

Panel proposal for the GIS Asian Studies Congress –
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One Belt One Road: Towards a Pax Sinica in Eurasia?

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Panel presentation:

China has been promoting actively a new grand investment scheme for Central Asia, South East Asia, Eastern and South of Europe through the “One Belt, One Road” initiative. This initiative indicate a new turn in China's economic development strategy with several potential important economic and geopolitical implications at the international level. Among the different interesting questions raised by the OBOR or New Silk Road Initiative we find :

- 1 - The question of cooperation/competition between BRICS countries,
- 2 - How the newly created financial institution like the AIIB or NDB will work in terms of Governance ? Will they promote new rules when granting loans to developing countries?
- 3 - How China will assess political risk in such a vast array of countries potentially eligible for receiving OBOR investment?
- 4 - Are we witnessing a new Marshall Plan for Eurasia and what potential impact it can have on the recipients countries and the Geopolitical order?
- 5 - Where does EU stands in these initiatives? Will EU firms be able to take a slice of the total investment or will it be mainly a tool used by BRICS firms to enlarge their domination in these regions?

This panel will gather experts on China, India, Central Asia, South East Asia and Europe to discuss these questions.

Participants

- 1 - Yuan Li – University of Duisburg-Essen yuan.li@uni-due.de
- 2 - Markus Taube – University of Duisburg-Essen (markus.taube@uni-duisburg.de)

Estimating the Impact of New Silk Road Railways on Local Economic Development – Evidence from European Cities

One of the main focuses of the Belt and Road Initiative proposed by the Chinese government is connecting East Asia and Europe through multimodal transportation corridors. For the land route of the Belt and Road Initiative, the connection is mainly realized by railroads, especially through the China-Europe Express Railways which currently link 16 Chinese cities with 12 cities in Europe and Asia. According to a recent development plan these railway lines will triple in the next few years. The paper tries to understand the implications of the prospect for a European city to open up a new railway link with China. Using a difference-in-differences analysis we study the effects of the railway links on local economic development: including business, industry, FDI, tourism, and infrastructure.

- 3 – Giuseppe Gabusi - Università di Torino (giuseppe.gabusi@unito.it)

Crossing the river by feeling the gold: Institutions and financial support to the OBOR Initiative

China's OBOR Initiative is above all a connectivity project. The construction of new transport infrastructures, the creation of new channels where goods and services can be traded freely, and the opening of cross border economic zones lie in fact at the core of the geoeconomic and geopolitical vision proposed by President Xi

Jinping in 2013. As connectivity requires financial support, in the last few years, the People's Republic of China has undertaken several institution-building activities at the national and international level, mainly in the financial and economic sector, showing a new propensity to influence global economic governance. In particular, the foundation of the Asian Infrastructure Investment Bank has drawn peculiar attention worldwide, since many Western states have joined the Bank as founding members. How does this institution-building process connect with OBOR? Are these institutions just a vehicle for exporting China's capital and overcapacity? Or do they signal a potential wider challenge to the post-WWII liberal international order? With these questions in mind, the paper will assess if and how financial support to the OBOR initiative can really be defined as a win-win opportunity as stated in the OBOR official documents, or if the money flows are just supporting Chinese companies to cross the river of Eurasia and beyond.

4 – Mario Esteban - Autonomous University of Madrid and Elcano Royal Institute (mario.esteban@rielcano.org)

The Geostrategic Rationale of the Belt and Road Initiative

Even if geopolitical considerations are not the main drivers behind the Belt and Road Initiative (BRI), the implementation of this strategy, whose cornerstone is improving connectivity, would have significant geostrategic repercussions in Eurasia and beyond.

The BRI could help China to intensify and diversify its economic relations, which could hinder anti-China contention initiatives in two ways. First, boosting asymmetric interdependence among China and its economic partners, making the Chinese economy more important for the development of those countries than the other way around. In addition, the diversification of Chinese economic relations would reduce the leverage of a single foreign country on the Chinese economy. Second, enhancing strategic reassurance among China and the other BRI countries, presenting the rise of China as an opportunity instead of as a threat. This message is reinforced by mounting trade and financial relations between China and the other BRI countries.

Therefore, it would be simplistic to understand BRI as a mere economic initiative. It is more accurate to regard BRI essentially as an economic initiative with strong geopolitical implications.

5 - Xavier Richet – Université Sorbonne Paris Nouvelle (xrichet@gmail.com)

The New Silk Road and Central Asia : Which Integration ?

This contribution presents the general objectives of the ambitious project carried out by the current Chinese government, the *One Belt, One Road Initiative* (OBOR), its design, the motivations behind it, the financing methods and its implementation. The land route, itself divided into several roads crosses Central and Western Asia. It crosses into Asia large areas, economies rich in raw materials but sparsely populated and less developed, some of which were republics of the former Soviet Union. In Europe, it also crosses or runs along former Soviet republics and countries formerly under the control of the USSR (the "Eastern Countries). We discuss the motivations and impact of this Chinese presence in terms of exchanges, projects and industrial spin-offs in the post-Soviet space of Central Asia.

Two questions are raised about this project. The prelude concerns the degree of competition / cooperation between Russia and China in this region. The second concerns the trade-off between regional integration and the use of a route to more distant and more remunerative European markets

The presentation will highlight the variety of modes of entry, the differentiated impacts of the Chinese presence in the regions crossed by the New Silk Road which still remains a project whose realization raises many questions.

Disciplinary field: Economics

6 – Julien Verceuil – CREE, INALCO- Paris (julien.vercueil@inalco.fr)

Between long-term ambitions and short term necessities. What the OBOR initiative could change for Russia?

The OBOR initiative is wide enough to mirror all kinds of economic and strategic ambitions of its partner countries, notably Russia. At the same time, it encapsulates projects that can compete with Russia's ones, notably within the Eurasian Economic Union (EAEU). The Russian economy is currently in need of foreign capital in order to speed up its modernisation, notably as regards infrastructures, and to reduce its structural vulnerabilities. Is the current opening to Chinese capital susceptible to solve these long-lasting problems? What economic rationality lies behind the recent OBOR-EAEU rapprochement? Our contribution aims at studying policy options that are still open to the Russian authorities in order to address economic challenges entailed by the OBOR initiative.

7 – Giorgio Prodi – Università di Ferrara (giorgio.prodi@unife.it)

European perspective on China's OBOR initiative: investment and trade

In this paper we will analyze how Obor investment may change trade between China and Europe and how these changes may benefit some EU countries and damage others. New railways and new ports infrastructures will increase the importance of inter Asian trade relations and this could marginalize many EU companies. New infrastructures will increase connections between China and central Asian countries that, historically, had more trade relations with Europe than with China. New railways will increase the competitiveness of Chinese central and western provinces and probably give more opportunities of land lock central European countries. The final outcome will depend also on how European countries will adapt to the new environment.

8 - Jean-Luc Racine – CNRS – Centre for South Asian Studies (EHESS) and Asia Centre (racine@msh-paris.fr)

India's connectivity policy and the OBOR challenge: geo-economics and geopolitics of the India-China relationship.

For more than a decade, Indian decision-makers have understood that international connectivity is key to the future of their country. But New Delhi has been reluctant to join the OBOR Initiative, seen as unilaterally decided and planned by Beijing. We shall analyse here how OBOR appears to challenge India's interests and its relations with neighbours, both in their maritime and in their continental, Himalayan, dimensions. This being said, India's capacity to answer China's challenge, if not negligible, remains limited, a limitation due partly to the financial imbalance between India and China, partly to geopolitical parameters, in South Asia and beyond. If it materialises as expected by Xi Jinping, OBOR will henceforth become a test-case for analysing the dynamics of China foreign policy in Eurasia and in the India Ocean, and the unequal competition between China and India.

9 – Jean-François Huchet - ASIEs – INALCO Paris (jean-francois.huchet@inalco.fr)

The New Silk Road and Domestic Economic Reform in China: a catalyst for reform?

The project of the New Silk Road has been progressively evolving since 2013 toward a new grand scheme to rethink China's geopolitical strategy and also its economic system. In its latest version, the New Silk Road project could potentially deeply interact with structural economic reforms plans decided during the 3rd Plenum of the 18th CCP Congress in 2013 like the internationalisation of the Yuan (RMB), the opening of the domestic financial market, the strengthening corporate governance system of domestic firms, the enhancing State-Owned Enterprises (SOE) efficiency, or changing energy mix just to name a few important orientations in the domestic reform program. In this context, using a political economy approach, the paper will try to analyse if, and in what way, the New Silk Road can be a catalyst of domestic changes in the necessary evolution of the Chinese economy and institutions. The paper will also try to assess if the New Silk Road can in some way be a

tool to postpone necessary painful adaptations in the domestic economy.

10 – Claude Zanardi - PhD Candidate King's College of London (KCL)

China's 21st New Ocean Identity: Justifying a Maritime Power

In 2003, the CCP Politburo held a study session on the history of great powers. Inspired by 'The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000' by Paul Kennedy, it aimed to contribute to party officers' understanding of the history of the great powers. Therefore, it was later diffused through the levels of the Party's structure as a source of study. Eventually, the Politburo decided asked China Central Television (CCTV) to produce a documentary destined to the broader public. The twelve parts TV-series (大國崛起) staged the history of Portugal, Spain, the Netherlands, England, France, Germany, Japan, Russia and the United States, powerful maritime powers whose powerful navies allowed them to expand their influence worldwide.

Today's new maritime Silk Road complements the renewal of the traditional Silk Road in Central Asia. The political leadership and state propaganda apparatus aim at demonstrating China's ancient maritime tradition. This focus on maritime power helps reviving the Tributary System in Asia, and internationally it aims at reasserting China's Status as an Equal Power to the US and other great powers. Although China was indeed a regional maritime power (Han, Tang, Song and early Ming Dynasties), it never developed a maritime strategic culture; quite the opposite. Hence, the exercise is artificial and is rooted in political legitimation.

This implies the reshaping of Chinese national identity as a Maritime Power as instrumental to the great rejuvenation of China and a massive cultural shift in the people as well as in Chinese military cultural thinking. In 2009, the Deputy Chief of Staff of the PLAN Rear Admiral Zhang Deshun declared that 'both our glory and shame arise from the sea, I hope more Chinese will soon learn what the ocean means for their country'.

11- Camille Brugier

Chinese Perceptions and Preferences in Trading With the European Union

The EU's trade strategy has changed since 2015 with the re-introduction of human rights, with the postponement of the EU's decision to give China Market Economy Status and indirectly by moving forward with TTIP negotiations with the United States. The question under investigation here is what were the drivers of EU-China trade before the strategic turn and what consequences could the new EU strategy bring about in the relationship. The paper will draw from 16 interviews with think tanks and policy makers carried out in Beijing and Brussels in 2015 to uncover the Chinese perceptions of the EU and its diplomats as well as the preferences that have so far pushed China to make the EU one of its first trade partners. This work concludes that in order for the EU-China trade relationship to keep functioning, the new EU strategy towards China needs to keep human rights as an issue separated from trade, needs to boost knowledge and legislation transfers on sensitive issues like food safety and environmental management, and finally needs to keep the "European way" of dealing with trade frictions and disputes with China.

12 - Manuel de Jesús Rocha-Pino rochapino@yahoo.com

The China's investment in Africa and the Belt and Road (B&R) Initiative: between the economic reform in China and the Africa's development aspirations

This research analyzes the China's investment projects in the African continent in the context of the Belt & Road (B&R) initiative. The B&R is an investment project for infrastructures launched by the Chinese government since 2013 and it is oriented toward the Eurasian region and the Indian Ocean Rim (including whole Africa); also, the B&R initiative is part of the current project of economic reform in China. The B&R is guided mainly by business rationality and firstly the African regions offering best

business opportunities will receive the benefit of investments (in both infrastructure projects for trade facilitation and industrialization in Africa). Besides, in order to finance the infrastructure projects, the Chinese government has implemented some financial funds like the Silk Road Fund (SRF) and the China-Africa Cooperation Industrial Capacity Fund. These funds are not guided by the logic of political conditionality. The research analyzes the relation between the economic reform objectives in China and the B&R's projects for trade facilitation and industrialization in Africa. Also, it describes the implications for the human rights situation in Africa because the activities of investment funds lack the criteria of the political conditionality.

13 – Roie Yellinek, Ph.D. Student, Bar-Ilan University, Ramat-Gan, Israel

The Nature of the Relationships between Middle Eastern Leaders and China 1992-2015

This presentation will analyze how some selected Middle Eastern political leaders from Egypt, Iran and Saudi Arabia perceived and reacted to China's growing influence in their region from 1992 to 2015.

Three geostrategical evolutions justify the choice of this specific time-period: Firstly, it was during those years that the international community realized that Chinese growth had become a new consistent feature of global politics, and was not a passing phenomenon. Secondly, 1992 was the first year when China was holding embassies in every single Middle Eastern country. Lastly, the fall of the Communist Bloc in the early 90's left a political vacuum in those countries, one that could potentially be filled by China's growing influence.

As a consequence, Middle Eastern leaders started to strengthen significantly their diplomatic and economic ties with China. On their side, Chinese leaders increased the involvement of China in the region, with the specific goals of promoting political stability and securing its strategic interests, the latter being its access to the large quantities of energy resources and to the maritime trade routes that run through the area.

14 - Sébastien Colin, Maître de conférences à l'INALCO, Chercheur en détachement au Centre d'Etudes Français sur la Chine contemporaine (CEFC, Hong Kong) depuis le 1er septembre 2014

The Fujian Province and "the 21st Century Maritime Silk Road"

Announced by Xi Jinping during his trip in Indonesia in October 2013, "the 21st Century Maritime Silk Road" is the second component of the "One Belt One Road" initiative, which is one of the main facets of the Chinese foreign policy since the arrival of Xi Jinping at the head of the CCP and the State. Its "official objectives" are mainly to respond to the economic slowdown and domestic overcapacity, to strengthen the regional integration with Southeast Asia also called "Asian connectivity", and to improve economic relations with countries located along the road in order to build a "common prosperity". At the domestic scale, the 21st Century Maritime Silk Road also represents new opportunities for provinces and economic actors to invest and develop their economic activities abroad. In this context and beyond this official discourse that I will briefly remind in my presentation, it is now necessary to analyze in greater detail the first achievements of this new strategy. In this objective, I will develop in my presentation the example of the Province of Fujian, which was promoted as the "core area" of the 21st Century Maritime Silk Road by Chinese authorities on March 2015. I will present and analyze the provincial discourses in terms of provincial development strategy and will try to give a first assessment of the main projects planned and materialized in the context of the 21st Century Maritime Silk Road, not only at the provincial scale but also abroad, especially in Southeast Asia.