Interdisciplinary approaches to China’s Belt and Road Initiative
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About the University of Nottingham Asia Research Institute

The mission of the University of Nottingham's Asia Research Institute is to bring together the University of Nottingham’s world-leading research and expertise on Asia and to link up researchers working across interdisciplinary boundaries across all three of the University of Nottingham's campuses in the UK, China and Malaysia.

The Institute enjoys a generous bequest from the late Sir Stanley and Lady Tomlinson and has been headed by Professor Katharine Adeney since 2013. It produces Asia Dialogue, producing contemporary analysis of the entire Asia region.

It organises the annual Tomlinson Lecture, as well as a research seminar series on a wide range of topics.

The institute also aims to support and co-ordinate postgraduate teaching to enhance understanding of the Asia and Pacific region, increase policy impact of its research through policy briefs and increase engagement with external organisations.
The University of Nottingham Asia Research Institute: Interdisciplinary Approaches to the BRI

The University of Nottingham Asia Research Institute is proud to present a series of research based articles written by academic experts based on all three of its campuses - in China, Malaysia and in the UK. These articles demonstrate the importance of adopting an interdisciplinary approach to understanding China's Belt and Road Initiative (BRI) bringing in historians, biodiversity experts, political scientists, international relations scholars, geographers and economists. These papers build on a sustained collaboration between our academics, in the UK, Pakistan (with the Lahore University of Management Sciences), Sri Lanka (with Chatham House) and Malaysia, not all of whom were able to contribute to this special issue, but whose research nevertheless informed our wider discussions.

The legitimization of the BRI through the explicit linkage of this new development model with the Silk Road begins our discussion. The domestic challenges posed by the BRI to the countries in which the projects are based is a particular focus. These include Pakistan, where CPEC is the 'poster child' for the BRI; Indonesia, where issues relating to the BRI will be important in the coming election, as well as the increasingly sceptical Malaysia and Vietnam. The question of the levels of debt that these countries are incurring as a result of the Chinese ‘investments’ is a sensitive issue in all these countries, but as we argue, it’s also important to look at how the RMB is becoming an important international currency (with the location of a RMB hub in London).

Closer to home for China, the development of the BRI and relations with neighbouring Kazakhstan have been put into jeopardy by the internment camps that have been set up in Xinjiang province. This is an issue that has also caused concern in Pakistan. Many of these BRI projects are located in sensitive areas and have been the target for insurgents. However, whether these security challenges will lead to increased EU-China security cooperation along the BRI (as has been seen in other areas) is questionable.

The implications of the BRI for regional and international security is an important question. There are real dangers for regional stability in the Indian Ocean should Gwadar port in Pakistan be used for military purposes by China. However, to understand China's strategy, it’s vital not to ignore the classical education of China’s elites, and the way that this affects China’s world view. Without this understanding, China’s strategy cannot be discerned.

Katharine Adeney (February 2019)
Professor Katharine Adeney Director of the University of Nottingham Asia Research Institute. She tweets @katadeney and the Institute tweets at @UoN_ARI
Viewing Chinese Policy through the Lens of the Chinese Classics
Christian Mueller

When the leading powers of the world assembled in The Hague in May 1899 to discuss mechanisms for avoiding war by means of international law, China took its equal place. For the Qing government, the invitation from Tsar Nicholas II to attend the conference was enormously significant. The Heavenly Kingdom had lost its special status in Asia to Japan in 1895. Hence the Chinese Foreign Ministry (Zongli Yamen) saw the international peace conference as a genuine opportunity to present itself as a great power that represented the long tradition of Asian civilisation. However, the way in which the Qing government interpreted the discussions during and after the first Hague Conference brings to light a fundamental misunderstanding between China and the Europeans regarding their respective perceptions of international law and the world order.

Current analyses would do well to grasp the full meaning of China’s rhetoric about ‘civilisation’, harmony and history in framing the Belt and Road Initiative in order to appreciate its implications.

A sound interpretation of foreign policy and international relations needs to consider the mental frameworks within which its actors operate. In 1899, the common framework across Europe and most of the Americas was the rise of international law as a core element to ‘civilise’ the relationship between nations beyond taking up arms against one another. However, the translation of this system to China did not match the mental framework of the Confucian understanding of Chinese foreign policy.

Imperial China saw the conference as a game of power rivalry in the guise of legal mechanisms. Conflicts in world politics around 1900 were interpreted as historically analogous to the peace negotiations between different regional powers in ancient China. This caused problems for the positioning of China at The Hague and in international discussions. It also indicates that ‘Western’ powers find it difficult today to come to terms
with Chinese frameworks for forming a global regional order. The Chinese political aspirations that underlie the economic agenda of benevolent development and a ‘harmonious’ regional international order in Eurasia and the Pacific – namely, the Belt and Road Initiative (BRI) – also involve specific historical framings of the proposition.

At the Hague Conference, the historical analogies to ancient Chinese history were key to determining the Chinese government’s course of action. The Chinese delegate, Yang Ru, compared the peace conference to the armistice negotiations between the territorial states of Chu and Jin in 579 BCE, described in the Spring and Autumn Annals, the Confucian classic of Chunqiu. Candidates for the public examinations like Yang Ru, who passed his imperial examinations at the provincial level in 1867, would practise interpreting the commentaries of the Chunqiu from a very early age as key to their understanding of morals and politics. (It is believed that Mao Zedong despised Confucius because he had to study the Spring and Autumn Annals in his early youth.) Despite the violent rupture with Confucian intellectualism during the Cultural Revolution, the annals and commentaries are still considered a core text for the interpretation of international relations.

Yang Ru insisted that the global situation in 1899 was no different to the internal Chinese situation over 2,400 years ago, stating; ‘I presume that this conference is basically the same as that for the armistice during the Spring and Autumn Period’. The historical conflict between Jin and Chu was compared to the imperial tensions between Britain and Russia. ‘To sum up, the current situation of countries across the world is no different to that of the Spring and Autumn period, despite the time span of over two thousand years.’

The Chinese Foreign Ministry concluded from this interpretation that war was inevitable in the long run and therefore held a rather sceptical outlook towards international law, which it viewed as a European political tool to display public morality. Although Yang Ru insisted that China sign the revised Geneva Conventions as an important step towards receiving full recognition in international society, China – due to the conjunction of crises caused by the Boxer Uprising – nonetheless ignored the vital importance of legal conventions for the rules of warfare among civilised nations.

Yang Ru’s prediction about the failure of lasting peace and the antagonistic nature of world politics as a realist struggle between interest-led belligerent states mirrored the conclusions
of the Spring and Autumn Annals as much as the course of European diplomacy after 1899. The peaceful settlement of disputes, just like the armistice between Chu and Jin in 579 BCE, would only serve to enable the two powers to re-arm during a short truce. In the light of this interpretation, the Geneva Conventions were seen as a restraint on the Chinese army in the inevitable warfare to come and therefore did not rank high on China’s agenda in 1899/1900.

Yang Ru’s judgement of European diplomacy proved to be accurate. The Hague Conferences of 1899 and 1907 did not lead to arms control among the competing powers, and nor did the plans for courts of arbitration prevent the outbreak of war. The European powers ‘sleepwalked’ into the crisis of July 1914.

Yet the conclusion that morals in politics were only a fig leaf and an impediment to using all necessary means to succeed in warfare led China to believe that international law and humanitarian conventions could easily be ignored. Despite Yang Ru’s memoirs from The Hague indicating that equal inclusion in international society depended on signing the Geneva Conventions, China chose not to embrace the internationalist ‘crown of the edifice’. In fact, it literally forgot to sign the Geneva Conventions until 1904. This meant that at the outbreak of hostilities between Russia and Japan on Chinese territory in February 1904, the Chinese government had left its Manchurian provinces unprotected through international agreements. It watched helplessly as the war brought chaos, hardship and displacement to its northeastern backyard.

In politics, words are deeds. The words used to describe political decisions indicate the mindset of what actors perceive as possible or impossible, desirable or undesirable. In 1899, China identified its course of action in terms of historical analogies, while the European powers largely ignored this rationale. Today, Europe would be ill-advised to ignore the role that narratives of Chinese history play in the official rhetoric and conceptualisation of politics in the twentieth and twenty-first centuries.
Current analyses would do well to grasp the full meaning of China’s rhetoric about ‘civilisation’, harmony and history in framing the Belt and Road Initiative in order to appreciate its implications. To do this, we need to understand the Chinese classics, Chinese and Asian international relations and also the reality of the tributary system before 1840, and come to terms with the idea of dominance under the guise of unequal yet harmonious relations with barbarians, foreigners and tributary vassals.

One can only speculate how much the Confucian classics still influence the political mindset of Chinese officials in framing foreign policy today. Much of this tradition was cut off during the Cultural Revolution. However, although Mao Zedong in particular left a legacy of anti-Confucianism within Chinese politics when dealing with moral standards in politics, he frequently referred to the Confucian classics in framing his cause.

The classics were and still are present in official Chinese rhetoric. By ignoring or misunderstanding similar historical examples, Europe might miss out on understanding the use of historical re-invention and analogy when it comes to evaluating the political implications of the ‘Silk Road’ in years to come. Too little understanding of Chinese history, its rhetoric and re-invention might leave the rest of the world oblivious to the full political implications of China’s BRI.

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Can China exert ‘Smart Power’ in Southeast Asia through the BRI?
Chun-Yi Lee

The Belt and Road Initiative (BRI), which was initiated by President Xi Jinping in 2013, took further shape in March 2015. It is envisaged that the BRI will connect the vibrant East Asian region with the developed countries of Europe via the Silk Road Economic Belt, which will run through Central Asia, while at the same time the 21st Century Maritime Silk Road will link China with other countries in Asia. The ultimate goals of the BRI are to facilitate trade and investment in Eurasia and to promote economic growth.

*The Chinese diaspora in Southeast Asian countries is an important factor in how those countries respond to the BRI*

The initiative’s official English translation was changed from One Belt, One Road (OBOR) to its present name in mid-2016. So far, the Chinese government has not offered a direct explanation as to why it changed the English formulation, or indeed the Chinese name of this grand, geo-economic concept. However, a parallel reference might be drawn here. In November 2003, the influential Chinese academic Zheng Bijian referred to China’s ‘peaceful rise’ at the Boao Forum in Hainan. The Chinese leader at the time, Hu Jintao, soon remarked that the word ‘rise’ might lead to misunderstandings or concerns about China’s ambitions and intentions.

Consequently, in December 2005, the State Council issued an official white paper titled ‘China’s Peaceful Development Road’. As with the change of nomenclature from OBOR to BRI, the alteration was intended to give a different impression. The use of the word ‘initiative’ implies that this is a ‘proposition’ rather than ‘coercion’, and that China is ‘inviting’ (rather than ‘demanding’) other countries to join the project. In this way, China aims to show that while it may be a rising global power, it will be a peaceful one.
This corresponds with the approach Joseph Nye outlined in his soft power framework. Soft power is the capacity to persuade other parties to act in ways that further one’s own self-interest. The central question faced by China, or indeed any country seeking to build soft power, is how it will be perceived by others. In the case of China, the question is how the non-Chinese world perceives it. Other, related questions follow on from this: does China generate goodwill or antipathy? Does the Chinese leadership consciously generate soft power, or is it a more spontaneous outcome of economic and cultural activities?

In order to answer the above questions, we have to investigate the BRI further. No matter what form of wording the Chinese government employs, the BRI aims at building the necessary infrastructure to facilitate logistical, financial and other networks in the region and beyond. This requires enormous financial input. It should be noted that there are multiple geographical connections in the ‘belt’ and ‘road’. These include two Silk Road routes – the 21st Century Maritime Silk Road and the Maritime Silk Road continental extension – and three main corridors embedded in the Silk Road Economic Belt – the northern corridor, the central corridor and the southern corridor, respectively. Finally, there are also two main railway routes to date: the Silk Road Railway and the Trans-Siberian Railway.

Since mid-2018, China has also talked about building a Digital Silk Road, which would employ quantum computing, nanotechnology, big data and artificial intelligence to build ‘smart cities’ along multiple belts and roads. This recent initiative by China is an example of ‘smart power’. According to Nye’s explanation, smart power is the strategic and effective deployment of a combination of soft and hard power. However, as Ernest Wilson suggests, smart power includes, apart from soft power, everything from smart bombs to smart phones. Meanwhile, as states get smarter, so too do non-state actors such as al-Qaeda in their use of the media across multiple platforms. Any actor that aspires to enhance its position on the world stage must therefore build around these new fundamentals of ‘smartness’.
It can be argued that smartness has two layers: one is smartness in technology, while the other is smartness in deploying both hard and soft power. China’s invitation to join the BRI requires these two understandings of smartness. To gauge whether China has true smart power then, we must examine the main Asian countries which sit along China’s maritime belt, namely: Vietnam, Malaysia, the Philippines, Indonesia, Singapore and Thailand. Below, I will concentrate on just two examples: Malaysia and Vietnam.

The Malaysian response to Chinese investment has not been wholly positive. An obvious example is the suspension of the East Coast Rail Link and the cancellation of the high-speed rail link with Singapore. After Malaysia’s general election in May 2018, the government changed its attitude towards Chinese infrastructural investment completely. In China, arguments in favour of furthering geopolitical objectives through investment are frequently made, and the rhetoric of harmonious benevolence and a positive, outward-looking vision dominates the discourse. But the discourse in Malaysia is different. It has been pointed out that the Malaysian government’s long-standing ‘pro-Malay’ policy might hinder the implementation of China’s BRI project. The case of China’s unsuccessful investment in Myanmar’s hydropower projects — the Myitsone Dam and the Mong Ton Dam — and Sri Lanka’s Hambantota Port might also have led the Malaysian government to have second thoughts.

A similar response to Chinese investment can be seen in Vietnam. Although the Chinese diaspora arrived in Vietnam much earlier than it did in any other Southeast Asian country, the complicated relationship between the Vietnamese and Chinese communities has restrained the Vietnamese government from providing more wholehearted support to Chinese investment or the BRI project. It is also worth mentioning the 2014 anti-China riots in Vietnam, which were not only related to the South China Sea dispute in terms of abstract maritime territory, but were further complicated by the two countries’ dispute over material interests (i.e. an oil rig).

What can we learn from the responses of Malaysia and Vietnam to China’s BRI smart power? Three points are worth considering. First, China has not yet been able to effectively
deploy ‘smart power’ in these countries, either materially or in terms of technology. The resistance of local civil society in Malaysia, Myanmar and Vietnam, for instance, indicates that substantial levels of investment will not necessarily convince other countries that China’s initiative is benign. The Chinese government applies its unvarying principle of prioritising economic development in the belief that as long as this continues, the government itself will not face opposition from civil society. This has worked well domestically (so far), but it may not work quite so well in other countries that have strong civil societies.

Second, the position of the Chinese diaspora in Southeast Asian countries is an important factor in how those countries respond to the BRI. Malaysia and Vietnam, for example, have pro-Malay and pro-Vietnamese policies in place, respectively, and the attitude of these governments vis-à-vis their Chinese communities has worked against the BRI being received in a wholly positive way.

Third, if we look at the BRI more broadly, we can see that the response of recipient countries has varied. The response of Southeast Asian countries, at this stage, may be quite different from the response of central Asian countries. These different understandings and dynamics mean that research on the BRI, while interesting, remains extremely complicated for scholars and policy-makers alike.

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China’s BRI in Pakistan – a poster child for success?
Katharine Adeney and Filippo Boni

By making the China-Pakistan Economic Corridor (CPEC) the poster child of the Belt and Road Initiative (BRI), China has invested a huge amount of political capital into the project. The CPEC has come to represent an important indicator of how things could potentially develop for the countries that have received investment along the new Silk Road. With US$62 billion of investment, Pakistan’s PML-N government (2013–2018) labelled the CPEC a ‘game changer’ aimed at benefitting the whole of Pakistan.

The enthusiasm and determination evident on the side of the government, however, were met with scepticism from the leaders of Balochistan and Khyber Pakhtunkhwa (KP), the latter being governed both before and after the 2018 election by the PTI, the party of Pakistan’s new Prime Minister, Imran Khan. Imran Khan argued that ‘we should build a shorter and better route for the CPEC instead of opting for the Eastern Route, which will create resentment in other provinces against the Punjab’.

Without the greater inclusion of Balochistan, Khyber Pakhtunkhwa and Gilgit-Baltistan in the decision-making process, the CPEC will only further exacerbate tensions within the Pakistani federation.

Since Xi Jinping’s visit to Pakistan in April 2015, which de facto kick-started the project, doubts have emerged regarding the impact that the Chinese investment will have on Pakistan’s governance structures. In this piece, we focus on federalism as an issue which has been central to developments related to the CPEC since the very beginning.

The analysis presented here shows that there is a chasm between the decentralisation introduced in 2010 through the 18th Amendment to the Pakistani Constitution and the centripetal nature of the CPEC. The latter, in its current form, threatens to increase tensions between provinces and between the provinces and the centre. Pakistan’s history of federalism is characterised by tensions and inter-provincial grievances, most often
articulated against the Punjab. The way in which the CPEC is being implemented (or not) has re-awakened tensions surrounding federalism and the location of power within Pakistan.

The lack of discussion about the CPEC within the deputed inter-governmental bodies – both the Council of Common Interests (CCI) and the Joint Cooperation Committee (JCC) – provides evidence of the opaque nature of the early stages of the CPEC agreements. In addition, the provincial chief ministers were initially excluded from the JCC convened between the Pakistani and Chinese governments. Why was the decision-making process so centralised?

First, there was a need to provide Beijing with a single point of reference for managing the CPEC on the Pakistani side. ‘The pressure from the Chinese side to move quickly did not allow the federal government time to fully integrate the provinces initially.’ China’s preference for having a more agile and centralised decision-making process is also evidenced by the (successful) pressure exerted by the Chinese government to have Ahsan Iqbal reinstated as Planning Minister ‘after the government assigned the portfolio of Interior Minister to Iqbal and ended the active role of the Planning Ministry in the CPEC’s execution’.

Second, the government was unwilling to hand over control of the CPEC to the military. The latter sees the economic corridor as an opportunity to further strengthen its relations with China. In 2016, the Pakistani military attempted to increase its influence over the CPEC by suggesting the creation of a ‘CPEC authority’; a proposal successfully resisted by the then PML-N government. Given the close ties between the current PTI administration in Pakistan and the army, the latter will likely acquire a more formal role in future months, especially considering that China has ‘minced no words about their desire for the army to have a greater role in the CPEC’.
Another important element in the context of the CPEC and Pakistan’s federal structure is the controversy related to the route of the corridor. The original plan for the CPEC was to prioritise the less developed regions of Pakistan – Balochistan and KP – in order to shorten the transit route from Gwadar to the Karakoram Highway. However, shortly after starting the project it became evident that priority would be given to those road networks that were already developed.

While China had expressed its preference for working on the existing networks, as some of our contacts noted, another reason for choosing such an alignment was related to the former ruling party’s desire to prioritise its Punjab heartland. In November 2015, Senator Daud Khan Achakzai went so far as to dub the CPEC the ‘China-Punjab Economic Corridor’. Half of the projects in Punjab, Sindh and Gilgit-Baltistan (GB) are estimated to be near completion, as opposed to the majority of projects in both Balochistan and KP that have dates of completion beyond 2022. In December 2018, the leader of the Balochistan Awami Party claimed that the Western Route was no longer part of the CPEC. Although this was swiftly denied by the Planning Ministry, the delay in the construction of the Western Route compared to the Eastern Route has heightened tensions, and the financial constraints facing Pakistan place doubt over its completion.

Energy was a major topic in the 2013 election. Nawaz Sharif campaigned extensively around the issue and his party played the CPEC card in the run-up to the July 2018 elections in an equally assertive fashion. However, provinces such as Balochistan and KP have not benefitted. The vast majority of the energy projects located in Sindh, and more than half of those in Punjab, are scheduled for completion by 2019. This compares lamentably not only with the number of early harvest projects allocated to Balochistan, KP, GB and Azad Kashmir (AJK), but also in relation to their completion rate, with only one scheduled for completion in 2019.

Although it has been claimed that ‘the energy generated by the projects under the CPEC would be added to the national grid [and so] the location of the power plant does not really matter’, the issue of employment opportunities and the associated infrastructure that needs to exist for the workforce (in terms of education, health and roads) means that the location does matter. As Sanaullah Baloch has argued ‘[…] the large number of power projects under
the CPEC in Punjab will have an immense impact on elevating the socio-economic conditions of [the] targeted areas and population’.

While centre-periphery tensions remain, there are no signs that Pakistan is rolling back from its commitment to the CPEC, despite the PTI’s concerns about the project before the election. The pillars of Sino-Pakistani relations – a strong military partnership and nearly US$20 billion of projects already agreed under the CPEC – are unlikely to change. Although PTI’s initial approach to the CPEC was a critical one, formally protesting against the federal government for neglecting the Western Route of the corridor, during his first visit to Beijing after becoming Prime Minister in November 2018, Imran Khan reiterated Pakistan’s commitment to pushing the CPEC forward.

In the Joint Statement released at the end of the visit, both Islamabad and Beijing ‘reaffirmed their complete consensus on the future trajectory of the CPEC [and on the] timely completion of its on-going projects’. However, without the greater inclusion of Balochistan, KP and GB in the decision-making process, the CPEC will only further exacerbate tensions within the Pakistani federation. In addition, given the close connection between Imran Khan’s electoral victory and the support of the military, civilian control over the project will be substantially reduced in practice. This will further increase the perception of Punjabi control, given the predominance of Punjabis within that institution.

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Prospects for EU-China security cooperation in the age of the BRI
Benjamin Barton

Since its launch in 2013, the Belt and Road Initiative (BRI) has rapidly emerged as a landmark state-backed endeavour of international significance and ramifications. Backed by investments estimated at approximately US$150 billion a year, President Xi Jinping has made the BRI his signature project, to the extent of even having it enshrined in the constitution of the Chinese Communist Party (CCP). There is no doubt that future assessments of Xi’s legacy at the helm will be undertaken in parallel to conclusions drawn on whether BRI has been successful or not. In other words, for Beijing, the BRI stakes could not be any higher.

For this reason, the risks inherent to BRI projects matter as much as the potential benefits. Whether relative to academic or policy commentary, much of the recent discussion of BRI risks has revolved around the issue of potential negative side-effects of BRI-funded infrastructure projects, in the shape of ‘debt-traps’, particularly for targeted Lower Income Countries. This debate has overshadowed other risks inherent to BRI, such as traditional and non-traditional security concerns.

Although security risks associated with BRI projects do not in themselves constitute a new phenomenon for the Chinese government – the success of the ‘Go-Out’ strategy at times cost the lives of Chinese businessmen, diplomats, peacekeepers and citizens alike – both the land and maritime routes constitutive of the BRI traverse areas mired by instability. Such instability has the potential to, at the very least, jeopardise the successful implementation of specific BRI projects, which in turn could compromise the enactment of key nodes within the bigger BRI picture.

The May 2016 attack by a subversive group in Pakistan on a Chinese engineer and his driver or the bombing of the Chinese Embassy in Bishkek in August of the same year are just two examples of the security risks that China faces in undertaking BRI projects along key parts
of the route. Although these attacks may not always specifically be motivated by the BRI, they are symptomatic of a reality which Beijing will increasingly have to contend with in the coming years as the BRI is further rolled out to encompass greater geographic spaces.

China’s response thus far has been to seek either bilateral government-to-government collaboration in stemming attacks on BRI sites or, latterly, to hand a greater role to private security companies. A further objective of the Chinese government in relation to the BRI is stakeholder engagement/buy-in. This aspect matters insofar as it facilitates the normalisation of the BRI, in essence smoothing China’s eventual ascendance to hegemonic status.

Security cooperation is one tool which Beijing can deploy to boost third-party stakeholder engagement in the BRI. This is where the prospect of potential EU-China interaction comes into play, as security cooperation has often been advanced by both sides as a way of bringing meaning to their Comprehensive Strategic Partnership.

Indeed, looking at the security implications of the BRI on paper in conjunction with statements made by leaders from both sides, the prospects for cooperation would appear ripe. Both the land and maritime routes intersect with regional hotspots which are high on the EU’s own security agenda. Afghanistan and the maritime passages running from the Horn of Africa across the Indian Ocean towards the South China Sea are but two such examples. Building on the back of their successful bilateral cooperation in the fight against Somali piracy and acknowledging the diplomatic rapprochement that has been forced upon them by President Trump’s castigation of both the EU and China, the conditions appear to be favourable for bilateral cooperation in this regard.

Yet for all the supposed goodwill emanating from various statements made over the last year on the general state of bilateral affairs, EU-China cooperation on BRI security concerns is likely to remain no more than a prospect rather than a reality anytime soon. This is a result of the prevalent bilateral mistrust, compounded by the existence of inadequate institutional
mechanisms to help overcome such mistrust. In effect, as long as EU-China relations remain haunted by more ominous structural concerns (e.g. the EU’s arms embargo on China, divergence over norms and values, the implicit role of the US in bilateral affairs, the EU’s unreliability as a security actor, the interest of local actors, etc.), the chances of both parties engaging in security cooperation for their mutual benefit will remain restricted, limited and sporadic in character.

The bilateral mechanism designed to help build trust and thus overcome the limitations in this context – the High-Level Strategic Dialogue – has yet to bear fruit in this regard, despite having been established almost a decade ago. Ten years on, the institutionalisation of bilateral trust on security matters has still not materialised as envisaged in terms of concrete forms of cooperation, along the lines witnessed in the fight against Somali piracy. As a result, despite the obvious incentives for both sides and the ‘win-win’ rhetoric, it would seem that China will have to revert to alternative sources and ideas when seeking to ensure the security of its BRI investments, while the EU looks on from afar.

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Political sensitivities around the BRI in Indonesia

Jacqueline Hicks

Sitting on an ancient maritime trade route between East and West, Indonesia is well-placed for China’s ambitious Belt and Road Initiative (BRI). But despite a slew of investment promises, problems around land acquisition, construction permits and the politicisation of Chinese investment have hampered plans. With the Indonesian presidential and legislative elections just around the corner in April 2019, the situation is unlikely to improve anytime soon.

*Despite political sensitivities, the overlap between the priorities of the Indonesian President Widodo who has staked his reputation on improving the country’s infrastructure and the aims of the BRI will ensure continued cooperation.*

Slow but increasing cooperation

Hopes were riding high for increased investment cooperation when Xi Jinping came to Jakarta in 2013 to introduce his signature plan before the Indonesian legislature. Indonesia had largely escaped any ill effects from the 2008 global financial crisis, and with an average annual GDP growth rate of over 5 per cent, the economy of this vast archipelago with its 270 million inhabitants continued to expand.

After decades of relatively low infrastructure spend from successive Indonesian governments on tight budgets, public-private partnership projects with both domestic and foreign partners became more aggressively pursued under President Yudhoyono (2004–2014). In this context, the BRI seemed like manna from heaven with its state-backed private investments, yet official data show that the ratio of investment realisation to commitment from 2005 to 2014 was only 7 per cent.
Sitting down recently with Chatib Basri, Chairman of the Investment Coordination Board and subsequently Minister of Finance from 2012 to 2014, he described his frustration with the slow pace of Chinese investment realisation during his tenure. ‘I spent a lot of time drinking tea in meetings with the Chinese, but in the end it all came to nothing’, he told me.

Chinese investors typically cited land acquisition problems, a complicated policy environment and difficulty in acquiring work permits as reasons for the low level of actual construction. These figures have improved under the current administration of Joko Widodo, who has styled himself the ‘Infrastructure President’ since taking office in 2014.

The latest data from Indonesia’s Investment Coordination Board show that Chinese investment realisation rose from just US$0.6 billion in 2015 to US$3.4 billion in 2017. The actual figure is likely to be more, since an unspecified level of Chinese investment flows into Indonesia via Chinese subsidiaries in Singapore and Hong Kong.

**Domestic sensitivities**

The last time I visited Jakarta in 2017, I was interviewing a member of the campaign team of a candidate for the Jakarta gubernatorial elections about the influence of politicians’ wives. As a long-time political insider, privy to the inner dynamics of Indonesian politics, she trades in political gossip and was a great source for my research.

During our discussion, she repeatedly returned to the upcoming gubernatorial elections, saying her candidate was entering the race because of ‘the war’. It was not my topic of interest at the time, but eventually I took the bait and asked her what war she was talking about. She looked at me incredulously. ‘The war with China’, she said, leaning in close to
whisper ‘he doesn’t use our people’, referring to the incumbent Jakarta governor, an Indonesian of Chinese descent.

This exchange reveals much about the attitude of some Indonesian political elites towards Chinese investment in the country. My informant was suggesting that the governor was bypassing Jakarta’s business elite by granting government contracts to Chinese businesses, effectively undermining the normal circuits of corruption. At the same time, she was implicitly identifying the incumbent governor, known as Ahok, as an outsider who has loyalties to China because of his Chinese descent.

Indonesia’s ethnic Chinese, most of whom have lived in the country for generations, make up around 4 per cent of the country’s population. Used as trade mediators by Dutch colonialists and in patron-client relationships during Soeharto’s 30-year rule, they are widely considered to constitute a disproportionately wealthy section of society. Although Chinese Indonesians are prevalent in business, the reality is that a tiny minority of the super-rich conglomerate owners account for the stereotype, making the whole community socially and politically vulnerable. This was born out in 1998 when many were targeted in the violence that accompanied the fall of Soeharto.

Indonesia today is a much more multicultural place, and the social and political restrictions that Chinese Indonesians operated under during the Soeharto period have disappeared. Nonetheless, the stereotypes continue to be exploited when politically expedient. As it turned out, the Jakarta governor referred to by my source lost the gubernatorial election amid a manufactured scandal alleging blasphemy which saw him spend two years in prison.

**Chinese investment an issue in upcoming national elections**

Many observers are predicting that this toxic mix of underlying xenophobia and increasing mainland Chinese investment is likely to intensify in the ‘black campaigning’ for the national presidential and legislative elections in April 2019. Fuelled by social media, one particularly widespread rumour concerns a perceived ‘flood’ of 10 million Chinese workers brought over from the mainland to construct the roads and mines that have attracted Chinese investment. Other outlandish rumours on social media range from the Chinese government
planting chilli seeds tainted with bacteria to a resemblance between Indonesia’s new rupiah bills and China’s yuan currency.

Although not part of the official campaign, such rumours support the presidential challenger, Prabowo, in his effort to discredit the incumbent Widodo’s courting of Chinese investment. Currently trailing Widodo in the polls, Prabowo’s team has announced that he would review existing Chinese-funded projects if he wins the election.

In sum, Chinese infrastructure investment in Indonesia faces a variety of challenges, including both those common to all foreign investors and those specific to China alone. Despite the political sensitivities, the overlap between the priorities of the Indonesian President Widodo – who has staked his reputation on improving the country’s infrastructure – and the aims of the BRI will ensure continued cooperation. Once the national elections are over in April, barring a surprise win by Widodo’s challenger, the current xenophobic rhetoric is likely to die down, if not disappear altogether, becoming just another chapter in the long and rocky history of these two Asian powerhouses.

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Geographical Imaginations of the BRI
Sarah Hall

The Belt and Road Initiative (BRI) is best known for its implications for large infrastructure projects. However, its geopolitical and geo-economic importance reaches far beyond this to include questions of foreign relations, wider economic developmental trajectories and issues of security.

One area of particular significance that has received far less attention than aspects of infrastructure is the financial relations that underpin the BRI. Indeed, the cost of the BRI and the affordability (or not) of this for China have become keenly debated as questions continue to surround China’s own domestic growth rates. The total planned cost for the BRI is currently estimated to be more than US$1 trillion, although no accurate figures exist in terms of how much has been spent to date, meaning that putting a figure on the total budget is virtually impossible. Given this, more interesting – and, I would argue, equally significant – questions emerge if, rather than focusing on the total financial cost of the BRI, we focus instead on the nature of finance that is underpinning the BRI and the implications of this for the geopolitics and geo-economics of global finance more widely.

A focus on the financing of the BRI reveals that it is as much a political and diplomatic project as it is an economic one

Two dimensions stand out as being particularly important in this regard. First, a focus on the financing of the BRI reveals that it is as much a political and diplomatic project as it is an economic one. In an effort to understand the BRI, some commentators have drawn parallels to previous rounds of large state-led global financing projects, most notably the Marshall Plan implemented by the USA in the aftermath of World War II.

It is easy to see intuitively why such parallels have been drawn. Both the Marshall Plan and the BRI involve countries with
hegemonic ambitions using financial aid to support key allies in the hope that such support will be reciprocated. However, a focus on finance reveals a significant difference between the two projects. Whilst the Marshall Plan can be classified as aid, funding to countries along the BRI provided by China is being provided in the form of debt finance. Consequently, such countries are potentially being tied into far longer-term relations with China. Moreover, the implications of such debts not being repaid are currently largely unknown, both for the countries along the route of the BRI and for China in terms of the financial risks it is exposing itself to.

Second, much about the BRI associates it with the particular geographical imagination of a road metaphor. The road is typically – and at least implicitly – assumed to be linear, with a focus on its origins in China and the implications of projects ‘arriving’, so to speak, along its route. However, roads can also be constructed with a far more relational geographical imagination, and in the case of financing the BRI, such an imagination is essential. China is not mobilising the financing of the BRI in isolation. Rather, it is undertaking a series of policy experiments and developments with a range of different partners that it views as being able to meet its policy ambitions for the project. This multi-stranded approach to policy experimentation reflects domestic economic policy within China but also has important ramifications for the global implications of the BRI. Again, an examination of its financing is instructive in beginning to unpack these implications.

Take the case of Chinese currency internationalisation through the renminbi (RMB), for example. Prior to the early 2000s, the RMB had virtually no international influence. It has now risen to be one of the most important currencies used in international trade and a network of offshore (meaning beyond mainland China) RMB centres has been developed in order to facilitate this. Some of these can be found in predictable places, notably Hong Kong. However, they extend right along the BRI all the way to London, which has worked hard at the local and national political level to position itself as the first and leading Western offshore RMB centre.
If we want to understand the development of London as an offshore RMB centre, then we need to take into account local conditions within London as well as the global policy ambitions of China. Here we discover that close links between Chinese elites and their English counterparts (often fostered through a shared education), a keen focus by the UK government on China as an economic partner (notably under the administration of David Cameron and George Osborne) and the strength of London as an international financial centre all have their part to play. However, whilst London seeks to cement these ties as it faces growing uncertainty in the wake of the UK’s decision to leave the EU, China is increasingly looking to develop links to other Western partners, particularly in the EU.

Taken together, this look at finance and the BRI reminds us that you can travel two ways on any road – in other words, we need to pay attention both to the origins and to local conditions along the BRI. It also points to the fact that the BRI is not a fixed entity that is being imposed in a singular fashion. Rather, it is through its production in particular places that it is being developed, reproduced and altered.

Understanding these dynamics will be critical to understanding the wider geographical imaginations of the BRI as it shapes the contours of contemporary economic and political globalisation with Chinese characteristics.

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The presence of camps causes tension along the ‘Pivot to Asia’
David O’Brien

The Kazakh Foreign Ministry recently announced that it had been informed by its counterpart in Beijing that China was allowing 2,000 ethnic Kazakh Chinese citizens to give up their Chinese citizenship and move to Kazakhstan. The surprise move may indicate that one of the key partnerships of the Belt and Road Initiative (BRI) is experiencing mounting tensions.

*Kazakhstan and Xinjiang are practically and symbolically vital to the success of the BRI project.*

In August 2018 the UN Committee on the Elimination of Racial Discrimination (CERD) said there was evidence that more than 1 million Muslims had been detained without trial in internment camps across China’s Xinjiang Uyghur Autonomous Region. China initially denied the existence of the camps, with a senior official telling a UN hearing in Geneva that ‘[t]here is no such thing as re-education centres’. The official went on to say that China did not target any ethnic minority and that its ethnic minorities lived in peace and contentment enjoying freedom of religious belief.

The position shifted towards the end of the year, however, when, being subject to increasingly strong criticism from the international community, China said the camps were in fact ‘vocational training centres’ where Muslims receive training in the Mandarin language and Chinese law and customs in order to lessen the risk of coming under the influence of terrorists. The camps, officials say, are to help those residents who have been ‘infected with religious extremism’. In October, Xinjiang governor Shohrat Zakir told journalists that ‘[m]any trainees have
said they were previously affected by extremist thought and had never participated in arts and sports activities. Now they realise how colourful life can be’. Former detainees, however, have spoken of being forced to denounce Islam and profess loyalty to the Communist party in what they describe as political indoctrination camps. Also in October retrospective laws were published which allowed agencies at the county level and above to ‘establish occupational skills education and training centres, education transformation organisations and management departments to transform people influenced by extremism through education’. As well as offering language and legal education they are to provide ‘ideological education, psychological rehabilitation and behaviour correction’.

Although Kazakhstan has not publically criticised China over the camps, Kazakh diplomats have been working to secure the release of their citizens who have been detained. In November the Foreign Ministry said 29 Kazakh citizens had been detained with 15 then being released and allowed to return to Kazakhstan. There are just under 1.5 million ethnic Kazakhs living in China, the majority of them in Xinjiang, which makes them one of the largest Muslim ethnic groups in China. Kazakhs are one of the 55 ethnic minority groups which together with the Han majority (92 per cent of the population) make up the Zhonghua Minzu 中华民族 or Chinese nation. The concept of Zhonghua Minzu is vital to the People’s Republic of China’s (PRC) sense of multi-ethnic statehood, where China is understood as having a history of 2,000 years of unbroken unity. To question the historical accuracy of this is seen as an attempt to undermine the core principle of ‘One China’.

In 2003 the Chinese government published a White Paper entitled History and Development of Xinjiang, prepared by the Information Office of the State Council, which states that ‘since the [time of the] Western Han Dynasty (206 BCE to 24 CE) [Xinjiang] has been an inseparable part of the multi-ethnic Chinese nation’ (White Paper, 2003). The White Paper traces Chinese rule over the region up to the present day and declares it to be unbroken. This is the central feature of government policy in regard to all of the PRC’s frontier regions. Xinjiang, Tibet and Inner Mongolia are now and always have been an
inalienable part of the motherland. It is striking, therefore, that the Chinese government would allow 2,000 of its citizens to renounce their Chinese nationality, especially in such a sensitive border region. There is also an historical resonance here which will not have gone unnoticed. In 1962 at the height of the devastating famine caused by the Great Leap Forward and following an extensive Soviet propaganda campaign, in the region of 60,000 Uyghurs and Kazaks from the Ili Kazak Autonomous Prefecture in Xinjiang fled into Kazakhstan. The flow was only stopped when the Chinese army sealed the border (Millward and Tursun 2004).

The vast and wild Kazakh-Chinese border has always been porous, with nomadic herdsmen moving across seasonally, but as tensions increased with the USSR, the PRC attempted to maintain control and so crossing the border legally became almost impossible. When Kazakhstan came into existence after the fall of the Soviet Union it signed a border treaty with China which ended border disputes and attempted to regularise movement and trade. In 2011 a cross-border free-trade area opened on the border at Khorgos in an effort to boost Chinese-Kazakh trade.

Kazakhstan and Xinjiang are practically and symbolically vital to the success of the BRI project. President Xi Jinping first announced the BRI in a speech at Nazarbayev University in Astana in 2013, and it is central to his plan to end instability in Xinjiang by dramatically improving the economy there. Yet the contradiction of Xinjiang being both a vital central conduit of the new Silk Road and China’s most rigidly controlled and restricted region is an increasing source of tension in the region. It is almost 70 years since Owen Lattimore (1950) called Xinjiang the ‘Pivot of Asia’, and his words have perhaps never rung so true.

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The Invention of the Silk Road – how to legitimise the BRI with a historical myth
Christian Mueller

In September 2013, the announcement of a new “Silk Road” programme for infrastructure development by the President of the People’s Republic of China, Xi Jinping, made headlines across the globe. Since then, political and financial analysts have speculated about the economic and political implications of the proposal. Focusing on the historical invention of the “Silk Road” as a 19th century programme for imperial penetration helps identify some agendas behind the project.

*Through the alignment of the “Silk Road” heritage with the five principles of peaceful coexistence, China attributes a legacy to this common Eurasian history that it never had.*

Xi’s “Silk Road” speeches in Astana and at the Belt and Road Forum for International Cooperation in May 2017 used the rhetoric of economic win-win and political friendship. Legitimacy for the project is drawn from an invention of the “Silk Road” that focuses on economic and cultural exchanges in the timeless space of Central Asia. Its emphasis on developmental modernisation bears close similarities to European imperial projects for developing China that invented the “Silk Road” as a political concept in the 1870s.

The German explorer depicted the “Silk Road” as a straight railroad-like passage from Europe to East Asia. During his China travels as a mining prospector between 1868 and 1872, Richthofen, a geologist by training, argued that transportation routes needed to follow the natural connections between Europe and Asia. He identified this land corridor as the East-West connection from Xi’an to Samarkand through the Gansu Corridor, but made it quite clear that this “Silk Road” had only existed in a very limited time window when Silk was traded as the main luxury good. Richthofen claimed the existence of a “Silk Road” under the Chinese dominance in the central Asian region between 100 BCE and 100 CE.
The concept has since been used to describe all commercial activities and related transfers of culture and technologies from pre-scriptural times until the present day. The exploring “Indiana Jones of Asia” who followed Richthofen, prominently Aurel Stein and Sven Hedin, promoted the image of the “one road” and the trading posts along the two pathways of the Northern and Southern routes. Hedin coined the phrase in his writings and the London Times first used the word “Silk Road” in praising Hedin’s autobiography in 1926 as one of the greatest and last adventurer’s tales of the 20th century. It was Richthofen’s legacy in the works of Hedin that made the “Silk Road” famous as the “Imperial Highway” with all its stereotypical images. Less well known is that Hedin had already come up with a specific plan for a continental road and railway connection to link the greater Nazi Empire to Beijing and Shanghai in his 1936 book “Die Seidenstraße.” This plan of a “one road” development scheme granted him the support of the Nanking government for his expeditions in the 1930s. The narrative is not very different from the current version to revive the “Imperial Highway” of Silk.

The use of the word “Silk Road” comes with the legacy of an imperial vision of developmental modernisation. As early as 1868, Richthofen promoted railroad investments and other strategic moves to the Prussian chancellor Otto von Bismarck to strengthen the role of Prussia (and after 1871, Imperial Germany) in the Far East. Richthofen’s vision was to establish a railway line that followed the ancient “Silk Road” outlined in his scientific writings. His scheme for developing China fits into late 19th century imperial aspirations to make the most profit for the Empire by penetrating the vast economic zone through joint investments in railways, mining and commercial enterprises. Unlike others, Richthofen insisted that China was destined to rise as an industrial great power and would eventually flood the world market with cheap commodities and abundant labour forces. Once unleashed, the potential of a modernised China would be equal to no other state in power, resources and influence. Following the logic of developmental modernisation, he claimed that European foreign investment in Asia would inevitably lead to the dominance in the Asian region of a China that would have outgrown its foreign investors.
In politics, words are deeds. Xi certainly used the term “Silk Road” for good reasons. One might speculate whether the political implications of informal imperialism inherent in the “Silk Road” idea are accidental or intentional. Certainly the regions that buy into the new “Silk Road” investments will depend on China’s good will. This good will has always been praised in Xi’s ‘spirit of the Silk Road’ that stresses mutual friendship and people-to-people peace, and mutual benefit. It also stresses above all a Chinese regional world order of hierarchical harmony facilitated through government to government collaboration. This “spirit” has very little to do with the “great heritage of human civilisation” but is at best a rhetoric of wishful thinking how the BRI should be perceived. Through the alignment of the “Silk Road” heritage with the five principles of peaceful coexistence, China attributes a legacy to this common Eurasian history that it never had.

The second question arises as to the implications of Chinese foreign development investment as a means of Asian modernisation. China’s Northwest and Central Asia have been re-invented since the European explorations in the 1860s as a romanticised rural arcadia. The main selling points of Sven Hedin’s numerous books were the invention and othering of a romantic and adventurous Central Asia untouched by European modernisation. “In our imagination did we see the brilliant, many-coloured scenes form the past, the unbroken carnival of caravans and travellers, [... and] listened to the tinkling from the collar of bells [...] echoed in our eyes a melody which had sounded along that road for more than two thousand years.” This passage from Hedin, very similar to the “camel bells” and wisps of smokes rising from the desert in Xi’s Astana speech, illustrates the profound othering of Central Asia in need of modernisation. While the Europeans neither had the power nor the resources to carry out a wholesale modernisation of Central Asia, Xi’s grand
scheme of Chinese development aims at economic inclusion through modernisation accompanied by a century-old Han civilizational mission.

Richthofen’s and Hedin's inventions of the “Silk Road” indicate two important legacies that bear striking similarities to China’s current investment scheme. The “Silk Road” was a European imperial programme for infrastructure development to modernise China through close railway connections via Central Eurasia. The current BRI uses different rhetoric to boost trade and knowledge transfer but it is in fact an infrastructure development programme not unlike Richthofen’s “Silk Road”. The other striking similarity is that the “Silk Road” always focused on exploring, developing and civilising the regions in between the political and economic zones of Europe and China. While European imperial powers saw themselves on a moral mission to export the benefits of progress to the world in order to exercise their own power, China has re-discovered its own idea of civilisation in order to export trade and commerce with a Han civilizational mission. Key to this mission is the region of Xinjiang with all its social repercussions to the region and its population. It remains to be seen whether the financial underpinning will allow China to carry through a development utopia that the Europeans in the 19th and early 20th century could never afford to implement in their East Asian Empires.