THE BELT AND ROAD INITIATIVE: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

This paper begins by setting out the vision for the renaissance of the New Silk Road as the “Belt and Road Initiative” (BRI) announced by President Xi Jinping in 2013 and picks out a theme of moral leadership in Xi’s speeches. The opportunities for a Chinese approach to the Common Good are contrasted with six major challenges to Xi’s aspirations for the BRI as a pathway leading to friendship, shared development and peace. The Silk Road has a rich history across Asian civilisations with earliest records of it dating from the Han dynasty (207 BCE–220 CE). Over the centuries, the Silk Road has not only opened up a path for trade with silk as currency but also great opportunities for cross-cultural understanding and relations. The Silk Road has provided a means for the transmission of art, science and cultural and religious exchange. The BRI essentially promotes a regenerated Silk Road of infrastructural connectivity within and across China’s borders. It brings together the “Silk Road Economic Belt” of roads, railways and industrial corridors and the “21st Century Maritime Silk Road,” expanding through upgraded ports. The BRI extends beyond ports, railways and highways to other major types of infrastructure including oil and gas pipelines, electricity power plants and telecommunications networks. Construction of the $68 billion China-Pakistan Economic Corridor creates a major...
highway running from the deep-water port of Gwadar in Pakistan to the city of Kashgar in the Xinjiang region of China, improving connectivity between the two countries and offering central and western China more direct access to the Indian Ocean and the Arabian Sea. Projects are also underway in several of the other corridors. As the Center for Strategic and International Studies (CSIS) has pointed out, the BRI is “more of a sweeping vision” than “an operational blueprint,” though it is far more credible and tangible than sceptics might like to believe (Johnson, 2016). A starting point for this enquiry inevitably begins with the plans originally set out by President Xi Jinping and China’s State Council in 2015. This paper aims to report Xi’s comments as an observer rather than as a critic following Watson (1994) to overcome externally imposed meaning and to appreciate other people’s realities.

Positive Opportunities

Relevant to the themes of this Journal is an analysis of the extent to which moral leadership and social innovation for the Common Good might be realised through the BRI. Ethical dilemmas inevitably arise in the midst of conflicts of geo-political interest, rival commercial interests and a multitude of conflicting personal interests for both wealth creation and personal prestige and advancement. The conflicts of the human condition are simply given a new road on which to travel and potentially exploit those who are poorer and less powerful: prosperity for the few potentially at the expense of the many. But is it reasonable to question the central intent of President Xi in pointing not only to the rejuvenation of the Chinese nation in expanding global trade but in helping peoples in small nations in SE Asia and Africa to develop?

The Chinese government envisages BRI countries working in concert to secure an efficient network of land, sea and air passages; lifting their connectivity to a higher level; enhancing trade and investment facilitation; establishing a network of free trade areas that meet high standards; maintaining closer economic ties; deepening political trust; enhancing cultural exchanges; encouraging different peoples to learn from each other and flourish together (NDRC, 2015). The overarching moral claim put forward at the outset was that the BRI would promote mutual understanding, peace and friendship among peoples of all countries. President Xi has explained this claim within his five guiding principles of the BRI:

1. A road for peace: “The ancient silk routes thrived in times of peace, but lost vigour in times of war.”
2. A road of prosperity: “Development holds the master key to solving all problems. . . Infrastructure connectivity is the foundation of development through cooperation.”
3. A road of opening up: “Opening up brings progress while isolation results in backwardness […] We should build an open platform of cooperation and uphold and grow an open world economy”
4. A road of innovation: “We should pursue innovation-driven development and intensify cooperation in frontier areas such as digital economy, artificial intelligence, nanotechnology, and quantum computing […] we should pursue the new vision of green development […]”
5. A road connecting different civilisations: “We should ensure that when it comes to different civilisations, exchange will replace estrangement, mutual learning will replace clashes, and coexistence will replace a sense of superiority.” (Xi, 2017a)

Although the focus of BRI action by business and political elites is on the infrastructural, commercial and trade opportunities, there is an ‘other-interested’ intent made explicit by Xi: “If we take the first courageous step towards each other, we can embark on a path leading to friendship, shared development, peace, harmony and a better future” (Xi, 2017a).

These ideals point towards a vision for the Common Good and, more precisely the “internal goods of excellence” (MacIntyre, 1983) cultivated through cooperative activity and social practice:
truthfulness, justice, courage and humility. But operationalising the Common Good requires that the “goods of effectiveness” achievable through market activity presuppose the regulation of agency relationships and asymmetric power relations, restrained by controls that promote distributive justice and backed by Party disciplinary oversight and penalties. Economic opportunism by Belt and Road players on all sides could lead to monopolistic and monopsonist practices that contradict Xi’s intent for the BRI to become a path of friendship and cooperation amongst nations.

Xi’s five guiding principles demand that the benefits of infrastructural connectivity are led with responsibility, accountability and justice despite the turmoil of geo-political tensions and disputes. The ideals of shared development, peace and harmony are realised through the principle of friendship. The demand is for leadership with character and virtue to fulfil Xi’s vision of the BRI as a path to friendship. The high challenge of virtuous friendship is not based on the mutually beneficial outcomes of reciprocity assumed by Xi, but by a willing acceptance of responsibility for the other. For China as the leading player in the BRI, the virtues of humility and generosity are indispensable for achieving Xi’s hope that “coexistence will replace a sense of superiority”.

**Geopolitical Dilemmas**

Competitive spheres of influence over regions along the BRI are inevitable. Conflict can rapidly overtake cooperation especially when debts to China cannot be repaid. A number of commentators such as the Center for Global Development (Starrs, 2018), have pointed out the risk of debt bondage in future BRI financing and list eight countries that face a “high risk of debt distress”. Sri Lanka owes $8 billion in debt to Chinese state firms which upgraded Sri Lanka’s ports and other maritime facilities. Desperate for debt relief Sri Lanka handed over the China-funded Port of Hambantota on a 99-year lease. In similar circumstances, China has taken a 40-year lease on one of Pakistan’s most important ports (Kurlantzick, 2018).

So far, according to Du and Zhang’s study, BRI participating countries, “have been cooperative with Chinese acquirers, probably thanks to the high-profile international political cooperation feature embedded in the OBOR initiative” (Du and Zhang, 2018). A major research study on China’s outward foreign direct investment (OFDI) by Li, Luo and De Vita (2018) suggest that Chinese investors are influenced more by the difference of the institutional environment between China and the host country than government intervention. This finding highlights the economic advantage of respect and cooperation between China and the country receiving OFDI for the success of the BRI. Du and Zhang (2018) provide evidence on the efficiency and efficacy of the state capitalist system in promoting international economic integration through both SOE acquirers and non-SOE acquirers.

The potential for geopolitical dilemmas is illustrated in the case of Australia where headlines, news reports and opinion pieces have, in the words of Laurenceson, given rise to “China Threat, China Angst and China Panic” (Laurenceson, 2018, p.5). Resource-rich Papua New Guinea (PNG), a former Australian colony, is a current focus of the tensions between China and the Australian government. China and Australia are both eager to exploit PNG’s natural gas, minerals and timber resources. In January 2018 Australia launched a scathing attack on China’s efforts to build influence in the Pacific, accusing Beijing of currying favour with the region’s smaller nations by funnelling cash into little-used infrastructure projects. According to Concetta Fierravanti-Wells, Australia’s minister
for international development and the Pacific, “You’ve got the Pacific full of these useless buildings which nobody maintains, which are basically white elephants” (Wembridge, 2018). Zheng Zeguang, China’s vice-minister of foreign affairs responded by explaining how China was “just making the cake of co-operation larger.” (Hornby and Smyth, 2018). From Papua New Guinea’s perspective, China is a friend who builds infrastructure and gives social support in the form of a medical team to prevent the spread of malaria, a “friendship school” and disaster relief and reconstruction following a recent earthquake (Ge, 2018, p.1). Despite the Australian federal government’s position, Victoria’s premier, Daniel Andrews, signed a Belt and Road agreement in October 2018 which he said would “provide an impetus for pushing forward Victoria’s cooperation with China” (Jinxi, 2018).

The Challenges of the Belt and Road Initiative

1. Managing peaceful relations with a rising power

Xi’s agenda for cooperation and independence is difficult to manage with justice when power relations are unequal. Inevitably questions of China’s asymmetric power are raised. Western media commentators do not readily accept Xi’s promise that “coexistence will replace a sense of superiority” but the widespread concern that smaller nations are overpowered by Chinese money and infrastructural connectivity is not readily supported by the evidence. In 2018 Malaysia announced that it would renegotiate its contracts with China, describing them as “unequal treaties” and a “new version of colonialism.” The Maldives, Myanmar, Pakistan, and Sierra Leone are reviewing the scale and scope of their cooperation with China (Roland, 2019). In contrast The Philippines, a significant recipient of Chinese state and private investment, has not enforced a decision reached by an international tribunal in 2016 that upheld Manila’s South China Sea claims. Of course, cooperation can work positively both ways and Xi’s recent call to negotiate a free trade agreement with Pacific Island nations promises a significant economic benefit (Baijie, 2018).

Apart from the extension of soft power and geopolitical influence advantages there are a number of security and economic prizes to be secured for China through the BRI: energy security, development of Chinese eastern provinces and growth for infrastructural exports (Leavy, 2018, p.37). According to India’s Economic Times, perhaps the biggest unnamed prize would be to put China back where it once was, at the centre of the global economy. The side-effect is likely to increase the dependency on China for the tools of economic development: steel, construction, infrastructure, technology and finance.

China’s hope is that by bolstering growth in recipient nations, “the initiative could also win over hearts and minds, convincing people in those countries that China’s rise as regional hegemon will, overall, benefit them too” (Kurlantzic, 2018). Nevertheless, the moral leadership challenge lies with China to bolster global security and to contain the “rejuvenation of the Chinese nation” peacefully to fulfil Xi’s aim for the BRI to “open more cooperation channels” (Xi, 2017a).

2. Managing financialisation and anti-corruption

The BRI ambitions may conflict with the powerful drives of financialisation in which spontaneous and over-optimistic assessments can dominate decision-making and lead to corrupt and rent seeking practices. The negative effects of financialisation have been portrayed by the Pontifical Council for Justice and Peace as “Business leaders increasingly focus on maximising wealth, employees develop attitudes of entitlement, and consumers demand instant gratification at the lowest possible price” (Pontifical Council, 2015, p.3).

The high aims of Xi’s principles require behaviours, practices, enforceable law-making and regulatory scrutiny to manage the ever-
present moral hazards of selfishness beyond self-interest that are present in all of us and all along the Belt and Road. The fatal attractions of wealth and power have led government officials and business people to do bad things. The Chinese transformation of the village of Khorgos in Kazakhstan to an inland shipping hub and free-trade zone highlights the ethical blowback of local level smuggling and high-profile corruption cases. Khorgos also illustrates the plight that can face workers in BRI projects as reported by Mauk (2019):

While new official jobs in Khorgos are lifting a lucky few out of poverty, it is far more common to find farmers and herders moonlighting as taxi drivers, security guards or smugglers, part of a precarious network of low-paid freelancers. Such work is susceptible by design to sudden changes in enforcement and depends on a constant influx of disposable workers. It seemed like a high cost for connecting the world.

In light of such stories, at the Belt and Road Symposium in August 2018, Xi gave explicit instruction to the Party to strengthen its moral leadership and oversight of Chinese companies operating overseas to ensure that their behaviour and practices reflected well on projects that are “worthy of praise”. BRI projects should “improve the global governance system” and bring forth a “community of shared destiny.” (Rolland, 2019).

3. Managing conflicting views of justice and cooperation
For the BRI to be “a road with high ethical standards” there will need to be just and trusted arbitration mechanisms alongside the gestures for harmony and peace. Strategic rivalries and the commercial exploitation of people and natural resources are ever-present dangers. Governments and companies are increasingly under pressure to work out the principles of distributive justice, such that the “larger cake of cooperation” is shared to reduce inequality, protect workers and preserve natural resources and ecosystems. China plans to set up international courts in Shenzhen and Xi’an to resolve BRI commercial disputes. Whether such courts will be based on true independency is under question (Kuo & Kommenda, 2018).

In 2017 President Xi offered strong and measurable goals for projects supporting social and poverty alleviation in countries along the Belt and Road over a three-year period with assistance worth RMB 60 billion to developing countries and international organisations (Xi, 2017a). In 2018 Xi called for small-scale projects that responded to the immediate needs of local populations and not just the elites and for more people-to-people exchanges (Rolland, 2018).

Strategic rivalries all involve a degree of self-interest but the emphasis of the BRI message is “win-win” and friendship. The message is being tested as China’s major state-owned enterprises attempt to build relationships and navigate cross-cultural challenges before any deals are signed. For example, CRRC, China’s railway enterprise, has invested heavily in a five-year educational programme for senior executives to learn about international business, law, governance and finance. Intrinsic to this kind of education is the basic need to respect the rights of different peoples and to better understand the values that underpin a company’s stakeholder relations and its ethical, social and environmental corporate responsibilities.

4. Advancing local educational development
The demand for talent and innovation at the financial and technological frontiers of the

If the language of friendship is mounted on a narrow platform of investment and infrastructural connectivity then friendship is not an end but a means to achieve self-interested objectives which prioritise power, capital and influence.
Belt and Road inevitably attracts Chinese talent and skills. But how might such talent and skills be nurtured along the local communities of the Belt and Road? No plan is clear. The promise of RMB 60 billion funding for BRI social projects could be prioritised to ensure support for long term strategic educational development capacity planning at the weakest points along the Belt and Road. Educational projects could be designed to stem the cycles of social deprivation caused by a lack of educational resources in developing countries.

Despite talk of educational cooperation by Beijing there is no evidence of an educational resource plan within the BRI to further educational advancement in parallel with economic advancement. For example, the Second Belt and Road Education Dialogue held in Beijing in November 2018 discussed educational exchanges as means of support for the BRI rather than the BRI becoming a means of support for educational advancement in other countries.

5. Managing cross-cultural understanding

Despite the fears that China will dominate a country’s social and cultural influence, many Chinese companies, particularly inexperienced one’s, struggle with local cultures and politics (O’Meara, 2018). Economic exchange needs to be accompanied by social and cultural exchange to build trust, mutual understanding and the peaceful outcomes enshrined in Xi’s five principles. Sino-Russian relations are an example of improved cross-cultural understanding. China has opened over twenty Confucius Institutes and Confucius Classrooms in Russia. But the cross-cultural relationship is tied to the economic relationship. For example, China has increased its debt financing of Russian companies lost because of Western sanctions against Russia.

It is in cross-cultural understanding that we can learn from the early mission work of the Jesuits in the 16th and 17th centuries following the example of the friendship of Matteo Ricci and Paul Xu Guangqi who engaged with the Confucian intellectual elite literati to establish a spiritual dialogue with Chinese scholars. In the context of friendship, they introduced Western science, mathematics, cartography, astronomy and the visual arts to the imperial court. The missionaries recognised the inspiration of Confucian wisdom as well as sharing the treasures of their own faith. Chinese aspirations for peaceful cooperation are threatened by financialisation of the road without a quality of empathetic dialogue between different people and religious groups who lie along the Belt and Road. If the language of friendship is mounted on a narrow platform of investment and infrastructural connectivity then friendship is not an end but a means to achieve self-interested objectives which prioritise power, capital and influence.

True collaboration will respect cultural and religious difference, promote reciprocity as shown by the nature of friendship between Catholic and Protestant missionaries and the Chinese. The work of the Ricci Institutes continues this tradition today believing that inter-religious dialogue and an appreciation of the spiritual traditions of Buddhism, Confucianism, Islam and Daoism offer the means to open up the minds and souls of people from every nation and culture to the betterment of humankind.

The challenge and the opportunity is to promote cross cultural and inter-religious encounters for the Common Good beyond institutionalised one-way communication.

6. Managing cross-border data flows

According to Meltzer and Lovelock, governments restrict cross-border data flows to:
- Protect or improve citizens’ personal privacy
- Ensure rapid access to data by law enforcement officials.
- Protect or ensure national security
- Improve economic growth or economic competitiveness
- Level the regulatory playing field. (Meltzer and Lovelock, 2018, p. v)

Ensuring data privacy is a shared concern - but how far can cross-border data flows really be checked? According to Adam Segal of the Council on Foreign Relations, “cyberspace will be much less American and much more Chinese” and Beijing is likely to have its biggest impact on
global Internet governance through its trade and investment policies, especially as part of the BRI (Segal, 2018).

For companies from countries outside China who engage in joint-venture projects with Chinese partners the 2017 Cyber Security Law (CSL) is, according to the specialist risk consultancy Control Risks, causing deep concern for the management of data. They point to the extensive Party controls on network content that require opening up their IT systems:

The growing chokehold over information flows and the technology that delivers it is pushing foreign MNCs in China either to be 'all in' or to reevaluate their operations in China, as a whole. This means IT personnel, operations and data specialists, procuring domestic technology, and localising IT security policies, content and crisis management plans (Kedl and Wilford, 2018).

The likely impact of these policies is to prevent the BRI moving into North America, Europe, Australia and New Zealand. But other countries along the Belt and Road in Africa and East Asia are not as sensitised to the control of data and network content. Global businesses generally welcome the digital Silk Road recognising that data needs to flow freely across borders to scale and create value, and to fight against governments that require local data storage. China will be at the centre of such battles with its current data localisation laws.

Concluding

Xi’s speeches on the BRI point to sharing economic and developmental benefits but also of principles of moral leadership as part of an integrated shared value proposition. He argues that the BRI is a positive good, especially to those “countries who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind” (Xi, 2017b). From moral leadership and comparative spirituality perspectives China is attempting to share their rich wisdom heritage. Xi’s apparent desire to avoid imposing Sinicisation needs to be matched by a reciprocity of engagement in

East-West wisdom resources to create the kind of moral leadership that could enable the BRI to be a road of peace and true connectivity across different civilisations.

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REFERENCES


