

**HOW COUNTRIES REACT TO
CHINA'S BELT AND ROAD
INITIATIVE: REFLECTING ON
STEFANO RIELA'S 'NEW SILK
ROADS'**

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Never in the history of humankind has such a huge infrastructure programme been initiated as the Belt and Road Initiative (BRI). Starting in 2013, China has pushed forward this programme, building numerous mega projects to connect China with Europe and other parts of the world.

Six years into the implementation of the BRI, a number of projects have been completed, some are ongoing, while others are being planned. Some projects have failed, becoming ‘white elephants’ of sorts, while others have been completed or are running smoothly.

In general, most developing countries, especially those in Africa, have welcomed China’s initiative. They have worked with China in mounting projects to build roads, railways, ports, oil and gas pipelines, power grids, telecommunication networks and so on. Countries in the developed world are less receptive: some of them welcome the opportunity to work with China, others are hesitant to join the initiative, and still others are suspicious of China’s motives. The United States rejects the BRI outright. Its ally in Asia, Japan, sided with it and declined to join the Asian Infrastructure Investment Bank (AIIB), a multilateral institution established by China in 2015 to help finance infrastructure projects, mainly in Asia. More recently, however, Japan has expressed its wish to work with China to develop ‘high quality’ infrastructure projects in Africa. Australia, another major ally of the U.S. in the Asia-Pacific, followed America’s lead to ban Huawei, a giant Chinese telecom company, from bidding for projects to roll out of the fifth generation (5G) internet technology.

India, an emerging power in the Global South, works with China on some projects but refuses to join China to work on others. For example, India has joined China to form the BRICS group of countries (Brazil, Russia, India, China, South Africa) to coordinate policies and to develop joint programmes. It has also joined the AIIB and the Shanghai Cooperation Organisation, where China exercises great influence in both institutions. On the other hand, India has engaged with the U.S., Japan and Australia to form an Indo-Pacific group to contain China's influence, especially in the India Ocean, where China's maritime Silk Road passes through from the South China Sea to the Mediterranean Sea via the Malacca Strait and the Suez Canal.

Where does Europe stand in all this? To China, Europe is the destination of its BRI where goods are transported by freight trains running across the Eurasian landmass and by ships steaming through the maritime Silk Road, in addition to the use of airfreight. At present, the freight trains connect some fifty cities in China with another fifty cities in fifteen European countries.¹ These train services are in increasing demand as bilateral trade rises and as such services improve their efficiency. Against this background, Stefano Riela's article on 'New Silk Roads' deals with an important aspect of the cooperation between the EU and China.

¹ "China-Europe Freight Trains Make 14,000 Trips," *China Daily*, Internet ed., 15 March 2019.

European countries have different responses to China's BRI, both within the EU and beyond. Some of the near neighbours to the east of the EU like Ukraine, Georgia and Moldova are somewhat keen to join the union as members, but most of them are increasingly aware of the need to maintain good trading and investment relationships with China. Within the EU, the responses of countries in the eastern and central parts are quite different from those in the western part. To the union's leaders in Brussels, the so-called '17+1 initiative' poses a challenge to the unity of the EU, in economics and foreign affairs. Furthermore, within western Europe, there are differences of opinions and policies with respect to China, as Portugal and Italy have signed their respective memorandum of understanding with China on the BRI (in December 2018 and March 2019), to the dissatisfaction of leaders in Brussels. And Monaco, a small principality, is the first European country to sign a contract with Huawei in July 2019 to roll out the 5G technology.²

Riela is right to point out that the major concern of the EU is that 'the BRI may pose a risk for the political cohesion within Europe and for the EU's policy with neighbouring countries' (abstract). To push back, the EU made a proposal for 'Connecting Europe and Asia' in September 2018, which was quickly approved by the European Council. Apparently, the EU agrees with China on the need to build infrastructure to connect the two parties. However, they fail to see eye

² "Monaco Launches Huawei-Built 5G Network in Europe First," *South China Morning Post*, Internet ed., 10 July 2019.

to eye regarding the quality of such construction, especially when it relates to environmental impact and financial sustainability, apart from national security.

The Chinese government is obviously aware of outside criticisms of the quality of its infrastructure projects. In a plenary speech made before the second BRI Forum held in Beijing in April 2019, President Xi Jinping pledged to make improvements to allay such concerns. One has to wait and see if China will follow up its words with deeds in the coming years.

The EU is also concerned about China's investments in high-tech industries in Europe that might compromise its security and public order. Individual countries within the EU have adopted mechanisms to screen Chinese foreign direct investment. EU countries largely work on a market-driven economy, while China adopts a state-governed economy, including the provision of sizeable government subsidies to support state-owned enterprises and banks to go global. This divergence in economic ideology and practice reflects different values, interests and identities. Incidentally, the 'Made in China 2025' or its modified version for 2030, a national strategy to nurture global market leaders and to promote innovation, is said to have modelled in part on Germany's 'Industrial Strategy 2030'. Both aim to increase international competitiveness through the use of industrial policies. Unlike the U.S., the EU is inclined to engage with China on the BRI, with an aim to shape China's behaviour to comply with EU rules and to meet EU standards.

New Zealand and Australia too are concerned about Chinese investments in their respective countries. They both have screening measures in place. Both are concerned about China posing security risks to their rolling out of 5G, for reasons most probably allied with U.S. concerns and political pressure coming from the Five Eyes security arrangement. Also, both countries are alarmed at the rapid increase of Chinese investments and aid to the island states in the South Pacific. The Chinese growing presence in their ‘backyard’ has led both to pay more attention to the well-being of their small island neighbours. These small states welcome the new development because they can now obtain more external resources than before to help their economy. They are, however, increasingly concerned about the impact of climate change on their land and sovereignty as a result of rising sea level. This is something that New Zealand and Australia are in a good position to help, whether or not they would like to involve China in extending assistance to these small island states under the umbrella of the BRI.

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