New Silk Road

Roadmap to a wider market

China’s big idea could face problems ahead, warns Tim Summers

The phrase ‘one belt, one road’ has become a staple of discussions about China’s foreign policy and approach to the global economy. This is not least because the concept looks something like a signature foreign policy initiative of Chinese president Xi Jinping.

But the challenge has been unpicking exactly what the ‘one belt, one road’ slogan means. In English the name is clunky and somewhat misleading, a literal translation from a typically concise Chinese phrase *yì dài yì lù*, which in turn condenses two related ideas.

The first is the construction of a Silk Road economic belt spreading from western and inland China through Central Asia towards Europe, resonant of historical Eurasian ‘silk roads’ which reached their height during China’s Tang dynasty (618-906). Likewise, the second idea – a 21st century maritime Silk Road – is inspired by historical maritime trading routes from coastal China through the South China Sea and beyond. It will extend these routes to continents and countries where trade volumes are currently small, but growing, such as East Africa.

However, looking in more depth at these Chinese ideas shows that neither concept is about singular routes – in spite of the ‘one belt, one road’ moniker. On the contrary, they are about building networks of connectivity. The geographical linkages envisaged by the ‘belt’ and the maritime ‘road’ are to multiple locations. And the sectoral nature of these links is not limited to physical infrastructure – Xi has talked about connectivity in terms of trade, investment, finance, and flows of tourists and students.

The ‘belt’ and ‘road’ ideas came to prominence in 2013 when raised during visits to Central Asia and Southeast Asia by Xi and Premier Li Keqiang respectively. Although this high-level political messaging has created the impression that ‘one belt, one road’ is a new initiative, digging beneath the surface of Chinese policymaking reveals more continuity in their promotion than might first meet the eye.

As Section VI of the Chinese government’s official document released in March 2015 to spell out the ‘belt and road’ vision makes clear, the implementation of the concept is based on building on the existing and planned global linkages from various regions of China.

Three examples relating to the Silk Road economic belt illustrate this. First, the...
New Silk Road

China
Europe
Africa
Russia

Rotterdam Duisburg
Helsinki
Moscow
Venice
Marseille
Paris
Athens
Istanbul
Tehran
Nairobi
Kolkata
Karachi
Dushanbe
Bishkek
Tashkent
Almaty
Astana
Khorgos
Lanzhou Xi'an
Samarkand
Colombo
Kuala Lumpur
Hanoi

21st Century maritime Silk Road
Maritime Silk Road continental extension
Silk Road economic belt
Northern corridor
Central corridor
Southern corridor
Secondary routes
Railway routes
Silk Route trains
Trans-Siberian Railway
New Silk Road

‘One complication in China’s attempts to build a Eurasian economic belt is that Russia sees much of this region as its own backyard’

document looks to use Yunnan province in China’s southwest to connect with neighbouring countries, develop cooperation in the Mekong sub-region, and make Yunnan a ‘pivot of China’s opening-up to South and Southeast Asia’.

In practice, this will be based on the building since the 1990s of infrastructure linkages across Yunnan’s borders in Southeast Asia and further west towards India and Bangladesh. One likely effect will be to give a further boost to the trade and investment potential in Southeast Asia such that China’s trade with ASEAN countries could overtake that with the European Union in the 2020s.

The developmental imperatives that have driven this can also be seen in Xinjiang, in China’s far northwest. The ideas of encouraging economic development here by expanding trade, investment and infrastructure linkages to Central Asia date back to the 1980s, and though the growth of post-Cold War separatism in Xinjiang has complicated this, one hoped-for side effect of the ‘belt’ for Beijing would be to undercut extremism by boosting development in Xinjiang and Central Asia.

A third example of a ‘belt-like’ linkage already developed at the regional level is the goods train route from the central-western municipality of Chongqing through Xinjiang and Central Asia to Europe. Launched as a pilot project in 2010, this has since been copied by a number of other inland Chinese cities, and although trade volumes along these routes remain small, the growth in traffic shows the potential for shifts in China’s trade flows across Eurasia.

These examples of the bottom-up building of Eurasian economic and commercial networks suggest that the ‘belt and road’ vision is based on practicable foundations, and increase the chances that this policy initiative will bear fruit. They also highlight the importance of economic development goals which echo the strategic plans of institutions such as the Asian Development Bank, rather than the ‘belt and road’ being primarily a geopolitical manoeuvre on the part of Beijing.

There are, however, at least two potential complications in Chinese attempts to build a Eurasian economic belt. The first is the sense that Russia sees much of this region as its own backyard, and has been promoting its own plans for a Eurasian Economic Union.

Chinese influence has grown since the end of the Cold War, including through the security-focused Shanghai Cooperation Organization that grew out of a grouping first brought together in 1996, but any Russian resistance to the Silk Road economic belt would be problematic for Beijing.

At the moment, though, it looks as if the Chinese and Russian leaderships have reached an understanding on aligning and coordinating their respective strategies, no doubt boosted by their broader strategic relationship at a time when both are experiencing unease — of different sorts — in their ties with the west.

The second complication is over the political and commercial risks of building infrastructure in much of the Eurasian landmass, from Pakistan through to Central Asia and the former Soviet republics. Chinese experience in this remains limited, and fingers are likely to be burnt. The growth of overseas Chinese investment over the past decade has demonstrated lower levels of risk-aversion than more established global players, though some argue that this is the result of necessity — the untapped opportunities available to Chinese corporations tend by definition to be in the more difficult political environments.

These two issues highlight the big unknown about the prospects for China’s ‘one belt, one road’ strategy, namely that the ability of Beijing to influence its implementation will be limited. The scale of the vision is such that it will ultimately be the responses of other countries that are key to deciding whether the coming decade sees the sort of intensified networks of connectivity between China, Asia and Europe that are at the heart of the ‘one belt one road’ vision.

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