

Economy and geopolitics: China's Xi lays out \$900bn Silk Road vision amid claims of empire-building

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Global leaders attend 'Belt and Road' infrastructure summit to praise plan Xi Jinping says will bring a new 'golden age' of globalisation [1].

Chinese president Xi Jinping has kicked off a two-day showcase of what some call the most ambitious development project ever by comparing his country to a peace-loving explorer set on transforming the world with treasure-laden galleys not warships, guns or swords.

Speaking at the start of a high-profile summit about China's "Belt and Road initiative", Xi hailed his multi-billion dollar infrastructure crusade as a means of building a modern-day version of the ancient Silk Road and a new "golden age" of globalisation.

"The glory of the ancient Silk Road shows that geographical dispersion is not insurmountable," he told the 29 heads of state who have gathered in Beijing for the event, including Russian president Vladimir Putin, and Turkey's Recep Erdoğan.

However, as Xi took to the stage his signature foreign policy initiative faced a backlash with India launching a scathing attack on the \$900bn Chinese plan and announcing it would boycott proceedings. According to the *Times of India*, New Delhi believed the scheme was "little more than a colonial enterprise [that would leave] debt and broken communities in its wake" [2].

Xi told a different story on Sunday, painting what he called his "project of the century" as a bold and inclusive attempt to kickstart a new era of globalisation.

In a 45-minute address, the Communist party chief vowed to throw his weight behind a global construction spree stretching all the way from Asia, across Europe and Africa, to the Americas.

"The Belt and Road initiative is rooted in the ancient Silk Road ... but it is also open to all other countries," the Chinese leader said, promising to pump \$125bn into the scheme.

Just as Chinese traders and explorers such as Zheng He, a Ming dynasty navigator, went out into the world in peace, so too would China now seek to engage with other countries. "These pioneers won their place in history not as conquerors with warships guns or swords but are remembered as friendly emissaries leading caravans of camels and sailing treasure-loaded ships," Xi said.

"This part of history shows that civilisation thrives with openness and that nations prosper from exchange."

Tom Miller, the author of a new book about the Belt and Road [3], said that in many countries the

attitude to Xi's infrastructure extravaganza was: "The more money the better". And on Sunday morning, a cast of global leaders who are hoping to benefit from Beijing's munificence lined up to heap praise on Xi Jinping.

Ethiopia's prime minister, Hailemariam Desalegn, hailed what he called a unique, historic, extraordinary and momentous project. "Many of us in the developing world - especially we in Africa - continue to view China as a successful economic model and a reliable ally in the fight against poverty and in our quest for prosperity," he said, describing the Belt and Road as the greatest economic collaboration of the 21st century.

The British chancellor, Philip Hammond, said: "I commend President Xi ... for setting in train such a bold and visionary project. This initiative is truly ground-breaking in the scale of its ambition, spanning more than 65 countries, across four continents, with the potential to raise the living standards of 70% of the global population."

One of the most resounding endorsements came from Nawaz Sharif, the prime minister of key ally Pakistan, who told the audience he had come to offer his "deepest tributes" to Xi's "seminal initiative". "We stand at the cusp of a geo-economic revolution. In fact, this is the dawn of a truly new era of synergetic intercontinental cooperation," Sharif said.

Malaysia's prime Minister, Najib Razak, tweeted his approval from the audience for the "visionary and exciting" initiative [4] while Chile's president, Michelle Bachelet, predicted it would "pave the way for a more inclusive, equal, just, prosperous and peaceful society with development for all". "Chile is ready to become a bridge country between Asia and Latin America," Bachelet said.

However, there are also deep-rooted doubts, with some suspecting Beijing is using its "win-win" project as a ploy to lure less powerful nations into its economic orbit and boost its geopolitical power. Privately, western diplomats voice concerns about China's true intentions and how much involvement non-Chinese companies will be allowed to have in Belt and Road projects. Only one G7 leader, the Italian prime minister Paolo Gentiloni, is in Beijing for Xi's summit.

In a statement released on Saturday [5], India, the plan's most vocal critic, cautioned China against pursuing projects that would create an "unsustainable debt burden for communities", damage the environment or infringe upon other countries' sovereignty. Such initiatives "must be based on universally recognised international norms, good governance, rule of law, openness, transparency and equality", it said.

Beijing hit back at critics, with its official news agency attacking the "naysayers" and "fear mongers" it claimed were hovering over Xi's plan like buzzards. The Belt and Road initiative was "not and will never be neocolonialism by stealth", Xinhua argued in a commentary [6].

"China harbours no intention to control or threaten any other nation. China needs no puppet states," it added, describing the summit as a chance not "to assert a new hegemony, but an opportunity to bring an old one to an end".

Peter Cai, a fellow from Australia's Lowy Institute, said the two-day forum was Xi's latest attempt to burnish his credentials as a responsible world leader in a post-Trump, post-Brexit world [7]. "The two strongest champions of globalisation as I see it - the US and the UK - are both retreating [genuinely] or symbolically from their commitment to globalisation ... I see this as presenting a good strategic opportunity for China to promote itself as the new champion of globalisation."

Cai said a Chinese construction blitz was good news for Asia, which suffers from a chronic deficit of

infrastructure, but argued it was too early to tell whether Xi's lofty dreams would be fulfilled. "Some projects are happening overseas but we are talking about multi-year infrastructure projects – some are just starting," he said. "At this stage it is too early to pass judgment."

Tom Phillips in Beijing

Additional reporting by Wang Zhen

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The \$900bn question: What is the Belt and Road initiative?

It's a confusing title but it could turn out to be the largest ever infrastructure project with close to a trillion dollars being invested across the globe.

On Sunday Chinese President Xi Jinping will welcome world leaders including Russia's Vladimir Putin, Pakistani Prime Minister Nawaz Sharif and Myanmar's Aung San Suu Kyi to Beijing for what is billed as China's most important diplomatic event of the year: a two-day forum celebrating Xi's so-called 'Belt and Road initiative'.

The Belt and what initiative?

Even Chinese officials have struggled to define the awkwardly-named scheme and a flurry of music-themed propaganda about Xi's signature foreign policy in the lead-up to this weekend's event has done little to clear things up.

"It is not a solo song but a chorus," one veteran Chinese diplomat claimed cryptically this week [8].

"[It is] a Chinese solution to global economic blues," said the official news agency Xinhua [9].

Foreign minister Wang Yi has described the initiative as a "symphony of all relevant parties" [10].

In concrete terms, the Belt and Road initiative is an immensely ambitious development campaign through which China wants to boost trade and stimulate economic growth across Asia and beyond. It hopes to do so by building massive amounts of infrastructure connecting it to countries around the globe. By some estimates, China plans to pump \$150bn into such projects each year. In a report released at the start of this year [11], ratings agency Fitch said an extraordinary \$900bn in projects were planned or underway.

There are plans for pipelines and a port in Pakistan, bridges in Bangladesh and railways to Russia - all with the aim of creating what China calls a "modern Silk Road" trading route that Beijing believes will kick start "a new era of globalisation" [12].

According to the global consultancy McKinsey, the plan has the potential to massively overshadow the US' post-war Marshall reconstruction plan, involving about 65% of the world's population, one-third of its GDP and helping to move about a quarter of all its goods and services. Some describe Xi's

scheme as the biggest development push in history.

But why Belt and Road?

The Belt and Road initiative has two main prongs: one is called the 'Silk Road Economic Belt' (the belt) and the other the '21st Century Maritime Silk Road' (the road).

Bewilderingly, the 'road' is not actually a road but rather a sea route linking China's southern coast to east Africa and the Mediterranean. The 'belt' is a series of overland corridors connecting China with Europe, via Central Asia and the Middle East.

"It is a very confusing name," admits Peter Cai [13], the author of a recent report about Belt and Road, who blames China's propaganda-focused state media for failing to properly explain the concept to the world. "There is still a lot of confusion about what the Belt and Road initiative is and what it actually entails."

The initiative's Chinese name - *yi dai yi lu* or "one belt, one road" - rolls off the tongue far more easily.

When did it start and what has happened?

The initiative was officially launched in September 2013 when President Xi used a speech at a university in Kazakhstan to call for the creation of a "Silk Road Economic Belt" [14]. The project was later expanded and re-branded with its current name.

Beijing has championed a number of achievements, foremost among them the \$62 billion China-Pakistan economic corridor (Cpec), a sprawling web of motorways, power plants, wind farms, factories and railways, that supporters say will spark an "economic revolution" and create up to one million jobs in Pakistan. Other high-profile schemes include a \$1.1 billion port project in Sri Lanka [15], a high-speed rail link in Indonesia [16] and an industrial park in Cambodia [17].

However, experts say that nearly four years after the initiative began most projects remain on the drawing board. "We really are at a very early stage of implementation," says Cai, a fellow at Australia's Lowy Institute. "It's still early days to pass a judgement on the success or failure of the Belt and Road."

At this weekend's conference, China hopes to put some meat on the bones of Xi's pet project.

Why is the Belt and Road initiative so important to China?

Observers say a number of overlapping goals lie behind China's 'Belt and Road' campaign.

In many ways it is an economic plan designed to open up and create new markets for Chinese goods and technology at a time when the economy is slowing [18] and to help export excess cement and steel capacity by shifting factories overseas to less developed countries. Beijing also hopes Xi's initiative will help boost the economies of less developed border regions such as Xinjiang by linking them with neighbouring countries.

But many believe the Belt and Road initiative is also a geopolitical gambit to boost China's regional clout at a time when Donald Trump's US looks to be stepping back from Asia. "It's about making China the dominant country in the region," says Tom Miller, the author of a book about the scheme called *China's Asian Dream* [19].

Cai said it was indisputable that Belt and Road would have geopolitical consequences, giving Beijing greater leverage over its neighbours. "It will give China more influence."

How do other countries feel about it?

Xi's initiative has been greeted with a mix of excitement and suspicion.

Miller, who has visited many of the countries involved, said many governments in central and south-east Asia were genuine cheerleaders. "There are certain countries, like Kyrgyzstan and Tajikistan, where it is literally keeping the lights on," he said, pointing to massive Chinese power transmission projects in those nations [20].

Others, however, feared that by becoming indebted to Beijing they would become "economic vassals". Some countries, such as India, suspect the project is simply a smokescreen China is using to seize strategic control of the Indian Ocean. India's prime minister, Narendra Modi, has accused Beijing of trying to "undermine the sovereignty of other nations" and will shun this week's summit.

Many in the west are also wary. Beijing has said 28 heads of state and government leaders will attend Xi's forum but German chancellor Angela Merkel has turned down an invitation and US president Donald Trump is not expected to attend. Only one G7 leader, Italian prime minister Paolo Gentiloni, has confirmed.

The UK will be represented by the chancellor, Philip Hammond, suggesting Downing Street did not want to offend China's leaders too much despite Theresa May's decision to take a rain check.

Tom Phillips in Beijing

* The Guardian. Friday 12 May 2017 02.02 BST Last modified on Monday 15 May 2017 06.04 BST:
<https://www.theguardian.com/world/2017/may/12/the-900bn-question-what-is-the-belt-and-road-initiative>

Footnotes

[1] World's biggest project aims to make China great again:
<https://www.theguardian.com/world/2017/may/12/chinese-president-belt-and-road-initiative>

[2] <http://timesofindia.indiatimes.com/india/china-road-initiative-is-like-a-colonial-enterprise-india/articleshow/58664098.cms>

[3] <https://www.zedbooks.net/shop/book/chinas-asian-dream/>

[4] <https://twitter.com/NajibRazak/status/863565440240328704>

[5] <http://timesofindia.indiatimes.com/india/china-road-initiative-is-like-a-colonial-enterprise-india/articleshow/58664098.cms>

[6] http://news.xinhuanet.com/english/2017-05/13/c_136279650.htm

- [7] <https://www.theguardian.com/world/2017/feb/10/how-xi-jinpings-global-ambitions-could-thrive-as-trump-turns-inward>
- [8] http://english.gov.cn/news/video/2017/05/08/content_281475648982893.htm
- [9] http://news.xinhuanet.com/english/2017-04/18/c_136218567.htm
- [10] http://usa.chinadaily.com.cn/us/2015-03/08/content_19752472.htm
- [11] <https://www.ft.com/content/c67b0c05-8f3f-3ba5-8219-e957a90646d1>
- [12] <http://af.reuters.com/article/idAFKBN17S18S>
- [13] <https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative>
- [14] http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml
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- [20] http://news.xinhuanet.com/english/2016-05/18/c_135369586.htm