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Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Xie Tao**

Episode 59: Is China's Belt and Road a Strategy?
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From the Carnegie–Tsinghua Center in Beijing, China, this is the China in the World Podcast hosted by Paul Haenle.

Haenle: I am here at Beijing Foreign Studies University with my good friend Dr. Xie Tao, full professor of political science at the school of English and international studies at the Beijing Foreign Studies University. We are going to talk today about China's Belt and Road Initiative (Yi Dai Yi Lu). In an article that Xie Tao wrote for the *Diplomat* in December last month called, "Is China's Belt and Road a Strategy?" This is Xie Tao's second time on the podcast. Thank you for coming back.

Xie: Oh, my great honor.

Haenle: In June of 2014, in fact, we had an interest discussion on China's foreign policy and China's oil rig standoff with Vietnam, which listeners can find at our website, carnegietsinghua.org. So again, thank you for joining us today Xie Tao.

Xie: My pleasure! I am glad to be back.

Haenle: Xie Tao, as you know from living here in China, we have talked about this, everything seems to be about the Belt and Road initiative these days. You and I have both been invited to conferences, panels, and we have seen that constant maps, routes, we know the research, and initiative is well-funded right now here in China. And then in your article the *Diplomat*, you talked about the nationwide craze over the Belt and Road. This has been overshadowed [by] a number of other initiatives to some degree, like the new type of great power relationship and the Asian Infrastructure Investment Bank. But you also note that when it was first announced back in late 2013—the Belt and Road Initiative—that not many people either here in China or outside of China paid much attention. Could you start our podcast by explaining to our audience these two phenomena? Why was this important initiative largely ignored at first and why has the Belt and Road become—as you said in your article—indisputably the most discussed and studied topic among Chinese officials, analysts, and journalists?

Xie: Okay, so these are important, but also very difficult questions for me, you know. I got notice of this when I was doing a research for this article. In 2014, very few articles and analyses were published about the Belt and Road and then in 2015, a huge spike. I would presume that in 2013, Chinese leaders and minister of foreign affairs people were busy with this new type of major power relationship. A second reason I suppose is that when President Xi Jinping proposed this Silk Road in Kazakhstan, and then the maritime Silk Road in Indonesia just one month between each other, and Chinese observers were not sure about what kind of road he was talking about. Is this going to be a blue print? Or is just a new idea that he was flying, some balloon to—you know—to see how other people would react to this. And at the end of 2014, I believe that was a turning point. You see, Chinese news media, especially some think tank like you know the one at the Renmin University and others, they began to pick up this message and say, this is going to be huge. My take on that—this is when you look at the Third Plenum's communique, it [has] struck me that this was the first time that the leadership would put the One Belt and One Road in the communique.

Haenle: And this is you are talking about the fall of 2013?

Xie: Yes, I remember it was November, because President Xi Jinping gave his speech at the Indonesian parliament in November. And then he came back and we had this Third Plenum. So the communique of the Third Plenum, the Belt and Road was written there. And so that was a clear sign that this is going to be very important.

Haenle: Yet people didn't pick up on it right away.

Xie: But [at the] very beginning, you are right, people didn't pick up. Like you know, I used an indicator to look at how many Chinese analysts actually had written on this topic in 2014, very few.

Haenle: I think in your article you have mentioned 160 or so?

Xie: And then in 2015, it was like over 1,000. It is like ten times increase.

Haenle: So it took a while for people to realize that the leadership was serious about this, and I suppose some of it had to do with funding. And at some point people must have realized that there was some funding attached to this.

Xie: Right, right. So now, like you mentioned, there are hundreds of conference, and symposiums and panels to discuss the Belt and Road initiative and you need to have money, right? And you can use your own money, but eventually need to get the Chinese government's grant money. To fund all these you know, and I think you know, another big sign that this is getting serious is that local governments, provincial, municipal, they began to turn out these blueprints, you know, how their particular city are gonna be in an integral part of this Silk Road strategy. You know, that is really pushing ahead and making this is a big buzz.

Haenle: We did an international conference in September. We had several panels talking about a range of issues from economics to foreign policy. We did one panel on the Belt and Road initiative, and our Chinese partners in this process insisted that we called the entire conference One Belt One Road. So I've been in touch with some of the dynamics that you're talking about. You think that the Belt and Road is also been characterized by some as a national strategy or grand strategy. Others have characterized it as China's second opening up policy. But you say, that Beijing has refused to use the word, that the leadership has refused the word strategy to describe the Belt and Road. Can you explain how the Chinese government describes the Belt and Road and why this is significant in your mind?

Xie : Well, in my article I said I think so far the only official document released by the Chinese government jointly by the Chinese minister of finance, minister of foreign affairs, and minister of commerce and Boao forum and NDRC. They said, this is a, they called this is a vision and action plan and in that official document they used a word *changyi*, or initiative. I think it is just like [in] November or September three ministers issued a joint statement saying that official translation of One Belt and One Road should not be strategy but it is should be an initiative. So that shows very clearly that the Chinese leaders do not want to use a word strategy to describe the Belt and Road

initiative. And they also discussed why—in my understanding—that they appeared to be very reluctant to use it. Because an initiative in English or in Chinese, *changyi*, means that you know a call for action, and usually on behalf of public good. Let's say call on citizens of Beijing, stop driving for a one day or week so that we can reduce air pollution right? But you may or you may not cooperate with a call. And same thing in the international relations, you know if China says it is an initiative, nobody [is] sure whether this will include myself. But if you say this is a strategy and then strategy means it is a deliberate plan of actions, that means you may have long period of negotiations with your partners. What countries are your target and what count is what you want to by a pass? Also, you need to remember that Chinese strategy always smacks of conspiracy, something like you want to do in secret. But an initiative sounds like sunshine, it is open, right? And Chinese leadership, I think they don't want to give people the impression that China is secretly planning something, probably to avoid scrutiny from Washington or from Europe.

Haenle: One of the factors that may lead to people kind of coming up with their own kind of assessment is I have found that when I go around China, and when I talk to different organizations—government organizations, think tanks, different groups of scholars—I hear a range of different explanations of what the Belt and Road initiative is or is not, and many of them contradict each other. I visited with a PLA general, and he told me that it is an economic development plan with no grand strategy. But I heard others who say that it is response to U.S. rebalance, so it's hard to know—I think—from an outside observer, maybe even from within China. But it strikes me that there's a need—I think—to be more open and transparent about these, so that people do not project as you referring to, they don't project their own worst fears about what this is might be on the initiative itself. Or their greatest hopes, in some case. So my question would be, why do you think China hasn't engaged the U.S. and other countries in a more robust way about the initiative, what it is, what project will be involved? China, I understand, did not bring up the initiative at the most recent state visit, between Xi Jinping and President Obama, or at the Strategic and Economic Dialogue in last spring. It seems to me, there may be some benefit to begin discussing this initiative so we can avoid, as I said, people coming up with their own assessment of what it is all about.

Xie: Well you know, my take on this is that, first, leadership would say we already issued this vision and action plan at the Boao Forum and our principles, our priorities, our modes of cooperation are laid out very clearly there.

Haenle: Is this Boao forum in 2014?

Xie: 2015. So it's there, and we issued Chinese version, we also issued an English version and we made it very clear that is—this is an initiative to enhance inter-connectivity and economic cooperation for countries located along the two Silk Roads. And you noticed that both roads extend westward, so they don't go eastward across the Pacific to San Francisco or Latin America right. So that could be the Chinese leadership's explanation. But of course, like you've said—why outside observers still tend to project their worst suspicions and fears about China—I think that ultimately ties into their perception of China's overall foreign policymaking process. And to them, the whole process is still largely un-transparent, and so even if you make this official document, you tell me that you have no bad intention. But I just don't, I am very hesitant to trust what you

say to me. Unlike in some other countries you have many processes whereby you can observe the intention of the policy makers.

Haenle: So it... you it a call to action, in the name of a public good. And I think it—you would agree with me—it fits in with Chinese objective to show international responsibility and goodwill, provision of public goods. And I think there is some sensitivity here in China to the criticism that China's free riding. This sort of contributes to getting beyond that. I have heard Chinese military officials say that now China has the capability to offer free rides of its own on the Belt and Road initiative, other countries who catch the fast train of china's economic development, which is interesting. But we also know that there is—are important economic components of this. In that, it could help China export Chinese capital, it could also deal with the problem in China's overcapacity in some industries. So how much of this is economic how much of it is about good will and public goods? How much of it is about geopolitical strategy?

Xie: Paul, I am actually writing an academic article about the AIIB, Asian Investment, and Infrastructure Bank. You know, I am reading through all these different views and perspectives. One perception—even I had this perception in the very beginning—is that the Silk Road, the One Belt and One Road, including the AIIB could be very important financial tool for China to export its excessive capacity. But then people like David Dollar, he did a very careful calculation and he said, even assume that AIIB operates at its full capacity, it can only export or help export about 20 billion dollars' worth of Chinese product overseas per annual, and that's like a drop of water compared with the scale of overcapacity in China. That's the one point and second is where China's economic interests stop and where the geopolitical consideration arise. In the article that I am working on, I said we have to remember economic interests are necessarily geopolitical interests. You could have very vital geopolitical interest without very significant economic interest but economic interests are necessarily geopolitical interests. You cannot deny this. Look at the United States, look at the British Empire and look at the Japanese, and others, right? If you have so many businessmen, investments, and tourists in foreign countries, and then you got to worry about your own citizens' safety, their security, and your own investment, the commercial returns and others you know and that falls upon a sovereign government to do something. So I think it will be bad if we stand out and say, "No, no, no, we are only going in there just for an economic interest. We have no geopolitical interest there." And besides, once you have an economic interest you will inevitably get entangled with local politics and that's where the geopolitics comes into play.

Haenle: China is emphasized that this is open and it's inclusive, it is not exclusive. Where do you see from a U.S. and China stand point? Is there..? Certainly this is moving west, not East. But is there any potential for cooperation? How should we be looking at this from a U.S. perspective? Is—should we stand by and watch it happen? Do we involve ourselves in it? Is there potential for cooperation in any way?

Xie : There could be some potential for cooperation, but I think at the moment it's unlikely when you looking at the wording of the official documents and others, the Belt and Road initiative is to improve infrastructure primarily in under-developing countries. So—that—the U.S. is not an under-developing country. Even though the U.S.'s infrastructure is very much old and it's very much outdated, right? Everybody knows this, you know. But we are not saying that the focus of

AIIB or Belt Road initiative is for European countries or the United States. Second, because China was not really invited to apply to TPP, even though the U.S. says TPP is open and inclusive, so we could say, well this is our sovereign government's policy, so we would not really bother to consult with the United States. We say it's open and inclusive. If you want to join and you want to be a member of it, you are welcome. But we are not going to send you the letter of invitation to the White House say, "Hey, we are having a party, so we are sending you an invitation."

Haenle: Now we have our own Silk Road and initiative in that same region. Is there potential for working together in that region?

Xie: I think the perception here is that your New Silk Road strategy first proposed by Hillary Clinton is largely dead because of the shortage of financing and because of the worsening situation in Afghanistan and Iraq. So nobody really today talk about the New Silk Road from the United States, but too many people focus on the Chinese Silk Road. Again, this is back to the point that you just mentioned about this—that China is now happy to see other countries free ride China because China now is capable. And I doubt that China's really, the military is capable and willing to go into Afghanistan and Iraq or as far as Somalia and other places to say, "We are going to maintain security, we are going to provide the public good there."

Haenle: My final question, let's just look forward a bit. We have seen one part of this Belt and Road initiative announced with the China-Pakistan economic corridor. During President Xi's visit to Pakistan, how do you envision this thing rolling out over the next several years? What should we look for to see this being implemented? Are there next steps that we can look for? What should we expect to—what should we look for as we go forward?

Xie: I am not particularly in a tune of what is unfolding in the Pakistan-China economic corridor. But my understanding is that it would be mostly facilities and infrastructure projects. You know, say, a logistic center. So where China's transcontinental railways, they pick up goods from Shanghai and drop them down in Pakistan and maybe from Pakistan down to southern part of the subcontinent, et cetera. In terms of trade, I doubt, because Pakistan is not a really huge economic partner for China.

Haenle: How about in other parts of Central Asia, South Asia?

Xie: Let's look around. Let's look at five Central Asian republics. They are in big—their own economic troubles. India is catching up, but India doesn't really need to go further north to catch up with China. You can go via the much cheaper, the maritime route to connect with the Chinese. And then you look at South-East Asia, they don't have to. So really when you look at China-Pakistan corridor, maybe Pakistan would be the terminal. Unless you go further north and then you go to Belarus and Ukraine and other parts. You know, the Caucasian area, right?

Haenle: So I said that was my final question, but I lied. I have one last question, which is you know, you talked about the U.S. doesn't—there's not an obvious way to cooperate. This isn't necessarily something that would be a big part of the U.S.-China relationship. But the Russia factor must be very important as you look at it, because much of this belt and road initiative goes through traditional areas of interest of Russia. Some of that I understand may go through the

southern part of Russia. What kind of conversations and understandings have been reached between China and Russia? And are you worried about a negative reaction from Russia to some of these developments?

Xie: My first article on this One Belt and One Road initiative, also published in *Diplomat*, and I call this “Is this China’s Euro-Asian century?” In that article, I raised explicitly the question of Russia. Now Russia appears to be weak, because of diplomatic isolation, economic hardships. But whenever Russia gets a chance to get back on its own feet, given the past history of Russian foreign policy, I think there are going to be very, very likely some reversal of Russian-China relationship today. One sign of this—what could have gone wrong—is that look at [the] China-Russian oil and natural gas deal, right? We said this is a high-profile signing ceremony, but now the Chinese companies are complain that we are losing so much money, because at the time of the signing, we paid a huge price and now the oil prices are falling down, right? And then, but Russia’s really relied on the Chinese contract to get a lot of additional financing for its government spending. So that’s one concern. Second, like you said, Central Asia has always been considered a sphere of influence for Moscow. It’s not for Asia—I mean, it’s not for China, excuse me. So put it in a different way, China’s resolve to stay prominent or to remain it, to maintain its own pre-eminence in Central Asia cannot match Russian’s resolve to defend Central Asia as its own historical sphere of influence. Now when you match these two incentives, I think the Chinese would rather compromise. China would better put its own resources on the Western Pacific, rather than in Central Asia. That’s my perception.

Haenle: Well, thank you very much for your time today. It’s very, very interesting and I appreciate all your work done on this area. I appreciate you joining our podcast the second time, and I am sure there will be a third time, so thanks again for joining us.

Xie: Thank you again, Paul, for inviting me.