



The Dragon Stirs  
The New Silk Road

## Chapter 2

# THE DRAGON AWAKENS— CHINA'S GLOBALISATION 2.0

***“To grow its economy, China must have the courage to swim in the vast ocean of the global market.”***

– Xi Jinping at the Davos World Economic Forum 2017

The BRI is China's most ambitious plan in an attempt to steer the nation out of the globalisation storm that is lashing furiously at the world's leading economies. This is China's Globalisation 2.0. The blue print has been jointly drafted by the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce, and approved by the all-powerful State Council (China's central government).



The State Council is headed by Premier Li Keqiang as head of government. As the premier, Li sits as a member of the powerful Political Bureau Standing Committee of the Communist Party, simply known as the politburo. He was picked for the job on 15 March 2013 by President Xi Jinping.

In Chinese politics, the central government forms one of three inter-linked branches of power, the other two being the Communist Party and the armed forces (the People's Liberation Army). Although his position as President since 2013 is purely ceremonial, Xi is the party boss as General Secretary of the Communist Party and Commander-in-Chief of the armed forces – positions he has held since 2012. Additionally, he controls the politburo, China's ruling inner circle.

The National Development and Reform Commission (NDRC) is the country's central planning body comprising an unwieldy battalion of 15 departmental agencies. The NDRC is responsible for drafting China's five-year development plans. In the case of the BRI, the blueprint for the next 35 years till 2049 is to coincide with the centenary of the founding of the People's Republic of China. The country's economy, under its Globalisation 2.0 reset, is expected to match that of the US by 2027.

The current head of the NDRC, He Lifeng, is not in the politburo; he joined the Communist Party in 1981. Chosen by Premier Li, he only assumed office in February 2017.

The other two joint agencies involved in the drafting of the BRI's grand design are the Ministry of Commerce and the Ministry of Foreign Affairs due to the immense geopolitical outreach of the BRI.

According to the official document, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-century Maritime Silk Road*, the new Silk Road traces its genesis to the ancient Silk Road's "spirit of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit".

According to President Xi Jinping, he mooted the BRI while visiting Central Asia and Southeast Asia in September and October of 2013 respectively.

On a visit to Kazakhstan on 7 Sept. 2013, Xi floated his idea of "jointly building the "Silk Road Economic Belt" step by step to gradually form overall regional cooperation."

Xi told his hosts, "China and Kazakhstan are friendly neighbours as close as lips and teeth. A 1,700 plus-kilometre common border, more than 2,000 years of exchanges and broad common interests bind us together and open up broad prospects for the development of relations between the two countries."

The following month he visited Indonesia, which was then under the presidency of Susilo Bambang Yudhoyono. Addressing



the Indonesian parliament, he said the same thing: “China and ASEAN countries are as close as lips and teeth. We share the responsibility for regional peace and stability.”

Significantly, Xi pointed out that “the Chinese people are working hard to realise the Chinese dream for the great renewal of the Chinese nation”. He added that likewise, Indonesians have their own dream. Hence, it is for both sides to work together to “realise our respective dreams”. This, no doubt, is to be undergirded by the new Silk Road scheme of things.

According to the official document, the BRI “aims to promote the connectivity of Asian, European and African continents and their adjacent seas; establish and strengthen partnerships among the countries along the Belt and Road; set up all-dimensional, multi-tiered and composite connectivity networks; and realise diversified, independent, balanced and sustainable development in these countries”.

### **International endorsement**

The man behind the grandiose Silk Road project is for sure Xi Jinping, with Li Keqiang as his number two. President Xi and Premier Li have visited over 20 countries to sell the idea to the world. At the Silk Road summit in Beijing in May 2017, a total of

29 heads of states bought into the idea by signing the Silk Road joint communique. This was witnessed by Secretary General Antonio Guterres of the United Nations, President Jim Yong Kim of the World Bank Group and Managing Director Christine Lagarde of the International Monetary Fund. This wittingly gives China's Silk Road project an appearance of international respectability.

In his opening remarks, Guterres said, "The Belt and Road Initiative is rooted in a shared vision for global development. Indeed, China is a central pillar of multilateralism."

The UN chief also praised China for playing a key role in shaping the 2030 Agenda (of sustainable development goals) and in "making possible the adoption of the Paris Agreement – two of the past decade's signal achievements in international diplomacy".

He added that China had also launched several major initiatives, from the Asian Infrastructure Investment Bank and increased support for United Nations peacekeeping to a combination of new funds aiming at strengthening both peace and prosperity.

Russian President Vladimir Putin was duly acknowledged at the BRI heads of state summit. He was the first to speak after President Xi Jinping delivered his keynote address.



India turned down the invitation to the summit, only sending a low-level delegation, while the heads of government of Pakistan and Sri Lanka turned up and signed the joint communique.

Seven of the 10 ASEAN member states turned up and were represented by their respective head of government. Only Thailand, Singapore and Brunei were absent.

Significantly, two countries in the Americas – Argentina on the South Atlantic Ocean, and Peru on the South Pacific Ocean – have also signed the BRI joint communique although they are not situated geographically in the Silk Road area. China has been attempting to secure a footprint in the Americas through what is tagged its “railroad diplomacy” to establish a network of high speed railways there. This was before the Silk Road idea was even birthed.

It is no mean feat that China has managed to enlist six NATO members – Greece, Spain, Italy, Poland, Turkey, and the Czech Republic – to be joint signatories of the BRI communique, as well as six members of the EU. However, the key members of the G7 grouping of rich countries stayed away from the BRI summit in May 2017 in Beijing.

Nevertheless, their poorer counterparts, mainly from what was previously known as Eastern Europe, and former Soviet states

like Belarus and Serbia turned up. Switzerland also signed on the dotted line.

The inclusion of Greece, although on the brink of bankruptcy, is noteworthy as it is strategically located at the crossroads of Europe, Asia and Africa. Situated on the southern tip of the Balkan peninsula, it shares land borders with Albania to the northwest, the Republic of Macedonia and Bulgaria to the north, and Turkey to the northeast.

Likewise, Turkey is strategic as a land bridge in Eurasia. Its location has given it geopolitical and strategic importance throughout history. Turkey's growing economy and diplomatic initiatives have also led to its recognition as a regional power.

Turkey is an important Muslim country bordered by eight countries: Greece and Bulgaria to the northwest; Georgia to the northeast; Armenia, the Azerbaijani exclave of Nakhchivan and Iran to the east; and Iraq and Syria to the south. The country is encircled by seas on three sides: the Aegean Sea to the west, the Black Sea to the north, and the Mediterranean Sea to the south.

Three heads of government of the five Central Asian Muslim countries – Kazakhstan, Kyrgyzstan, and Uzbekistan – Greece, Spain, Italy, Poland, Turkey, and the Czech Republic – were also signatories of the joint communique. Kazakhstan is the largest



of the three. It has fallen on hard times but by signing up with China's Silk Road project, may just turn out to be, in Xi's favourite phrase, a win-win situation. China also sees Kazakhstan as a strategic partner, considering its large oil and gas reserves that could be piped through the China-Pakistan Economic Corridor of the new Silk Road.

### **Rebranding the Silk Road**

The Chinese has a penchant for numbers, such as "One-Country-Two-Systems" and "Four Modernisations". China's grand design is similarly littered with such numerals – Five Principles, Seven Pillars, Five Goals. However, in the case of its Silk Road plan, China's Central Compilation and Translation Bureau, together with the Chinese Academy of Social Sciences, decided that the Silk Road henceforth should not be referred to as "一带一路"(or "One Belt One Road" in English) anymore. The revised official translation is "The Belt and Road Initiative" with "BRI" as its acronym instead of the catchy "OBOR".

As explained by the Chinese officials, the first English translation, namely "One Belt One Road", tended to focus too much on the word "one" when there are actually five routes. They also said the word "initiative" was admitted into the official acronym "to stress the openness of the strategy, and to avoid criticisms over 'China-centred institution building'."

The “Belt”, or the land route, is termed as the “Silk Road Economic Belt”, which runs through China, Central Asia, Russia and Europe (the Baltic), linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia while connecting China with Southeast Asia, South Asia and the Indian Ocean.

The “Road” refers to the “21st-Century Maritime Silk Road”, going from China’s coast to Europe through the South China Sea and the Indian Ocean in one route, and from China’s coast through the South China Sea to the South Pacific in the other.

### Five Goals

Countries along the Belt and Road are expected to cooperate with China and with one another to achieve the BRI’s five major goals.

1. **Policy coordination** – building a multi-level intergovernmental macro policy exchange and communication mechanism.
2. **Facilities’ connectivity** – of the participating countries’ infrastructure construction plans, building of international trunk passageways, and construction of cross-border optical cables and other communications trunk line networks, and to create an Information Silk Road.



- 3. *Unimpeded trade*** – improving investment and trade, and removing investment and trade barriers for the opening of free trade areas, establishing a “single-window” in border ports, reducing customs clearance costs, developing cross-border e-commerce, exploration and development of coal, oil, gas, metal minerals and other conventional energy sources like hydropower, nuclear power, wind power, solar power and other clean, renewable energy sources.
- 4. *Financial integration*** – building a currency stability system, investment and financing system and credit information system in Asia. Developing the bond market in Asia, establishing the Asian Infrastructure Investment Bank and BRICS New Development Bank, Shanghai Cooperation Organisation (SCO), and the Silk Road Fund as well as cooperating with China-ASEAN Interbank Association and SCO Interbank Association, and scaling up internalisation of China’s Renminbi.
- 5. *People-to-people exchange*** – by promoting extensive cultural and academic exchanges, epidemic information sharing, the exchange of prevention and treatment technologies and the training of medical professionals, and jointly addressing public health emergencies.

China's Silk Road is so massive and inter-connected that it is beginning to resemble a fiery dragon sinking its hydra-like claws into the vast landscape with all its ferocity. This is China's embrace of globalisation at a time when industrial nations are wobbling back with uncertainty into protectionism, notably the US under President Donald J Trump's "America First" cry.