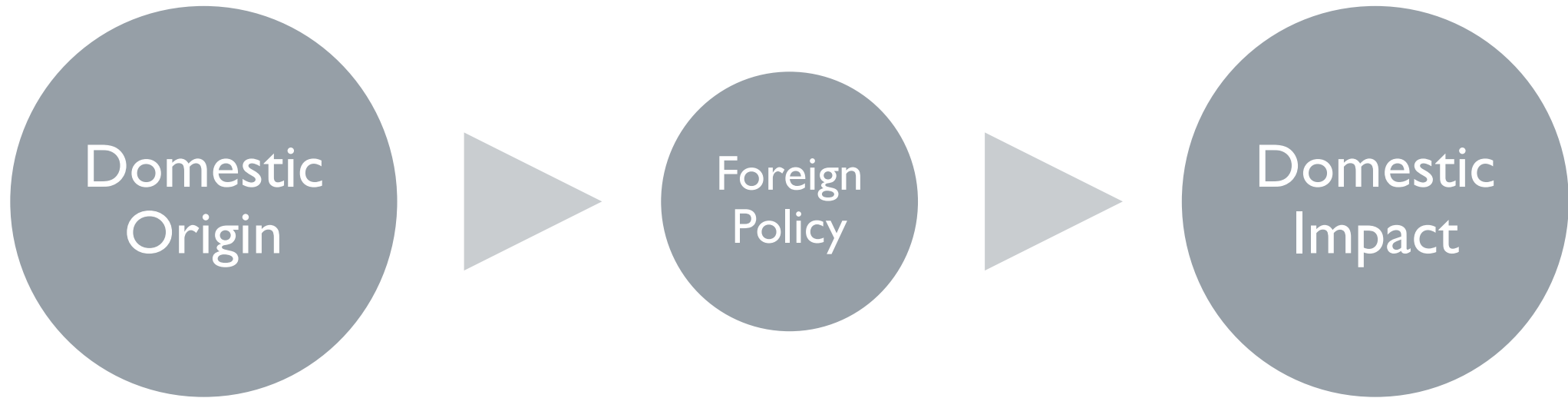


Study covers 178 transport infrastructure projects funded between 2006-18 by either Chinese institutions or the World Bank and Asian Development Bank

Source: CSIS Reconnecting Asia Project

© FT

BRI: POTENTIAL CHALLENGES



- To sustain economic growth
 - Debt crisis?
 - Financial instability?
- To raise international influence
 - Regional instability?
 - China's international image?
- Xi Jinping's legacy
 - China's Putin?
 - Declining influence after Xi?

IMPLICATIONS TO THE UNITED STATES

Problems

- Lack of clear visions or grand strategies
- Dominance of domestic issues

Potential directions

- America First?
- Reviving the Trans-Pacific Partnership?
- Reinvesting in existing international arrangements?

THANK YOU

