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June 27, 2019

A Transatlantic Perspective on China's Belt Road Initiative

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At the end of World War II, the U.S. Embassy in Prague requested that General Eisenhower permit U.S. troops to proceed fifty miles further east to liberate Prague. Caving to congressional constituent requests that their boys come home for Christmas, Eisenhower deferred, and Czechoslovakia welcomed the Soviets rather than Americans as liberators. Despite a geographic location that would prove central to Cold War politics, the mischaracterization of Czechoslovakia as relatively unimportant to the West proved costly for decades to come. This one miscalculation based on lack of foresight changed the course of world history, from trade and democracy to security and human rights.

Today, the United States and Europe stand before another series of major decisions regarding an extremely important region. Overlooking Chinese policy, particularly the Belt Road Initiative (BRI) in Central Asia and the Caucasus, could prove to be a costly miscalculation just like the deference shown the Soviet Union at the end of World War II.

Belt and Road Basics

China's BRI is the most ambitious infrastructure plan in world history. Connecting Guangzhou to Venice by sea and Beijing to Brussels by land, this massive undertaking already involves 68 countries (including 24 in Europe) that comprise two-thirds of the global population. Conservative estimates indicate China will spend over $1 trillion on the BRI by 2027.[1] Though no formal doctrine akin to "Made in China 2025" has been released, the evolving BRI is a multi-pronged plan that aggressively reimagines global supply chains, technological connectivity, and military strategy.

In many ways, the BRI consists of traditional development projects. Its six major land corridors include the New Eurasian Land Bridge, which connects Western China to Germany via Russia and other countries. It also includes a Central Asian corridor that links China to Turkey, throughout which China is financing new oil and gas pipelines. Other corridors include China to India through Myanmar and Bangladesh, and the China-Pakistan Economic Corridor (CPEC) that includes a $62 billion infrastructure

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project in Pakistan alone. In Europe, China has acquired stakes in over a dozen ports, ranging from Piraeus and Marseille to Antwerp and Rotterdam. In some cases, such as Sri Lanka, these port investments have become costly debt traps for host countries. In short, China is embarking on a plan to reshape not only the 21st century, but the millennium to come, eschewing guaranteed return-on-investment for riskier projects that at a minimum guarantee China a foothold throughout the Eastern hemisphere.

Where's the West?

The combined transatlantic presence in Central Asia is significant but too fractured to offer a serious counter-narrative to Chinese influence. The European Commission, however, has proven adept at formulating regional policy. Immediately capitalizing on the post-Soviet political vacuum, the European Union envisioned in 1991 and launched officially in 1993 the Transport Corridor Europe-Caucasus-Asia (TRACECA) as the Silk Road of the 21st century. TRACECA, which is funded by the European Commission, has thirteen member countries spread across Eastern Europe, the Caucasus, and Western and Central Asia. The TRACECA corridor connects Bulgaria in the West to the borders of China and Afghanistan in the East. However, TRACECA has only spent about $57 million (€51 million) on total projects, ranging from $538,000 for boilers in Baku, Azerbaijan to $17 million (€15 million) for optical cables between Armenia, Azerbaijan, and Georgia. The last TRACECA project was completed in 2009, and in addition to its comparably small, splintered projects, TRACECA's status as relatively unknown underscores how meager it is compared to Chinese efforts.[2]

Other projects include Central Asia Invest, which the European Commission launched in 2007 to promote the development of small and medium enterprises in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. In 2018, the European Bank for Reconstruction and Development (EBRD) signed its first infrastructure project in Uzbekistan in nearly a decade, which will spend $377 million (€333 million) primarily on water and power projects.[3]

On the U.S. side, American projects have been scattered and largely within the oil and gas and security sectors. Furthermore, at a cost of $45 billion annually, military action in Afghanistan has drawn attention away from the broader Central Asian region.[4] Once a country buzzing with bazaars and libraries along the Silk Road, Uzbekistan seems only to have attracted U.S. attention when, during the buildup to the Iraq War in 2003, the U.S. sought permission to build a base there. The Bush Administration helped facilitate World Bank loans to Uzbekistan and was granted permission to build the base, while once vibrant cities such as Samarkand were left to deteriorate under an enduring dictatorship. By 2005, Uzbekistan had requested the Americans leave.

The American Overseas Private Investment Corporation (OPIC) is currently promoting investment in Uzbekistan, where it has invested $231 million in the country and $1 billion in Central Asia more broadly.[5] In Kazakhstan, the U.S. is a leading source of investment, although it is concentrated in the oil and gas sector.[6] In Kyrgyzstan, the State Department warns the investment climate is "characterized by considerable risk and uncertain time horizons."[7] Rather than pursuing 20th-century development strategies, the U.S. should instead learn from Europe and invest in infrastructure, cultural projects, and other programs that capitalize on soft power. Only a cohesive transatlantic effort will be enough to counter China's massive westward expansion.

Potential Policy Plays

TThe Western response to the BRI must replace isolated and inconsistent geostrategic policies with a post-Washington Consensus development doctrine that capitalizes on existing institutions and Western soft power.[8] The Western development community should view an expansion into Central Asia creatively and as a preemptive and worthwhile investment to thwart costlier long-term battles over trade, security, and human rights. The U.S. failure to join the Trans-Pacific Partnership (TPP) created a power vacuum in Asia that China was eager to fill, a mistake the West should not repeat.

The first step to a cohesive campaign in Central Asia is for the U.S. to work toward more uniform trade policies with its closest ally, the EU. In Azerbaijan, a country that shares Caspian coastline with Iran, the U.S. should work together with the EU to rejoin the Joint Comprehensive Plan of Action (JCPOA), to support infrastructure projects that boost local economies, and to promote long-term energy independence via renewables.

The West must also do away with the assumption that Beijing and Moscow will necessarily continue to be the region's preeminent policy players. There are many reasons to mistrust Russia and China, and the West should remember that Chinese expansion into Central Asia is not always welcomed by locals. Under economic sanctions and intense international scrutiny following the Crimean intervention, Moscow cannot politically afford the risk of entering more deeply into Central Asian affairs, especially after its 2008 defeat in Georgia. Increased Russian aggression and infringements on sovereignty in Central Asia would make Russia vulnerable to increased scrutiny in this already complex geographic neighborhood. It would also likely invite criticism from behemoths like the Chinese and U.S. as well as smaller countries such as Taiwan that are all-too familiar with fighting to preserve autonomy. When ethnic tensions erupted into violence in Kyrgyzstan in 2010, Bishkek appealed to Moscow for help, only to be turned down. Russia, formerly the region's dominant player, is retreating, leaving a void that either China or the West will fill.

The most important policy change is twofold. First, the U.S. must overcome its inability to view the EU as one partner and one bloc. It would serve policymakers in D.C. to recall that the EU's foreign policy is determined and carried out at the supranational level, meaning any potential projects would involve the support of all 28 EU member states—a significant support group by any definition.[9] Second, governments and civil society organizations on both sides of the Atlantic must look much more critically at Central Asia as a region of fundamental importance that will shape transatlantic power for centuries to come by determining the type and degree of influence the West can have throughout the region.

New Developments

In June 2016, the European Commission released a joint communication to the European Parliament and the EU Council concerning the EU's China strategy. The 2016 communication refers to China as a "strategic partner" for Europe and urges the two to move forward together "based on a positive agenda of partnership" that provides "reciprocal benefit in both political and economic terms."[10] The 2016 document has undertones of a development doctrine espousing Washington Consensus ideals, cautioning China to abide by norms of market-driven growth that benefit host countries. By 2019, the EU had adopted an entirely different approach.

In March 2019, the EU released an updated iteration of the 2016 communication. It declares China a "systemic rival" that promotes "alternative models of governance."[11] The 2019 European stance toward China thus promotes a much bolder approach to growing Chinese power, including calling for a common approach to Chinese 5G, and looking more critically at foreign investment security risks. A thoughtful and targeted Western response like the EU envisioned 2019 plan can reshape global trade relations, set human rights standards, and determine the evolution of new technologies such as 5G. Whether in Central Europe or Central Asia, neither the U.S. nor the EU should go at it alone.

Endnotes

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8 The Washington Consensus is a term coined by economist John Williamson in 1989 that refers to a broad policy paradigm prevalent in the development community in Washington, D.C. primarily during the 1980s and 1990s, which viewed neoliberal economic policies as a panacea to development problems. For more information, see Williamson's own response to the proliferation of the Washington Consensus: https://piie.com/publications/papers/williamson0204.pdf.
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