

US ARMY WAR COLLEGE
INSTITUTE FOR NATIONAL SECURITY AND COUNTERTERRORISM
CIVILIAN RESEARCH PROJECT

THE BELT AND ROAD INITIATIVE: ASSESSING CHINA'S NEW GRAND STRATEGY

COL RYAN O. MAENDER
UNITED STATES ARMY



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by

COL Ryan O. Maender

United States Army

June 2018

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United States Army War College (Class of 2018)
Institute for National Security and Counterterrorism
Syracuse University

“Supreme excellence consists in breaking the enemy’s resistance without fighting.”

–Sun Tzu¹

¹ Sun Tzu, *The Art of War*, (Vigo Classics, 2012): 12, iPad book.

ABSTRACT

In 2013, China’s President Xi Jinping announced his vision for the “Silk Road Economic Belt’ and ‘Maritime Silk Road of the Twenty-First Century,’” which signaled the birth of China’s One Belt, One Road global infrastructure project. Officially named the Belt and Road Initiative (BRI) in 2015, when complete it will connect Europe, Asia, and Africa through one network of land and sea lanes, enabling efficient trade and flow of resources across 68% of the world’s land mass. Often seen as a purely economic program aimed at sustaining China’s growth, the BRI is a new grand strategy with an end-goal of achieving global superpower status, eclipsing the United States in all ways. US policymakers have been slow to study the BRI and how it challenges US national interests. US actions to date have been inconsistent, disjointed, and late in addressing China’s moves to assume a greater global role. In light of China’s new strategy, the United States Government (USG) must take actions to maintain American global influence and offset China’s gains, all while mitigating the risk of armed conflict. Historical examples like the Solarium Project serve as a template for developing a long-term, comprehensive strategy toward a rising China.

■ Silk Road land route ■ Silk Road sea route



China’s “New Silk Road,” both land and maritime routes. Source: NPR “China Promises \$46 Billion to Pave the Way for a Brand New Silk Road” <https://www.npr.org/sections/goatsandsoda/2015/05/03/401980467/china-promises-46-billion-to-pave-the-way-for-a-brand-new-silk-road> Accessed June 15, 2018.

INTRODUCTION

In 2013, China's President Xi Jinping announced his vision for the "Silk Road Economic Belt" and "Maritime Silk Road of the Twenty-First Century."² This signaled the birth of The One Belt, One Road project. Officially named the Belt and Road Initiative (BRI) in 2015, when complete it will connect Europe, Asia, and Africa through one network of land and sea lanes, enabling efficient trade and flow of resources and goods across 68% of the world's land mass.³ Initial assessments of the motivations behind the BRI are predominantly economic: providing an outlet for China's vast industrial capacity and enabling a "moderately prosperous society with Chinese characteristics."⁴

Beyond these stated economic benefits, the BRI is a bold new foreign policy initiative, the effects of which will play out over the next thirty years. In fact, the BRI is China's new grand strategy focused on enabling the continued growth of the People's Republic of China (PRC) as a rising power, with the end-goal of achieving global superpower status, eclipsing the United States in all ways. As Chinese leadership has been diligent in preparation and planning, US policymakers have been slow to study the BRI and its long-term strategic challenges to US national interests. US actions to date have been inconsistent, disjointed, and late in addressing China's moves to assume a greater global role.

Given the scale of investment and the scope of the BRI, analysts must examine this policy and its planning with an emphasis on understanding China's "long-gaze" on its own national trajectory. This inquiry must determine risks and opportunities for strategic planning purposes—and how the BRI intersects with US national interests. The US should be concerned with the long-term approach and consequences implied in the BRI framework. Once complete, the BRI will impact the lives of 4.4 billion people, 62% of the world's population, and involve over \$23 trillion in combined GDP.⁵ China will assume a dominant role on the "world-island" of Europe, Asia, and Africa due to increased political and economic influence, supported by a globally-positioned military, ensuring the protection of the new Silk Road.⁶ The United States Government (USG) must

2 The SREB was announced during a visit to Kazakhstan, The Maritime Silk Road was later announced by President Xi during a visit to Indonesia. Xi Jinping, "Address at Nazarbayev University," Ministry of Foreign Affairs of the People's Republic of China website, Sept. 7, 2013. http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjfhshzzfh_665686/t1076334.shtml (accessed Sept. 1, 2017).

3 China Power Project, "How will the Belt and Road Initiative Advance China's Interests?" Center for Strategic and International Studies, <https://chinapower.csis.org/china-belt-and-road-initiative/> (accessed Sept. 13, 2017).

4 Ibid.

5 Ibid.

6 The "world-island" term was coined by H.J. Mackinder. "A strong power, integrating the transportation and trading channels of Europe, Asia, and Africa into a single "world-island" would be ready to dominate the globe." H. J. Mackinder, "The Geographical Pivot of History," *The Geographical Journal*, Volume 23, No. 4 (April 1904), 421-37.

take actions to maintain American global influence, and offset China's gains, all while mitigating the risk of armed conflict.

THE SILK ROAD REVIVAL

Harkening back to the period of Chinese national dominance, the BRI is a 21st century conceptualization of the original "Silk Road," a network of land and sea trade routes that once linked China with west Asia and Europe from roughly 100 BCE through the early 1500s. Although the term adopted to describe this trade network was originally coined by a European, it was the Han Dynasty that saw the strategic significance and advantages of trading with its neighbors to the west.⁷ It was the Silk Road network that depicted China as the "Middle Kingdom," the center of the world and a great civilization from which all roads radiated—a premise that lies at the heart of contemporary BRI aspirations and Xi Jinping's grand strategy.

ELEMENTS OF THE BRI STRATEGY

Since the announcement of the BRI, the Chinese government has mobilized the nation to plan for the realization of the great dream of the new Silk Road. In May 2015, China's National Development and Reform Commission (NDRC) published a framework outlining priorities for the BRI.⁸ Chinese universities have committed intellectual capital, and nearly every province in China has developed a local component to augment the national BRI.⁹ Additionally, PRC financial institutions have committed the needed investments to begin key BRI infrastructure development. The total cost to complete the project is estimated at \$26 trillion, with China already earmarking \$1 trillion.¹⁰

The BRI is also designed to frame other Chinese technology initiatives. During the Belt and Road Forum in May 2017, President Xi emphasized the launch of the Belt and Road Science, Technology, and Innovation

7 Members of the Han Dynasty desired horses which led to establishment of the original Silk Road and normalized trade between the east and the west. The term "Silk Road" was coined in the late 1800's by German geographer Ferdinand von Richthofen. Carles Perez, *Trading Silk for Horses: The Surprisingly Simple Origins of the Silk Road*, (Washington, D.C.: National Geographic, 2017), 12.

8 BRI Priorities: (1) linking China to Europe through Central Asia and Russia; (2) connecting China with the Middle East through Central Asia; and (3) bringing together China and Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road, meanwhile, focusses on using Chinese coastal ports to: (4) link China with Europe through the South China Sea and Indian Ocean; and (5) connect China with the South Pacific Ocean through the South China Sea. Ministry of Foreign Affairs of the People's Republic of China, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, with State Council authorization, Beijing, Jan. 21, 2015: 1.

9 Peter Cai, "Understanding China's Belt and Road Initiative," Lowy Institute, Sydney, March 2017: 3.

10 China Power Project, "How will the Belt and Road Initiative Advance China's Interests?"

Cooperation Plan to promote information sharing, people-to-people exchanges, and BRI progress.¹¹ Interest in the BRI has grown beyond the original partner nations of Europe and Asia, with Presidents from both Argentina and Chile attending the Belt and Road Forum in 2017.¹² The PRC's actions to date demonstrate an operationalized commitment of the nation's resources to realizing the new Silk Road.

The physical plan of the BRI has developed over time, progressing from Xi Jinping's vision to a physical plan, comprising numerous maritime and land infrastructure projects. The BRI is divided into the Silk Road Economic Belt (SREB) and the New Maritime Silk Road (MSR). Both are further subdivided into regional collaborative economic hubs or "corridors," such as the New Eurasia Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar economic corridors.¹³ Each corridor is its own network of roads, rail, pipelines, port facilities, and industry.

Of the six economic corridors, the China-Pakistan Economic Corridor (CPEC) is the furthest along in its development and may portend future BRI-related security challenges for the United States and its allies in the South Asia region. China has invested over \$60 billion thus far to improve the transportation, communications, and energy infrastructure to complete the CPEC.¹⁴ Gwadar Port, located on the Indian Ocean and close to the mouth of the Arabian Gulf, is envisioned to expand its capacity to accommodate over 150 ships by 2045.¹⁵ In the near term, existing improvements to this (and other) port facilities will drive China's need to protect sea lines of transit and communication feeding Gwadar and ground routes to China. With access to a deep-water port near the Arabian Gulf, the People's Liberation Army Navy (PLAN) will enjoy the benefits of extended operational reach, power projection, and sustainment. The only remaining requirement will be to secure China's infrastructure investment along the CPEC economic corridor. Pakistan wants the CPEC to be a success and has pledged a 15,000 soldier force to secure Chinese workers along the economic corridor as they complete the needed infrastructure improvements.¹⁶ Who will be responsible for securing the CPEC once it is complete?

11 Xi Jinping, "Full text of President Xi's speech at opening of Belt and Road Forum", Xinhuanet, May 15, 2017.

http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm (accessed Sept. 14, 2017).

12 Shannon Tiezzi, "Who is Attending the Belt and Road Forum?" The Diplomat online, May 12, 2017, <https://thediplomat.com/2017/05/who-is-actually-attending-chinas-belt-and-road-forum/>. (accessed Nov. 4, 2017).

13 NDRC, "Vision and Actions"

14 Zofeen Ebrahim, "What's Happening at Pakistan's Gwadar Port?" The Diplomat online, June 17, 2017.

<https://thediplomat.com/2017/06/whats-happening-at-pakistans-gwadar-port/> (accessed Sept. 3, 2017).

15 Anja Manuel, "China is Quietly Reshaping the World," The Atlantic online.

<https://www.theatlantic.com/international/archive/2017/10/china-belt-and-road/542667/> (accessed Nov. 3 2017).

16 Liu Zhen, "Pakistan deploys force of 15,000 to protect Chinese nationals," South China Morning Post online, Jun 25, 2017.

<http://www.scmp.com/news/china/diplomacy-defence/article/2099922/pakistan-deploys-force-15000-protect-chinese-nationals> (accessed Oct. 17, 2017).

Having established a framework and physical plan, China has gained international ‘buy-in’ for the BRI—literally. In what could be argued as its boldest move yet in operationalizing the BRI strategy, the PRC formally established the Asian Infrastructure Investment Bank (AIIB), a Chinese-led multilateral development bank (MDB) in 2015, whose core function is to finance BRI-related projects.¹⁷ Since its founding, the AIIB has attracted membership from over 60 nations, including Russia, 19 European nations, and almost all of Asia.¹⁸ China also established the Silk Road Fund, initially pledging \$40 billion to provide funding to support BRI development.¹⁹ The establishment of both the AIIB and the Silk Road fund underscores how the Chinese government is working to eliminate any challenges or impediments to the completion of the BRI.

The enduring narrative advanced by Xi Jinping and the CCP reinforces these physical planning and financial dimensions of the nation’s grand strategy. The Chinese view of history is important to understand how it shapes and strengthens the national drive for actualizing the BRI. In reviewing official documents and statements by PRC leaders, two contrasting periods of national history are frequently cited. The first is the glorious, ancient Silk Road era, when China was at the zenith of its global power and occupied its perceived rightful place in the world. The second period is the century of humiliation, in which from 1839 to 1949 China lost large portions of its territory to Western colonial powers as it experienced numerous military and economic defeats and acquiesced to foreign demands.²⁰ This later era in modern Chinese history is still fresh in Chinese national consciousness, as it only came to an end with the rise in power of the Chinese Communist Party (CCP) at the end of their civil war. Remnants of this historical humiliation still remain active in contemporary Chinese politics and culture, as in such lingering sensitive issues as the contested status of Taiwan—a constant reminder of this dark period. Understanding the structure of China’s national historical narrative—global power and a nation humiliated—informs Chinese leaders’ view of their place in the world, their sense of the unfinished business that the BRI represents, and how this historical worldview governs their interactions with the West.²¹

The enduring narrative of greatness and humiliation set the stage for China’s leaders to envision a third era in China’s national trajectory, its rejuvenation. President Xi Jinping routinely references these two periods in Chinese national history during speeches and official engagements. During his first announcement of the BRI in 2013, President Xi referenced the ancient Silk Road linkages between China and the nations of Central Asia.²² Xi also drew heavily from China’s history during his remarks at the opening of the Belt and Road Forum in 2017,

17 Martin A Weiss, “Asian Infrastructure Investment Bank (AIIB),” US Congressional Research Service, Feb. 3, 2017: 2.

18 Ibid.

19 Silk Road Fund website, (March 12, 2018), <http://www.silkroadfund.com.cn/enweb/23773/index.html>

20 Orville Schell and John Delury, “A Rising China Needs a New National Story,” *WSJ*, July 12, 2013. <https://www.wsj.com/articles/SB10001424127887324425204578599633633456090> (accessed April 3, 2018).

21 Howard French, “How China’s History Shapes, and Warps, its Policies Today,” *Foreign Policy*, March 22, 2017.

22 Xi Jinping, “Address at Nazarbayev University”

and his four-hour speech to the 19th People's Congress, in which he also referenced the goal of national rejuvenation.²³ President Xi Jinping advanced the narrative of humiliation and rejuvenation as precursors to his announcement of the "Chinese Dream" during the 18th People's Party Congress in 2013.²⁴ This new philosophy, aimed at realizing the achievement of a new era for China, requires an ambitious strategy. If China is to reach the goal of rejuvenation advanced by President Xi, then the Belt and Road Initiative is the primary vehicle by which to achieve it. As the 21st century dawns, the once globally dominant China, which survived a great humiliation that relegated it to a second-rate power, will reclaim its rightful place among the great powers of the world.²⁵ In many respects, the BRI is the Chinese national strategy to "Make China great again."

As if this were not enough, Chinese leadership has further clarified where the BRI ranks in national priorities and what lengths the government will go to ensure success its success. The PRC has formalized the strategy and removed systemic challenges to the BRI's success in several structural ways. First, the Belt and Road Initiative is now China's main organizing principle for the nation, having become enshrined in their constitution during the 19th Party Congress.²⁶ To say this is significant is an understatement, given the political structure of China, with the CCP exercising centralized control over all elements of national power. Formal integration of the BRI into the nation's constitution forces organizational changes within the government, focuses resource allocation on this initiative, and guides the nation's foreign policy and decision-making in the international system. With the BRI now state policy, China will mobilize to achieve this goal.

Second, the PRC has ensured the enduring resilience of the BRI as a grand strategy by making it resistant to changes in national leadership. In addition to its place in the national constitution, this feat was accomplished in a unique way by eliminating the term limit for the Presidential office in late 2017.²⁷ President Xi can effectively rule China until he decides he has achieved what he set out to do. President Xi Jinping currently holds three offices in the PRC, Chairman of the CCP, Head of the PLA, and President. Now all three positions can be held

23 Xi Jinping, "Remarks at Belt and Road Forum".

24 The Chinese Dream has four parts: Strong China (economically, politically, diplomatically, scientifically, militarily); Civilized China (equity and fairness, rich culture, high morals); Harmonious China (amity among social classes); Beautiful China (healthy environment, low pollution). with the endstate of a moderately prosperous society by 2049, the PRC's hundredth anniversary. His announced initiative and Xi's subsequent actions signal a departure from the "hide and bide" philosophy held by previous PRC state leadership. "Full Text of President Xi Jinping's remarks to 18th People's Party Congress." Proquest Search <https://search.proquest.com/docview/1317233294?accountid=14214>.

25 William Callahan, "National Insecurities: Humiliation, Salvation, and Chinese Nationalism," *Alternatives: Global, Local, Political* (29): 199-218: 204.

26 Wade Shepard, "Why China Just Added the Belt and Road Initiative to Its Constitution," *Forbes* online, Oct. 25, 2017. <https://www.forbes.com/sites/wadeshepard/2017/10/25/why-china-just-added-the-belt-and-road-initiative-to-its-constitution/2/#21643799242b> (accessed March, 16, 2018).

27 Chris Buckley and Adam Wu, "Ending Term Limits for China's Xi Is a Big Deal. Here's Why," *The New York Times*, March 12, 2018.

indefinitely. President Xi has consolidated power, articulated his vision, and mobilized the nation to achieve it. Little stands in the way of completing the BRI now.

A NEW ECONOMIC PLAN

Initial assessments of the Belt and Road Initiative, particularly from outside China, focus almost exclusively on the economic aspects of the project and cite significant domestic factors within China as the primary drivers for its development. The BRI is often narrowed down to three overarching economic objectives: 1) to provide new outlets for China's excess industrial capacity; 2) to encourage regional development; and 3) to promote the upgrade of Chinese industry.²⁸ China is also seen as at a pivotal point in its development, needing to transition from a manufacturing-focused economy to a consumer-focused economy, further reinforcing the economic justification for the BRI.²⁹ While many analysts concede that China will gain some foreign policy and geo-strategic benefits from the BRI, such gains are largely assessed as secondary to China's economic concerns. This is a mistake which misses the global scale, design, and aspirations embedded in the BRI. By contrast, the genius of the BRI strategy is its method of using geo-economics as the primary means for China to achieve its long-term national and geo-strategic goals. China's "debt-trap" diplomacy and its motivations for the AIIB underscore this enlarged strategy in which geopolitical dominance is delivered through geo-economics.

China's "debt-trap diplomacy" provides insight into how the PRC designs "win-win" deals with other nations, structured both to gain financial support for the BRI and achieve its broader grand strategy.³⁰ In early 2018, Sri Lanka, unable to pay its debt to Chinese state-owned companies for borrowing funds to improve Sri Lankan facilities at Hambantota port, signed a 99-year lease of the port to the PRC.³¹ This act raised concerns from both Sri Lanka's government along with other nations in the region, like India, who feared that this renegotiation of critical Sri Lankan infrastructure represented another "pearl" in China's strategy of containment.³² China's actions in getting yet another deep-water port in a strategic location resulted in counteractions by nations concerned about the military implications of the deal. India's purchased the airport near

28 Web searches on the BRI return numerous articles that examine China's BRI from a purely economic standpoint. Cai, "Understanding China's Belt and Road Initiative," 8.

29 Tracy Chen, Chinese Consumers Now Rule The World, Get Used To It. Bloomberg online, Dec. 27, 2017, <https://www.bloomberg.com/view/articles/2017-12-28/why-china-s-consumers-are-hottest-global-economic-force> (accessed Jan. 24, 2018).

30 Brahma Chellaney, Sri Lanka the latest victim of China's debt-trap diplomacy, Asia Times, Dec. 24, 2017, <http://www.atimes.com/article/sri-lanka-latest-victim-chinas-debt-trap-diplomacy/>. (accessed Jan. 26, 2018).

31 Ibid.

32 Prabash K. Dutta, Can China really encircle India with its string of pearls?, India Today, June 15, 2017, <https://www.indiatoday.in/india/story/china-encircle-india-string-of-pearls-982930-2017-06-15> (accessed April 8, 2018).

Hambantota as an attempt to check any possibility that the port would eventually have military utility.³³ China continues to execute its grand strategy, and governments can only react as problems of strategic significance arise.

At its core, the formation of the AIIB may also signal China's desire to shape and change the world's financial systems to gain both political and economic influence commensurate with its economic might as a rising power. Still in its early stages as an institution, the AIIB may serve as more than a funding vehicle for the BRI, functioning instead as China's challenge to long-established, Western-dominated international financial institutions, such as the World Bank, Asia Development Bank (ADB) and the International Monetary Fund (IMF). These institutions, perceived as "bureaucratic and slow," do not acknowledge China's economic rank and might as a member nation.³⁴ Another motivation behind the AIIB builds on the narrative of humiliation and the perception by the PRC of not being globally perceived as equal with the United States in the IMF, World Bank, and in trade partnerships.³⁵ Also, the World Bank and the IMF adhere to "conditionality," the requirement for funds recipients to meet transparency, non-corruption, and human rights standards.³⁶ The Articles of Agreement for the AIIB make no mention of these "conditionality" requirements and emphasize the lack of requirements as advancing China's views of "non-interference" in other nations' sovereignty—a long-articulated Chinese value in international affairs.³⁷ Chinese leadership, driven by the desire to eliminate obstacles to the BRI, has created institutions not tied to Western standards. Having the second largest economy in the world (GDP), China sees a lack of weighted influence for its global ambitions, and thus intends to develop international norms and institutions favorable to its national interests, where it can play a dominant role, exercise veto power, and exert influence over member nations.

THE RISKS OF SUCCESS

Regardless of the primary drivers and motivations behind the BRI, the global scope of the strategy presents risks that China may not have considered. If the BRI develops along the timeline and in the manner envisioned by the PRC, the first requirement will be to secure this massive investment of Chinese capital, resources, and infrastructure. This requirement is both a military and policy challenge, which China may not fully grasp at this early stage of BRI development.

33 David Brewster, *Why does India want to buy the world's emptiest airport?*, Quartz online, India, 5 Dec. 2017. <https://qz.com/1146925/sri-lankas-hambantota-why-does-india-want-to-buy-the-worlds-emptiest-airport/> (accessed March 15, 2018).

34 S.R., "Why China is creating a new World Bank for Asia", *The Economist* online, Nov. 11, 2014. <https://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6> (accessed Sept. 21, 2017).

35 Daniel Chow, *Why China Established the Asian Infrastructure Investment Bank*, *Vanderbilt Journal of Transnational Law*, Vol 49. Jan. 19, 2017, 1255-1298: 1258.

36 *Ibid.* p1263.

37 *Ibid.* p1277.

Looking at the physical terrain of the BRI also reveals the security issues associated with ensuring that free and unimpeded trade along the new Silk Road. Governments from participating nations such as Pakistan and Iran, as well as those in disputed territories like Kashmir, will all play a role in the BRI. Existing tensions and conflicts will be brought into the BRI orbit so that China's response will require more than the investment of human capital and finance—it must safeguard key infrastructure and Chinese workers, similar to the actions of Pakistan along the CPEC. How will China react to security concerns along each economic corridor, and how will it choose to interact with potentially intransigent or incapable national governments and the international community when crises develop? China will need to have a military capable of responding to protect its growing interests.

China is anticipating the changing nature of the security landscape associated with the BRI in the recent reformulation of Chinese military strategy, force modernization, and basing. China's military strategy lists eight primary tasks, including "safeguarding security and interests in new domains,"³⁸ such as BRI infrastructure throughout the world. China's lack of transparency on defense spending makes it difficult to determine actual investment in military capabilities, but estimates range from \$200-240 billion each year with steady increases in overall government spending.³⁹ What is clear is that the PRC has increased its defense spending and is investing in building capacity in key areas that would enable a more proactive posture in protecting its growing global interests. China's military modernization is aimed at fielding a force capable of force projection and joint operations: the plan will reduce the number of ground forces by roughly 300,000 personnel, streamline the PLA command structure, increase the size of their Navy and Air Force, and field a new arm of the PLA, the strategic rocket force.⁴⁰

Beyond force structure changes, the PLA is forging an enduring presence in key locations globally. Attention has been paid to China's militarization of the South China Sea, but places like Gwadar, Djibouti, Sri Lanka, and Greece are just some of the newest locations in which the PRC has proactively secured infrastructure capable of supporting a forward-postured PLA. Of these locations, Djibouti provides a glimpse of the future might look like for the Chinese military. The PRC was recently granted basing rights by the Djibouti government and has constructed facilities for housing several thousand troops and for berthing commercial and naval vessels--

38 The State Council Information Office of the People's Republic of China, *China's Military Strategy*, May 2015, http://www.chinadaily.com.cn/china/2015-05/26/content_20820628.html (accessed Jan. 15, 2018).

39 China Power Team. "What does China really spend on its military?" *China Power*. Dec. 28, 2015. Updated March 5, 2018. <https://chinapower.csis.org/military-spending/> (accessed May 8, 2018).

40 Paul McCleary, *Pentagon: Chinese Military Modernization Enters New Phase*, *Foreign Policy*, 13 MAY 2016, <http://foreignpolicy.com/2016/05/13/pentagon-chinese-military-modernization-enters-new-phase/> (accessed March 11, 2018). Also: US Department of Defense, *Military and Security Developments Involving the People's Republic of China 2017*, Annual Report to Congress. https://www.defense.gov/Portals/1/Documents/pubs/2017_China_Military_Power_Report.PDF

all not more than a couple of miles from where the US has a significant military presence.⁴¹ PLA troops stationed at this naval base are officially peacekeepers, but they routinely execute combined arms live fires, integrating artillery and heavy weapons.⁴² Djibouti is a logical choice for a nation to forward station its military, given its location on the Gulf of Aden, a key commercial transit point in the global commons and the need to safeguard merchant shipping around the Horn of Africa,

What is uncertain at this point is how active a role the PRC will play as security issues arise. Recent actions by China show a shift from a strict non-interference policy to a more overt role when Chinese economic interests and industry are in peril. China most recently demonstrated this in 2011, when faced with a UNSCR vote on military action in Libya, China abstained from voting, yet, hedged its actions through a unilateral military venture.⁴³ Although the Chinese government has been historically shy about employing its military and reluctant to support military action against belligerents, such as Gaddafi (China had previously supported his regime with arms), the PRC deployed military transport aircraft and a guided-missile frigate to the Mediterranean to ensure the safe passage of approximately 30,000 Chinese citizens from the embattled country.⁴⁴ Chinese state media as touted this action as the largest operation in the nation's history and evidence of the PRC's emergence as a great, responsible power.⁴⁵ Citing protection of nationals abroad as the justification for its actions in Libya, China still chose to abstain from voting as part of the United Nations on military action.⁴⁶ The "right to protect nationals" as a justification for foreign policy decision-making may foster messy and unintended consequences as unforeseen security issues arise. It may also force China to act in ways that may work counter to what the rest of the international community may be trying to achieve.

Polarization is another potential issue for China that may play out over the long-term as BRI-affected states make decisions as to where their own national interests lie. The Iranian government, for instance, is well aware it may gain much from the BRI, given its increasingly close relationship with China. As a historical member of the original Silk Road, Iran occupies key terrain along the BRI, serving as a hub in planned economic infrastructure linkages between Asia and Europe, as work is currently underway to expand Iran's rail network to

41 Andrew Jacobs, "US Wary of its new neighbor in Djibouti: A Chinese Naval Base," *The New York Times*, Jan. 25, 2017.

42 Zhao Lei, "Live-fire exercises conducted by PLA base in Djibouti," *China Daily online*, Nov. 25, 2017, http://www.chinadaily.com.cn/china/2017-11/25/content_34966883.htm (accessed April 5, 2018).

43 J.M., "Setting Sail for Libya," *The Economist online*, 1 March 2011. https://www.economist.com/blogs/banyan/2011/03/chinas_foreign_policy (accessed March 17, 2018).

44 *Ibid.*

45 *Ibid.*

46 The topic of right to protect of nationals abroad as justification for Chinese intervention in Libya. Anastasia Shesterina, "Evolving Norms of Protection: China, Libya and the problem of intervention in armed conflict," *Cambridge Review of International Affairs*, 29:3, Aug. 2, 2016.

enable the flow of Chinese goods to European markets.⁴⁷ Iran and China's existing trading relationship will only be strengthened as projects are completed to physically link the two nations together.⁴⁸ Of particular interest is how China views Iran: PRC leaders see Iran as a key part of China's sphere of influence and counterbalance to US interests in the Middle East.⁴⁹ Given Iran's integral role in the BRI strategy as part of the Chinese sphere, it is safe to assume that continuing efforts will be made to strengthen the relationship between the two nations, inviting new tensions in the Middle East.

This dynamic of polarization is also becoming evident in unanticipated ways as China's influence has grown in Europe, notably, Greece and Hungary. After purchasing a controlling stake in the Greek port of Piraeus and after work began on a rail project in Hungary, both the Greek and Hungarian governments voted to block an EU statement criticizing Chinese territorial claims regarding the South China Sea.⁵⁰ In late 2017, Germany's foreign minister remarked that if Europe does not develop a foreign policy toward China, the Chinese government, likely through the vehicle of the BRI, will divide Europe.⁵¹ The EU is starting to see the baggage that comes with the "win-win" deal-making China uses to operationalize the BRI. Like the United States, the EU has yet to determine how to confront future BRI-driven issues with the Middle Kingdom.

RISKS TO THE UNITED STATES

Given the discussion thus far, geostrategic security and economic risks for the United States should be clear. In a "post-BRI" environment, the USG will face reduced global access and influence, increased competition for resources, complex multistate security challenges in a return to a bipolar world divided up between two superpowers.

Too often the few who have begun to scope out the risks associated with China and the BRI begin from the premise of the ultimate risk, open war with China, and then try to walk back their policy assessment framework to default collaboration.⁵² This method of approach, however, reliant on a fear-based, worst case

47 "Iran to Become Essential Hub In China's Belt and Road Initiative," Oilprice online, Sept. 9, 2017.

<https://oilprice.com/Geopolitics/International/Iran-To-Become-Essential-Hub-In-Chinas-Belt-And-Road-Initiative.html> (accessed March 6, 2018).

48 Pang Sen, "Belt, Road Initiative and China-Iran cooperation," Tehran Times online, March 19, 2018.

<http://www.tehrantimes.com/news/422200/Belt-Road-Initiative-and-China-Iran-cooperation> (accessed March 23, 2018).

49 Scott W. Harold and Nader Alireza, *China and Iran: Economic, Political, and Military Relations*. Santa Monica, CA: RAND Corporation, 2012.

50 Michael Ivanovitch, "Germany's problem with China goes well beyond trade issues," CNBC online, April 16, 2018.

<https://www.cnbc.com/2018/04/16/chinas-growing-economic-presence-in-eu-causing-concern-commentary.html> (accessed April 17, 2018).

51 Ibid.

52 For an exemplar of this approach, see "constructive participation" in Niall Ferguson's, "An Ancient Trap Awaits China and US," Boston Globe online, May 7, 2018, <http://www.bostonglobe.com/opinion/2018/05/07/ancient-trap-awaits-china-and/wvuYixfXZFKoy00QdggxeJ/story.html> (accessed May 7, 2018).

scenario logic obfuscates more than it explains. The reality is that the completion of the BRI will entail numerous global strategic challenges for which the United States must prepare. The need to protect key BRI infrastructure, such as port facilities, lines of communication, and energy infrastructure, will drive China's need to forward posture military capabilities. The reality is that China must safeguard against infrastructure disruption, particularly in the flow of energy resources, as these routes begin to appear to China as core national interests—even though they may be far from Chinese homeland territory.

Evidence of this dynamic is already present in the South China Sea (SCS). Currently, about 80% of China's energy needs, mainly petroleum, flow through the straits of Malacca.⁵³ This fact, coupled with a supporting national narrative that the SCS is Chinese sovereign territory, has been used by China as justification for the militarization of small shoals and islands despite the regional outcry. These actions are rightly viewed as encroachment into neighboring nations' sovereign territory.⁵⁴ While the BRI promises to alleviate some of China's dependence on the Straits of Malacca, it remains a key part of China's Maritime Silk Road—and China will continue to assert the SCS as their sovereign territory accordingly. This terrain is thus both an indicator of the kinds of future conflicts to be expected along BRI land and sea lanes and a window into the foreseeable future, as emergent Chinese interests become the subject of similar contested claims.

India, a rising power in its own right—and a regional counterbalance to China—has expressed concern with the CPEC and how the completion will impact China-Pakistan relations. The CPEC traverses Pakistani-occupied Kashmir, a disputed province which has long been the source of tension between Pakistan and India. Also, India has fought wars against both nations in the last 60 years, so it is understandable as to why India is distrustful of China's intentions.⁵⁵ The prospect of an increased Chinese naval presence in the Indian Ocean would also influence India's self-perception of isolation vis a vis a more assertive China.⁵⁶ Regional partners and allies may look to the United States for leadership and assistance in allaying tensions or resolving inevitable territorial disputes that arise as a result of the BRI.

53 Shannon Teoh, "Malacca harbor plan raises questions about China's strategic aims," *The Jakarta Post* online, Nov. 14, 2016. <http://www.thejakartapost.com/seasia/2016/11/14/malacca-harbor-plan-raises-questions-about-chinas-strategic-aims.html> (accessed Dec. 2, 2017).

54 "The Hague tribunal overwhelmingly backed the Philippines in a case on the disputed waters of the South China Sea, ruling that rocky outcrops claimed by China - some of which are exposed only at low tide - cannot be used as the basis of territorial claims. It said some of the waters were "within the exclusive economic zone of the Philippines, because those areas are not overlapped by any possible entitlement of China". The tribunal furthermore found China had violated the Philippines' sovereign rights in those waters by interfering with its fishing and petroleum exploration and by constructing artificial islands. Tom Phillips, "Beijing rejects tribunals ruling in South China Sea case." *The Guardian*, 12 July 2016.

55 Peter Cai, "Why India is Wary of China's Silk Road Initiative" *Huffington Post* online, Dec. 6, 2017, www.huffingtonpost.com/peter-cai/india-china-silk-road-initiative_b_11894038.html (accessed Feb. 6, 2018).

56 *Ibid.*

THE US REACTION

The USG has yet to adopt a consistent, public, and systemic policy and planning approach to the BRI, with actions to date which have been late, confused, and compartmentalized. Instead, the USG must develop a grounded understanding of China's grand strategy and determine related US national interests, its terms of engagement and involvement, and a measured counter-strategy. The 2017 National Security Strategy (NSS) classifies China as a "revisionist" power, pursuing divergent goals from the US in both the economic and security domains.⁵⁷ Though this stance has clarified the USG view of China, little serious policy planning has been devoted to systemically addressing how to confront the various security and economic challenges of a revisionist China via the BRI. Without systemic planning, the USG will find itself reacting as China as it continues to pursue its global ambitions.

The gaps in policy planning and the confusion associated with this policy process problem started around the time of the US strategic pivot to the Pacific in 2011, which signaled national recognition of the growing importance of Asia. US State Department and Department of Defense initiatives attempted to implement a strong Asia-focused strategy designed to assure partners and allies and leverage U.S influence in the region.⁵⁸ China, however, read the pivot as containment, reinforcing its perception of the US as a peer competitor.⁵⁹

Other actions by the United States government during this period supported Chinese suspicions. Shortly after its announcement of the formation of the AIIB, President Obama failed to convince our closest allies to reject the Chinese-led financial institution.⁶⁰ The Obama Administration cited concerns about the potential impact on global lending standards and the risk of challenging "Western-dominated" financial institutions, like the World Bank. This response, dubbed a "diplomatic disaster" by much of the media, failed to gain traction among US allies.⁶¹

The USG now finds itself on the outside of the BRI strategy, with no involvement in the AIIB, and no plan to offset Chinese competitive advantages once infrastructure projects are complete. The Trans-Pacific Partnership (TPP) may have comprised elements to offset the BRI, but since the US withdrew from TPP

57 Donald Trump, *National Security Strategy*, (Washington, DC: The White House, Dec. 21, 2017), <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf> (accessed Jan. 3, 2018).

58 Hunter Marston, "Examining the US Rebalance in Southeast Asia after Obama," *Georgetown Journal of International Affairs*, (Spring 2017), Volume 18, No. 1 47-56.

59 *Ibid.*

60 David R. Sands, "Diplomatic Disaster: Obama humiliated by allies' rush to join China's new bank," *The Washington Times* online, March 18, 2015. <https://www.washingtontimes.com/news/2015/mar/18/obama-humiliated-as-allies-join-chinas-asian-infra/> (accessed March 12, 2018).

61 *Ibid.*

negotiations, no alternatives have been developed to check Chinese geo-economic power and resulting political influence. While the U.S policy response is unclear at this time, we still sent a representative to the Belt and Road Forum in early 2017.⁶² Likewise, while the US Congress has finally started to examine in systematic ways the potential consequences of the BRI, the standing US-China Economic and Security Commission, the ideal forum to discuss issues of strategic significance in regard to China, only held its first BRI-focused hearing in December 2017—two years after China’s formal announcement of the initiative.⁶³

Such lack of a coherent policy message can also be seen in the Department of Defense, with few senior leaders acknowledging the BRI as a significant long-term challenge to US global interests. Secretary of Defense James Mattis recently responded negatively when questioned about the One Belt and One Road during a recent Congressional hearing, citing his opinion that there are many belts and many roads, not just one.⁶⁴ A review of the latest posture statements by US combatant commanders reveals that the BRI was largely ignored until recently.⁶⁵ As of March 2018, three geographic combatant commands have acknowledged China’s efforts under the umbrella of the BRI as a strategic risk to US influence.⁶⁶

WHAT THE UNITED STATES SHOULD DO: SOLARIUM II

Early assessments by think tanks and academia have examined the BRI for such issues as infrastructure, economics, geopolitics, diplomacy-engagement, and security challenges.⁶⁷ All provide good recommendations,

62 “US to send delegation to China’s Belt and Road Summit” Reuters online, May 12, 2017, <https://www.reuters.com/article/us-china-silkroad-usa/u-s-to-send-delegation-to-chinas-belt-and-road-summit-idUSKBN18816Q> (accessed Oct. 3, 2017).

63 US Congress, US-China Economic and Security Review Commission, *China’s Belt and Road Initiative: Five Years Later*, 115th Cong, 2nd sess., Jan. 25, 2018, <https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20Jan.%2025%2C%202018.pdf> (accessed Feb. 6, 2018).

64 Secretary Mattis was responding to a question from Senator Charles Peters “The One Belt One Road strategy seeks to secure China’s control over both the continental and the maritime interest, in their eventual hope of dominating Eurasia and exploiting natural resources there, things that are certainly at odds with US policy. So what role do you see China playing in Afghanistan, and particularly related to their One Belt One Road?” “On OBOR, US backs India, says it crosses ‘disputed’ territory: Jim Mattis,” *The Economic Times*, Oct. 4, 2017.

65 The 2017 Posture statements of AFRICOM, SOUTHCOM, and PACOM mention China’s economic actions as representing a risk to US influence, but do not mention the One Belt, One Road/Belt and Road Initiative specifically. EUCOM makes no mention of China’s activities in Europe. CENTCOM posture statement covers only China’s military activities and posture. US Congress, Senate, Armed Services Committee, 115th Cong, 2nd sess., March 9, 2017, https://www.armed-services.senate.gov/imo/media/doc/17-18_03-09-17.pdf

66 The 2018 CENTCOM, PACOM, AFRICOM, and SOUTHCOM posture statements make specific mention of the strategic impacts of China’s Belt and Road Initiative. US Congress, Senate, Armed Services Committee, 115th Cong, 2nd sess., Feb. 14, 2018, <https://docs.house.gov/meetings/AS/AS00/20180214/106847/HRG-115-AS00-Wstate-HarrisJrH-20180214.pdf> (accessed Feb. 22, 2018).;

67 The following reports and testimony make a range of recommendations on how to approach China and the BRI. Generally, they recommend engaging with partners/allies, identifying flashpoints (or “red lines”), collaborating with China on select security issues, and selectively participating in the BRI. Alek Chance, “Checking in On the Belt and Road Initiative, Alek,” ADR Institute, October 2017. Also: “Silk Road 2.0: US Strategy toward China’s Belt and Road Initiative,” Atlantic Council, Oct. 2017. Also: Ely Ratner, “Geostrategic and Military Drivers and

but they stop short of proposing a long-term approach to this problem, instead relying on a series of short-term actions as a method to counter a rising China. What is needed is a framework and process by which, the USG can formulate a strategy designed to protect national interests, while shaping the future strategic environment in light of China's new grand strategy.

While the full effects of China's grand strategy will not be apparent for some time, we are witnessing a rising power investing resources, developing international infrastructure, and posturing capabilities to assume a dominant economic, military, and political global role. As the BRI matures, the United States and its allies will face significant security dilemmas as China asserts its power and seeks to protect its investments in new ways. The risk is that we will continue to approach these long-term developments from a short-term mindset and a reactive standpoint, allowing the PRC to retain the initiative.

The USG should pursue efforts in the following five areas as an initial response to China's new strategy: (1.) gain analytical unbiased and innovative understanding, including by leveraging regional and partner-based knowledge; (2.) promote deeper engagement to assert US national interests; (3.) advance a competing, more inclusive global narrative of economic inclusivity and progress; (4.) develop geostrategic alternatives for BRI-affected nations; and (5.) seek collaborative overlapping opportunities that draw in new partners and sectors.

First, the U.S must gain a better understanding of the potential impacts of the BRI at the individual country level, regionally, and globally, which will require consistent dialogue with current and potential BRI-host nations as China's strategy unfolds. Understanding the problem requires our presence. However, the United States is currently perceived as focusing inward, even abdicating its role in the international community.⁶⁸ While recent promising early policy results belie this perception many government functions, such as at the Department of State, remain under-staffed and at reduced budget.⁶⁹ This does not adequately posture the US to understand China's grand strategy. To do so will require a reversal of cuts to the manning and budget of the Department of State.

Increased understanding will also require increasing USG on-the-ground presence in areas affected by the BRI, as US absence will be filled by governments advancing their agendas—something China has mastered. This presence includes leveraging relations and information-sharing from partner nations and cooperating

Implications of the Belt and Road Initiative," US Congress, US-China Economic and Security Review Commission, 115th Cong, 2nd sess., Jan. 25, 2018.

68 Richard Wike, "US Image Suffers as Publics Around World Question Trump's Leadership," Pew Research Center website, June 26, 2017, <http://www.pewglobal.org/2017/06/26/u-s-image-suffers-as-publics-around-world-question-trumps-leadership/> (accessed March 25, 2017).

69 Carol Morello, "State Department's plan for staff cuts causing new worry for Congress," The Washington Post, Nov. 15, 2017. https://www.washingtonpost.com/world/national-security/state-departments-plan-for-staff-cuts-causing-new-worry-in-congress/2017/11/15/72576ac6-ca10-11e7-8321-481fd63f174d_story.html?noredirect=on&utm_term=.da523e311d39 (accessed April 21, 2018).

governments, notably in US security force assistance initiatives which span South and Central Asia, the Balkans, Caucasus, and South East Asia. Direct reporting from these nations about their experiences will provide the USG with essential insights on the evolving BRI.

Increased presence will enable the second component: increased regional engagement to enhance USG senior leaders' capacity to engage China—albeit with awareness of USG core interests. Such engagement must combine diplomatic efforts with military assessments of potential conflict areas with the PRC and nations drawn into its orbit via the BRI. Such engagement requires, however, a competing US grand strategy accompanied by a narrative advanced internationally, not only to caution nations about doing business with the PRC, but to articulate alternative opportunities. China has advanced a consistent narrative about economic openness, sovereign discretion, economic globalization, and win-win partnerships. But examples now abound of the pitfalls of partnering with China, whether by victims of debt-trap diplomacy or those facing unintended infrastructure failures and security challenges. A competing narrative should center on economic growth. On its surface, the BRI is an attractive prospect, with all nations enjoying access to new markets and improved economic connectivity, so the US cannot simply discourage participation without alternatives. Bilateral, even multilateral trade deals such as a revised TPP, once viewed by China as a check against its economic rise, offer opportunities for nations seeking growth.

Finally, the USG should maximize opportunities to remain involved with China, identifying areas where US and Chinese interests align, even along the BRI. As a participant, the USG will be able to better shape outcomes to its advantage and help avoid situations like the founding of the AIIB, where the USG acted too late, was not involved in the dialogue, and failed to convince nations of larger stakes.

All of these actions can be taken in the now with few policy changes or investment of resources by the USG. However, the development of a US grand strategy to address the problem along the same time horizon would be best, but systemic limitations in government inhibit that. The US approach to identifying the nation's core strategic interests and direction takes a short-term approach, when compared to that of China. The US system of developing strategy is driven to a great extent by the political agenda of each Administration, so it is not surprising to see our National Security Strategy (NSS) vary greatly in priorities and characterization of threats, as national leadership changes. Conversely, the PRC's leadership can dictate their national direction along a greater continuous time horizon and organize all elements of society toward achieving stated goals. This is not to imply that the US system needs to be changed, or that we cannot “out-strategize” China.

Given the time horizon of China's strategy and the scope of the problem, an effective US strategy will require a whole of government effort and must reside outside current processes of developing national strategic priorities and focus. There is a precedent for this alternative approach needed in US history—the 1953 Solarium Project assembled by President Eisenhower to review the US strategy toward the rising threat of the Soviet

Union.⁷⁰ Three cross-functional teams worked independently to develop options for the USG, ultimately leading to the strategy of containment—still understood as a signal grand strategic achievement.⁷¹ Solarium serves as a methodological template by which senior policymakers can approach a problem set of the scope and scale of the BRI. Convening a “Solarium II” is the right public policy and administrative approach to determine the USG long-term strategy for a rising China, itself indicative of a shifting global landscape.

70 Raymond Millen, *Eisenhower and US Grand Strategy*, *Parameters* 44 no.2, (Summer 2014): 36.

71 *Ibid.*

CONCLUSION

China's new BRI-driven grand strategy presents the United States and its allies with significant challenges in the long-term. While a strategy along the same time horizon will require an innovative approach by US policymakers, there are actions that can be taken now to mitigate the BRI's impacts to our influence and interests. Regardless of what strategy is adopted, the United States must act now to maintain US influence in Asia and globally, ensure our continued relevance in a multi-polar world, and avoid conflict with China.



Syracuse University
Institute for National Security
and Counterterrorism

300 Dineen Hall, Syracuse University, Syracuse, NY 13244 | P 315.443.2284 | E insct@syr.edu | T @INSCT