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CHINA'S BELT AND ROAD INITIATIVE MOTIVES, SCOPE, AND CHALLENGES

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Map of Eurasia and North Africa



CHAPTER 5

ROUGH PATCHES ON THE SILK ROAD? THE SECURITY IMPLICATIONS OF CHINA'S BELT AND ROAD INITIATIVE

CULLEN S. HENDRIX

On its face China's Belt and Road Initiative is an economic policy predicated on infrastructure development, designed to radically expand trade and investment in Asia and around the Indian Ocean. The proposed investments are precisely the types of trade-facilitating projects development economists have long called for—but its geopolitical implications are not uncomplicated. From the restive western Chinese province of Xinjiang to Jammu and Kashmir, the Myanmar-Chinese border, and the South China Sea, Belt and Road-related initiatives target or traverse some of the world's most contested territories. Major power development programs—such as the United States' Marshall Plan and Alliance for Progress—have always been predicated on a mixture of economic and security concerns. Like them, the Belt and Road Initiative is intended in part to address security concerns emanating from these regions by improving economic prospects.

On the security front, the initiative provides one big potentially security-enhancing opportunity stemming from the security effects of further regional economic integration, particularly with countries currently perceived as competitors, at least in certain contexts. The picture, however, is not entirely rosy. The Belt and Road Initiative entails significant security risks, stemming from the short-term creation of soft targets related to specific infrastructure projects in potentially volatile areas and the longer-term geopolitical impacts of these projects for India. In both the best- and worst-case security scenarios, the elephant in the room is of the *indicus* subspecies.

OPPORTUNITIES

The Belt and Road Initiative seeks to further integrate China with the economies of Asia, Africa, and the Middle East and establish common interests among China's trading and investment partners as well as between linked countries. Trade and financial integration tend to reduce conflict between states, raising the opportunity costs—in terms of forgone trade and access to capital—associated with conflict and creating vested domestic interests that prefer peace to war (Oneal, Russett, and Berbaum 2003; Gartzke 2007). The rise of global supply and production networks—in which intermediate goods are often not immediately substitutable from other sources and therefore incentives to maintain existing supply chains are strong—only enhances these tendencies (Brooks 2007). If the Belt and Road Initiative ultimately supports such production networks, they should yield some security dividends.

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Whether Belt and Road–related investments are a boon to regional prospects for peace will hinge crucially on whether these investments come in the form of quasi-public goods (which can be accessed and used by all parties) or whether they constitute some form of club good for Chinese allies or even private goods for Chinese interests. If Chinese-financed ports in Bangladesh, Iran, Kenya, Myanmar, and Sri Lanka are open to ships from any country, the security ramifications of these ports will be small. If access is limited to Chinese vessels or those of closely allied powers, these ports will be viewed as provocations.

Many parallels have been drawn between the Marshall Plan and the Belt and Road Initiative. Most focus on the wrong detail—the difference in magnitude of the financial commitments associated with each. The scope of the Belt and Road Initiative is staggering. Just one of its components will reportedly develop 81,000 kilometers of high-speed rail, more than doubling the world total.¹ If the Chinese government reaches its pie-in-the-sky funding target of \$4 trillion, the investment would be roughly 31 times larger than the Marshall Plan.

A more striking similarity is that of intention: Both initiatives reflect self-conscious attempts by major powers to develop and integrate the economies of their neighbors and trading partners in order to avoid militarized competition. The Marshall Plan was one of the most successful security initiatives of the Cold War, helping integrate European economies and forestall a return to the economic competition and arms races that had catalyzed two world wars. It remains to be seen whether the Belt and Road Initiative will match the successes of the Marshall Plan, but it is similar in ambition.

In this vein, the realization of joint gains from the Belt and Road Initiative could help resolve long-standing territorial disputes. Simmons (2005) argues persuasively that mutually recognized borders reduce uncertainty about investment in previously disputed territory and thus reduce uncertainty about the benefits of cross-border investment and trade. To the extent the Belt and Road Initiative facilitates greater trade integration between linked economies, it may help resolve long-standing territorial disputes, such as the disputes in Jammu and Kashmir (especially the Trans-Karakoram Tract, jointly claimed by China and India) and emergent disputes between China and a host of neighbors (the Philippines, Vietnam) with claims in the South China Sea, where China is busily building infrastructure (and in some cases, the islands on which that infrastructure rests).² Although not all relevant actors are likely to see dispute resolution as an unambiguously positive development—militaries, for example, have grown accustomed to the inflated budgets and clout these territorial disputes confer—the potential economic and security gains are significant (Gibler 2012, Schultz 2015).

RISKS

The potential security benefits of the Belt and Road Initiative are large. They are balanced, however, by several risks stemming both from infrastructure expansion itself and its geostrategic implications for India.

Vulnerability of Infrastructure in Volatile Areas

The Belt and Road Initiative is a series of massive infrastructure projects, including highways, railways, ports, pipelines, electrical substations, and dams. It will create a vast network of Chinese nationals and Chinese firms—and therefore Chinese national interests—in areas where local actors may wish to provoke responses from the Chinese government.

1. Zhiqun Zhu, “China’s AIIB and OBOR: Ambitions and Challenges,” *Diplomat*, October 9, 2015, <http://thediplomat.com/2015/10/chinas-aiib-and-obor-ambitions-and-challenges/> (accessed on December 8, 2015).

2. See the Asia Maritime Transparency Initiative, <http://amti.csis.org/category/south-china-sea/> (accessed on December 22, 2015).

Much of this investment is slated to occur in volatile areas. South and Southeast Asia are home to a disproportionate number of the world's national self-determination movements (such as the movements of the Timorese in Indonesia and the Assamese in India), virtually all of which have used violent means to contest state claims to rule (Gallagher 2014). The China-Pakistan Economic Corridor (CPEC), for instance, plans to link the western Chinese city of Kashgar to Pakistan's warm-water deep-sea port at Gawdar. To do so, the project will need to traverse territory dominated by marginalized ethnic minorities in both states (the Balochs in Pakistan, the Uyghurs in China) and pass through the contested Jammu and Kashmir region, already the site of competing territorial claims (as described below). The Bangladesh-China-India-Myanmar Economic Corridor (BCIM), a planned highway connecting Kolkata and Kunming, would pass through territory in Myanmar dominated by Kachin or Shan ethnic autonomy movements.

Infrastructure is the skeletal system of the state: Roads and power grids are the most obvious mechanisms by which the state projects its authority in areas where its penetration is otherwise weak or contested (Besley and Persson 2010). For this reason, infrastructure projects are especially contentious when they occur in areas where ethnic or religious minorities seek autonomy or self-determination (Morgan and Reiter 2013).

Infrastructure and the attendant construction projects make for enticing targets for violent dissidents looking to make headlines, wreak havoc, and/or ensnare a more powerful foe in a costly counterinsurgency campaign. The risks associated with attacks on infrastructure projects are both direct (affecting workers, companies, and local service providers in unstable environments) and indirect. If historical precedent holds, Chinese laborers will bear much if not most of the burden. Internally, the greatest risks are in the vast Xinjiang Uyghur Autonomous Region. Xinjiang has been called the core area of the Silk Road Economic Belt, the overland component of the Belt and Road Initiative that would connect China via road, rail, and energy networks to eight bordering countries (Afghanistan, India, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Russia, and Tajikistan). Domestically, the region has been targeted for economic development since 2000 as part of the Western Development Plan, a sweeping set of investments in education, infrastructure, and industrial development designed to address the region's lagging economic prospects; solidify Chinese government authority; and extend Han Chinese influence in the region.

Xinjiang is home to 10 million to 15 million members of the Uyghur ethnic group, a Turkic, overwhelmingly Muslim people. Smaller numbers of Uyghur live in several neighboring countries. Groups claiming to represent the Uyghur people have contested Chinese rule since at least 1960. They received the backing of the Soviet Union after the Sino-Soviet split; Uyghur-Chinese conflict precipitated the Sino-Soviet border conflict of 1969.

More recently, the Chinese government has sought to link Uyghur separatist groups, particularly the East Turkestan Islamic Movement (ETIM), to al-Qaeda and other international jihadist groups.³ Although China has not been a hotbed of terrorist activity, unrest in Xinjiang may be on the rise. Dramatic attacks on Ürümqi (the Xinjiang provincial capital) and nearby Kunming in 2014, ostensibly by Uyghur dissidents, killed more than 100 civilians in 2014.⁴ Fifty more civilians were killed in an attack on a coal mine in Aksu in September 2015.

Externally, violent dissidents may attack Chinese interests in hopes of provoking a diplomatic or militarized response by the Chinese government, especially when the Chinese government has significant economic or political leverage over the government against which dissidents are in rebellion. Conflict dynamics along

3. "China Says Global War on Terror Should Also Target Uighur Militants," *Reuters*, November 16, 2015, www.reuters.com/article/france-shooting-china-idUSKCN0T506M20151116 (accessed on December 8, 2015).

4. National Consortium for the Study of Terrorism and Responses to Terrorism (START), Global Terrorism Database, www.start.umd.edu/gtd (accessed on December 8, 2015).

the border between Myanmar and China already highlight some of the potential dangers. Kachin and Shan separatists have been at war with the Myanmar government for most of the last 40 years; some of the pipeline projects intended to diversify China's energy infrastructure pass through their territory. Rebels killed two Myanmar nationals working as subcontractors for the China National Petroleum Corporation (CNPC) at a compound of the Myanmar Oil and Gas Enterprise (CNPC's local partner) in May 2013.⁵ Though the official Chinese response was muted, China has flexed its muscle in the past when Myanmar's internal conflicts have affected it. In 2013 it essentially forced the Myanmar government and Kachin Independence Organisation (KIO) separatists to the negotiating table after clashes between the KIO and the Myanmar armed forces led to shells being fired into Chinese territory (International Crisis Group 2013).

Both internally and externally, infrastructure projects related to the Belt and Road Initiative will put Chinese workers and Chinese interests in contested areas, increasing the likelihood that they will become targets of attacks and increasing the likelihood that the Chinese government will feel compelled to do something about it.

The Indian Elephant in the Room

Credible projections have India nosing out the United States to become the world's second-largest economy (after China) by 2050, though the gap may be much larger than the current gap between the China and the United States (PwC 2015). These events will make Asia the undisputed locus of the global economy, with the Indian Ocean supplanting the North Atlantic as the world's most important shipping corridor.

The Belt and Road Initiative will include India, but it will also effectively encircle it by creating a system of overland and maritime trade and transit routes that tie China to India's neighbors, several of which have fraught security relationships with India. The initiative potentially threatens Indian interests in at least three ways (two direct and one indirect), by increasing Chinese and Pakistani activity in the disputed Jammu-Kashmir region, increasing the Chinese naval presence in the Indian Ocean, and raising concerns about asymmetric gains from Belt and Road-related economic development.

Jammu-Kashmir is one of the last powder kegs in global geopolitics. Most of Asia's land-based claims have been resolved or lay dormant. The competing claims of India and Pakistan to Jammu-Kashmir are a live issue, pitting nuclear armed rivals against one another in the shadow of a third larger nuclear power (China) with its own ambitions in the region. The creation of the CPEC, slated to run through the disputed territory, will solidify Pakistan's de facto control of the area. Although it is unlikely to lead to direct military confrontation between the Indian and Pakistani governments—which deescalated a series of border skirmishes in 2014 and 2015—the region is home to a variety of armed nonstate groups. Lashkar-e-Taiba, the Pakistan-based militant group responsible for the 2008 Mumbai attacks, and its successors, Harkat-ul-Mujahideen and Al-Badr, are just some of the militant groups seeking to establish Islamic rule in Indian-held parts of the region. On the Indian side, armed Hindu civil defense forces and Bajrang Dal, the youth wing of the Hindu nationalist Vishva Hindu Parishad (VHP) party, have engaged in agitation in the region. If development spurs an uptick in cross-border clashes between nonstate armed groups, it may be a matter of time before national militaries once again become involved.

While India's defense community watches developments to the north with keen interest, longer-term challenges may lie to its south. China's People's Liberation Army Navy (PLAN) focuses largely on coastal de-

5. Jacob Gronholt-Pedersen and Celine Fernandez, "Myanmar Pipelines on Schedule Despite Attack," Dow Jones Newswire, May 17, 2013, www.rigzone.com/news/oil_gas/a/126556/Myanmar_Pipelines_on_Schedule_Despite_Attack (accessed on December 8, 2015); National Consortium for the Study of Terrorism and Responses to Terrorism (START), Global Terrorism Database, www.start.umd.edu/gtd (accessed on December 8, 2015).

fense, the securing of China's territorial and commercial interests in the East and South China Seas, and some antipiracy activity in the Gulf of Aden. However, its vast network of global economic interests is poised to change that focus, especially in the Indian Ocean, the principal sea lane connecting China to Europe, the Middle East, and Africa. China's maritime Belt and Road-related projects, such as port development in Bangladesh, Iran, Kenya, Myanmar, and elsewhere, are intended to boost Chinese trade and engagement with Indian Ocean partners.

Greater Chinese emphasis on the Indian Ocean will increase Indian suspicion of China's activities in its maritime backyard. India has been the ocean's regional hegemon since the 1990s, and it still fields two aircraft carriers to China's one. This hegemony may be threatened. India's carriers are based on the aged Soviet *Kiev* platform (the *Liaoning* is based on the *Kiev* class's successor, the *Kreml* class); China's rapid development of attack submarine and ship-to-air missile defense technology will soon mitigate any advantage these carriers might have conferred (ONI 2015).

Setting aside the Jammu-Kashmir and Indian Ocean issues, there is the more general concern that the Belt and Road Initiative will be a larger economic boon to India's rivals than to India, engendering concerns about relative gains with respect to perceived military competitors. Security scholars have long debated whether states are concerned primarily with absolute gains or gains relative to potential adversaries (Waltz 1979, Grieco 1988, Powell 1991). If relative gains are of greater concern, states may forgo international cooperation in the economic and security realms if they believe the distribution of benefits tilts the balance of power between them and their potential adversaries in an undesirable manner.

If states are not initially enmeshed in conflictual—or at least contentious—relations, concerns about the security implications of relative gains are relatively trivial, and both states can be expected to pursue Pareto-improving deals without worrying much about the relative distribution of benefits (Snidal 1991). To the extent that states perceive their potential partners as military rivals, however, concerns over relative gains may become key.

This question has obvious relevance for India. Although it will be involved in some Belt and Road projects, the greatest gains from the initiative may accrue to countries it perceives as real or potential security threats. There is little doubt that India perceives China as a competitor in South Asia and the Indian Ocean (whether China perceives India as a competitor is less certain). India clearly perceives Pakistan—set to be a major beneficiary of Belt and Road largess—as a rival. To the extent the Belt and Road Initiative increases China's already considerable economic lead over India and contributes to more rapid development in Pakistan, the Indian government can be expected to perceive these developments as unsettling, if not outright threatening. Of course, this source of tension may be mitigated by India's ability to make use of Chinese-funded infrastructure. To the extent these investments are truly public (albeit congestible) goods, India may gain as much as or more than its potential competitors.

CONCLUSIONS

The Belt and Road Initiative has the potential to radically alter the security landscape in Asia, linking regional economies in ways that massively increase the economic costs of war and instability and bringing development to long-marginalized regions and people. Both developments would promote peace. However, the process is likely to entail some significant security risks, in both the short term, as infrastructure projects expand into restive regions and contest local authority, and the long term, as the initiative includes but also encircles India. Given that economically the 21st century will belong to China and India, maintaining peaceful relations between the two powers will be one of the century's central foreign policy challenges.

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