

“The Belt and Road Initiative @Five”, and “BRI and the Silk Road” COMPASS Workshop Proceedings June 2019

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Table of Contents

Preface	1
The Belt and Road Initiative in the Eurasian context	4
- ALEKSANDR BAICHOROV	4
The Belt and Road Initiative from China – Political and geopolitical aspects	6
-KERRY BROWN	6
China’s Grand Strategy: Coordinating the Belt and Road Initiative	8
-OLIVIA CHEUNG	8
Centred discourse, decentred practice: The relational production of Russian and Chinese rising power in Central Asia	11
-JOHN HEATHERSHAW, CATHERINE OWEN and ALEXANDER COOLEY	11
China’s Belt and Road Initiative and counter-hegemony	14
-ANISA HERITAGE and PAK K. LEE	14
Rethinking the understanding of BRI: a case study of the Golovnaya Hydropower Plant Rehabilitation project in Tajikistan	16
-YINGFENG JI	16
Development paradigms in Eurasia: The case of BRI	20
-PRAJAKTI KALRA	20
The unintended effects of China’s Silk Roads in Central and Eastern Europe	24
-EMILIAN KAVALSKI	24
The New and the Old Silk Roads in Central Asia	27
-DIANA T. KUDAIBERGENOVA	27
‘Greening’ the Belt and Road Initiative: China’s climate finance in Central Asia	30
-ZHOUCHE MAO	30
Assessing the impact of the BRI project on the EU-China-Russia triangle	32
-CRISTIAN NITOIU	32
Understanding local agency in China’s ‘Belt and Road’ Initiative: Mongolia and Kazakhstan as geopolitical bridgeheads	34
-MORITZ PIEPER	34
The China Pakistan Economic Corridor and the BRI	37
-TAYYAB SAFDAR	37
Legitimation or appropriation? The (re)making of the Belt and Road Initiative at Davos	42
-ALI SAQER	42
The role of the BRI in China’s new Afghan policy	45
-AKRAM UMAROV	45
The BRI in Azerbaijan and implications for regime legitimacy	48
-ESKE VAN GILS	48

Preface

The latest developments in wider Eurasia are centred around China’s Belt and Road Initiative (BRI), the largest infrastructure project in modern times. President Xi Jinping’s announcement

of China's intention to undertake such a project in Kazakhstan, Central Asia and Indonesia in South East Asia clearly indicated the direction the BRI was intended to take. Central Asia and wider Eurasia have remained integral to any Silk Road project which at its core connects the peoples of the region in economic and social relationships. Comprehensive development requires commercial relationships that surpass individual national interests. The BRI offers opportunities and challenges for the countries in Eurasia and also to other regional groupings near and far, for example, the Eurasian Economic Union (EEU) and the European Union (EU). With this in mind GCRF COMPASS at University of Kent and University of Cambridge along with the consortium partners at ADA University (Azerbaijan), BSU (Belarus), TNU (Tajikistan) and UWED (Uzbekistan) organised a two day workshop to engage with the understanding of the BRI and its impact on wider Eurasia. The speakers provided an in depth knowledge of the BRI and its projects in international, regional and national contexts. The main motivation and aim of these workshops was to provide a basis for further academic enquiry into capacity-building in Central Asia and wider Eurasia which is evolving rapidly.

This document summaries from the presentations at two workshops, focused around the theme of regional responses to the Belt and Road Initiative (BRI). Colleagues from across the consortium institutions presented their scholarly work on the Belt and Road Initiative at two workshops organised at the University of Kent (13th March 2019) and the University of Cambridge (15th March 2019), alongside scholars from external universities and institutions. The first workshop, 'The Belt and Road Initiative @ Five: Taking stock of global ambitions, regional response, and looking ahead' was organised by the COMPASS team at Kent, in partnership with Dr Pak K. Lee, Dr Anisa Heritage, and Zhouchen Mao. The workshop participants included Prof Kerry Brown (KCL), Dr Olivia Cheung (Warwick), Dr Anisa Heritage, Dr Pak K. Lee (Kent), Dr Jie Yu (LSE Ideas), Emilian Kavalski (Nottingham at Ningbo – via skype), Dr Akram Umarov (UWED), Dr John Heathershaw (Exeter), Prof Aleksandr Baichorov (BSU), Dr Ali Saqer (ADA), Dr Moritz Pieper (Salford), Dr Cristian Nitoiu (Loughborough London), Dr Balihar Sanghera and Dr Elmira Satybaldieva (Kent), Dr Alice Ekman (IFRI) and Zhouchen Mao (Kent).

The workshop entitled, 'BRI and the Silk Road' at the University of Cambridge was organised by Prajakti Kalra, Dr Siddharth Saxena, and Dr Diana T. Kudaibergenova. Advisory Board Member, Prof Peter Nolan, was the key note speaker. Eleven scholars from the COMPASS consortium presented their work on the BRI, covering different disciplines, including anthropology, archaeology, political economy and international relations. The main arguments presented by Dr Tayyab Safdar (Cambridge), Dr Diana T. Kudaibergenova (Cambridge), Prajakti Kalra (Cambridge), Yingfeng Ji (Cambridge) and Dr Eske van Gils (Kent) are included in this volume.

These activities and publication are part of the GCRF COMPASS project (ES/P010849/1) which brings together five universities - University of Cambridge, ADA University, Belarusian State University, Tajik National University and the University of World Economy and Diplomacy, Uzbekistan – under the leadership of Kent.

Contributions are presented in alphabetical order.

The Belt and Road Initiative in the Eurasian context

- ALEKSANDR BAICHOROV¹

There are three main changes in the Eurasian context that influenced the BRI. *The first change* is associated with new attitudes of the Western World to a new economically, politically and militarily powerful China. The Western States (and their close allies like Japan, Australia, South Korea) were alarmed by the strong performance of the Chinese national economy (even during the world economic and financial crisis of 2008-2009 it showed a remarkable growth of over 7 per cent). The Chinese strategy to “go global” in international trade and investments accelerated and put the western companies in direct competition with Chinese companies in the Developing World and even in Western countries themselves. The military-industrial complex of the West and some politicians were genially alarmed by the fast modernization of the People’s Liberation Army. The reasons for concern were multiplied by the new assertive Beijing policy in the East China Sea (2012 crisis over the Senkaku islands) and in the South China Sea (territorial disputes with Vietnam, the Philippines and other countries). These new concerns exacerbated the traditional concept of the threat to Western democracies and universal human rights emanating from communist authoritarianism represented by China.

The second change is associated with the new Western and partly Russian policies. The concerns over Chinese bolder international policies resulted in reviving the Western strategy of containment. This strategy materialized in some practical steps recently undertaken by the West. In January 2013 it was announced that the negotiations on creating the Trans-Atlantic Trade and Investment Partnership (TTIP) had begun. In March 2013 negotiations started on developing the EU-Japan Economic Partnership Agreement. The negotiations on creating the TPP were intensified and in 2016 the agreement was signed. The agreement united 12 main countries in the Asia Pacific region, excluding China. All these moves were rightly assessed in Beijing as attempts to rewrite the rules of international trade behind China’s back (and outside of the WTO framework, which the PRC had joined on the insistence of the West). In addition to these mega-regional economic partnerships, the Eurasian Economic Union was formed in January 2015.

The third change is associated with China’s new policies. The Chinese leaders who came to power in March 2013 started thinking of overcoming the policy of economic containment of China. Today they are looking at least two main directions. The Chinese leaders offered the West a “carrot” approach. They offered the Chinese money and other resources to improve effectiveness of the world economic ties. Prime Minister Li Kejang during his visit to Islamabad in May 2013 confirmed Beijing’s intention to create a “Chinese-Pakistani economic corridor”, and later during negotiations in Delhi he introduced the idea of developing an economic corridor between China-Bangladesh-India-Myanmar. Later this way of strategic thinking was continued by President Xi Jinping who put forward a suggestion to develop an economic belt of the Silk Road.

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In parallel with the “carrot” strategy the Chinese leaders were trying to forge a kind of economic “stick” in order to counter the Western policy of containment. In his speech at the Nazarbayev University in Astana on September 7, 2013, Xi Jinping declared: “Member-states and observer states of the Eurasian Economic Union and the Shanghai Cooperation Organization cover Eurasia, South and West Asia, and we can received an enormous space for development by strengthening cooperation between the EAEU and the SCO”. In other words, Xi Jinping was trying to show that there is an opportunity to create a mighty economic community that could be capable of successfully developing itself without Western assistance. And eventually this community could turn into a powerful competitor of Western regional integration organisations.

The Belt and Road Initiative from China – Political and geopolitical aspects

-KERRY BROWN¹

Introduction

The Belt and Road Initiative (BRI) covers maritime and land space, and offers different opportunities to conceptualise both the way that the current Chinese government sees this space and how others relate to it and engage with China. This space is often either ‘owned’ space – that is to say, it belongs to others, and is one in which China through investment and other influences is now active or seeking to be active – or ‘shared’ space – maritime and other areas where there are logistic and other routes which are public and shared by different countries. Even in some of these shared spaces, there is contestation, particularly China’s claims in the South and East China Sea against the competing claims of other countries.

Perceptions and cognitive conflict

There are many levels which one can see this shared space. On the one hand, it is an interface of sets of values – bringing the Chinese view of the world with its hybridity and cultural exclusiveness in direct contact with those of the diverse cultures in the world around it. This can either be seen as a place for learning and mutual intellectual and cultural enrichment, rather than just economic relationships, or as one of potential conflict and tension because of the significant differences between China and the others. In that sense, the BRI is a place of perceived, and more often than not cognitive, conflict – where Chinese views of itself and its benign intent are opposed with those of many different and complex partners.

The BRI can also operate as a place of learning, an area where China is trying to share, through consent rather than deliberate design, lessons it has learned through its rich experience of development domestically and ways of trying to promote these to other parties around its borders and further afield. The manner in which policies in China initially tried at the grass roots and then used in higher forms of government till they were adopted nationally has been one of the striking features of the last four decades of reform and opening up in China. The BRI in some senses sees the attempt to promote this more iterative, loose form of development with Chinese characteristics outside of China. The main difference is that this is China interacting with others rather than just on its own, as was the case before.

The BRI can be seen as a space wherein Beijing is also keen to promote its sense of stability through the potency of its domestic economy and its internal growth potential from a deeper involvement globally as stakeholders. While clear sighted about the way it is often seen as politically different and therefore a potential security competitor in the region, China also knows

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that for the real fruition of its ambitions it will need a deeper shared security discourse with those around it – and integrating these into its notions of stability would contribute hugely to this.

The BRI is also a place of questions, and of revelation – in this space, China, now no longer so easily constrained by its physical geography, is drawn through self-interest and economic necessity into areas where it is more difficult to control the narratives about it and conceal itself. Beyond its borders, Chinese power therefore becomes manifested, and something that can be interrogated in the BRI region. This may be as a power which is inarticulate, disjointed, and solely focussed on parochial self-interest. It may also be as one that has some grand design for larger global domination and competition with powers like the US. Or it may be simply as a power which is immature, and incomplete, and largely willing to be a norm entrepreneur from time to time, rather than one that contests the global order which was established before the People's Republic became a more significant and prominent economic and therefore political power.

Conclusion

All of these dimensions therefore offer ways in which the BRI can be conceptualised and understood. They show the ways in which Chinese power which was once marginal, exoticised and regarded as low profile is now something much more visible and one which demands clearer and more precise conceptualisation. The BRI has, since its inauguration, continued to have this almost ghostly, spectral quality, something which is deeply symbolic of the nature of Chinese power and influence on the wider world. In that sense, the final thing that one can say about the BRI is the ways in which it also operates as a place of confusion, where different perspectives compete and align, and where there is no easy consensus on what it means, nor what people mean when they talk about it. Furthermore, there is also confusion on how to promote it. Scholarship, commentary and analysis on the BRI as a result is inarticulate and does not engage with it keeping its Chinese characteristics in mind.

China's Grand Strategy: Coordinating the Belt and Road Initiative

-OLIVIA CHEUNG¹

Introduction

Does China have a grand strategy? Many argue that China does, and that it is none other than the Belt and Road Initiative (BRI), which is constructing infrastructure and trade networks connecting Asia, Europe and Africa along and beyond the ancient silk road. It is an expression of China's perception of strategic interests and a solution to secure those interests. It creates vast markets to address China's overcapacity in production. It accelerates the internationalisation of the Chinese yuan. It generates unparalleled economic opportunities for China's Western, Central and North-eastern regions. The new energy routes that are being built under the BRI will mitigate the consequences of a possible US naval blockade of the Straits of Malacca where over 80% of China's energy supply passes. The BRI is an ambitious, comprehensive and sophisticated grand strategy.²

However, the scale of the BRI anticipates difficulties. More than five years have passed since the BRI was launched. Suspicions about China's intentions are on the rise. Back in 2013, when Chinese President Xi Jinping announced the BRI, he invoked the imagery of the ancient Silk Road to refer to a spirit of international cooperation and co-prosperity. Sceptics, however, perceive a tributary relationship between the Chinese and its vassal states. They are wary that the BRI will be an aggressive update of the ancient Sinocentric world order for the 21st century. US Secretary of State Mike Pompeo warned about China's "debt trap diplomacy."

The challenges to the BRI have not been talked about in public. Some of these include how a number of countries are scaling back, suspending, or cancelling their BRI contracts signed with China. They are worried of the possibility of losing control over strategic assets in the case of defaulting payment of Chinese loans.³ There are not only international but also domestic challenges to the BRI.

Domestic challenges

The challenges that the BRI faces at home are less known in the press. China is not a unitary actor. The implementation of the BRI is a massive coordination challenge, which has proven to be difficult. In a somewhat spontaneous and disorderly fashion, provinces partner with various

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² Maçães, Bruno (2018) *Belt and Road: A Chinese World Order*. Oxford: C. Hurst & Co. (Publishers) Ltd; Stanzel, Angela (2017) "Introduction." *Grand Design: Does China Have a Grand Strategy?* China Analysis, October, 1–4; Rolland, Nadège (2017) "The belt and road initiative: China's grand strategy?" *Grand Design: Does China Have a Grand Strategy?* China Analysis, October, 5–6.

³ Wong, Catherine (2019) "Philippines is determined to avoid infrastructure debt traps, finance minister Carlos Dominguez tells China." *South China Morning Post*, March 21, 2019; Balding, Christopher (2018) "Why democracies are turning against belt and road." *Foreign Affairs*, October 24, 2018.

central ministries, individual leaders and state-owned enterprises to scramble for national resources for their pet projects, which are now branded as part of the BRI. These provinces even include Hebei, Shanxi, Jiangsu and Guizhou, which are excluded from the national BRI blueprint. Some of these projects are found to be uneconomical, promoting narrowly-defined local politico-business interests above all else.⁴

How can Beijing resolve the domestic coordination challenges for the BRI? City-clusters may provide the best solution. The Chinese government's 13th Five-Year Plan for Economic and Social Development (2016–2020) announced the plan to build nineteen city-clusters. Each cluster was named and demarcated by Beijing. It comprises of three to ten provinces, provincial-level municipalities and cities of various sizes in close proximity to each other.⁵ At a central economic work conference in 2014, Xi told cadres that the construction of the Belt and Road, the co-development of Jingjinji (a city-cluster formed of Beijing, Tianjin and Hebei), and the economic development of the Yangtze Economic Belt (the largest city-cluster) are “three big strategies” on a national level.⁶ City-clusters are tasked to coordinate infrastructure and industrial labour division. This is being done under new institutional mechanisms that are created by Beijing specifically for these purposes.⁷ This centrally-instigated collaboration trend is a countervailing force to curb the chaotic provincial competition for national resources. More broadly speaking, city-clusters are systematically chosen nodal points for integrating the vast Chinese market with the BRI's economic corridors. Intra-cluster infrastructure coordination aims to create efficient and convenient logistical hubs that are linked to the new trade routes. Intra-cluster industrial labour division involves removing internal trade barriers, and thus unifies the disparate domestic markets. Moreover, it requires the relocation of low value-added manufacturing from the more developed to less developed regions within the cluster, so as to free up scarce space for the former to undertake industrial upgrading. These massive transformations will increase China's competitiveness in the global production value chains that are being expanded under the BRI.

Conclusion

The BRI is a complex and comprehensive plan for development not only without but within China as well. The solution of city clusters offers an interesting perspective on sharing of natural resources between developed and developing provinces.

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⁵ Xinhua (2016) The 13th five-year plan for economic and social development of the People's Republic of China (中华人民共和国国民经济和社会发展第十三个五年规划纲要), 17 March 2016.

⁶ People.cn (2017) “Implementing the three big strategies of ‘one belt one road’ construction, jingjinji co-development and yangtze economic belt development” (实施“一带一路”建设、京津冀协同发展、长江经济带发展三大战略), 7 March 2017.

⁷ Xinhua (2016).

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Centred discourse, decentred practice: The relational production of Russian and Chinese rising power in Central Asia

-JOHN HEATHERSHAW¹, CATHERINE OWEN and ALEXANDER COOLEY

Introduction

The paper which this summary is based on challenges dominant understandings of 'rising powers' by developing a decentred, relational account of Russia and China in Central Asia. We ask whether Moscow and Beijing's regional integrative strategies do not guide, but are rather led by, everyday interactions among Russian and Chinese actors, and local actors in Central Asia. Rising powers, as a derivative of the 'Great Power', are frequently portrayed as structurally comparable units that concentrate power in their executives, fetishise territorial sovereignty, recruit client states, contest regional hegemony, and explicitly oppose the post-1945 international order. In contrast, we demonstrate that the centred discourse of Eurasian integration promoted by Russian and Chinese leaders is decentred by networks of business and political elites, especially with regard to capital accumulation. Deploying examples of Russian and Chinese investments and infrastructure projects in Central Asia, we argue that in order to understand centring discourse we must look to decentring practices at the periphery; that is, rising power is produced through on-going interactions between actors at the margins of the state's hegemonic reach.

China and the BRI in Tajikistan and Kyrgyzstan

While the Chinese government's discourse emphasises 'win-win' co-operation via a centrally controlled development strategy, the increasing autonomy of Chinese SOEs² render local practices of bribery and corruption endemic to Chinese projects in neighbouring countries, including in Central Asia. The win-win here appears to be primarily for networks of Chinese and Central Asian business elites. Multiple cases of Chinese investments and infrastructure projects both before and after the announcement of BRI³ suggest that Chinese-sponsored development in Central Asia builds graft opportunities for Chinese and local elites into the templates of their legitimate financial agreements. Three examples from Tajikistan and Kyrgyzstan are instructive in this regard.

Road building, in our first example, provides the classic model of corruption in Central Asia. The Dushanbe-Chanak highway in Tajikistan was built with Chinese funding and opened in 2010 with its toll booths operated by an offshore-registered company, Innovative Road Solutions, with no previous history of highway projects and which was estimated to be funnelling \$25-\$30 Million

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² SOE: State Owned Enterprise

³ Previously called OBOR: One Belt One Road

USD per annum into accounts whose beneficiaries were members of the government's inner circle. Similarly, in June 2018, local investigative reporting in Kyrgyzstan revealed that an \$850 Million USD BRI project under the Export-Import (Exim) Bank of China to build a new North-South highway was riddled with corruption schemes where Kyrgyz ministers colluded with the Chinese contractor to ensure that over-payments were built into the project. Both before and after the BRI announcement it appears that pay-offs to the local elite are central to Chinese strategy in Central Asia.

A second example from the financial and commercial structuring of a more recent BRI project suggests that the centring and decentring aspects of Chinese-backed projects are inter-related. In 2018, former Kyrgyz Prime Minister Sapar Isakov faced corruption charges relating to the faulty redevelopment of Bishkek's power plant by the Chinese company Tebian Electric Apparatus Stock Co. Ltd. (TBEA) which deprived thousands of residents of heating over the especially cold winter of 2017/18. There had been no tender process for the \$386 Million USD contract financed via China's EximBank. TBEA contracted the Kyrgyz private company Electrical Stations, paying fees for goods far in excess of their market value, thereby enabling \$100 Million USD of embezzlement for Kyrgyz as well as Chinese business, while failing to adequately invest in chemical treatment units that were necessary for the operation of the plant's boilers. In Kyrgyzstan, where investigative journalism and active civil society survive, the controversy continues with former President Almaz Atambaev now accused of corruption.

A third example, from Tajikistan, highlights that projects may serve purposes for elites in the first instance while their utility for grant strategy is disputed. For Chinese business there may be strategic payoffs from these micro practices. Such inflated contracts create the risk of greater dependency on China as creditor, thereby fuelling China's rise through debt diplomacy, as some recipients of BRI investments become insolvent due to their repayment obligations. In Tajikistan, for example, the government repaid its debt to TBEA for the redevelopment of the Dushanbe-2 power plant by handing over a gold mine to the contractor. It is Chinese private companies that appear to be the primary beneficiaries of recipient states' indebtedness in Central Asia. It is a matter of conjecture at this stage as to whether this a part of Beijing's grand strategy.

Conclusion

Greater research in the form of ethnographies of transnational finance and multinational enterprises are required to properly evidence the nature and scale of rising power in decentred terms. Anthropological research has taken this de-centred approach further by considering Central Asian-Chinese trade as a mode of 'everyday diplomacy' (Marsden et al 2016). By shifting our optic to the decentred relations of political elites we can see the rent-seeking opportunities which are invariably built into these projects but are, for obvious reasons, difficult to observe. Such mechanisms connect local patron-client relations to transnational financial processes and their offshore vehicles. These decentring processes are not only the means by which powers rise but themselves constitute the rising. In this sense, 'rising powers' are vehicles for the enrichment of new global networks of elites. Their rise is contingent upon discourses which provide a veneer of legitimacy and practices which enable decentred network actors to gain political status and personal wealth. We must stop thinking of rising powers as

concentrations of power and begin effectively conceiving them as relations of power which flow through transnational, state-business networks.

China's Belt and Road Initiative and counter-hegemony

-ANISA HERITAGE¹ and PAK K. LEE²

Introduction

Our research situates the study of China's Belt and Road Initiative (BRI) in the context of an ongoing lively debate in Western literature, since the outbreak of the global financial crisis in 2008, over whether China would likely substitute the United States as the next hegemon. In so doing, we explore whether or not China measures up to being a hegemon in International Relations theory. Our focus is on Eurasia as well as on China's endeavour to reshape the contours of global trade and investment regime through the interplay of ideas, institutions and its increasing economic power.

Hegemony and counter-hegemony

While scholars have been asking whether a hegemonic competition between China and the US or a hegemonic transition from the US to China is taking place, China has resoundingly refuted the notion of hegemony, viewing itself as distinctly 'counter-hegemonic' and vowing that it 'will never seek hegemony or engage in expansion.' To demonstrate its 'counter-hegemonic' credentials, China frames the BRI as a transnational project that aims to promote connectivity with other countries along the Silk Road Economic Belt and the Maritime Silk Road, build relationship webs, and pursue network leadership that would place China at the centre of an emergent world. A defining feature of the BRI is the investment in infrastructure projects spanning the Eurasian continent with the declared aim of facilitating trade by improving connectivity. But this is more than a national policy to win business and boost exports; there are longer-term geopolitical advantages to the BRI that would enable China to shape global trade by circumventing or modifying existing neoliberal norms of global trade and investment.

For the key concept of hegemony, we do not follow the neorealist or neoliberal institutionalist definition which focuses primarily on the use of material preponderance to attain domination, and which is also understood by China. Instead, we utilise a (neo-) Gramscian approach to hegemony that combines both material-power and discursive elements and emphasises consent by the means of political and ideological leadership. We explore how far China is able to promote its own norms, rules and practices as part of a strategy to reshape the normative contours of global trade and investment.

16+1 and the CPEC

China's approach to developing its own trade and investment norms and practices under the BRI can best be elucidated in the following examples. One is the highway between

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Montenegro's sea port of Bar and Belgrade, Serbia, within the '16+1' grouping (China + 16 Central and Eastern European Countries). The second concerns the bilateral China-Pakistan Economic Corridor (CPEC). The Chinese ideology of state capitalism and the use of the associated norm and practice of tied aid are evident from these two cases and are equally controversial in Western mass media for the alleged 'debt trap' they create for Montenegro and Pakistan. State capitalism is built on the belief that 'public wealth, public investment and public enterprise offer the surest path toward politically sustainable economic development.' China's state-owned enterprises (SOEs) and state-owned banks are heavily involved and given privileges in the infrastructure projects in both countries. Prima facie, China is attempting to engage in a hegemonic struggle with the US over economic development by advancing a state-capitalist mode of production.

The two case studies provide a mirror into China's attempts to create a network of like-minded states along the BRI. The BRI presents a unique economic opportunity for the participating states to develop their infrastructure and buy into China's investment. To date, however, China has had limited success in convincing civil society in the recipient countries of the 'normality' of the BRI. Indeed, many of the state-capitalist practices China is using, such as tied aid, the opaque project-tendering processes, the asymmetric bilateral relations, and the preference for using Chinese SOEs and other companies with strong links to the Chinese state, has created crippling debt for partners along the BRI.

Conclusion

Beijing has yet to persuade sceptical partners of its commitment to reciprocity, in other words, the mutually beneficial economic interactions with partner countries. China's counter-hegemonic project, the BRI, with its attempts to create a transnational historical bloc, continues to rely almost exclusively on economic leverage but without the buy-in from civil society actors. Until China is able to garner consent from non-leading elites in participating countries to its norms and practices, its counter-hegemonic project remains unfinished and has yet to replace neoliberal hegemony.

Rethinking the understanding of BRI: a case study of the Golovnaya Hydropower Plant Rehabilitation project in Tajikistan

-YINGFENG JI¹

Introduction

In 2013, Chinese President Xi Jinping, proposed an international development initiative, the Belt and Road Initiative (BRI) to connect Eurasia during his visit to Kazakhstan and Indonesia. The Initiative aims to foster interconnectivity across the Eurasian continent by forging infrastructure networks as well as coordinate policy and finance across the space. The BRI aims at achieving development through creating infrastructure for connectivity through coordinating development policies; forging infrastructure and facilities networks; strengthening investment and trade relations; enhancing financial cooperation; and deepening social and cultural exchange. The institutional structures include the creation of the Silk Road Fund and the AIIB, 2016 which offer financial support for BRI projects. The Silk Road fund has invested US\$40 billion in 2014 and another US\$100 billion in 2017 in BRI projects across Eurasia; while the AIIB has raised US\$29.7 billion in 2016 for infrastructure projects.

Mainstream View

The Initiative, with its grand geographical scope and Chinese financial input, has long been understood as a clear, coherent, well-defined strategy to achieve the interests of China. The mainstream view of the BRI is that the infrastructure projects are designed to help China absorb its excessive capacity in construction materials² and help Chinese firms to gain a foothold in the international market. It is believed that the BRI helps to “increase Chinese outbound foreign direct investment and enhance Chinese companies’ international footprint (Rolland, Nadège). There are accusations of BRI projects causing debt distress in at least eight countries in the BRI and this is seen as one of the main problems and consequences of Chinese infrastructure projects. Additionally, these projects are seen as being less open to local and international participation than others funded by multinational banks (CSIS, 2017). According to IR theorists, the BRI has also been compared to the US’s use of the Marshall plan after World War 2 to bolster its global power, “In both situations (the BRI and Marshall Plan), a rising global power wants to use its economic strengths to secure foreign policy goals (including the basic goal of sustaining its own domestic economy). The Marshall Plan helped establish the U.S. as a bona fide super power; Beijing is betting its twin Silk Roads can do the same.”³ In other words the BRI is seen as a project which is meant to develop China’s superpower status and a challenge to the US for global domination.

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² Peterson Institute for International Economics, 2016

³ Tiezzi, S. (2014, November 6). The New Silk Road: China’s Marshall Plan. The Diplomat. Retrieved from <https://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/>

Golonavya Hydropower Rehabilitation Project

In this study, the author examines the case of Golovnaya Hydropower Rehabilitation Project in Tajikistan which is funded by a multinational development bank and a Chinese firm which won the bid due to its advantage in technical design. The Golovnaya hydroelectric plant is located along the Vakhsh River, Khaltan Region (Хатлонская область), Tajikistan, and was commissioned in 1962. The project was proposed due to a decrease of electricity production. According to a World Bank report, 'Without the rehabilitation, the available power capacity in Tajikistan could drop from 2100MW in 2015 to 760 MW by 2030.' And the winter deficit would lead to 70% of the population with extensive shortages of electricity. Furthermore, the economy of Tajikistan would suffer 3% of its GDP in economic losses from those shortages. The rehabilitation of the plant was funded by Asian Development Bank in 2013 which approved a US\$136 million grant for the refurbishment of electrical and mechanical equipment at Tajikistan's 240-MW Golovnaya hydropower plant. In 2016 July, the Tajikistan stated owned power firm Barqi Tojik opened the bid for the first contract of the technical improvement for the project. In November 2016, a joint venture established by two Chinese firms: Chengdu Engineering Ltd and Sinohydro Bureau 16 Co of China, won the bid for technical improvement for the Golovnaya hydropower rehabilitation project. The bidding process had four Chinese firms, Alstom and Andritz along with Chengdu Engg Ltd and Sinhydro. There was a two-Envelope Bidding Procedure. The plant was kept working while being rehabilitated which cost \$18 million. The contract was also responsible for the rehabilitation work for generation (US\$97m) and the construction of the switchyard of the power plant (US\$13.7m). The rehabilitation work started in December 2016, and is expected to finish in 2021. The rehabilitation is expected to increase Golovnaya's capacity to 252 MW while extending its life by 50 years.

Conclusion

By examining this case, the study shows how the project follows the normal business logic followed in all BRI projects. The project was proposed by the government of Tajikistan to address its power deficit problem. After getting Asian Development Bank funding, a joint venture formed by two Chinese firms won the bidding in 2016. The rehabilitation project of Golovnaya HPP is one of many projects in Tajikistan which is seen as an important state along the BRI. It is important to consider local conditions and juxtapose those views with more a more generalised view of what China's ambitions in the region have been portrayed. The mainstream perception that the practice of BRI follows the logic that Chinese firms acquire advantage in the bidding process thanks to Chinese financial support for the projects needs to be challenged based on each project. The current understanding of BRI and the perception that the BRI enhances purely Beijing own strategic interests through investment and Chinese firms are based on an International Relations theory perspective. More empirical research is needed for understanding of practices in the BRI before one can jump to any conclusions about the real motivations of China. There is a need to distinguish between different projects

and different schemes through which projects are managed, and analyse the nature of a project, the role of corporate agencies and international institutions.

Mainstream scholars view BRI as China's well-designed grand strategy to internationalise its firms and capital, as well as to extend its dominance in the world order. The practices of BRI have long been criticized for its not performing debt sustainability and transparency. It is shown that generalised understandings of International Relations theory when studying BRI and infrastructure projects without looking into the specific conditions and design of projects which vary in every country could lead to an exaggeration of China's assertiveness and the capacity of Chinese government. The roles and identities of international actors such as corporate agencies, international development banks and the participant states in the local practices of BRI should be given consideration. BRI considers Silk Road connectivity and is China's initiative to develop its western regions in the first place. It is important to step away from constrained understandings of China's ambitions and explain the BRI only as a way to enhance China's power globally. By looking specifically at the example of Tajikistan's hydropower project it is evident that the infrastructure project is a Tajik project which has found support in the BRI project. The economies of Central Asia are aware of the need and the requirement of global challenges which they face due to their lack of infrastructure, physical and institutional. In order to increase their access worldwide they need funding and financial support from outside to be able to develop their economic conditions. Home to a number of renewable resources, Tajikistan and other parts of Central Asia, see the BRI as a vehicle to upgrade and build projects like the construction of hydropower plants and develop mining etc which can help make them competitive. Nearly three decades after gaining independence Central Asian countries are now sovereign countries with their own trajectories, national priorities and economic demands. The BRI and its design looks at connect the countries of Eurasia in ways which refer to the ancient Silk Road and its centuries of interdependence and comprehensive regional development. While mainstream academics would like to argue that this is China's attempt at gaining superpower status and part of its trade war with the USA, it is equally important to study the BRI for its own sake and judge it by the standards of what it has set out to achieve and what it beginning to accomplish. The case study here allows us just that perspective.

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Development paradigms in Eurasia: The case of BRI

-PRAJAKTI KALRA¹

Introduction

Eurasia transgresses nations and groups and the trajectory of regional organisations and entities in the region bring to light the cooperative nature of the region. The natural connectedness of Eurasia cuts across borders, ethnic groups, religions and political systems. The history of the region reflects the importance of a space sans borders, be it the Mongol Empire (13th century), the Timurid Empire (14-15th century), Central Asian Khanates, the Tsarist Russian imperial drive and the Soviet Union, have either ignored or minimised the presence of borders through time and space. The post-independence period, from 1991 witnessed one of the first instances of hardened borders in Eurasia which have separated peoples coexisting for centuries. The negative effects of the Central Asian economies separated from each other are still evident today. Over the course of the last three decades the region has seen many instances of multilateral organisations aimed at working across borders. Since 1991 regional organisations, economic and political, have been established in the region time and again. These initiatives have been driven by multiple players in Eurasia including Kazakhstan, Uzbekistan, Romania, Russia, China and even Turkey. Some of the more noteworthy organisations have been the Commonwealth of Independent States (CIS), Collective Security Treaty Organisation (CSTO), Shanghai Five and the Shanghai Cooperation Organisation (SCO), Eurasian Economic Community (EurAsEc), Central Asian Union, Free Trade Zone, Central Asia Plus Japan, Black Sea Forum for Partnership and Dialogue, Black Sea Economic Cooperation, Caspian Summits, the Customs Union and the Eurasian Economic Union, and the latest is China's Belt and Road Initiative (BRI). These organisations have provided cooperative platforms for Eurasian countries focused on mostly economic and security concerns. However over the last decade there has been a concerted effort at creating infrastructure: institutional and physical, which has been aimed at connecting the land engages with comprehensive development of the whole region. The most recent of such initiatives especially the Customs Union which has transformed into the Eurasian Economic Union and the Belt and Road Initiative (BRI) aim specifically at infrastructure development in the developing countries of Eurasia, especially Central Asia with a view to have access to the immense renewable and non-renewable wealth and provide exit points for the mostly landlocked countries in the centre of the Eurasian belt. While it is easy to see that Russia and China are positioned to benefit from these developments, it is essential to acknowledge that Central Asian countries have consistently entered into regional organisations and groupings which give them an equal platform and enable their access into bigger markets and exit routes for their goods and resources, renegotiating their relationships with their bigger neighbours. As regional organisations and initiatives go, BRI offers bilateral and multilateral interaction on the historic Silk Road and reflects the natural order of connectivity in the region which has stretched back centuries. It is premised on the notion of

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collective development for Eurasia which has the potential to benefit China along with all the countries along the Silk Road.

China and Central Asia

China has been present and interacting with Central Asian countries within the framework of regional organisation since 1996, with the Shanghai Five, which later became the Shanghai Cooperation Organisation (SCO). The SCO along with dealing with security and border issues has been an active platform for economic and energy cooperation between the member countries and has provided a space for dialogue for countries like China and Russia; Kazakhstan and Uzbekistan; India, China and Pakistan; and includes Mongolia and Iran as well. It is an inclusive organisation which brings together disparate elements of Eurasia together. In a similar vein, China's latest initiative, the BRI, previously called the One Belt and One Road and the Silk Road Economic Belt, was unveiled in 2013 and launched in 2016 which includes a land based Silk Road Economic Belt (SREB) and the 21st century Maritime Silk Road (MSR). It includes six corridors, connecting Western China to Eastern Russia, Northern China with Eastern Russia, China-Mongolia-Russia corridor, China-Central Asia-West Asia corridor, China-India Peninsula, China-Pakistan corridor and China-Bangladesh-India corridor. China has established financial institutions like, the Asian Infrastructure and Investment Bank (AIIB, 2016) and the Silk Road Fund (SRF, 2014) with members from across Eurasia and the world in order to provide for the financial needs of infrastructure development in the region and beyond. Funding is set to be primarily carried out through preferential debt financing and equity directed towards developing the less developed regions within China as well, especially Western China which borders Central Asia. China's immediate neighbours in Central Asia are of prime importance. China has initiated talks with countries of Central Asia in order to create joint partnerships, as with Kazakhstan and the Nurly Zhol program.² One of the key goals of China is to stimulate trade, reduce costs, minimise transit costs, improve connectivity, reduce transportation costs, make overland trade cost effective especially in the transport of raw materials and connect inland countries in Eurasia with larger markets of China and Russia in more intimate ways. In all this China has stressed the importance of partnerships, not only in its membership, for example, of the AIIB but are also encouraging Public Private Partnerships (PPP). It wants to engage governments, private funds and companies to participate in these wide-ranging projects. This kind of engagement allows for both Chinese and foreign companies to come into closer contact with each other. The more risky investments will be guaranteed and/or subsidised by the Chinese government in face of political or social turmoil. China intends on investing \$150 billion USD every year in projects across Eurasia. The initiative is designed to stimulate medium and long term growth in the region and beyond. There is clear evidence of negotiation and dialogues between China and the countries in the BRI before initiation of any projects which points to a comprehensive approach based on multilateralism and bilateralism.

² Nurly Zhol is a \$9 billion domestic economic stimulus plan to develop and modernize roads, railways, ports, IT infrastructure, and education and civil services in the Republic of Kazakhstan. The Nurly Zhol plan was announced by Kazakhstan's President Nursultan Nazarbayev in November 2014; <https://astanatimes.com/2015/09/kazakhstans-nurly-zhol-and-chinas-economic-belt-of-the-silk-road-confluence-of-goals/> Accessed April 2019

Conclusion

The drive towards creating cooperative organisations reflect the historical underpinnings of Eurasia which responds to the common challenges and opportunities faced by the countries of the region and which focuses on building parity in the region for overall development. Central Asia is at the heart of overland trade and occupies a central position in any discussion on Eurasian cooperation. Central Asian societies have continuously negotiated their position in this framework and have historically been the *movers* and *shakers* of the Eurasian economy. These new initiatives are well within the existing world economic system and by using the framework of the global economy have begun to bring in a Eurasian perspective which indicates comprehensive development. By investing in infrastructure development across the Eurasian space there is a trend toward connecting economies which have remained behind and to provide mutually beneficial infrastructure which has the potential to bring economic benefit for the wider region. As landlocked countries Central Asian economies suffer from a lack of access to maritime trade and require massive investment in building pipelines and trade routes to get resources into global markets. Eurasia requires resources and skills from across the region to function in a seamless manner and infrastructure is an important aspect of this integration.

If European understandings, economic demands and needs continue to inform the discussion of Eurasian cooperation then these initiatives will continue to be seen as threatening and with a level of suspicion. However, seen in the larger historical context these initiatives reflect something deeply ingrained. The region was connected and developed as a cohesive whole until European hegemony dismantled its compositeness and transformed Eurasia in ways which focused on differences rather than commonalities. The interactions and connections along the ancient Silk Road have existed through time and space and seem to dictate these cooperative processes. China is not the only one to use the imagination of the Silk Road to suggest an initiative that links the countries of Eurasia. Over the last decade countries in Central Asia, Japan and even the USA have initiated projects recalling the great Silk Road which traces its origin to the Han dynasty. The BRI represents a Eurasian perspective and paradigm shift in terms of development which focuses on cooperation. Connections, and not separation, have been at the heart of Eurasia since the people of Inner Asia broke physical, religious and social barriers. The lens of Regional Organisations in Eurasia provides a far more complex and grounded view of the present which goes beyond zero-sum game kind of understandings of the region and engages with what is needed for development. The time might be ripe right about now to harness strategies which stretch back centuries but are relevant even today.

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The unintended effects of China's Silk Roads in Central and Eastern Europe

-EMILIAN KAVALSKI¹

Introduction

Central and Eastern Europe (CEE) forms an important part of the Belt and Road Initiative (BRI) that often gets overlooked. Better known as the “16+1”, China has been developing relations with sixteen CEE states: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia. The multiple high-level summits, business meetings, and statements by representatives of the CEE countries and China seem to be framing a new regional context in the European continent and require careful consideration.

Resistance from Warsaw and Prague

There are other instances where this has been challenged, especially, in 2019 when Poland and the Czech Republic, two of Beijing's erstwhile regional partners in the BRI, indicated their intention to exclude Huawei, the Chinese telecommunications company, from their respective 5G networks. In January 2019, Poland arrested Huawei's country director on allegations of espionage. At the same time, the Czech PM Andrej Babiš ordered a ban on the use of Huawei and ZTE devices by government officials after accusing the Chinese ambassador in Poland of wilful deception. It would be easy to interpret the Polish and Czech positions only in the context of a global struggle for power between the USA and China. Indeed, it would seem that both Warsaw and Prague have indicated support for Washington over Beijing. Yet, while still part of the explanation, such an assessment overlooks several significant factors in both Warsaw and Prague to seek confrontation with Beijing.

Positioned as two of the poster children of China's relations with CEE countries, Poland and the Czech Republic have attracted significant criticism both from the EU and the US for their bonhomie with Beijing. The initial impetus for the CEE cooperation with China has been the desire for diversification of their trade and economic relations. However, more than five years after the “16+1” was launched, apart from criticism from the EU and the US, most of the CEE countries have few tangible outcome to show of their relations with China. This does not mean that Chinese trade and investments in the CEE countries have not increased, on the contrary – they have; but in most cases this has been marginal. The level of trade and investment has not been matched by the rhetoric of the potential volume of Chinese investment. The EU (and the EU Member States) remains the main trade and investment partner for all the countries of the CEE region. In this setting, several CEE participants in the “16+1” are growing increasingly frustrated with China and, in some instances (as the cases of Poland and the Czech Republic might indicate) they appear willing to cut their losses

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before it is too late. Such rebound results – that is, outcomes that are contrary to the intended goals – are likely to become a more common feature of the BRI.

Unintended effects of the BRI

It would seem, therefore, that China needs to confront the unintended effects of its BRI outreach. Any connectivity project – especially, on the scale of the BRI – is likely to have unexpected results. In many ways, such hiccups are perhaps to be expected. Geopolitics is a complex and unpredictable game. Scholars studying the evolution of great powers have demonstrated that they never have all their foreign policy attention focused on a single area of the world. What is equally important is that they have even less control over the outcomes of their actions. Owing to the nature of their global outreach, great powers must keep an eye on every part of the world. As a result, they all suffer from an attention deficit disorder – an inability to keep their focus on any one country, region, or issue for long periods of time, due to the need to constantly reify their involvement in all other countries, regions, and issue areas all at the same time. Such inference is even more pertinent for rising powers, who are yet to establish the institutional wherewithal to sustain their global aspirations, while at the same time struggling to meet the expectations of their emergence to global prominence.

Such unexpected outcomes are not necessarily harmful to either the BRI or China's long-term objectives. However what would be detrimental is if such results remain unaddressed. In particular, China might need to take a moment for reflection, toning down its rhetoric and listening to the frustrations of its BRI partners. In the CEE region, one of the main reasons for dissatisfaction is the lack of implementation of the pledges made by China. In this setting, the success of the "16+1" is not entirely dependent on China alone, but depends on the kind of interactions that the BRI engenders in the CEE region and the way such interactions frame the responses of China's regional partners. For the time being, it seems that Beijing has been promising the CEE countries increasing investments and deepening cooperation, while offering numerous opportunities for high level meetings and media coverage. Yet, perhaps, with the exception of Serbia and, to an extent, Hungary, in the majority of the other CEE countries, these pledges remain mainly rhetoric.

The main unintended effect of the "16+1" has been the criticism from the EU of China's relations with the CEE countries. One of the intentions of the China-CEE cooperation was to facilitate the broader pattern of China-EU relations. Yet, the result so far seems to be the very opposite. What the EU seems to find upsetting is China's staying power implicit in the creative institutional architecture that it is introducing in the continent. It seems that the "16+1" is becoming more than an annual summit but is gradually moving towards a regional institution defined by Chinese initiatives. In this respect, one of the usually overlooked unintended effects of China-CEE relations is that for most CEE countries the BRI offers a novel platform for the (re)articulation of their international identity and global outlook.

Conclusion

In summary, almost three decades after the end of the Cold War, China's BRI offers an alternative pivot on the foreign policy horizon of the CEE states. Traditionally, the outlook of the CEE states has been subject to a complex triangulation between the US (NATO), the EU, and Russia. In this respect, Washington, Brussels, and Moscow have provided a point of departure for the articulation of their international identities and interests. The emergence of China in the CEE region has provided a unique opportunity for the re-articulation and re-positioning of the CEE states. This does not mean that they will all radically shift their outlook. The suggestion merely is that Beijing might provide a fourth pillar in the projection of the international identity of CEE states and, as such, it needs to be taken into account. As a result, what is already becoming obvious is that, for all intents and purposes, China has already become a fully-fledged global power. This move implies an acknowledgement that the world is not merely interconnected and/or interdependent, but that it gains meaning and significance within complex webs of entanglements and encounters between countries.

The New and the Old Silk Roads in Central Asia ¹

-DIANA T. KUDAIBERGENOVA²

Introduction

Central Asia as a region is always imagined as a peripheral space for the big and exciting projects of the New and Old Silk Roads which is underscored by speculation about the *real* connectivity of the region. In this paper summary I discuss how the imagination of the Silk Roads in Central Asia has long connected the region from within. The value of locality and space-ness is understood here more as the internal power of the region itself to define its own borders and boundaries. I look at the ideas of connectivity and representation of “Central Asia” on the Silk Road through the cultural realm and artistic works. Artistic works are crucial for this evaluation because they provide the space for the visual representation and visual agency from within. As such art empowers ‘*regionality*’ in Central Asia as a concept where the region itself is no longer placed as a transit point for big projects like BRI and Eurasian Economic Union but are represented as active players in these complex integration processes.

How Central Asia is imagined?

Place and space in Central Asia as elsewhere is defined as a unique local production, regardless of the fact that “the ‘local uniqueness’ is already a product of wider contacts” because “the local is always already a product in part of ‘global forces’ where the global is “the world beyond the place itself”³. So, the way the Silk Road symbol is specifically tied up to one locality in Central Asia – by the forces of the museum directors in Tashkent or the numerous committees across three different ministries in Kazakhstan or elsewhere, is only imaginable to the point of that locality of the museum or ministerial committee. In reality the place is a lot more complex and disruptive than that. Of course, the national imagination process persists to the point until people start believing in the fact that the main route of the Silk Road indeed passed only through the main cities within one borderland and not twenty of the contemporary state territories across different geographies. The way geography becomes rigid in political imagination of the Silk Road is particularly intriguing as the concept of the Silk Road and mobility across its routes was never singular, rigid, or fixed as many nation-builders are trying to portray. The border encounter and state territoriality in this region is seen by many artists whom I interviewed as “imagined” and “constructed”⁴.

In the specific case of art then, routes, geography, terrain and landscapes all constitute the

¹ An earlier and expanded version of this article has been published as “My Silk Road to you”: Re-imagining Routes, Roads, and Geography in Contemporary Art of “Central Asia” in the Journal of Eurasian Studies. Volume 8, Issue 1, January 2017, Pages 31-43.

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³ Massey, D. (1995) “Places and Their Pasts,” *History Workshop Journal*, 39, 182-192.

⁴ Author’s interview with Saule Dyussenbina, contemporary artist from Kazakhstan, June, while crossing the border between Kazakhstan and Kyrgyzstan on our way to Bishkek and Naryn. See also Reeves, 2014. *Border Work*. Ithaca, NY: Cornell University Press.

“uniqueness” of what Central Asia presents. Artistic and knowledge production and is rarely accepts the political and historical borders as a fixed given. For many of the artists borders become a lived experience and a frequent encounter since artists from different Central Asian cities and countries tend to travel to other states within the region for artistic events and festivals. The greatest flow of art and cultural exchange goes between Kazakhstan, Kyrgyzstan and Uzbekistan. Kazakhstan and Kyrgyzstan have already become the main spaces for the development of contemporary art and are home to the greatest number of artists, initiatives, independent galleries and festivals. Uzbekistan hosts the only art biennale in Central Asia which epitomises the importance of art in any given region or context. The development of the contemporary art scene in Tajikistan is underway along with many interesting initiatives and festivals in the past, but many local artists still describe the art scene as “poor”⁵.

Central Asian Imagination

In Central Asia questions of imagination and construction of ideas has occupied not only politicians who engaged in a number of attempts to create a unified Central Asian regional bloc in the past⁶ but also practitioners of art – curators, artists themselves, and art critics. “Central Asia” has persistently been united in the artistic realm of representations at the Venetian Biennale and even at home, during exhibitions and events in Bishkek, Almaty, Astana, Tashkent, Dushanbe, and beyond. Since the first Central Asian Pavilion at the Venetian Biennale in 2005 – “Central Asian” art has been “packed” into a single entity which is indigenous and unknown, and specifically non-European. While this in itself is a step towards integrating Central Asian artists into the global art community, “it is crucial that in the present moment we pose investigative questions in relation to both the region as a whole and each separate country?”⁷. What politicians view as a political map and geopolitical chess board or terrain of power relations, borders and regional dimension, the artists perceive as a livelihood of cultures, diverse, colourful experiences and imagination. Every artist has his or her own perspective and viewpoint on their own cultural production and on the object or theme they engage with. If the first generation of Central Asian artists still focused on the finding of “authentic” national past and identity, they also engaged in the processes of re-conceptualising it, criticizing it and providing new frameworks of thinking and imagi-“nation.”

In this process of constant re-conceptualisation artists also become the creative collectors and archivists of what Central Asia presents to the foreigners who may not know anything about contemporary Central Asian culture and society. As the art curator David Elliot wrote in the early 1980s, during his first encounters with the post-Soviet space he did not know anything about Central Asia apart from “its archaeological and geographical significance for the Silk Road.” However, in his “frame of reference, Central Asia did not really exist in the present” and it did

⁵ Kuziev, F. “Battlefield – contemporary art in Tajikistan,” *New Eurasia*, March 6, 2014, available at <https://www.neweurasia.net/culture-and-history/battlefield---contemporary-art-in-tajikistan/>, last visited on 3 November 2016.

⁶ Allison, R. (2008) “Virtual Regionalism, Regional Structures and Regime Security in Central Asia,” *Central Asian Survey*, 27, 2, 185-202.

⁷ Abykayeva-Tiesenhausen, A. (2016) *Central Asia in Art. Russian Orientalism*. London: IB Tauris.

represent the frame for his “hope for an Asiatic or, at the very least, non-Soviet experience”⁸. The place and space of Central Asia is perceived at once as a trespassing field of trade, mobility and numerous nomadic tribes as well as the contemporary clearly defined but escapable border works⁹. But can contemporary art of the region perhaps help us to expand our horizons and our imagination about the territory, borders, terrain and culture of this vast region?

Conclusion

Within this context it is essential to locate China and the BRI with its increasing influence and creation of infrastructure which is beginning to rebuild and reconnect Central Asian economies in physical ways. The physical borders which Central Asian countries and thus artists even while successfully navigating are constantly coming up against require understanding from the bottom up. BRI, like other regional initiatives and organisations, includes the cultural encounter of Central Asia with China which is what I have explored through my interviews with contemporary artists in Central Asia. Where politicians divide the region and contextually decide to include one or another non-Soviet country, Afghanistan, Iran or Xinjiang, for example, the artists are more at ease to imagine what Central Asia means in their artistic representation. For Erbossyn Meldibekov, a Kazakh contemporary artist, who lived through the Soviet war in Afghanistan, the peaks of Hindu Kush constitute a great part of Central Asia and contemporary Central Asian art. For Almagul Menlibayeva, another contemporary artist from Kazakhstan the term “heritage” is not divided between five or more states in the region. She uses numerous “Central Asian” symbols that translate to the international context of the region – ikat material, Turkestan, steppe, music and even female bodies – as a way to create her own symbolic language and artistic style that distinguishes her regional identity. In the words of art critics, Menlibayeva is able “to build many of her works at the meeting points and changes of different symbols that originate in all sorts of ethnic and historical-cultural paradigms” in Central Asia.¹⁰ These are significant issues related to identity which are being impacted by the new ways and spaces which the BRI is both creating and reconnecting.

⁸ Rossi and Rossi gallery catalogue. (2014) *Mountains of Revolution. Erbolssyn Meldibekov*. Hong Kong: Rossi and Rossi.

⁹ Reeves, 2014.

¹⁰ Misiano, V. 2008. *Progressive Nostalgia. Contemporary Art of the Former USSR*. Moscow: New Museum Foundation.

‘Greening’ the Belt and Road Initiative: China’s climate finance in Central Asia

-ZHOUCHEN MAO¹

Introduction

The scope of China’s current role in world affairs is unprecedented. In the past two decades, China has overcome international isolation, also by increasingly and officially committing to core international norms associated with multilateralism, regional integration, and globalization. Yet, China’s compliance with international norms remains a contested issue in relevant literature. This paper offers and applies a new analytical approach combining critical norms research and discourse analysis to understand the determinants of China’s selective compliance with international norms. The study summarised here examines how international norms, such as non-proliferation, are localised while simultaneously contested by domestic agencies through integrating top-down and bottom-up dynamics.

Identities and normative discourses

These top-down and bottom-up dynamics depict the ways through which China’s normative discourse is deeply influenced by its varied identities. This search for a new identity as a responsible global player can account for China’s complex attitude towards international norms which then feeds back into the global discourse reshaping the normative content. In making this two-level argument, an important analytical gap found in current literature on norm diffusion and localisation is addressed.

To illustrate this argument, the paper provides an explorative analysis of China’s compliance with the norm of Common but Differentiated Responsibility and Respective Capability in climate change. By looking at how China engages with the climate regime, I challenge the dichotomy that associates norm takers with the global south and norm makers with the global north. This is especially true in climate change, especially when we look at the role of developing nations during the negotiations that led to the creation of UNFCCC in 1992.

The objectives of the paper are therefore two-fold: first, by employing a norm contestation framework and the “feedback loop”, it aims to understand how international norms and the concept of compliance are discursively represented and interpreted locally. In other words, this paper investigates how China is contesting the dominant understandings of the normative content -although China subscribes to the overall concept, it may contest specific elements, like a norm’s parameters-, and restructuring the properties of the norm which it then sends back to the international community for validation. Second, I hold that in the case of China, normative meaning is redefined according to China’s own normative discourse shaped by state identity. It is normative discourse that informs actors what is perceived as salient, which in turn profoundly

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shapes how norms and compliance are interpreted. Nonetheless, it is important to note that neither establishing causality between state identity and norm compliance, nor studying the formulation of China's state identity, are the primary objectives here.

In doing so, the main contribution to the field is threefold: first, by examining China's normative discourse toward non-proliferation norms, this paper contributes to the literature on international norms, especially the so-called "compliance gap"; second, it traces the dynamics of norm diffusion in China; third, it shows that norm diffusion is not a top-down linear process that trickles down from international to the local levels. Instead, it argues that the norm is reconstructed at the domestic level and fed back into the global discourse with an emphasis on China's own normative discourse shaped by state identity through a "feedback loop".

China and climate finance

China has had the luxury of self-finance in moving towards a low carbon economy. This suggests that there could be a role in the future for rich emerging economies in providing climate finance. Thus far China has not really had the institutional structures to be able to distribute a lot of that finance, although that has been improved with the establishment of the BRI and AIIB. It is yet to be seen what role China will have in giving finance in a formalised way through the BRI.

With regards to the norms of 'common but differentiated responsibilities' (CBDR) and 'respective capabilities' (RC), China has indeed always maintained a consistent position on how the norms should assign emission reduction responsibilities among developed and developing countries. Developing countries including China made it clear that their support and their participation in these processes would come only if their need for economic growth and development is fully recognised and if they are allowed and supported to do this. Secondly, the CBDR really engages with the historical ability to grow and to develop because the emissions are a consequence of a state's growth and development rather than singling out what caused emissions. Burning fossil fuel is part of industrial and economic processes and hence, any state requires that means to develop. As a result, China has used the CBDR which is a very convenient way to continue the processes that it uses to develop.

Conclusion

Thus, China tries to play big brother to many of the vulnerable countries but at the same time, it plays a role that is equal to major developed countries because it wants to be in that club as well. Given that China is a very large player and has plenty of resources available and it has its own development bank yet it needs financial support from developed countries on climate change. Therefore in conclusion, in order to gain a nuanced insight into China's complex attitude towards international norms, it is necessary to pay closer attention to China's own logic of appropriateness and how its multiple identities construct and transform its interests and preferences, and whether it would advance a new normative order.

Assessing the impact of the BRI project on the EU-China-Russia triangle

-CRISTIAN NITOIU²

Introduction

The vast scale of the Belt and Road (BRI) project has highlighted China's ambitions to play a key role in the regional (but also global) economic and geopolitical order of Central Asia. China's financial resources have elevated the BRI project to one of the most ambitious foreign investment projects to date. The Central Asian countries that are set to benefit the most from the BRI project see it as a Chinese rendition of the US Marshall Plan. This has led in turn to competition between the states in the region to secure Beijing's favours. This paper explores the way in which the EEU and the EU-China-Russia relations have influenced the development of the BRI project. Moreover, it examines the way in which the interplay between cooperation and conflict between China, the EU and Russia has affected the countries in Central Asia and the post-Soviet Space.

Context: influence in Central Asia

Other states who wish to maintain or expand their influence in Central Asia have seen the BRI project as part of increasing rivalry. The case of Russia stands out here, as Moscow has sought to recapture its influence in the former republics of the Soviet Union, while also aiming to secure beneficial deals with China (especially in terms of exporting its energy resources) as well lobbying for the BRI project to pass through its territory. President Putin has also stated on various occasions that Russia would like to work with China and develop an inclusive strategy for achieving economic growth in Central Asia. Nevertheless, Beijing seems more inclined to keep the BRI project insulated from the influence of Russia and brand it as the main Chinese foreign policy tool in the region. At first sight, the Chinese strategy seems to contradict Putin's approach focused on inclusiveness, and the BRI project most probably defines the limits of the development of the Eurasian Economic Union (EEU). The European Union (EU) has developed a rather ambiguous and contradictory approach towards the BRI. On the one hand, the EU has welcomed Chinese investment and potential counterweight to Russian influence in the post-Soviet space and Central Asia, while on the other seeking to contain Beijing's hegemonic efforts.

Factors underpinning conflict and cooperation

The focus in the paper is on three dimensions which can address the dichotomy of conflict and cooperation in the interactions between the integration project promoted by the EU, China and Russia: the internal dimension, the external dimension, and identity crises.

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Firstly, the paper focuses on the *internal dimension* by looking at three factors: coherence, resilience and political innovation. The paper finds that China has put more emphasis than Russia and the EU, in developing the BRI, on the need to achieve coherence in relation to a number of issues which are seen crucial to its development: the need to balance growth geographically, creating a clear strategy for national economic development and trying to speak with one voice in world politics. The three integration projects have also provided varying degrees of resilience to the three actors in relation to dealing with financial upheavals or solving various security threats. Nevertheless, Russia's focus on coherence and resilience has only marginally underpinned the development of the EAEU. For Moscow, the main internal driver is the need to divert attention from domestic issues and to leave a long-lasting legacy for the Putin regime – a similar rationale also applies to the case of China. Consequently, the analysis shows that the three actors have diverging and in some case strong internal incentives to develop their integration projects, which in turn limits the scope of future cooperation.

Secondly, the *external dimension* highlights that the three integration projects have been underlined by deep geopolitical concerns. At their base resides the need of China, Russia and the EU to develop and maintain their influence in their immediate neighbourhood. At the same time, as the three actors share parts of the neighbourhood, the shape of their integration projects can also be seen as a way of dealing with geopolitical pressures and competition. For Russia and China, maintaining a sphere of influence in their neighbourhood is a key prerequisite for attaining the status of great power, and having the ability to project power across borders. Moreover, the three integration projects stress the advantages they bring to the small neighbouring states, creating so-called 'win-win' situations. While the EU tends to politicise economic cooperation and demand reforms, China and Russia are much more willing to provide seemingly 'no strings attached' kind of cooperation. The smaller states in Eurasia have also banked on their agency and demanded enhanced presence in the region from the EU, Russia and China. The latter has been the main target of the demands of these states for capital and investment. Nevertheless, some of the states in the shared neighbourhood between China, Russia and the EU have tried to play one against the other in order to secure significant benefits.

Thirdly, the clash between the three integration projects is affected by the *identity crises* that China, Russia and the EU are facing in international relations. At the centre of these identity crises reside the needs of Moscow, Beijing and Brussels to define a civilizational model that can be exported around the world and accepted by other states. This involves for example the norms and values that would underpin normal behaviour in world politics, conceptions of global governance, as well as views regarding the hierarchy of international relations.

Conclusion

By looking at these three levels the paper concludes that much of the rationale behind the integration projects is meant to serve internal needs and constraints. Hence, the potential for cooperation is rather limited, as these internal constraints are very different and have given rise to mutually exclusive projects. Nevertheless, as their identity is still in flux, China, Russia and the EU can include avenues for cooperation in the way they devise their civilisational model.

Understanding local agency in China's 'Belt and Road' Initiative: Mongolia and Kazakhstan as geopolitical bridgeheads

-MORITZ PIEPER¹

Introduction

This research contrasts China's connectivity narrative with Kazakh and Mongolian perceptions of both Russian and Chinese geopolitical constraints imposed on their socio-political fabric. The two case studies below demonstrate that analysts need to pay more attention to the local agency of the 'in-between-countries', an aspect too often written out of analyses of power politics in Eurasia.

Kazakhstan's Nurly Zhol and the BRI

Kazakhstan sees itself as the linchpin of Eurasia and has long been a staunch supporter of cross-border initiatives that help alleviate its disadvantages as a landlocked country. The government was therefore quick to embrace the construction of new rail and road links as part of China's overland 'Silk Road economic belt' (SREB) after Chinese president Xi Jinping came to Nazarbayev University in Astana in September 2013 to announce the creation of new economic corridors across Eurasia as part of the 'Belt and Road' initiative (BRI).

On Xi's visit, China and Kazakhstan signed contracts worth US\$ 30 billion. Some of the investments now rebranded under the BRI banner predate the launch of the initiative: China had already made substantial investments in the energy sector in the 2000s, e.g. competing with Russian companies Transneft and Gazprom, well before Xi launched the BRI initiative.

The announcement of the BRI was convenient timing for Kazakhstan, as the government had embarked on its own government spending programme, Nurly Zhol, to kick-start the economy after the 2008-9 financial crisis and the depreciation of the Tenge, the national currency. Infrastructure investments were seen as a complement to the country's "Kazakhstan 2050" strategy for economic diversification.

Even though Nurly Zhol predates the BRI, officials have quickly made out synergies between both frameworks. In September 2015, on a state visit to Beijing, President Nazarbayev then formally aligned Nurly Zhol with the SREB by signing a declaration on a docking ('*sopriazhenie*') of the two frameworks. What this means in practice is harder to pin-point, but there is talk of some 48-51 projects.

According to a joint plan issued in the summer of 2016, the three top priorities of Chinese-Kazakh economic cooperation are investments in transport infrastructure, trade, and the manufacturing industries. Chinese funding for the development of Kazakh infrastructure

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primarily goes into the railway and road connections to increase transborder trade. A new dry port at Khorgos for westbound cargo has been built for the transshipment of Chinese trains onto the wider track gauge model used in Kazakhstan. Transcontinental trains began transiting Khorgos in the summer of 2015.

China's investments in Kazakhstan are not without criticism, either. Large projects often stipulate a minimum of Chinese content (49 %) as part of interest-bearing concessional loans. Such 'concessions' in the form of project oversight hardly benefit the local economy. Local protests in Kazakhstan in 2016 over a land reform bill (and similar reactions to a perceived Chinese attempt to lease Kazakh agricultural land already in 2010) further drove home the message that Kazakhs are concerned about Chinese labour migration as well. The Kazakh government also does not support the idea of a Free Trade Area between China and the Eurasian Economic Union (EAEU). The free-trade agreement signed in Astana in May 2018 between China and the EAEU is non-preferential, meaning that tariffs remain in place.

Due to Kazakhstan's EAEU membership, the perception of Russia on these dynamics also becomes relevant. In 2016, President Putin linked the EAEU to his 'Greater Eurasia' vision and proposed that the Eurasian Economic Union should become its center – tellingly, however, without prior consultation of the other EAEU members. Russia's narrative of 'Greater Eurasia' also is not necessarily congruent with Kazakhstan's idea of its own 'multi-vector foreign policy', which entails an equal distance from both Russia and China.

Mongolia's Tallin Zam

In Mongolia, similar factors are at play. Mongolia has a history of being economically highly dependent on the Russian economy, and is seeing the BRI as an opportunity to mitigate the effects of its landlocked status. Mongolia is the most important source of coal for the Chinese economy and has embraced China's connectivity projects. Ulaanbaatar has also set up a Mongolian-Russian free trade zone, and welcomed trilateral summits to concretise policy alignments between Mongolia, China, and Russia.

In September 2014, President Tsahiagiin Elbegdorj unveiled his 'Steppe Road' (Tallin Zam) plan for Mongolia's economic future. The \$50 billion Steppe Road project combines highway construction, electricity distribution, an extension of the Trans-Mongolia Railway and new natural gas and petroleum pipelines. Like 'Nurly Zhol' in Kazakhstan, this project is presented as complementary to the BRI, and the construction of a Zamiin-Uud-Ulaanbaatar expressway was launched under the auspices of the BRI and the Steppe Road in May 2015. In June 2016, a Russian-Mongolian-Chinese agreement on infrastructure creation and procedures for customs clearance was signed. The partnership agreement also foresees a range of joint projects on sectors from tourism, health, to scientific and technical cooperation.

However, like in Kazakhstan, a certain multi-vector approach in balancing relations with its big neighbours prevails in Mongolia: Ulaanbaatar upholds a "third neighbor" policy that aims to uphold good relations with China and Russia while also deepening ties with the West, Japan, or India.

Increasingly, however, China is using pressure to get its message across: When in December 2016, the Dalai Lama visited Mongolia, China reacted with indirect sanctions by closing a border-crossing between China and Mongolia, leading hundreds of truck drivers stuck at the border. China also began to impose fees on the import of commodities from Mongolia. The issue forced the Mongolian government to adapt its talking points and to issue a veiled statement implicitly distancing itself from the Dalai Lama.

Conclusion

Thus, there seem to be growing constraints on the local agency of regional governments on the part of an increasingly assertive China (as well as by the regional effects of the Sino-Russian relationship). The success of the BRI, however, will also depend on the extent to which China can live up to its rhetoric that the initiative is indeed an inclusive one and not intended to build a Sinocentric Eurasian order.

The China Pakistan Economic Corridor and the BRI

-TAYYAB SAFDAR¹

Introduction

Pakistan is one of the most important countries within the Belt and Road Initiative (BRI). The China Pakistan Economic Corridor (henceforth CPEC) is viewed as the flagship project of the Belt & Road Initiative. It is one of six economic corridors that are planned under the BRI and the only one of the corridors that comprises of only two countries – China and Pakistan. Within the framework of the BRI, CPEC is perhaps at the most advanced stage with multiple infrastructure projects either completed or under construction. Despite initial successes, there are multi-faceted challenges emerging as the economic and social relationship between the two countries deepens and broadens. These challenges are further magnified by changes in the global political economy.

While the BRI's success is not contingent on CPEC, the success of the initiative (depending on how one defines success) will add to the BRI's legitimacy as a tool for development leading to a 'win-win' outcome for all parties involved. This paper will first provide a brief background to the CPEC; it will then look at the dynamics and developments of the bilateral relationship; before drawing a number of conclusions regarding the CPEC.

Background of the CPEC

In 2013, Pakistan and China announced the intention of deepening economic relations between the two countries by building an economic corridor connecting the Western regions of China with Pakistan. In April 2015, President Xi visited Pakistan and the two sides signed agreements and Memoranda of Understanding worth US\$ 46 billion focusing on improvements in the transport and energy sector in Pakistan. The port of Gwadar in the Southern province of Balochistan is the pivot around which CPEC revolves. It has been envisaged that Gwadar will be linked to the Western region of Xinjiang through roads, railways and pipelines. In 2017, estimates suggest that the overall outlay for projects under CPEC had increased to US\$ 62 billion.

The CPEC is divided into three major phases: 2015 – 2020: Infrastructure Development; 2020 – 2025: Industrial Cooperation – Special Economic Zones (SEZs) – Investment targeted primarily from Chinese firms; and 2025 – 2030: Regional integration and Pakistan – China connectivity will be further strengthened – Development of Xinjiang, especially Kashghar.

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On a broader scale, the project would also look at opportunities to enhance cooperation in the areas of poverty alleviation, human development, agriculture and technology. This paper focuses on the energy and transport sectors.

Energy sector

In 2015, Pakistan remained in the throes of a debilitating energy crisis that had been ongoing since 2010. Major cities suffered protracted bouts of brown outs or load shedding as it is known in local parlance. The World Bank estimates that lack of access to reliable electricity cost the economy US\$ 5.8 billion per annum. Despite generous incentives, subsequent governments were unable to attract private investment. To alleviate this crisis, in the first phase of CPEC a number of early harvest power generation projects were identified for execution. To-date, 3,400 MW of energy has been added to the national grid. The technology to generate this power includes coal based power plants and renewable energy based plants including wind and solar. Projects with a combined capacity of around 8000 MW are currently being executed.

Investment is also being made into the transmission network and State Grid Corporation of China has received financial close on a US\$ 1.7 billion project for a transmission line. This is the country's first High Voltage Direct Current transmission line and the first transmission line being executed in the Independent Power Producer mode. The energy sector represents the 'foreign investment' portion of CPEC and these projects have been undertaken in the Independent Power Producer mode with the government as the electricity purchaser. Investors have received sovereign guarantees from the Government of Pakistan. Furthermore, the projects have a guaranteed Return on Equity of 17 – 18 % IRR. All returns are dollar based to shield investors from exchange rate volatility. These projects have been established by leading Chinese firms like China Machinery Engineering Corporation, Power China, China Huaneng Group, Sino Hydro, China Three Gorges, Shanghai Electric Company etc.

There have been frequent criticisms about the (high) rate of returns for investors, however, this needs to be seen in the context of Pakistan. First, Chinese investors have received favourable terms & conditions as opposed to other investors – The rates of return are commensurate with the returns offered by the Government of Pakistan in earlier power policies such as the power policy 2002. Despite the 'high' rates of return, there was minimal investment in the power sector. There are no special incentives that have been offered to Chinese investors as opposed to local/investors from other countries. Second, the coupon rate for a 20-year Pakistan Investment Bond is 10.75% which can be taken as the risk free rate of return. One can argue that with the sovereign guarantee, the rate of return should be closer to the risk-free rate of return, however, that does not factor in peculiarities of the power sector including the chronic problem of circular debt afflicting the sector. Other considerations in the energy sector include the fact that local employment remains limited: this is the first instance that coal-based power plants have been built in Pakistan. Initially, the proportion of Chinese working on the project was higher, however, there have been moves to supplant both skilled as well as unskilled labour – 62% of the labour force in energy projects is local. In Sahiwal and

Port Qasim coal-based power plants which have a combined capacity of 2640 MW, the Chinese hired 150 engineers to operate the plants. Moreover, linkages with the local economy are limited. The local component of Engineering Procurement Construction contracts available online remains limited. Availability and quality of inputs remains a question.

What is important to note here is that most of the investments in the power generation sector are in the form of joint-ventures between large Chinese State Owned Enterprises (SOEs) and large local conglomerates. For some Chinese SOEs, these projects represent a significant move downstream in the electricity value chain. For example, China Machinery Engineering Corporation (CMEC), a subsidiary of Sinomach is a major engineering contractor. CMEC has taken an equity stake in Thar Coal Block power plants with a total capacity of 1320 MW.

Transport sector

In the transport sector, the corridor comprised of a series of road and rail linkages between the port of Gwadar and Xinjiang, passing through the entire country. The road network comprises of three alignments – the Western, Eastern and Central alignment. There have been multiple controversies about the different routes, however, they have to do with the nature of Pakistan's federation and the relationship between different provinces as opposed to the Chinese. This is why I will not delve deeper into this issue here.

Unlike the energy sector, projects in the transport sector are long-term government-to-government loans with an average maturity period of 20 years. The interest rates on these long-term rates is between 1.5 – 2.5 % and there is a grace period in case of late payments. In the transport sector, Chinese loans are being used to improve the road transport network by building a number of motorway projects. Money has also been earmarked for the upgradation of sections of the existing railway track and its dualisation (US\$ 8.2 billion).

Substantial progress has been made on the road projects and one of the major sections of the highway, the Multan – Sukkur motorway, a 392 km stretch six-lane motorway that is likely to be completed in August 2019. Similarly, progress has also been made on Phase-II of the Karakoram Highway which links Xinjiang and Pakistan. Local labour has been employed in the construction of the transport projects and while limited, evidence suggests that local contractors as well as manufacturers of inputs like cement sector, steel and allied industries have gained from this investment.

Evolving dynamics of CPEC and the role of local agency

CPEC represents a deepening of the relationship between China and Pakistan. For decades, there have been close military relations, however, CPEC represents uncharted territory for both countries. For China, it means deeper interaction with large segments of the Pakistani society. This means dealing with a state and society which is very different and which has multiple centres of power. For Pakistan, it means engaging with a country which has been a

close ally for the last five decades but the state, society and the system of governance remain black boxes for large segments of the society.

In the literature, there are two ways in which China's interaction with countries along the BRI have been highlighted. One is the 'debt trap' version whereby Chinese largesse is seen as a neo-colonial exercise. Proponents of the view cite the example of China's take-over of the Hambantota port in Sri Lanka. The other view cites the cancellation of projects in various parts of the World, especially Malaysia as evidence of local reaction to unfair terms and conditions being imposed by the Chinese.

Evidence from Pakistan suggests that host governments have substantial agency in the relationship. The kind of projects that have been undertaken are the result of negotiation between the two sides and evidence of imposition remains limited. Consider the case of the Main Line-1, the railway connection between Lahore – Karachi and Peshawar. In 2013, during initial discussions prior to the formalisation of CPEC, the Chinese highlighted the importance of the railways in local development because of the lower operational and maintenance cost as compared to the road network which was rejected by Pakistani which was more interested in building roads and motorways. In keeping with the requirements of the host government, in the transport sector, loans were disbursed for the road infrastructure. The ML-1 project was declared as 'strategic' in 2016 during the 7th meeting of the Joint Coordination Committee, however, construction has yet to begin.

Investments in the power sector have contributed in a substantial manner in reducing power shortages in the country. Despite challenges of circular debt, weak transmission and dispatch infrastructure as well as power theft, investments under CPEC in the power sector represent the first significant inflow of capital in a sector that has been capital starved.

Emerging tensions

Despite significant progress, there are new tensions that have emerged as the interaction between the two sides deepens. First, the 2018 elections and political changes have contributed to a slowdown in some of the projects that were given priority by the previous government such as the Orange line mass-transit rail system. Second, the elections also contributed to a rethinking of projects under the ambit of CPEC. While the previous government focused on infrastructure projects in the energy and transport sector, the current government has prioritised industrial linkages and socio-economic development as priority areas. Joint working groups have been established in these areas, however, tangible progress remains limited. This rethinking is a result of challenges on the economic front including a balance of payment crisis as well as a resetting of priorities to show a break with the policies of the previous government. Third, public announcements by ministers and advisers in the new government have led to tensions with China. The most recent example is the statement by the Minister of Communication alleging massive kickbacks paid to the former PM, his brother and the Minister of Planning, Development and Reform in the Multan – Sukkur motorway project by the EPC contractor China State Construction and Engineering Corporation (CSCEC). This statement led to a very public spat and CSCEC issued a strongly

worded rebuttal. As CSCEC is a large state owned enterprise directly under the control of the State owned Asset Supervision and Administration Commission, this move must have been sanctioned by the highest echelons in SASAC. It also led to statements by the Chinese Deputy Head of Mission at events in Islamabad. Fourth, regarding criticism of a lack of Chinese firms investing in the country, the Chinese ambassador in an address to the Lahore Chamber of Commerce and Industry highlighted issues regarding taxation and regulation which acts as a disincentive to Chinese firms investing in the country. He also cited a lack of progress in the development of Special Economic Zones.

Conclusion

Pakistan is an important cog in the BRI. The Chinese refer to the China Pakistan Economic Corridor as the 'pilot project of the BRI.' For China and Chinese SOEs that are at the forefront of the BRI, the experiences in Pakistan can provide a template as they expand in other countries. For Pakistan, Chinese investment in various projects under the CPEC umbrella provides a chance to improve regional connectivity, leverage its geographic position and to achieve sustainable development. Despite substantial progress, there remain multiple challenges in achieving these objectives for both sides.

Legitimisation or appropriation? The (re)making of the Belt and Road Initiative at Davos

-ALI SAQER¹

Introduction

The role of global benchmarking agencies (GBAs) has attracted growing attention within International Political Economy (IPE). GBAs are believed to be key in forming a transnational governance process leading to a constant reconfiguration of the contours of national policymaking – the so-called ‘governance at a distance’ thesis (Broome and Quirk, 2015). The main theme of the paper summarised here is the overlooked role of the World Economic Forum (WEF) as a GBA with an agency capable of transforming the spatial and temporal relations among actors in the global economy.

Recontextualisation and legitimisation of the BRI

For long, the World Economic Forum (WEF) has performed this role through acting as a “discursive formation” with a “shaping influence”, to use Geoffrey Pigman’s words.² With the advent of the BRI, the Forum’s established discursive power, particularly evident through its role in legitimising and normalising national competitiveness as a socio-economic state imperative, seems to have been deployed in an attempt to re-contextualise the BRI, ‘legitimise’ it, and/or discursively appropriate it in its own fashion and to its own purpose. Thus far, this has been done at two levels mainly, discursive and institutional.

Discursively, it is evident that the Forum has seen an opportunity in the BRI to revitalise its foundational mandate of expanding the global circuit of capital. This has been done primarily through making state officials responsible with the institutionalisation of national competitiveness within their respective jurisdictions. What this has meant effectively is that state officials become what Peter Burnham calls “circuit managers”, aimed at managing and facilitating capital circulation through national socio-economic spaces. Since its inception, the Forum has promoted this as a vital mission to ‘improving the state of the world’ where a commitment to national competitiveness will guarantee a more sustainable creation of value-added and the utilisation of untapped resources. In 2017, Klaus Schwab, the founder and executive chairman of the WEF, pledged, openly, to support the BRI as a global imperative complementary to the existing global norms of *multi-stakeholderism* and vital to leveraging market forces, which is what the Forum, essentially, stands for. As such, the Forum has become committed to advancing the BRI as a global initiative exemplifying global, legitimate, values congruent with those long pursued at Davos.

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² Pigman, G. (2006). *The World Economic Forum: a multi-stakeholder approach to global governance*. Abingdon: Routledge

Not surprisingly, perhaps, this position was reiterated by President Xi Jinping in his speech at the Davos Forum in May 2017 when he explicitly pointed to this complementarity between the current neoliberal imperatives, such as competitiveness, and China's BRI connectivity imperative. His argument is that the BRI "is not meant to reinvent the wheel" but to "complement the development strategies of countries involved by leveraging their comparative strengths". As such, the BRI is set to be reproduced, in Schwab's words, as "the positive narrative the world needs", one that is key to "unlocking new sources of value along the trade route". The result is intensifying and accelerating the role of state officials as 'circuit managers' of capital. At Davos the BRI is being modelled into a strategy for inclusive growth and guaranteed prosperity for all those who are ready to reap its benefits.

The discursive adaptation of the BRI, through modelling it as a complementary imperative to national competitiveness, opens the door for its *institutional* adoption at the Forum's Davos platforms and regional summits. Integrating the BRI into these platforms will expose it to the world's powerful elite and members of the WEF, which has significant implications in terms of stripping China of some of its agency in determining the future of the BRI. On the other hand, this can be advantageous to China as the BRI is debated, negotiated and integrated into the working of a global institution with established organisational structure and supported by an expert community with vast knowledge of turning ideas into policies as well as corporate actors with vast wealth and technological resources.

The neo-liberalisation of the BRI

Should it be successful, a possible outcome of remodelling the BRI at the WEF in such manner is that the BRI will become something more than a Chinese initiative, triggered in response to a domestic imperative. Although the BRI's current manifestations puts it at some distance from neoliberalism in terms of the policy outcomes of its operationalisation in the countries in which it has been internalised, its adoption by neoliberal global institutions has the potential of taming it and, possibly, neo-liberalising it. Moreover, the discursive appropriation of the BRI by benchmarking agencies such as the WEF would yield a considerable, normative, financial and infrastructural, boost to the national competitiveness imperative that constitutes one of the key neoliberal foundational strategies of the WEF. As such, the BRI enters a stage of transformation and what it will become is something that will not be determined by China alone. What has started initially as a "domestic policy", with unavoidable "geostrategic consequences", as Charlos Parton puts it, seems to be in the process of being (re)tailored to fit into an existing, more 'legitimate', normative discourse. Other state, and non-state, actors will adopt and/or adapt the BRI to their own needs and interests. The transformative power of the, often described as 'revolutionary', BRI is contingent upon several factors and multiple actors whose agencies should not be underestimated.

Conclusion

We should be ready to accept that the ‘new’ world imagined through the BRI will not necessarily be built completely anew. Moreover, while it is plausible to argue that China’s BRI, with its institutional and normative nuances, does signal a rise of the periphery and a redrawing of the old ‘mental’ boundaries of an uneven global economy and development, its adoption at Davos will result in its adaptation and, thus, the new wheels and engines of the periphery become co-designed by the WEF’s neoliberal actors. The BRI may still place China at “the center of global networks” for some time to come as Bruno Maçães argues,³ but the shadow of western neoliberalism will not be escaped, at least not yet.

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The role of the BRI in China's new Afghan policy

-AKRAM UMAROV¹

Introduction

In September 2013, Xi Jinping visited the Central Asian countries. These visits unequivocally demonstrate the growing importance of the region to Beijing and signal about the strategic changes in China's foreign policy. In response to the actions of other influential actors in the world arena and in Central Asia in particular, Beijing, trying to seize the initiative, announced strategic reorientation designated as a "turn towards Eurasia". Launched yet in 1996 after the establishment of the "Shanghai Five", the policy of setting and the gradual building up cooperation with the Central Asian countries was conceptually outlined and developed accounting for the long-term prospects in China's new policy in the region for the creation of the "Silk Road Economic Belt".

Reorientation towards Eurasia

A "turn to Asia" in US foreign policy activities, involving displacement of Washington's priority interests to the Asia-Pacific region coupled with the gradual withdrawal of US forces from Afghanistan present a convenient moment for Beijing to consolidate its own presence in the strategically important region of Central Asia. Meantime, China is warily observing the actions of the US on military, political, economic, and trade capacity building and presence in the Asia-Pacific region. Further expansion of relations with Japan, the Republic of Korea, Australia and a number of Southeast Asian countries, as well as the intention to establish close partnerships with India are considered by Beijing as phased policy of the PRC's "strategic encirclement". China fears that these steps can lead to a weighty fall in its trade turnover with the abovementioned countries and complicate access to vital marine transport routes.

China may prefer a relatively quiet eastern direction and active engagement in the west. Beijing is not looking for a place under the sun, but a secure place under the shadow. As a result, the Eurasian continent may provide a comfortable home in the coming years.² Under such circumstances, China is attempting to establish good neighbourly relations with bordering countries. In particular, Beijing considers the Central Asian countries not only as friendly neighbours, but also as important sources of obtaining necessary raw materials and markets for selling its own products, as well as creating an overland transport corridor which would connect it to Europe and the Middle East.

By promoting the latter initiatives, a new generation of Chinese leaders is plausibly striving to implement some sort of a new "Marshall Plan" in Eurasia and create a project similar to the Euro-Atlantic partnership, called " Belt and Road Initiative" (BRI) on the Asian continent under

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² Lanxin Xiang, "China's Eurasian Experiment," *Survival* 46 (2004):118.

the Beijing's leadership. This may allow to a certain extent compensation for the loss in the Asia-Pacific region, which may occur because of the expansion of US military presence and the establishment of the US's strong economic relations with all countries in the region but China. A distinctive feature of the new Chinese strategy is creating a political, economic, and monetary unit in the first place, where mere military-political alliance in the region will not suffice.

The forecasts of the Price Waterhouse Coopers audit company highlight that only in the next 10 years the Chinese government intends to give \$1 trillion of loans and grants for implementation of the BRI project.³ To finance this strategy the PRC initiated the establishment of two major organizations, the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. Apart from this, China plans to involve its own currency reserves and the capabilities of a number of state-owned banks in capitalization of ongoing projects within the BRI.

The problem of Afghanistan

There is traceable evolution of China's interests in Afghanistan since 2001. Yet Afghanistan remains a blank spot in the BRI project as in the original version of the concept, no special infrastructure is planned on the Afghan territory. However, Afghanistan is located in the heart of Eurasia and may affect a other projects. Beijing worries about the ruinous influence of instability in Afghanistan on China's grandiose plans. Destabilization of Afghanistan, as well as the spread of chaos and violence from its territory to neighbouring countries and regions could jeopardize BRI and Chinese investments.

Hereby, only the construction project of China-Pakistan economic corridor will cost China \$46 billion of investments in the next 10-15 years.⁴ During President Xi Jinping's visit to Central Asia in the autumn of 2013, the parties signed a package of agreements worth \$50 billion USD.⁵ During the trip to Iran, Xi Jinping agreed to increase bilateral trade to \$600 billion within 10 years.⁶ Afghanistan, neighbour of these countries, exposes Beijing's plans as a risk. Perhaps in this context, the PRC has no other choice but to activate its foreign policy in Afghanistan as has been observed. Previously, Beijing prioritized the regulation of Uighur terrorists on Afghan territory and the Afghan-Pakistani border and Afghanistan's problems in the production of natural resources and their transportation to China. However, lately these problems have been relegated to a secondary role, escalating the strategic mission to ensure safety, viability, and effectiveness of BRI and Chinese investment into the region to the first place.

Conclusion

The paper poses questions of how Beijing intends on solving the Afghan problem. Any successful strategy with Central Asia and wider Eurasia involves the resolution of problems in

³ "China's new silk route: The long and winding road," *PricewaterhouseCoopers's Growth Markets Centre*, (2016): 4.

⁴ Daniel S. Markey, "Behind China's Gambit in Pakistan," *Council on Foreign Relations*, May 12, 2016, <http://www.cfr.org/pakistan/behind-chinas-gambit-pakistan/p37855>

⁵ Ben Chu, "China's \$50bn spending spree on new Silk Road," *Independent*, October 3, 2013, <http://www.independent.co.uk/news/business/news/chinas-50bn-spending-spreed-on-new-silk-road-8854793.html>

⁶ Bozorgmehr Sharafedin, "Iran's leader says never trusted the West, seeks closer ties with China," *Reuters*, January 23, 2016, <http://www.reuters.com/article/us-iran-china-idUSKCN0V109V>

Afghanistan. While Beijing continues to provide institutional infrastructure to be able to undertake projects in Central Asia, some of the efficacy of its projects will be hampered by the problems in Afghanistan.

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The BRI in Azerbaijan and implications for regime legitimacy

-ESKE VAN GILS¹

Introduction

The Belt and Road Initiative (BRI) has led to several points of criticism over the past years, both regarding the international dimension (creating reliance on China through the so-called ‘debt trap’) and the national level (the construction of large infrastructure projects may harm citizens’ interests). The case of Azerbaijan indeed confirms these points of critique, and furthermore shows that another consequence of the BRI is the potential enhancement of regime resilience of authoritarian regimes cooperating with China on the Initiative. This leads to the question: whose interests are being served through Azerbaijan’s participation in the BRI initiative?

Regional transport hub

In recent years Azerbaijan has undertaken three main infrastructure projects that can be seen as part of the BRI. Since oil prices dropped in 2015, the regime of President Ilham Aliyev has furthered the idea of positioning Azerbaijan as a regional transport hub, as part of an economic diversification strategy. First, the Baku-Tbilisi-Kars railway is aimed at speeding up transport between China and Europe, as a faster route over land. The railway also provides access from Central Asia to the European market without having to go through Russia. The second project is the North-South Railway Corridor, which links northern Europe with Southeast Asia via Russia, Azerbaijan and Iran. Third, the Port of Baku at Alat aims to become a major free trade area to transit goods in different directions.

Interestingly, until recently none of these projects was framed in light of the BRI. Instead, the government emphasises its discourse of national independence. The government website refers to the ‘restoration of the Great Silk Road’ rather than mentioning the BRI as such, and states that the project was founded at an international conference in 1998, on the initiative of “national leader Heydar Aliyev”.² Even when government-friendly media do refer to the BRI, it is with reference to the ‘great contribution’ that Azerbaijan is making to the project, highlighting how the international economic cooperation will enhance national independence and economic growth – yet without clarifying how this growth will benefit citizens.

Moreover, these three projects were planned during the time of the oil boom, but since the economic downturn oil money is not sufficient anymore to finance these projects. Hence the government had to look for investments elsewhere. The EU and USA did not want to provide funding for the Baku-Tbilisi-Kars railway and therefore the government turned to the AIIB instead. This, in turn, brings Azerbaijan in the same danger zone as other countries participating in the BRI, being subject to the ‘debt trap’.

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² President of the Republic of Azerbaijan (S.D.). ‘Restoration of Great Silk Road’.

Political dimensions

The main discourse about the BRI-related projects is thus technical and economic. However, Azerbaijan's involvement in the BRI is far from a-political. There are three main political dimensions to the development of Azerbaijan as a 'transport hub'.

First, because of the nature of Azerbaijan's political regime, all projects are carried out under strict government control. As the Director of the Baku International Sea Trade Port, Taleh Ziyadov, said, 'patronage' is needed to complete these projects – in other words, no other stakeholders will be involved and the government will be the sole actor.³ Construction companies are subcontracted, but these are typically owned and controlled by people close to the regime. Furthermore, there are issues with corruption, money laundering, self-enrichment, and lack of social security for people working in these infrastructure projects.

For China, the nature of the regime is considered as an advantage, however. Azerbaijan is seen as an 'ideal partner',⁴ providing political stability (i.e. the government is the sole stakeholder); the Azerbaijani government is pragmatic (i.e. non-economic concerns such as human rights or the environment will not interfere with the economic priorities); and there would be a sense of 'mutual understanding' which leads to trust in relations between the two states.

Second, the projects fit well within Azerbaijan's multi-vector foreign policy strategy. Balancing the country's interests internationally is nothing new; but the closer ties with China are. The three key projects show how different dimensions are incorporated into the government's plans: cooperation with Russia, Iran and Turkey, and Europe; but in addition now also China and India. The increasingly close ties with China are justified in different ways. There is a discourse that portrays these relations as based on 'trust' and 'friendship'. There are furthermore references to Azerbaijan's national identity as being 'in between East and West', making the shift towards the East seem less unusual. There possibly is also a link to the Nagorno-Karabakh conflict, with China presented as a potential peace broker. China has declared that it uses the UN law as a framework for issues related to territorial integrity. China's interests regarding Taiwan could mean that it could speak up for Azerbaijan's interests concerning Nagorno-Karabakh. This seems to be an interesting prospect for the Azerbaijani government, which is becoming increasingly fatigued and frustrated with the OSCE Minsk Group's inability to find a resolution to the conflict that has remained unresolved since 1994.

China also shares the views of the Azerbaijani government that the international community should not 'interfere' with 'domestic affairs', thereby providing an appealing alternative to cooperation with the European Union that operates on a basis of political conditionality.

The third political dimension to Azerbaijan's participation in the BRI is that of regime resilience. The three infrastructure projects meet the regime's interests through different ways. While these interests are presented as national interests, they really seem to serve the interests of the elites, rather than of the population at large. Azerbaijan is a clear example of a 'rentier state', with an

³ Gotev, G. (2016). 'Ziyadov: Baku will become a Dubai-like hub in Eurasia'. *Euractiv.com*

⁴ Lainlei, B. (2016). 'Azerbaijan in the Silk Road Economic Belt: A Chinese perspective'. *Caucasus International* 6 (1): 27-39

oil-based economy in which energy revenues are not redistributed equally and benefit mainly the close circle around the regime. Economic activity, including construction companies, are predominantly owned by people close to the regime; while the jobs created through the construction process are insecure and do not come with social security. Once the projects are operational, there will be transit revenues, but it is not clear yet what these will be spent on; the government makes no mention of a fairer redistribution of state income. But foremost, the engagement in the BRI provides the regime with an opportunity to enhance the discourse on national independence, economic growth, and stability. This comes at a time when instability was looming because of declining oil revenues, thereby providing a valuable alternative source to preserve regime resilience.

Conclusion

In conclusion, one could argue that Azerbaijan's participation in the BRI can play an important role in maintaining regime stability. While the three large infrastructure projects could have offered an opportunity to enhance the interests of citizens, through a diversification of the economy and a fairer redistribution of national wealth; there are currently no signs that point in that direction, and the 'transport hub' may mostly serve elite interests.

At the same time, the government's closer cooperation with China seems risky, in that it could threaten the country's much-treasured independence; but with declining oil revenues, there does not seem to be an immediate alternative available. The Aliyev regime has therefore endorsed a positive discourse on the BRI –albeit without explicitly referring to the BRI as such – with references to its multi-vector foreign policy, predicted economic growth, and the growing importance of Azerbaijan in global trade. Overall, then, the three main projects appear to enhance regime resilience, but may overlook resilience of society as a whole.

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