**The Challenges of Building the New Silk Road Economic Belt**

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On September 7, 2013, during a speech on China’s Central Asia strategy at the Nazarbayev University in Astana, Kazakhstan, President Xi Jinping proposed that China and Central Asian countries build an “economic belt along the Silk Road”, a trans-Eurasian spanning from the Pacific Ocean to the Baltic Sea. Xi said the proposed economic belt is inhabited by “close to 3 billion people and represents the biggest market in the world with unparalleled potential”. To create the new economic belt, Xi suggested China and Central Asian countries accelerate policy communication, improve road connectivity, promote unimpeded trade, enhance monetary circulation and deepen understanding. Xi also said the Shanghai Cooperation Organization will work on a transportation agreement to improve road connectivity. Gao Yusheng, China’s former ambassador to Uzbekistan said the new Silk Road will become another global growth locus once Western China is better connected with Central Asia. Yao Peisheng, China’s former ambassador to Kazakhstan, told the China Daily reporter that the proposed economic belt cannot be accomplished without political and cultural efforts. (China Daily, September 8, 2013)

What President Xi has defined as the New Silk Road Economic Belt plan is very inspirational and may constitute an integral part of the lofty goal of achieving China’s national rejuvenation. The ultimate goal is what Ambassador Gao says: to turn the vast Eurasian landmass into the world new growth locus. It addition, it will also make China’s frontier less vulnerable to religious and political penetration and reduce China’s dependence on its commercial relationship with the United States and its allies. However, Ambassador Yao is more realistic when he in effect said planning is one thing and achieving it is another matter.

Without questioning the greatness of this vision, the soundness of the planning, the determination of the leaders in China and other countries and the resources that are available to implement the plan, what are some of the factors that may either derail the plan or create enough difficulties that the plan’s operational days are going to be in the very distant future?

*“A Nearby Neighbor Is Better Than a Distant Relative”?*

In his speech outlining the concept of the New Silk Road Economic Belt, one main thrust is his announcements that “a nearby neighbor is better than a distant relative”. A similar argument was made by President Xi Jinping again at the fourth Conference on Interaction and Confidence Building Measures in Asia (CICA) in Shanghai when he tried very hard to promote the idea that Asia belongs to Asians and it is incumbent upon Asian themselves to secure its regional security.

However, China’s nearby neighbors may not all be close to China. They have relatively different political systems, possess a cultural history that China sees as alien and embraces a religion that many in China believe breeds terrorism. Many anti-China secessionist cells may operate in these countries. Many government officials and people probably do not like China’s policies toward Islam and China’s minorities who live in China’s Far West.

Russia obviously is one of the most important countries in the newly proposed economic belt but Beijing’s relationship with Moscow is a complex one. The old Russia annexed large tracts of Chinese territories. Its robbery constitutes a large chunk of China’s century of humiliation. Many in China remember it and even see China’s recent border agreement with Russia a sellout. The Soviet Union inspired the Communist Revolution in China and its inspiration has left a legacy of killing, persecution, ideological fanaticism and economic dependence. Beijing and Moscow’s bloody split in the 1960s led to eventual China’s leaning to the West and created the economic miracle as a result. The recent closeness between the two countries has more to do with Washington’s policies toward both nations than with finding common interest and common ground.

Some of the other countries on in the economic belt are in different kind of turmoil. Syria’s civil war lingers on and will not be economically viable in many years. With American forces to be totally withdrawn from Afghanistan by 2106 Kabul’s political and economic destiny is anybody’s guess. Pakistan is not a failed state but its political and social fragility is obvious. Turkey’s relationship with China is close but it is a member of the NATO. Its decision not to purchase a missile system from China under pressure from the U.S. and other NATO nations highlights the difficulties for China to build closer relationship with some of the nations along the belt. Turkey itself has entered an era of political uncertainty and the comeback of Islamic fundamentalism is not an impossibility.

Parallel to the land-based Silk Road, Chinese leaders and policymakers are also promoting a Sea-based Silk Road and a Bangladesh-China-India-Myanmar Economic Corridor. These three economic plans will be the cornerstone of what President Xi calls the community of common destiny and pillars of Asia’s regional security. (Can China Build a Community of Common Destiny? at <http://thediplomat.com/2013/11/can-china-build-a-community-of-common-destiny/> and People’s Daily, June 6, 2014 at <http://www.chinaelections.org/article/1955/231988.html> ) The irony is when China is trumpeting this glorious community of common destiny it relationship with many Asian countries that are part and parcel of this community has deteriorated precipitously. China has yet to repair its relationship with Myanmar whose nose dive was caused by Naypidaw’s political reform, the thaw of its relationship with the West and the growing participation of domestic NGOs. Beijing’s relationship with New Delhi has been difficult due to border and the Dalai Lama issues. China’s relationship with Vietnam and the Philippines are at the rock bottom.

China has never pursued an alliance system and sometimes the policy of befriending all may lead to no friends at all. In the great Eurasia landmass China may have smooth relationship with some of the Central Asian countries and is improving its bilateral relationship with Moscow. Building the New Silk Road Economic Belt does require a trustful and sustainable good relations with all nations in the nearby and far away and China has long way to go to get to that point. The United States is a distant “relative” and its relationship with China is not particularly good but it is far better than the relationship between China and some Asian countries.

*Hard Power Has to be Combined with Soft Power*

At the 2014 CICA summit in Shanghai, President Xi told the audience that “One country’s national security should not be at the expense of others.” This is a footnote to China’s long-held principle of non-interference in the internal affairs of other nations. However, in this age of democratization, internet and social media and vibrant NGOs participating in national decision-making, in order to advance China’s national security and economic interest, China has to be both assertive and charming. Being assertive means China has to intervene in other nations’ domestic affairs whose developments may result in an anti-China or anti-Chinese policy or endangering China’s investment.

Being assertive means sometimes the Chinese government has to take positions on political and economic developments in a certain country when such position taking may lead to the creation of a pro-China development in the context of adhering to the international law and rules. China did not take a position when the Gaddafi regime was being toppled by the combination of domestic rebellion and international support. This has created future problem for China when it tries to recover its losses due to the regime change. China was widely praised by the international community for taking a strong and clear position in the wake of presidential elections in Guinea and Ivory Coast. China was caught by surprise when Myanmar suddenly opened up politically and vented its frustration by accusing Washington of orchestrating a peaceful evolution in there. The foreign policy circle in China has finally come to realize Myanmar is no longer dictated by a military junta and it has to cultivate relationship with both the government in power and the political opposition forces because they do have opportunity to take power and make decisions that impact China’s vast investment in that country. China’s non-interference position on the Ukrainian crisis certainly does not bode well for China’s national security interest and its commercial relationship with Ukraine. For China to champion the cause of building a New Silk Road Economic Belt China will have to be ready to “intervene” in other nations’ domestic affairs.

Intervention does not always mean using military force, applying economic pressure or openly criticizing the policies of a particular country. There are many subtle and soft ways to “intervene” in the name of justice and international law in general and for the national security and economic interests for China specifically. During President Xi’s tour of Central Asian countries, he signed quite a few aid packages. China does not have an equivalent of USAID or UK DFID that has the authority to and expertise in providing aid packages in the developing world. China’s foreign aid office is housed inside the Ministry of Commerce. Not only it creates the false impression that China’s aid is always linked with commercial gains it also does not have the authority to coordinate different branches of the government agencies that are involved in giving aid. Therefore, China’s aid package always look massive and generous but the outcome does not support the overall policy of creating a positive image of China and serving China’s interests.

Furthermore, China has to engage the civil society in the countries along the Silk Road so that this important sector of decision making in democracies will be ready to endorse the plan and advocate its benefits. And the best way to engage the civil society in other countries is to adopt a multiple approach. One approach is to allow Chinese NGO’s to operate in these countries. The other approach is to set up a China Foundation whose mission is to promote rule of law and social justice in these countries. The most feasible approach at this time is for the international aid agency of China to allow domestic and international NGOs to apply for grants that will be used in these countries for causes on good governance, transparency, corporate social responsibility, etc. All Western nations are doing this and that is why they have more control of the political and international discourse and their ideas are more popular.

At this point, it is fair to say that China is not ready to intervene with either hard power or soft power in any of the nations in the proposed belt or the larger common destiny community. All is coordinated and supplied by the central government of China. This make is difficult to generate societal support for the ambitious plan.

*What Will Be the International Platform to Coordinate the Plan?*

In his speech outlining the new Silk Road Economic Belt, President Xi mentioned the Shanghai Cooperation Organization “is working on a transportation agreement to improve road connectivity”. This statement highlights yet another challenge China has to overcome in order to implement the new Silk Road Plan, namely, the absence of an international organization that has the legitimacy, appeal and authority to coordinate an economic growth plan that encompasses the entire Eurasian landmass. It is not just road connectivity involves multilateral negotiations. Currency, trade, climate, intellectual property protection, drug trafficking, customs and many other issues require multinational negotiation and approval from sovereign legislatures.

The Shanghai Cooperation Organization is more or less a loose political organization that can do little to coordinate affairs among member nations. It is no NATO nor EU. Most people in each of the member nations may not even know the existence of such an organization. The recent CICA summit in Shanghai has certainly raised the profile of the 22-year-old and 26-member conference and China has assumed the chairmanship but it is in no position to coordinate economic or political affairs.

Many countries that are situated inside the proposed belt belong to other international organizations. Germany, which is supposed to be the terminal at the other end of the New Silk Road, is a NATO and EU member. Turkey is, too. Many nations that are part of the Sea Silk Road are members of ASEAN. Although it is not as powerful and tightly run as NATO, it is so much meaningful than the Shanghai Cooperation Organization or CICA. The countries that are part of the other international organizations may not be able to follow what China has asked them to do without securing approval from those international bodies.

China is a strong follower of the non-aligned movement but time is long overdue for China to rethink this policy because pursuing an economic alliance like the New Silk Road or a political group like the common destiny community needs an alliance arrangement to make it work. Something similar to the Trans-Pacific Partnership Agreement must be drafted, proposed and adopted by nations that believe in the feasibility of the New Silk Road vision.

*A Campaign Is Always In Danger of Losing Steam*

The idea of a new silk road was proposed as early as 2009 and 2010 but it has not gained momentum and become a campaign until President Xi announced it in September 7, 2013. In the wake of this announcement the entire nation seems to be mobilized. Many cities have begun to produce plans to turn themselves into a major hub on the new road. Ministries are rolling out plans to implement the plan. Mayors, governors and ministers are all echoing the President’s call to create a new growth locus thinking how to take a larger piece of the big pie.

For example, Wang Sanyun, Party Secretary of Gansu, told the audience of an international forum that Gansu’s geographical location makes it a pivotal staging area to build the economic belt. Provincial and municipal leader in Xian believes Shaanxi is ready to go all out to participate in the building of the economic belt. Even Urumqi and Xinjiang are poised to take the plunge into the frenzy when its top priority is to improve ethnic relations and stabilize the autonomous region. Lianyungang City claims it is the starting point for both the land-based Silk Road and the Sea-based Silk Road. Experts of the China’s high speed rail have even begun to talk about not just building the rail lines into Russia and Germany but also into the United States.

This combustible atmosphere reminds us of China’s earlier campaigns such as “Developing the Great West”(开发大西部), “Promoting the Rise of Central China” （中部崛起）and “Advancing Northeastern China” （振兴东北）. What are the actual outcomes of these campaigns? Gansu may be rank itself among the top ten in terms of it economic growth rate recently but there are many cities on the Eastern seabed whose DGP are much higher than that of Gansu alone. The fact that Xinjiang has become a hotbed of terrorism is a clear indication that the campaign to develop the great West has failed.

This kind of campaign is always in danger to losing steam due to budgetary fight, resources allocation competition, lack of coordination at the top and chaotic implementation at the bottom. It will also encourage rent-seeking and corruption.

*Meaningful Political Reform Is Needed*

Building the New Silk Road Economic Belt, the Silk Road on the Sea and the Bangladesh-China-India-Myanmar Economic Corridor is not just an economic deal. They will not and cannot be built with just cash from China. Internationally, China needs to improve its relations with neighboring countries and countries that are far away but will be connected by the Belt. It requires new thinking to accomplish this breakthrough. China also needs to have good relationship with the U.S. even though it is not part of the plan. In fact, the American Pivot to Asia is one of the causes that has energized the idea of China’s pivoting to the West. However, the U.S. has its own New Silk Road plan and it is somewhat overlaps with the proposal of China. More importantly, the U.S. probably has more appeal and influence in many countries that are in the Belt and Beijing has to compete for influence with Washington in these countries. All these changes require new political thinking.

Domestically, implementing this plan will need popular support. Any major economic plans in China in the past involve purchasing rural land to build commercial centers, manufacturing zones, R & D campuses, transportation hubs and residential areas. It has become a trigger of mass disturbances in China. It is easy to imagine building the new Silk Road will create another building boom that may lead to more civil disturbances. Transparency, accountability and popular consultation have to be an integral part of the plan implementation in the new era. This requires political reform measures from both the top to the local levels.

A big chunk of the proposed economic belt lies in China’s Big West and it is inhabited by ethnic minorities. Recent developments in Xinjiang, Tibet and Qinghai seem to indicate China’s conventional policies toward minorities with strong religious and cultural identities are not producing a harmonious political and economic environment. China needs to either revise or develop a new set of policies toward ethnic minorities. Otherwise, Xinjiang may become an Afghanistan or Pakistan or even Palestine and Tibet a place of massive civil disobedience. This, again, needs a political reform agenda in place.

*Conclusion*

The “trinity” of the New Silk Road, the Silk Road on the Sea and Bangladesh-China-India-Myanmar Economic Corridor may be China’s most important strategic and economic plan that will contribute to sustaining China’s economic growth and secure its inland security. It is of tremendous importance to the peace and prosperity of China, its neighboring countries and the entire Eurasian landmass. However, its success is far from certain as it requires reform and even radical reform in multiple fronts involving China’s domestic governance and its participation in international governance. If Deng Xiaoping’s legacy is to allow China to grow its economy and stabilize its population through engaging the global center of civilization and capitalism and breaking away from stifling ideology of revolution and war, Xi Jinping’s legacy may be to break away from China’s traditional economic and trading partners from the East and create a new economic growth center and seize an energy bonanza that will transform China into a new global center of development model that will compete with Washington Consensus and make China less vulnerable to Western economic pressure and financial sanctions. This is a highly risky but potentially very rewarding policy.

This policy reorientation has to take both the international reality and China’s domestic evolution into careful consideration. Can China afford to do things alone without maintaining a great power relationship with the U.S.? In other words, will China invite the U.S. to join the endeavor? Can China convince enough members to push forward the “trinity” without improving relationship with many key nations that is discussed earlier? What kind of international coalition China needs to put in place in order to put the plan into action? Will China’s developed Eastern provinces support this gigantic effort? Does it involve infusion of capital from these provinces into the Big West? Does the proposed railroad building make economic sense? Will local people in the building areas resist this effort? Does the Chinese leadership have the vision and courage to initiative political reforms that are necessary for the success of the plan?

There is no doubt the plan is one of great vision and potential. But it is also one with large number of uncertainties and carries a high risk of failure. It is doable. Making it work will be the greatest challenge President Xi and his team will face in the coming decade.