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SUCCESSFUL ECONOMIC STRATEGY OR FAILED SOFT-POWER TOOL?

Jyrki Kallio



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- The Belt and Road Initiative (BRI) is part of China's efforts to integrate its neighbouring countries into its economic sphere, thus increasing China's security in its immediate neighbourhood while facing an increasingly hostile international environment due to its rivalry with the US.
- In reality, the BRI has evolved into an umbrella term for various infrastructure and development projects with no unified object or strategy. The projects should, in principle, increase goodwill towards China, and correspondingly boost its influence, but in practice they are mainly aimed at economic benefit.
- The results of the BRI, especially as a soft-power tool, are ambiguous. Its ideational basis is thin, consisting mainly of China's critique towards the "hegemony of the West". This reduces the BRI to a hollow slogan with little appeal apart from the pragmatic gains.
- However, the BRI is here to stay for the duration of Xi Jinping's rule because China's foreign policy is often driven by prestige. The BRI is enshrined in the Communist Party's Constitution in order to both add weight to the initiative and to increase the Party's prestige with its success, modest as it may be.



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INTRODUCTION

The Belt and Road Initiative (BRI) is considered the flagship of China's foreign policy under the leadership of Xi Jinping. It is an ambitious connectivity programme that has expanded into a global umbrella initiative since its launch as One Belt, One Road (OBOR),¹ which aimed at connecting China and Europe like a modern Silk Road. Its success is manifested by the need for both the EU and the US to launch their own initiatives, which have been hailed as BRI rivals. The EU published a joint communication entitled "Connecting Europe and Asia – Building blocks for an EU Strategy" in 2018, and in 2022, the European Council adopted conclusions entitled "A Globally Connected Europe", aimed at promoting the implementation of the aforementioned strategy. In the G7 Summit in July 2022, the US launched its Partnership for Global Infrastructure and Investment.

The BRI is, therefore, often regarded as an increasingly important element in the ongoing great-power competition and shifting regional and global orders. However, as a foreign policy tool, is there any meat on the bone of the BRI? What are its aims and achievements, and does it have a future beyond the rule of China's current leadership? This Briefing Paper looks at the nature of the BRI beyond economic interests, and questions its long-term attractiveness in view of the hollowness of its ideational base.

CHINA'S NEW SILK ROAD AS MEANS OF PACIFYING ITS NEIGHBOURS WITH MONEY

As a foreign policy tool, the BRI is part of China's "peripheral diplomacy". Since 2014, China's "periphery" or neighbouring countries have officially been the primary focus of China's foreign policy, reflecting the increasingly difficult relations with the other great powers. As the threat perceptions regarding the US were becoming more acute, China resorted to strengthening friendly relations with its neighbouring countries. Integrating its neighbours into a China-led

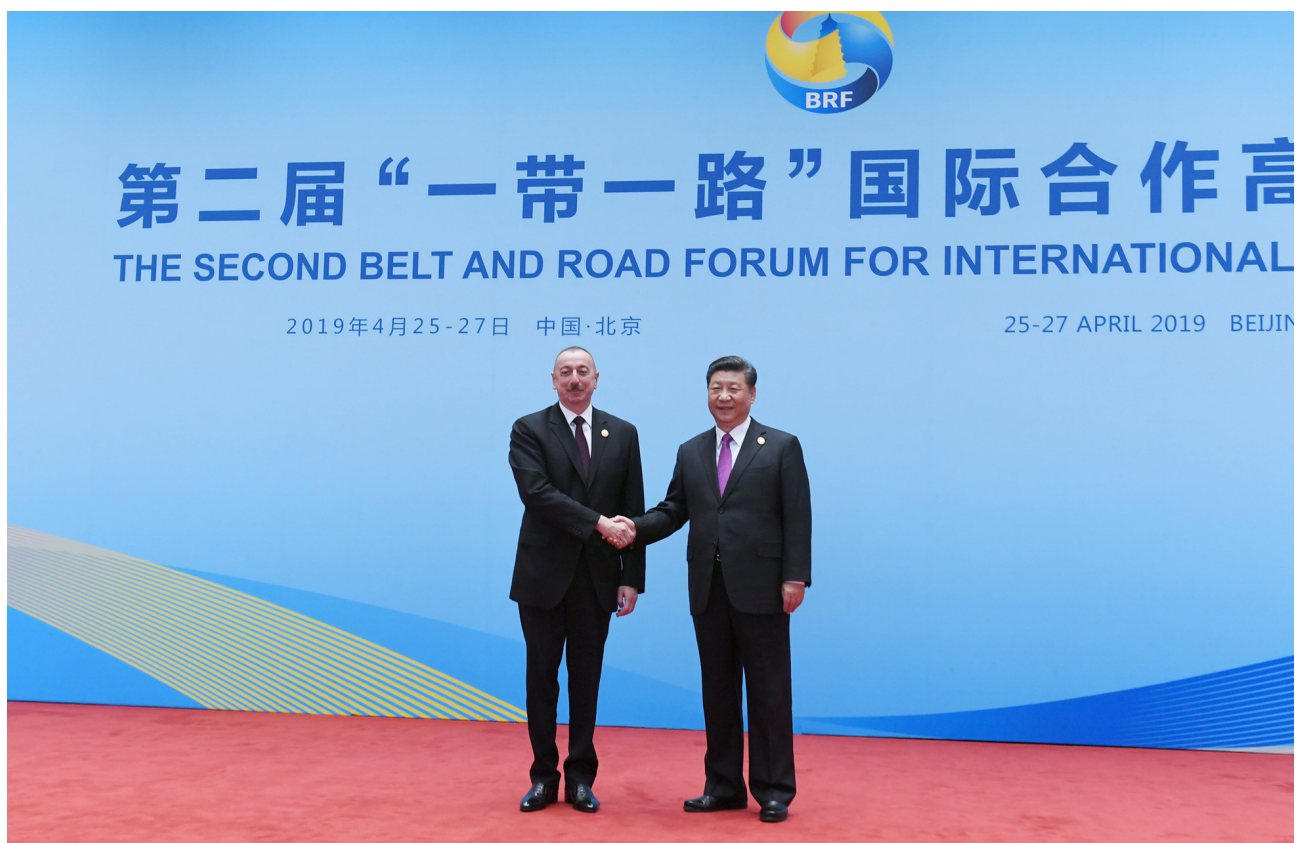
economic sphere by offering "win-win" opportunities makes confrontation more costly and less likely. Economic cooperation has been considered the main tool for peripheral diplomacy, but it is also tied to China's geopolitical goal of increasing its weight both in the region and globally. In 2013, Xi Jinping called for the Community of Common Destiny to become rooted in the neighbouring countries. This marked the introduction of Xi's vision of a united international community, and the Community of Common Destiny has since made its way into various speeches and documents describing China's global outlook. The New Silk Road Economic Belt and the 21st Century Maritime Silk Road were announced that same year.

The principles of the OBOR/BRI are laid out in the document *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road*, published by the State Council and drafted by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce in March 2015. It remains the only document on the BRI that contains some elements of strategy. According to the document, the BRI consists mainly of connectivity projects, which will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.²

The connectivity projects are aimed at building "a community of shared interests, destiny and responsibility featuring mutual political trust, economic integration and cultural inclusiveness". Thus, economic cooperation is presented as a way of promoting mutual trust and thereby increasing regional stability. The document concludes that "[t]he Initiative is an ambitious economic vision of the opening-up of and cooperation among the countries along the Belt and Road. Countries should work in concert and move towards the objectives of mutual benefit and common security".

1 The Chinese abbreviation *Yi dai yi lu* remains unchanged and stands for *Sichou zhi lu jingji dai he 21 shiji haishang sichou zhi lu* ("The Silk Road Economic Belt and the 21st-century Maritime Silk Road").

2 Full Text: Vision and actions on jointly building Belt and Road. Xinhua 28 March 2015, http://www.china.org.cn/china/Off_the_Wire/2015-03/28/content_35182638.htm.



President Xi Jinping and President Ilham Aliyev of Azerbaijan at the Second Belt and Road Forum for International Cooperation in 2019.
Source: The Presidential Press and Information Office of Azerbaijan (CC BY 4.0)

The purpose of the OBOR seems initially to have been to support China's economic growth by enhancing a China-centred economic integration into South and Central Asia, as well as improving logistical ties between the EU and China. The goal of the "Belt" is to build roads, railroads, oil and gas pipelines, and power grids connecting China with Central Asia and Europe. The "Road" is meant to connect China with South East Asia, South Asia, East Africa and the Mediterranean through ports and other coastal infrastructure projects.

The OBOR was largely driven by domestic interests, which still applies to the BRI. This was clearly evident during the early phases.³ The State Council document dedicates one chapter to identifying the characteristics of those Chinese regions that should benefit from the BRI in their opening up and development. The BRI was launched to alleviate the widening development gap between the coastal interior provinces by creating preferential transport corridors for new supply chains from the interior provinces both within China

and across its borders. The OBOR built on previous provincial-level efforts aimed at linking border provinces, such as Yunnan and Xinjiang, with their foreign neighbours.⁴ Therefore, the OBOR/BRI in its initial stages focused on renovating and building roads and railways to reduce transit times and costs. Industrial parks and special economic zones duly followed. There are also significant energy projects, such as in Laos, which are meant to benefit both the region and China.

From the onset, the BRI has also been used as a sought-after label that many actors in China want to have for their overseas projects. As a result, the BRI has become an umbrella term for various types of projects without a clear, unified objective. Due to the ambiguity of the initiative, it is difficult to assess its success. It is apparent, however, that many projects have failed to deliver the planned results, and there have been instances of vocal criticism against the BRI in China for wasting government resources. In essence, the BRI appears to be a slogan, not a strategy.

3 Machida Ippei (2015) *Shin shiruku rōdo* "to iu na no kokusai kōtsū no aratana katashi - sono seibi to un'ei ni tsuite" ("The new form of international transportation called the New Silk Road: Its development and management") *Erina Report* 123 (Economic Research Institute for Northeast Asia, April 2015): 33-35.

4 Garcia, Zenel & Guerreiro, Phillip (2022) China's Domestic Politics Are Driving the Belt and Road Initiative. *The Diplomat* 1/2022 (29 January 2022), <https://thediplomat.com/2022/01/chinas-domestic-politics-are-driving-the-belt-and-road-initiative/>: 3.

HALF-HEARTED CHALLENGES TO WESTERN IDEOLOGICAL DOMINANCE

The BRI is not just about the economy or geopolitics, it is also part of China's ideological competition. As Xi Jinping said during the 19th National Congress of the Communist Party of China (CPC) in 2017, the Chinese model offers a new option for countries that want fast development while preserving their own independence. During that same conference, the BRI was also enshrined in the Party Constitution, stating that the Party "shall follow the principle of achieving shared growth through discussion and collaboration, and pursue the Belt and Road Initiative".⁵ According to Marcin Kaczmarek, "[u]nder the New Silk Road concept, China is trying to merge its traditional way of thinking about the external world (Sino-centrism and preference for bilateral relations with weaker states) with Western formats for multilateral cooperation such as development banks and international organizations."⁶ William A. Callahan has in turn stated that China's peripheral diplomacy is not just about win-win cooperation in Asia but serves to promote "China's new vision of global governance".⁷

Indeed, the State Council document explicitly states that the BRI is a tool for promoting Xi Jinping's slogan, the building of a Community of Common Destiny, at a global scale. This slogan encapsulates China's new vision for global governance, which is built on China's existing foreign policy values, particularly mutual non-aggression based on economic cooperation on the one hand, and political non-interference in each other's internal affairs on the other. The document also calls for "tolerance among civilizations", which is a reference to China's antipathy to the idea that some values, such as human rights, are universal.

Some nationalist scholars in China have expanded on the above-mentioned foreign policy vision, linking it with ambitions for China's "civilizational rise". Professor Jiang Shigong from Peking University has stated that the rivalry between China and the US is a competition of two theories of human rights, two sets of political concepts, and two visions of the global order. Jiang has argued that China needs to understand that the US has used the interaction between trade and human rights to build a "world empire". Therefore, China

needs to fight over the human rights discourse power with the US. According to him, the Europeans during the colonial era promoted human rights to advance the rights of the capitalists at the expense of those whom they regard as "non-human" or "savages". Jiang sees both human rights and free trade as tools of the imperialists, whereas China has supposedly historically followed the Confucian foreign policy of "(living in) harmony but not (forcing others into) conformity" (*he er bu tong*). Jiang seems to believe that the prevailing Western understanding of human rights will necessarily change with China's voice growing louder in the international arena.⁸

How would China's voice challenge the prevailing liberal international order, which is often said to include spreading democracy and promoting human rights? The latest attempt comes in the form of "Whole-Process People's Democracy" (in Chinese, *quan guocheng renmin minzhu*), which is a relatively new concept, used by Xi Jinping in 2019 for the first time. According to the authoritative explanation by Xinhua News Agency, the "process" refers to a system where the people are involved in the decision-making all the time, and not only during elections, which Xinhua claims is the "Western" way. The "holistic" nature means that the system is at the same time based on the people and represents the will of the state.

While the concept is sometimes only referred to as "Whole-Process Democracy", its core lies in the people's democracy. In reality, the Chinese system has three distinct features which undermine the concept of "democracy". First, according to its constitution (Article 1), the People's Republic of China (PRC) "is a socialist state under the people's democratic dictatorship led by the working class". Second, according to its constitution (Article 3), China applies a system known as "democratic centralism" whereby the Party dictates the decisions on the basis of what it believes the population thinks or should think. In practice, it is a system not unlike "opinion poll democracy" in that the voice of the population both at the local and national level is heard but not necessarily listened to.

Third, the constitution further stipulates that the tool for democratic centralism is the People's Congress System through which the "people" are supposed to exercise power. The representatives of the National People's Congress are selected from those at the

5 Full text of Constitution of Communist Party of China. Xinhua 3 November 2017, http://www.xinhuanet.com/english/special/2017-11/03/c_136725945.htm.

6 Kaczmarek, Marcin (2016) "Silk Globalization". China's Vision of International Order. *Point of View* 60 (Centre for Eastern Studies OSW, October 2016): 7.

7 Callahan, William A. (2016) China's "Asia Dream": The Belt and Road Initiative and the new regional order. *Asian Journal of Comparative Politics* 1:3 (2 September 2016), 226–243: 229.

8 Editors of Wenhua zongheng (2021) "Hen yihan, Mei-Zhong yishixingtai 'kai zhan', women de huanji que bu zai dian shang": yiwei Bei Da jiaoshou de shensi ("Unfortunately, while the ideological war between the US and China has broken out, our counterattack is not incisive", ponders one Peking University professor"), *Guan feng wen* 7 December 2021, <https://user.guancha.cn/main/content?id=649151>.

People's Congresses at the provincial level. Only at the lowest level of the People's Congresses do the representatives get their mandate through direct elections. However, in the spirit of people's democratic dictatorship, the CPC screens and approves all candidates.

It is highly unlikely that a "people's democracy" with shiny new packaging would fool anyone truly committed to bestowing more power upon the people. It is telling that China sticks to the concept of democracy, despite criticizing the West for dictating the terms of the international discourse, such as "universal human rights". It seems that the Chinese policymakers are not willing or able to replace the concept itself, but content themselves with re-defining it. What matters is the act of challenging the West, not the content. China's voice thus persists in repeating slogans and remains lacking in substance.

CHINA CREATES DISTRUST TOWARDS THE WEST BUT GAINS LITTLE TRUST IN ITSELF

Xi Jinping has called for "telling China's story well", referring to the need to increase China's soft power and gain support for the Whole-Process People's Democracy and the vision of a Community of Common Destiny. Soft power refers to influencing others through appeal and persuasion rather than through military force or economic might. Naturally, the BRI should be an important tool for this purpose. The question that remains is whether "China's story" is a Trojan horse for a "China model". The answer may not be entirely straightforward, but what seems clear is that if the BRI is a test case for such schemes, it is not a very successful one.

Tim Rühlig warns against perceiving China simply as either aggressive or responsible, or revisionist or pro status quo. One needs to recognize the ambiguities in China's foreign policy and the underlying domestic reasons for them. Rühlig's thesis is that "the PRC has no 'China model' to offer – let alone an ideology to order the globe symbolically. ... Instead, its international affairs are shaped by domestic considerations and vulnerabilities".⁹

With regard to the BRI, several scholars conclude that its impact should not be over-estimated. Grzegorz Stec has pointed out that the BRI "has constantly been in flux since first being introduced". Instead of a strategy or even a vision, the BRI should in

his view be perceived as a process. In a similar vein, Zenel Garcia and Phillip Guerreiro conclude that the geopolitical effects of the BRI "are incidental rather than its driving force". Julie Chen has warned of a major caveat in BRI studies, namely that "they tend to leave researchers equating China's geopolitical ambition with its actual impact".¹⁰

While the BRI, and its supporting institutions, such as the Asian Infrastructure Investment Bank (AIIB), do not directly challenge the existing "Western" system on a global scale, but rather complement it, they signify an effort by China to make its neighbourhood its own backyard. It seems nevertheless doubtful that these efforts are working beyond the creation of economic ties. According to the above-mentioned State Council document, one of the cooperation principles of the BRI is the creation of people-to-people bonds, which should provide public support for implementing the projects. Therefore, the BRI should include promoting cultural and academic exchanges, youth and women exchanges, and media cooperation, as well as cooperation between different NGOs. However, the public support is often missing.

While opinion polls show that China's presence is enjoying considerable approval in Africa and Latin America,¹¹ the situation is different closer to China. In Europe, China's soft power is rapidly waning. Cooperation with China has been put under tighter scrutiny, and China's initiative for cooperation with Central and Eastern Europe has shrunk from 17+1 to 14+1. It is likely that critical attitudes also influence policies in South East Asia, where China is often seen to have hegemonic tendencies, and many BRI projects have run into difficulties. Awareness of the existence of BRI projects in Central Asia is almost non-existent outside small elites. According to Julie Chen, "[China's] soft power objectives of catching the attention and possibly winning the hearts of the locals have not been fully realized."¹²

This finding seems to support Maria Repnikova's conclusion that "China's pragmatic soft-power approach risks collapsing into mere transactionalism, with any benefit to China contingent on others' receiving material benefits". She argues that China's

⁹ Rühlig, Tim (2022) China's Global Vision Vacuum: An Opportunity and Challenge for Europe. *DCAP Policy Brief* 18 (German Council on Foreign Relations, June 2022): 9.

¹⁰ Stec, Grzegorz (2018) China's Belt and Road Initiative is Neither a Strategy, Nor a Vision. It is a Process. *EU-Asia at a Glance*, February 2018 (European Institute of Asian Studies), <https://eias.org/policy-briefs/chinas-belt-and-road-initiatives-is-neither-a-strategy-nor-a-vision-it-is-a-process/>. Garcia & Guerreiro (2022), 6. Chen, Julie Yu-wen (2022) Reconciling different approaches to conceptualizing the globalization of the Belt and Road Initiative projects, *Globalizations* 19:7, 1165–1177, DOI: 10.1080/14747731.2022.2062843: 1165.

¹¹ Repnikova, Maria (2022) The Balance of Soft Power: The American and Chinese Quests to Win Hearts and Minds. *Foreign Affairs* 101:4 (July/August 2022), 44–51.

¹² Chen, Julie Yu-wen (2017) "Foreign Local Awareness of the One Belt One Road Initiative". *The Asia Dialogue* 8 December 2017, <https://theasiadialogue.com/2017/12/08/foreign-local-awareness-of-the-one-belt-one-road-initiative/>.

approach to soft power focuses all in all more on pragmatism than on values. This is manifested by China's development aid and other China-funded projects, as well as education programmes. However, "although such economic inducements themselves are not exercises of soft power, they enhance China's soft power by bolstering the country's image as a bastion of generosity, opportunity, competence, and pragmatism".¹³

In the end, it is a certain shared pragmatism or even opportunism that makes China's rhetoric resonate with many "non-Western" audiences. When China champions the non-universality of human rights and democracy and points out the hypocrisy of the international system where "bigger states tend to be more sovereign than others", it is simply telling its audiences what they want to hear, as Rühlig notes. Therefore, even without a long-term strategy or a model, China is able to undermine the trust in the existing international system and institutions.¹⁴

The CPC regards many aspects of the international system as a threat to its stability and reacts to the threat by emphasizing China's growing strength and future greatness in its rhetoric. The different actors involved in the implementation and formulation of China's foreign policies adapt the rhetoric to advance their own agendas. While the BRI with its "win-win" approach fits the purpose of spreading China's soft

power, the outcomes are hit or miss. China has succeeded in spreading distrust in the existing world order, but seems less efficacious in promoting itself as a trustworthy global actor through its hollow slogans.

CONCLUSION

In short, while the BRI may not have much appeal beyond the marketed "win-win" benefits, it has been chosen as the flagship of China's foreign policy, and even of China's soft-power ambitions. Being the brain-child of Xi Jinping, it is loaded with prestige and cannot therefore be easily abandoned in the foreseeable future. The label of a BRI project is highly sought-after by Chinese enterprises and other actors, and Chinese diplomats can be expected to market the BRI in their respective host countries. Even though it is questionable whether the BRI can regain the momentum it enjoyed during the first years following its launch, the initiative may have success as a soft-power project where economic promise feeds political opportunism. The problem for China is that its soft power does not have much content, and therefore may not carry very far. The hollowness of China's value base might be a way for other competing connectivity projects, such as those of the EU, to increase their attractiveness in the long run. /

¹³ Repnikova (2022), 51.

¹⁴ Rühlig (2022), 4.