BELT AND ROAD INITIATIVE IN WORLD POLITICS

A. M. BAICHOROV

Belarusian State University, 4 Niezaliežnasci Avenue, Minsk 220030, Belarus

The article provides an overview of the Chinese Belt and Road Initiative (BRI), analyzing the reasons of its introduction, the problems of its implementation and its role in world politics. The following topics are addressed: the evolution of world politics in the XXI century that created the necessary preconditions for the BRI; the reasons and problems of the BRI-Eurasian Economic Union conjugation; the ambivalent attitude of the European Union towards the BRI; India's and Japan's problems with the BRI; the US policies towards the PRC; the prospects for the further development of the BRI.

Key words: Belt and Road Initiative; world politics; Eurasian Economic Union; Russia; China; Japan; India; European Union; USA; Transpacific Partnership; Transatlantic Trade and Investment Partnership; Free Trade Area; conjugation.

ИНИЦИАТИВА ПОЯСА И ПУТИ В МИРОВОЙ ПОЛИТИКЕ

A. М. БАЙЧОРОВ

Белорусский государственный университет, пр. Независимости, 4, 220050, г. Минск, Беларусь

Рассматривается китайская инициатива пояса и пути (ИПП), анализируются причины и обстоятельства ее проявления, проблемы ее имплементации и роль в мировой политике. В центре внимания автора следующие вопросы: эволюция мировой политики в XXI в., создавшая необходимые предпосылки для ИПП; причины и проблемы сопряжения ИПП и Евразийского экономического союза; неоднозначное отношение Европейского союза к ИПП; проблемы для Индии и Японии в связи с осуществлением ИПП; американская политика в отношении КНР; перспективы дальнейшего развития ИПП.

Ключевые слова: инициатива пояса и пути; мировая политика; Евразийский экономический союз; Россия; Китай; Япония; Индия; Европейский союз; США; Транстихоокеанское партнерство; Трансатлантическое торговое и инвестиционное партнерство; пространство свободной торговли; сопряжение.

Introduction

Brisk economic development of China at the beginning of the XXI century changed the configuration of world politics. After the collapse of the Soviet Union, the rise of China became the most important event in the international relations at the turn of the centuries.

In the bipolar world, the international politics was dominated by the fierce competition of socialist and capitalist blocks. This competition took place in every sphere of life. In the economic field, the USSR used all the levers of the centralized economic system to overtake the USA in terms of the GDP. In the military field, the extensive arms race ate a lot of national resources and undermined the quality of life in the capitalist and socialist countries. However, this competition was especially detrimental to the less developed socialist economy that did not have free market forces to compensate for the mistakes of the state economic sector. The fierce ideological battles were waged in the cultural...
The rise of China in world politics and the introduction of the BRI

China’s role in world politics changed dramatically. Less than twenty years ago China joined the WTO under the West’s insistence, and by 2006 implemented all the WTO requirements. To put it short, the PRC played by the liberal economic rules established by the West and factually bit the Western partners playing by their rules and on their markets.

The economic, political and military rise of China became a source of concern for the Western Governments and the transnational corporations (TNCs). They had to find a way to contain the Chinese expansion, to preserve their political influence and markets. One of the answers was found in the creation of the economic mega partnerships that excluded China. In January 2013, the start of negotiations on the creation of the Trans-Atlantic Trade and Investment Partnership (TTIP) was announced. In March 2013 the negotiations on the creation of the EU – Japan Free Trade Area (FTA) were started. At the beginning of the same year, Washington accelerated the negotiations on the creation of the Trans-Pacific Trade Partnership (TPP). If all those negotiations had been successfully concluded, more than 60 % of the world trade would have been excluded from the rules of the WTO.

Beijing saw what was coming and was trying to figure out a proportionate response. The response was formed as the Belt and Road Initiative (BRI). China’s President Xi Jinping formulated the BRI in his speech at the Nazarbaev University in Astana in September 2013. He suggested developing an Economic belt of the Silk Road and the introduction of the Belt and Road Initiative (BRI).

The first sign of crumpling of this leadership appeared during the world economic crisis of 2008–2009. Almost all countries experienced economic decline, or at best economic stagnation. The People’s Republic of China that demonstrated over 10 % economic growth during the first decade of the XXI century retained its growth potential. Its GDP grew over 7 % during the crisis. Chinese companies and banks started to actively court the markets of the developing countries and the Western markets, as well. The Chinese People’s Liberation Army (PLA) became more assertive in the matters of international security. The Chinese ships started patrolling the international waters at the Horn of Africa to provide a safe passage of trade vessels and confront international pirates. China confronted Japan more aggressively over the Senkaku (Daoyoudao) Islands and enforced its control over the entire South China Sea.

The first sign of crumpling of this leadership appeared during the world economic crisis of 2008–2009. Almost all countries experienced economic decline, or at best economic stagnation. The People’s Republic of China that demonstrated over 10 % economic growth during the first decade of the XXI century retained its growth potential. Its GDP grew over 7 % during the crisis. Chinese companies and banks started to actively court the markets of the developing countries and the Western markets, as well. The Chinese People’s Liberation Army (PLA) became more assertive in the matters of international security. The Chinese ships started patrolling the international waters at the Horn of Africa to provide a safe passage of trade vessels and confront international pirates. China confronted Japan more aggressively over the Senkaku (Daoyoudao) Islands and enforced its control over the entire South China Sea.

The first sign of crumpling of this leadership appeared during the world economic crisis of 2008–2009. Almost all countries experienced economic decline, or at best economic stagnation. The People’s Republic of China that demonstrated over 10 % economic growth during the first decade of the XXI century retained its growth potential. Its GDP grew over 7 % during the crisis. Chinese companies and banks started to actively court the markets of the developing countries and the Western markets, as well. The Chinese People’s Liberation Army (PLA) became more assertive in the matters of international security. The Chinese ships started patrolling the international waters at the Horn of Africa to provide a safe passage of trade vessels and confront international pirates. China confronted Japan more aggressively over the Senkaku (Daoyoudao) Islands and enforced its control over the entire South China Sea.

The first sign of crumpling of this leadership appeared during the world economic crisis of 2008–2009. Almost all countries experienced economic decline, or at best economic stagnation. The People’s Republic of China that demonstrated over 10 % economic growth during the first decade of the XXI century retained its growth potential. Its GDP grew over 7 % during the crisis. Chinese companies and banks started to actively court the markets of the developing countries and the Western markets, as well. The Chinese People’s Liberation Army (PLA) became more assertive in the matters of international security. The Chinese ships started patrolling the international waters at the Horn of Africa to provide a safe passage of trade vessels and confront international pirates. China confronted Japan more aggressively over the Senkaku (Daoyoudao) Islands and enforced its control over the entire South China Sea.
Since its inception, the BRI was rebranded at least three times. First rebranding occurred when a Maritime Belt was added to the Silk Road. With this addition to the Economic Belt of the Silk Road, the whole Initiative was named “One Belt, One Road” (OBOR). It encompassed six land belts and two sea belts.

Some foreign experts criticized OBOR brand as being too strict and too prescriptive to integrate different interests of different nations. Therefore, in Joint Declaration of the three Chinese Ministries the Silk Road Economic Belt and the 21st Century Maritime Silk Road were referred to as the Belt and Road Initiative – BRI [2, p. 3].

The Chinese authorities were so fond of their new initiative that they decided to hold the BRI World Summit in Beijing to promote it even further. Political leaders, scientists and prominent businesspersons of many countries were invited by Beijing to participate in the Summit that took place on 14 May 2017. I was one of the participants and can testify firsthand about the real disappointment of the Chinese officials due to the fact that only a handful of the foreign State leaders chose to participate.

The Chinese Government celebrated the fifth anniversary of the proclamation of the BRI in 2018. On 28 August 2018, Xi Jinping held a special conference in Beijing devoted to the anniversary. At that conference he dwelled upon the numerous BRI achievements, like investing 60 billion dollars in the BRI countries, creating 200 thousand jobs there, increasing trade up to 734.3 billion dollars. In effect, the BRI has become a triumph of politics over reality. It was mentioned in the Introduction to this article that one of the reasons to introduce the BRI was to counter the containment policy of the West directed against the PRC. In this regard, Beijing put all its investments in Russia, prohibiting exports of military equipment and modern technologies. The Kremlin found itself in almost total international isolation. Its post-Soviet neighbors could not help much, all of them were used to receiving economic and other forms of assistance from Russia.

In this article we attempt to develop a hypothesis that the BRI managed to attract a lot of supporting States and to some extent neutralized the Global North’s policy of containment. At the same time, it could not eliminate the politicians and businessmen’s concerns caused by the international economic and political expansion of China.

The BRI versus Russia and the Eurasian Economic Union

At the very beginning, Moscow considered the BRI as Beijing’s attempt to protect and promote Chinese interests in the Customs Union space, especially in Central Asia. Moreover, this assessment was not far from reality. It was mentioned in the Introduction to this article that one of the reasons to introduce the BRI was to counter the containment policy of the West directed against the PRC. In this regard, Beijing put all its investments in Russia, prohibiting exports of military equipment and modern technologies. The Kremlin found itself in almost total international isolation. Its post-Soviet neighbors could not help much, all of them were used to receiving economic and other forms of assistance from Russia.

Before the celebration of the 70th anniversary of the victory in the Great Patriotic War (May 2015) Moscow
invited all its anti-Hitler allies and leaders of some other states to come to Russia to participate in the festivities. Almost none of the invited leaders came. However, the Chinese leader came and was awarded a preferential treatment (in two years, President Putin returned the favor and was one of the few State leaders who came to the BRI Summit in Beijing in May 2017. But in his speech at the Summit Vladimir Putin chose to promote the Russian concept of "Greater Eurasia" that on many counts directly competes with the BRI) [7]. It was somewhat indicative that the Beijing BRI gathering was not called at the Kremlin site a "Summit" but an "International Forum".

On 8 May 2015, Russian President Vladimir Putin and Chinese President Xi Jinping signed a document on conjuration of the BRI and the EAEU (without proper consultations with other EAEU member-states). Relevant working groups on different aspects of the conjuration were established. Moreover, it took those three years to prepare an only agreement in the framework of conjuration – Agreement on trade cooperation between the EAEU and China. Beijing was not very happy about this agreement. It wanted to get an FTA agreement with the EAEU as Vietnam got a year before. However, Moscow was afraid of the invasion of the EAEU markets by the Chinese goods and went along with signing a classical trade cooperation agreement. There were about 40 transportation projects prepared by the Russian side in the spirit of conjuration. The Chinese side approved none for financing from the BRI fund. As professor of the Russian University of People's Friendship Yury Tavrovsky quite rightly mentioned, "only the implementation of the concrete projects will allow to recognize the conjuration as a political and economic reality" [8].

Thus, by the middle of 2018, there were a number of bilateral RF – PRC economic projects, which were included under the BRI umbrella but there were no projects in the conjuration mode. The only achievement that could be attributed to the conjuration strategy is the signing of the China – EAEU trade agreement in May 2018.

The main benefits that Russia got from the BRI – EAEU conjuration were political ones. The conjuration helped Moscow to avoid being a total international outcast, helped to hold its head up while confronting Brussels and Washington. The economic benefits for the Russian Federation from the conjuration were almost non-existent. The Chinese side managed to artfully promote its economic interests using the Russia's difficult international situation. Beijing demanded and got low prices for Russian gas and oil; it demanded and got supplies of the most modern Russian technologies and military equipment.

### The BRI and the European Union

Official EU – PRC relations were established in 1975. Since then the political and economic ties between them had their ups and lows. After the Tiananmen uprising in 1989 the EU introduced embargo on arms and technology export to China. In the XXI century, the development of the economic relations steadily grew. In March 2014 the first ever official visit of Chinese leader to the EU Headquarters took place. Xi Jinping came to Brussels at a time when the EU was struggling to stay together fighting huge problems of accumulated state debts of Ireland, Portugal, Italy, Cyprus and Greece, with Ukrainian crisis looming on the horizon. Under the circumstances, the EU side had to agree to include in the Joint EU – China Declaration of 31 March 2014 a clause on conducting a visibility study on creating an EU – China FTA. At the last moment, Brussels managed to condition the conducting of this study upon the conclusion of the China – EU investment agreement. In his speech at the College of Europe Xi Jinping brought up the BRI subject. "We should, – he said, – unite the efforts to deepen sino-european cooperation with the efforts to create the Silk Road Economic Belt and, aiming at creating a large Eurasian market, activate the business activity of the populations and enterprises, mobilize financial resources and introduce modern technologies in order to turn China and the EU into a "double engine" of the world economic growth" [1, p. 383].

In September 2015, in the course of the high level economic dialogue between the EU and China, a decision was taken to converge the BRI and the European investment plan. A Memorandum of Understanding (MOU) was signed on the creation of the EU – China Investment Plan. The only achievement that could be attributed to the conjuration strategy is the signing of the China – EAEU trade agreement in May 2018.

The BRI significance for Europe was additionally underlined in the EC document “The Principles of a New EU Strategy towards China” adopted in June 2016. This document calls for close EU – China cooperation in the implementation of infrastructure projects. In the same month the European Bank for Reconstruction and Development (EBRD) and the Silk Road Fund signed an MOU promoting joined financing of the projects.

Brussels looks with suspicion on the gatherings of the "16+1" Format that encompass China and 16 EU and Balkan countries (the Republic of Belarus has the status of a special Chinese invitee at this Format). The creation of the "16+1" Format was a medium variation of the traditional Chinese policy of conducting the bilateral negotiations with countries and not
becoming involved in negotiations with blocks of states (in this case – with the EU).

By the end of the second decade of the XXI century, there were five main problems in the EU – China relations. The first one is the continuation of the arms and technology embargo that Beijing tries to overcome. The second problem is connected with the inability of both sides to conclude a new comprehensive Partnership Agreement. Lack of investment agreement between the PRC and the EU represents the third problem. The fourth problem is the EU non-recognition of the market status of the Chinese economy. European banks and companies still have a lot of complaints about the rules and regulations that discriminate against the European business in China. Finally yet importantly is the problem of democracy and human rights that in the European eyes are not sufficiently developed in the PRC.

The BRI, the USA, Japan and India

Although the USA as a country is not part of the BRI, the US economic interests in the Asia Pacific Region (APR) are generally affected by the growing Chinese economic presence in the region. Some small South-East Asian nations see the USA as the only guarantor of their national security and economic rights. And not just the small ones but technologically advanced Japan, Australia, South Korea as well. In 2012, the US Barack Obama Administration started its “Pivot to Asia” allocating more attention and resources to the situation in Asia. This new Washington Asia strategy aimed at protecting and promoting US political and economic interests. Moreover, part of this strategy was dealing with security and economic concerns of the US allies and other countries in the APR. One of the tools that Washington used to contain China with, was an attempt to fence off Chinese companies in the world trade. This was done by the creation of economic mega partnerships such as the TPP, the TTIP and the EU – Japan FTA. Beijing counterattacked by proposing the BRI. In this context, the US Donald Trump Administration played in the hands of China when it decided to postpone the TTIP negotiations and withdraw from the TPP.

On the other hand, the Trump Administration tried to limit the Chinese export to the USA on bilateral basis. This proved to be a double-edged sword: limiting Chinese export provoked reciprocal measures from Beijing, and hurt the interests of the US firms operating in China.

The Japan – China relations were poisoned by the conflict over the Senkaku (Daoyoudao) Islands that resumed with new vigor just months before the BRI official announcement in 2013. Therefore, Tokyo looked with suspicion upon any China’s global and regional initiatives. This suspicion was strengthened by the creation in Beijing of the Asian Bank of Infrastructure Investments (ABII), which was considered by the Japan Government as a direct competitor of the Asian Development Bank based in Tokyo.

The temperature in Japan – China relations also depends on the atmosphere in the USA – China ties. Tokyo remains a very staunch supporter of Washington in Eastern Asia despite some trade disagreements.

When the BRI was officially proclaimed in September 2013, New Delhi took a neutral stance toward it. In fact, Chinese Prime-Minister Li Kejang was the first to announce the BRI idea in May 2013 during his visit to India. A special corridor (belt) from China through Myanmar to India was envisaged within the initiative. New Delhi was looking forward to obtaining the Chinese investments to develop transportation connectivity in South Asia. But later this somewhat neutral attitude changed and New Delhi started to see negative trends within the BRI.

Firstly, India negatively assessed using the BRI funds to support the Chinese construction companies in their competitive bids with the Indian companies in the third countries. The Chinese companies received contracts for building sea ports and airports in Sri Lanka which India always considered its zone of influence.

Secondly, India’s concerns were aroused by the actual construction of some BRI corridors. For example, the road from Chinese province Xin Jang to Pakistani sea port Gwadar was built through the disputed territory of Jammu & Kashmir as part of the China – Pakistan corridor in the BRI context.

Thirdly, New Delhi could not see much added value in the BRI because almost all economic activities of the Chinese companies in the region of South Asia were automatically included under the BRI umbrella.

These negative trends in Indian – Chinese relations over the BRI were further exacerbated by a demonstrative refusal of the Indian Prime Minister to accept Beijing invitation to participate in the BRI World Summit in 2017.

Conclusion

It is really quite difficult to enumerate possible perspectives for the different dimensions of the BRI. Therefore, we would restrict this topic to the scenarios of the BRI and the EAEU conjugation.

In the optimistic scenario, Moscow and Beijing will agree on dividing their interests and responsibilities in the EAEU and the BRI. In this case, there will be a strong possibility of integration of the potentials
of these two and, by doing this, to increase the chances of breaking the containment of China and Russia. If we narrow this scenario just to the framework of the Central Asian region, we could come to a conclusion that it would be quite visible to divide the interests and responsibilities of China and Russia there, because the two main resources of the region – hydro carbonates and labor force – could go to different destinations: hydro carbonates – to China, and labor force – to Russia.

The realization of the optimistic scenario will largely depend on the internal politics of Russia. As Alexandr Gabuev puts it, “in order to really increase the benefits from the cooperation with China at minimum risks, one should neither be afraid of the Silk Road, nor believe in its magic capabilities; what is needed is to reform your own economy and improve the investment climate. And if there are no improvements, the hideous Chinese are not a guilty party” [3].

In the pessimistic scenario, China and Russia will not agree on dividing and respecting the interests and responsibilities of each other. The old prejudices and modern inclinations of both sides to become a global power prevail. In this case, Moscow would impede the BRI ties with the EAEU Member States.

In my opinion, one could still keep a question mark over the economic sustainability of the BRI. First, there are not that many goods in the Western and even Central provinces of China waiting to be moved to Europe via the Silk Road land belts. Even less things are waiting to be railroaded from Europe to China. Most Chinese products that are exported to Europe are made in Eastern and Southern provinces of China with easy access to the shipping sea lines. Second, the price of shipping goods to Europe by sea is much less than by land. Building of new container carriers that could take aboard 18 thousand standard 20-feet containers (TEU) at once, which is now under way in the Republic of Korea and the PRC, will decrease the price for sea shipping even further. The only economic advantage of moving goods via the BRI land belts is somewhat shorter timespan needed for the transportation. And even this remaining advantage is now threatened by the melting ice of the Arctic Ocean.

The BRI was introduced at a time when the relations between Russia and the EU were quite friendly and the European leaders and Vladimir Putin were talking about creating a free economic area from Lisbon to Vladivostok. There was a free flow of goods, services and capitals between the G8 Member States. Without such a free flow the raison d'être behind the BRI is disappearing (at least behind its northern land belts going through Russia and Belarus). The BRI as a whole nevertheless could survive the current state of international affairs including cutting ties between Russia and the West, if it keeps the sea belts and the land belts going through Central Asia and Turkey.

### Библиографические ссылки

1. Си Цзиньпин. О государственном управлении. Пекин: Издательство литературы на иностранных языках; 2014. 624 с.
3. Gabuev A. Как Шелковый путь стал резиновым. Ведомости. 4 сентября 2018 г.

### References


Received by editorial board 29.09.2018.