

The Belt and Road Initiative

The People's Republic of China's New Assertive Foreign Policy

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Resumo

Esta tese investiga as motivações e racionalidade subjacentes à ‘Iniciativa Cinturão e Rota’ da República Popular da China (RPC). Parte da contextualização do projeto, escopo e objetivos, em seguida, apresenta uma análise geral das instituições e infraestrutura criadas para o promover, financiar e implementar, assim como de seus principais desenvolvimentos de 2013 até o presente. Para examinar os impulsionadores-chave da iniciativa, discute os principais desafios (geo)políticos e (geo)econômicos que a China encontra após quatro décadas de crescimento econômico extraordinário a partir das reformas político-econômicas e medidas de abertura iniciadas por Deng Xiaoping, de sua adesão à Organização Mundial do Comércio (OMC), *Go Out Policy*, e recente desaceleração econômica. Argumenta-se que a política externa chinesa tornou-se mais assertiva desde a crise financeira internacional de 2008, especialmente após Xi Jinping assumir o poder e que, nesse contexto, a iniciativa, além de ser uma resposta às necessidades domésticas e aos desafios internacionais da China, também visa sua estratégia de médio e longo prazo de reformar a ordem mundial. A última parte da tese investiga se a iniciativa constitui uma estratégia para materializar um modelo alternativo de globalização através de *soft power* ou um mecanismo para expandir as esferas de influência da China, tal como comumente sugerido pela literatura. Conclui-se que ambos os argumentos são incapazes de capturar a lógica que sustenta a iniciativa, uma vez que a estratégia se alicerça sobretudo em *hard* ao invés de *soft power*, e o conceito de esferas de influência reflete uma visão ocidental do sistema internacional.

Palavras-chave: Iniciativa Cinturão e Rota; BRI; República Popular da China; Política Externa; Globalização; Esferas de Influência.

Abstract

This thesis investigates the motivations and rationale underlying the People's Republic of China's (PRC) Belt and Road Initiative (BRI). It starts from a contextualisation of the project, scope and objectives, then presents an overview of the institutions and infrastructure created to promote, finance, and implement it, as well as of its main developments from 2013 to the present. In order to examine the key drivers for the BRI, it discusses the main (geo)political and (geo)economic challenges China faces after four decades of extraordinary economic growth following the politico-economic reforms and opening-up measures initiated by Deng Xiaoping, its accession to the World Trade Organisation (WTO), 'Go Out' policy, and recent economic slowdown. It argues China's foreign policy has become more assertive since the 2008 international financial crisis, especially after Xi Jinping came into power, and that, in this context, the BRI besides being a response to China's domestic needs and international challenges, it also fits its medium to long-term strategy to reshape the world order. The last part of the thesis delves into whether or not the BRI constitutes a strategy to materialise an alternative model of globalisation through soft power or a mechanism to expand China's spheres of influence, as it is commonly suggested by the literature. It concludes that none of these arguments capture the logic of the BRI, as the strategy relies mostly on hard rather than soft power, and the concept of spheres of influence reflects a Western-centric view of the international system.

Keywords: Belt and Road Initiative; BRI; The People's Republic of China; Foreign Policy; Globalisation; Spheres of Influence.

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List of Abbreviations

ABC	Agricultural Bank of China
ADB	Asian Development Bank
AIIB	Asian Infrastructure and Investment Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of East Asian Nations
AU	African Union
BOC	Bank of China
BRF	Belt and Road Forum
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CAREC	Central Asia Regional Economic Cooperation
CCPIT	China Council for the Promotion of International Trade
CDB	China Development Bank
CIC	China Investment Corporation
CMC	Central Military Commission
CPC	Communist Party of China
CNN	Cable News Network
CRS	Contract Responsibility System
CSIS	Center for Strategic and International Studies
IAS	European Institute of Asian Studies
EPZ	Export Processing Zone
EU	European Union
FOCAC	Forum on China-Africa Cooperation
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTZ	Free Trade Zone
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-Region
ICBC	Industrial and Commercial Bank of China
ICISS	International Commission on Intervention and State Sovereignty
IES	Institute of European Studies
IMF	International Monetary Fund
MFA	Ministry of Foreign Affairs
MFEZ	Multi-Facility Economic Zone

MIIT	Ministry of Industry and Information Technology
MOFCOM	Ministry of Commerce
NAM	Non-Aligned Movement
NBR	National Bureau of Asian Research
NDRC	National Development and Reform Commission
NGO	Non-Governmental Organisation
NPC	National People's Congress
NUPI	Norwegian Institute of International Affairs
OBOR	One Belt One Road
ODI	Outbound Direct Investment
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of the Petroleum Exporting Countries
PCBC	People's Construction Bank of China
PLA	People's Liberation Army
PRC	People's Republic of China
R2P	Responsibility to Protect
SAFE	State Administration of Foreign Exchange
SASEC	South Asia Sub-Regional Economic Cooperation
SCO	Shanghai Cooperation Organisation
SEZ	Special Economic Zone
SHD	Sustainable Human Development
SIIS	Shanghai Institutes for International Studies
SOE	State-Owned Enterprise
SRF	Silk Road Fund
TiSA	Trade in Service Agreement
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TVE	Township and Village Enterprise
UN	United Nations
USSR	Union of Soviet Socialist Republics
US	United States of America
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WSO	World Summit Outcome
WTO	World Trade Organisation

1. Introduction

Since Chinese President Xi Jinping announced the ‘Silk Road Economic Belt’ in Astana, Kazakhstan in September 2013, and the ‘21st Century Maritime Silk Road’ in Jakarta, Indonesia the following month, which taken together have been known as the ‘One Belt One Road Initiative’ (OBOR), now officially addressed as the ‘Belt and Road Initiative’ (BRI)¹, the ambitious project has drawn attention, interest, support, and concerns from all around the world (Bhoothalingam, 2015). The multi-trillion initiative, first introduced in the speech entitled ‘Promote People-to-People Friendship and Create a Better Future’², was based on the notion of the ancient silk roads and their quasi-mythical old history of cultural, political, religious and knowledge exchanges, as well as trade, commerce, and friendly contacts amongst different peoples from China, Central Asia and Europe in order to claim for a new model for “win-win” cooperation, which should share peace and development along the way by improving connectivity through massive investments to build networks of rail, ports and airports, and maritime, energy, communication and internet infrastructure (Aguinaldo, 2017).

Six years after President Xi’s visit to Nazarbayev University and his address to the Indonesian Parliament, the BRI has become more than a vision. Institutions such as the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund (SRF), and the Belt and Road Forum (BRF)³ have been established “to finance infrastructure construction and promote regional interconnectivity and economic integration” (Xinhua, 2015b).⁴ Moreover, huge investments, projects and works under the initiative have been taking place in several areas, countries and regions.⁵ According to Ma Junchi (2017), assistant professor at the Institute of European Studies (IES) at the Chinese Academy of Social Sciences, some of the initiative most successful accomplishments include the X-Xin-Ou trans-continental railways,⁶ which link Chinese inland cities to Europe, and “are important to the transportation of goods between Asia and Europe”; the Greek Piraeus port, which, “together with the China-Europe Land and Sea Express line through Macedonia, Serbia and Hungary” “will help to shorten transportation times”; and the deep level of cooperation Asian countries such as Indonesia and Thailand have achieved with China in terms of high-speed rail (Ma, 2017, p. 150).

¹ The terms ‘One Belt One Road’ (OBOR) and ‘Belt and Road Initiative’ (BRI) are used interchangeably throughout the paper.

² Ministry of Foreign Affairs of the People’s Republic of China, 2013. Available from: https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjh_665391/t1078088.shtml Accessed on: July 18th, 2018.

³ Also known as BARF (Fullerton, 2019) Available from: <https://www.telegraph.co.uk/news/2019/04/27/chinas-president-calls-countries-join-belt-road-initiative/> Accessed on: August 5th, 2019.

⁴ Available from: http://english.www.gov.cn/news/top_news/2015/04/20/content_281475092566326.htm Accessed on: August 5th, 2019.

⁵ For the complete list of countries involved, the geographical scope of the BRI, the main related organisations, initiatives, projects, events and people, see Reconnecting Asia Project. Available from: <https://reconnectingasia.csis.org/database/initiatives/one-belt-one-road/fb5c5a09-2dba-48b9-9c2d-4434511893c8/> Accessed on: July 24th, 2018.

⁶ Six railways that pass through Xinjiang and link Chinese cities to European ones, such as Madrid, London, Berlin, Duisburg, Rotterdam, among many others (Ma, 2017, p. 150).

Brenda Goh and Yawen Chen (2017) argue that all these institutions founded or proposed by China, together with its increasing engagement in regional and international organisations, have raised questions about its motivations, foreign policy strategy, and their consequences for the future. Therefore, in order to promote the initiative and gather support, President Xi Jinping held a two-day summit in Beijing in May, 2017, to which world leaders, officials, investors and delegations were invited to participate in and work together “to forge a path of peace, inclusiveness and free trade”, and where he “called for the abandonment of old models based on rivalry and diplomatic power games” (Goh & Chen, 2017).⁷ Nevertheless, despite all the promotion through forums, summits, news, state media, high-profile official visits, commissions, propaganda, advertising, and investments directed to the initiative, the BRI still faces a lot of challenges to develop and achieve its aims, that is, apart from all the risks involved for its success, which vary from economic and ecological issues to geopolitical factors regarding China’s complicated relations with its neighbours due to “history, religion, border delineation and natural resources”, there are also hazards about misperception of China’s presence, plan, influence and “grand strategy of geopolitics” (Wang, 2016, p. 460).

As Jonathan Hillman (2018), director of the Reconnecting Asia Project at the Center for Strategic and International Studies (CSIS), stated before the US-China Economic and Security Review Commission, even though recognition for the initiative has been growing, and “nearly 30 world leaders and representatives from 110 countries and international organizations attended the BRF in May 2017”, “the BRI is also the best-known, least-understood foreign policy effort underway” (Hillman, 2018, p. 2).⁸ According to Tom Phillips (2017), Western diplomats have concerns regarding real objectives with OBOR initiative and about “how much involvement non-Chinese companies will be allowed to have” in it; furthermore, they also present ““deep-rooted doubts”, with some suspecting Beijing is using its “win-win” project as a ploy to lure less powerful nations into its economic orbit and boost its geopolitical power”. For that reason, he argues former Italian Prime Minister Paolo Gentiloni was the only G7 member country representative who attended the first BRF summit.⁹

Goh and Chen (2017) also contend that Western representatives see the plan as a Chinese strategy to exert more international influence. They argue Western diplomats are “concerned about transparency and access for foreign firms to the scheme”. Nonetheless, they reported that, despite “some unease” at the first BRF, several EU leaders attended it, including Prime Ministers from Greece, Hungary, Poland and Spain, as well as “Chinese close allies, Russian President Vladimir Putin, Cambodian Prime Minister Hun Sen and Kazakh President Nursultan Nazarbayev”.¹⁰

⁷ Available from: <https://www.reuters.com/article/us-china-silkroad-africa-idUSKBN18A02I> Accessed on: July 30th, 2018

⁸ To watch his full testimony, see: <https://www.senate.gov/isvp/?type=live&comm=uscc&filename=uscc012518> Accessed on: July 28th, 2018.

⁹ Available from: <https://www.theguardian.com/world/2017/may/14/china-xi-silk-road-vision-belt-and-road-claims-empire-building> Accessed on: July 28th, 2018

¹⁰ North Korea was represented at the first BRF by a delegation led by the Minister of External Economic Relations Kim Yong-jae (Diplomat, 2017). Available from: <https://thediplomat.com/2017/05/belt-and-road-attendees-list/> Accessed on: August 6th, 2019.

Although there has been a lot of discussion on the OBOR initiative, Theresa Fallon (2015), senior associate with the European Institute of Asian Studies (EIAS), claims that “the precise contours of the BRI have not been completely defined. Currently, the ‘Belt and Road’ appears to be a versatile label for China’s foreign policy in Eurasia” (Fallon, 2015, p. 142). According to CNN reporter James Griffiths (2017), the ambitious initiative that involves around 70 countries, 4.5 billion people, and almost half of the world GDP, remains an unclear project; in his words, it “is a collection of interlinking trade deals and infrastructure projects throughout Eurasia and the Pacific, but the definition of what exactly qualifies as an OBOR project or which countries are even involved in the initiative is incredibly fuzzy”.¹¹

Since the announcements of the BRI to the present, different narratives about it have come up: some claim it is a Chinese Marshall Plan¹² and/or a tool of geopolitics to dominate neighbouring countries, an approach also known as the “China threat” theory. Scholars like Francis Fukuyama (2011)¹³ and Barry Naughton (2010) argue China aims to export its development model which has become more attractive abroad, mainly to developing countries in Africa (Qasem, van Dongen, & de Ridder, 2011); David Shambaugh, one of the most renowned China observers, based on Lee et al. (2018), claims the BRI is an attempt to establish an alternative world order which represents a direct challenge to the post-Second World War institutions created by the US and Western powers (Lee, Wainwright & Glassman, 2018, p. 12 apud Shambaugh, 2016). Furthermore, some researchers argue it is a strategy to secure energy and mineral supplies, a commercial plan to facilitate the flow of capital, resources, and commodities, and a way to deal with China’s overcapacity problem, especially in the steel, cement and construction sectors. Finally, another group asserts that it is a policy to open-up the PRC’s land-locked western provinces, which lag far behind its coastal regions in terms of development, as well as a strategy to deal with local separatist movements (Lee, Wainwright, & Glassman, 2018).

Junchi (2017) argues the views on the BRI “are not just limited to the initiative itself, but broadened to include speculation on the Chinese domestic market, its economic situation, its domestic stabilization and China’s political ambition in the world” (Junchi, 2017, p. 155). Because domestic stabilisation is the PRC’s main goal and “(the) biggest challenge China faces is indeed the structural reform of its economic model from investment and export, to domestic consumption”, therefore, in order to upgrade its industry, learn and improve high-technology and management experience, and reform the domestic economy, “China will unite the whole country’s strength to implement this initiative, by concentrating government and non-government resources, (because) although it suffers from its economic situation now, for long-term profit, it is worthwhile” (Ibid., p. 161). Overall, the BRI has been interpreted in

¹¹ Available from: <https://edition.cnn.com/2017/05/11/asia/china-one-belt-one-road-explainer/index.html>
Accessed on: June 5th, 2017. See Annex I for the maps of the regions and countries participating in the BRI.

¹² The Marshall Plan, officially the European Recovery Program (ERP), was a US initiative to aid western European countries to rebuild their economies after World War II. It was implemented in 1948 and lasted for four years. The plan totalled approximately US\$13 billion (around US\$130 billion at 2016 values) (Steinbock, 2017). Available from: <https://www.telegraph.co.uk/news/world/china-watch/business/belt-and-road-vs-marshall-plan/>
Accessed on: July 4th, 2018.

¹³ Karon, 2011 apud Fukuyama, 2011. Available from:
<http://content.time.com/time/world/article/0,8599,2043235,00.html> Accessed on: August 5th, 2018.

different and often competing ways, revealing both the open and evolving character of the project and its multiple goals both at the domestic and international levels.

1.1 Objectives

This thesis aims to examine the multiple dimensions of the PRC's BRI, the infrastructure created to finance, promote and establish it, the rationale behind the plan, and its role within China's broader foreign policy under President Xi Jinping. Furthermore, it aims to examine China's growth and development, opening and integration in the international system, and globalisation process, by focusing on the Beijing Consensus, also known as the Chinese Model, as an alternative to the Washington Consensus policies to be adopted and emulated by developing countries. Finally, it seeks to analyse the different narratives about the BRI, the PRC's so-called new assertive foreign policy, and whether or not the BRI besides addressing China's main domestic and international challenges, consists in a strategy to reshape and/or replace the current world order.

1.2 The Belt and Road Initiative (BRI)

In official Chinese visits to Central Asian States¹⁴ in September 2013, President Xi Jinping launched the 'Economic Belt' initiative, a plan to "improve connectivity from Asia to Europe" by investing in communication links, and in infrastructure projects, which included "transport corridors" of rail, ports, pipelines, sea-lanes and airports, "to promote trade, travel and the interflow of goods and services" (Fallon, 2015, p. 140); (Bhoothalingam, 2017, p. 264). President Xi claimed that in order "to forge closer economic ties, deepen cooperation and expand development space in the Eurasian region", people of all countries along the route "should take an innovative approach and jointly build an 'Economic Belt along the Silk Road';¹⁵ according to him, the initiative should focus on achieving five main goals: step up policy communication; improve road connectivity; promote unimpeded trade; enhance monetary circulation; and increase understanding between people (Ibid.).

The second component of the project, now referred to as the 'Belt and Road Initiative'¹⁶, that is, the '21st-Century Maritime Silk Road', which is "expected to stretch across Southeast Asia, the Indian Ocean, Persian Gulf and the Mediterranean", was announced on October 3rd, 2013 at the Association of

¹⁴ Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan.

¹⁵ For the complete 2013 speech of President Xi Jinping in Kazakhstan see 'Promote Friendship Between Our People and Work Together to Build a Bright Future', 2013. Available from: <http://www.fmprc.gov.cn/ce/cebel/eng/zxxx/t1078088.htm> Accessed on: June 5th, 2017.

¹⁶ It has been officially referred to as the 'Belt and Road Initiative' and/or the 'Economic Belt Road' since the release of the blueprint in 2015, and as 'One Belt One Road' (OBOR) by scholars, researchers and international media. As a means to distance the plan from a geopolitical and/or geo-economic enterprise, the word "strategy" has been avoided by Chinese government and officials (Stec, 2018). Available from: <https://beltandroad.ventures/beltandroadblog/2018/02/04/chinas-belt-and-road-initiative-is-neither-a-strategy-nor-a-vision-it-is-a-process> Accessed on: July 23rd, 2019.

South East Asian Nations (ASEAN)¹⁷ summit in Indonesia, during President “Xi’s first visit to an ASEAN member country since taking office in March” the same year (Jiao & Yunbi, 2013).¹⁸ At Xi’s speech, there was an emphasis on the idea of a “shared destiny” amongst China and ASEAN member countries, and on a future discussion to conclude “a treaty of good-neighborliness, friendship and cooperation in a joint effort to build good-neighboring relations” (Ibid.). Furthermore, according to President Xi, the ‘21st-Century Maritime Silk Road’ plan, similarly to the ‘Economic Belt’ project, should aim at accomplishing five goals: build trust and develop good-neighbourliness; work for ‘win-win’ cooperation; stand together and assist each other; enhance mutual understanding and friendship; and stick to openness and inclusiveness (ASEAN-China Centre, 2013).¹⁹ China’s Foreign Minister Wang Yi (2015) affirmed that the implementation of the BRI would lead to the “rejuvenation of the Eurasian continent” and the realisation of the “Chinese Dream” (Fallon, 2015, p. 141).²⁰

Nevertheless, since the two announcements until March 28th, 2015, OBOR’s scope had been unclear and lacked details regarding what should qualify as part of the enterprise, thus, the Chinese National Development and Reform Commission (NDRC), together with the Ministry of Foreign Affairs (MFA) and Ministry of Commerce of the People’s Republic of China (MOFCOM), with the authorisation of the State Council, published the ‘Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road’ blueprint, which set up its principles, framework, cooperation priorities and mechanisms, China’s regions in pursuing opening-up, and an imagined future of the participating countries along the BRI together (NDRC, MFA and MOFCOM of the PRC, 2015).²¹ By examining the information presented on the document, we may have a better understanding of the BRI as it has been presented by the PRC.

1.3 Vision and Actions on Jointly Building the BRI

The ‘Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road’ blueprint²², which was released at the 2015 annual conference of the Boao Forum for Asia²³, is divided into a preface and eight sections, namely: I. Background; II. Principles; III. Framework; IV. Cooperation Priorities; V. Cooperation Mechanisms; VI. China’s Regions in Pursuing Opening-Up; VII. China in Action; and VIII. Embracing a Better Future (NDRC, MFA and MOFCOM

¹⁷ For information about ASEAN and its members, see: <https://asean.org/> Accessed on: July 24th, 2019.

¹⁸ Available from: http://usa.chinadaily.com.cn/china/2013-10/04/content_17008940.htm Accessed on: June 5th, 2017.

¹⁹ For the complete 2013 speech of President Xi Jinping to the Indonesian Parliament see: http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm Accessed on: June 5th, 2017.

²⁰ It is important to notice that the ‘belt’ refers to the land route, whereas the road to the maritime one

²¹ Available from: <http://english.cri.cn/12394/2015/03/29/2941s872030.htm> Accessed on: July 1st, 2018.

²² It will be referred to as “Vision and Actions”, “Action Plan” and “blueprint” throughout the paper.

²³ A nongovernmental and non-profit international organisation founded in February, 2001, which works as a platform for dialogue amongst Asia and other continents by hosting annual meetings in Hainan Province, China (Boao Forum for Asia, n.d.). Available from: <http://english.boaoforum.org/gyltbjjsen.jhtml> Accessed on: September 5th, 2019.

of the PRC, 2015). The *Preface* begins by retelling, in a few words, the long history of the ancient silk roads, i.e., it states that “more than two millennia ago the diligent and courageous people of Eurasia explored and opened up several routes of trade and cultural exchanges that linked the major civilizations of Asia, Europe and Africa”, as to describe the “Silk Road Spirit”, that is, “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit”, and ‘historic and cultural heritage shared by all countries around the world’ (Ibid.). It asserts that the ‘Silk Road Spirit’ “(...) has been passed on from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road”, therefore, “in the 21st century, a new era marked by the theme of peace, development, cooperation and mutual benefit, it is all the more important for us to carry it (on)” given “the weak recovery of the global economy, and complex international and regional situations” (Ibid.).

According to Chinese Premier Li Keqiang’s remarks at the China-ASEAN Expo in 2013, for the same reasons, a ‘Maritime Silk Road’ should be built towards ASEAN member countries in order to propel ‘hinterland development’ and “regional economic cooperation, (to) strengthen exchanges and mutual learning between different civilizations, and promote world peace and development” (NDRC, MFA and MOFCOM of the PRC, 2015b).²⁴ Hence, as a means to reach these goals, “the Chinese government drafted and published” the BRI action plan “to promote the implementation of the initiative, instil vigor and vitality into the ancient Silk Road, connect Asian, European and African countries more closely and promote mutually beneficial cooperation to a new high and in new forms” (Ibid.).

On the first section of the blueprint, the *Background*, after analysing the “complex and profound changes taking place in the world”, the impact of the international financial crisis, the world economy and its slow recovery, as well as the uneven development amongst countries in the international system, the existing multilateral trade and investment frameworks, and the current challenges to development, the BRI is presented as a means to “uphold the global free trade regime and the open world economy in the spirit of open regional cooperation” (Ibid.). Subsequently, it is claimed that the initiative

is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all (NDRC, MFA and MOFCOM of the PRC, 2015).

Moreover, it is written that the OBOR initiative also

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

²⁴ Available from: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html Accessed on: July 19th, 2018.

all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries (Ibid.).

Finally, the section claims that “jointly building” the BRI reflects the “ideals” and “interests of the world community”, because “it is a positive endeavor to seek new models of international cooperation and global governance, and (it) will inject new positive energy into world peace and development”; thus, China will continue to open-up its economy and remain committed to more cooperation and integration with the “world economic system” by “shouldering more responsibilities and obligations within its capabilities, and making greater contributions to the peace and development of mankind” (Ibid.).

On the following part of the Action Plan, *Principles*, it is highlighted that the BRI “is in line with the purposes and principles of the UN Charter”²⁵ and that “it upholds the Five Principles of Mutual Coexistence”²⁶, i.e.: 1. Mutual respect for each other's sovereignty and territorial integrity; 2. Mutual non-aggression; 3. Mutual non-interference in each other's internal affairs; 4. Equality and mutual benefit; and 5. Peaceful co-existence (NDRC, MFA and MOFCOM of the PRC, 2015c).²⁷ Additionally, it is stated the BRI “is a systematic project, which should be jointly built through consultation to meet the interests of all”; (...) “open for cooperation”; “harmonious and inclusive”; “seeks mutual benefit”, (...) “a conjunction of interests”, “and (is) the biggest common denominator for cooperation so as to give full play to the wisdom and creativity, strengths and potentials of all parties”; finally, it is contended the BRI “accommodates the interests and concerns of all parties involved, and that it “is not limited to the area of the ancient Silk Roads, i.e., it “is open to all countries, and international and regional organizations for engagement, so that the results of the concerted efforts will benefit wider areas” (Ibid.).

The following subdivision of the plan, the *Framework*, which presents the infrastructure focus of the ‘OBOR’ initiative, describes it as follows:

The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to go 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. On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia and China-

²⁵ For the principles of the UN Charter, see article II on: <https://www.un.org/en/sections/un-charter/chapter-i/index.html> Accessed on: July 24th, 2019.

²⁶ The same principles China and India agreed upon in 1954, when the world was divided into two blocks represented by the US and the Soviet Union, and colonised countries that struggled against imperialism adopted in 1955 at the Bandung Conference, which would lead to the foundation of the Non-Aligned Movement (NAM), and the rationale behind China's foreign policy. The NAM was founded in 1956 and its first conference took place in Belgrade in 1961 (Muekalia, 2004); (MFA of the PRC, n.d.-b). Available from: http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18053.shtml Accessed on: June 2nd, 2017.

²⁷ Available from: http://language.chinadaily.com.cn/2015-03/30/content_19950951.htm Accessed on: September 2nd, 2018.

Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms. At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road. The China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor are closely related to the Belt and Road Initiative, and therefore require closer cooperation and greater progress (NDRC, MFA and MOFCOM of the PRC, 2015b).

As Khanindra Das (2017), assistant professor at the Rajiv Gandhi Institute of Management, India, summarises it, the BRI encompasses five key routes:

(i) China to Europe through Central Asia and Russia, (ii) China to West Asia through Central Asia, (iii) China to Southeast Asia, South Asia and the Indian Ocean, (iv) Maritime Silk Route from China to Europe through the South China Sea and the Indian Ocean and (v) China to the South Pacific Ocean through the South China Sea (Das, 2017, p. 127).

In the fourth and longest section of the ‘Vision and Actions’ blueprint, that is, *Cooperation Priorities*, a total of five main goals to be achieved together by the initiative adherents are presented: 1. Promote policy coordination; 2. Facilitate connectivity; 3. Support unimpeded trade; 4. Provide financial integration; and 5. Strengthen people-to-people bonds (NDRC, MFA and MOFCOM of the PRC, 2015b). Furthermore, a description of the initiative targets and the main reasons why they are pertinent to the BRI are also included (Ibid.):

1. *Promote policy coordination*: the goal describes itself as “an important guarantee for implementing” the BRI; it involves creating and promoting multi-level intergovernmental communication mechanisms for cooperation; providing economic policies and strategies coordination; supporting the implementation of measures, policies and large-scale projects; expanding and enhancing shared interests and political trust to reach cooperation consensus along the BRI countries (Ibid.);

2. *Facilitate connectivity*: its is presented as the main target of the BRI; it consists on building the infrastructure network to connect Asia, Europe and Africa by respecting sovereignty, security, technical standards and climate change; it aims to improve security of oil and gas pipelines and power supply; expand communications connectivity, road and traffic equipment and facilities; promote green and low carbon infrastructure; link up unconnected roads and remove transport bottlenecks; “build a unified coordination mechanism for whole-course transportation between countries”, which includes increasing sea routes, land and water transportation channels, number of voyages, and “connectivity of customs clearance”; furthermore, it also entails improving port and maritime logistics and information technology; and enhancing energy, spatial and civil aviation cooperation (Ibid.);

3. *Support unimpeded trade*: it is oriented towards the creation of a sound business environment; it encompasses improving trade, and removing investment and cooperation barriers in several different areas; the creation of Free Trade Zones (FTZs) and Economic Cooperation Zones (ECZs); the

development of industrial parks and clusters; establishing customs cooperation and clearance facilities to reduce time and costs; information exchange; mutual recognition and assistance in regulation and law enforcement, that is, inspection, quarantine, certification, accreditation, standard measurement, coordination of cross-border supervision, transparency, liberalisation, and statistical information (Ibid.). Based on the Action Plan, as a means to achieve the goal, the BRI should encourage the following activities: increasing cooperation in supply chains; promoting innovation, bio-technology, new generation technology, e-commerce and trade balance; investments in agriculture, forestry, fisheries, marine-product farming, bio-pharmacy, deep-sea fishing, aquatic processing, ocean engineering technology, seawater desalination, machinery, and exploration of energy sources and materials; cooperation in energy and renewables conversion and processing, as well as supporting emerging industries; enhancing entrepreneurship, R&D, marketing systems, division of labour, and environmental and biodiversity protection. Furthermore, it asserts the Chinese government welcomes foreign companies “to invest in China, and encourage(s) Chinese enterprises to participate in infrastructure construction in other countries along the Belt and Road” (Ibid.);

4. *Provide financial integration*: it is considered as essential to the implementation of the OBOR initiative; it is about deepening financial regulation, coordination and cooperation, and “building a currency stability system, investment and financing system and credit information system in Asia”. In addition to expanding currency swap, developing the regional bond market, establishing the AIIB, the BRICS New Development Bank (NDB), the Shanghai Cooperation Organisation (SCO) Financing Institution, and the SRF, it is written that the BRI aims at: strengthening China-ASEAN and SCO Interbank Association; issuing Renminbi and foreign countries bonds; improving risk response and crisis management; increasing credit regulators, rating and investigation institutions; and encouraging the signing of Memorandum of Understandings (MoUs), as well as commercial equity investment, and private funds to participate in the initiative (Ibid.);

5. *Strengthen people-to-people bonds*: it is written that working on this goal will provide public support for the initiative, and encourage ‘the spirit of friendly cooperation’. The objective is to promote several activities, including: cultural, academic and personnel exchanges; volunteer service; government scholarships; youth employment; entrepreneurship and vocational training; cooperation in media, internet and culture, such as book, art and film fairs and festivals; TV and radio programmes production and translation; tourism; science, technology transfer and innovation by establishing joint labs and research centres; communication and cooperation between think-tanks, political parties, institutions, parliaments, legislative bodies, NGOs and cities. Furthermore, it encourages sports activities; countries biddings to host international events; protecting World Cultural Heritage sites; cooperation in health by sharing information, exchanging prevention and treatment technologies, and improving capabilities to address emergencies, as well as all other areas of common interests (Ibid.).

In the *Cooperation Mechanisms* segment of the blueprint, section VI, it is written that because “world economic integration is accelerating and regional cooperation is on the upswing”, hence, China

should take advantage of international forums and exhibitions²⁸, and bilateral and multilateral mechanisms and platforms²⁹, to promote, improve and strengthen the process; moreover, it is asserted it will be achieved “through multi-level and multi-channel communication and consultation”, as well as by encouraging “the signing of cooperation MoUs or plans”; developing (...) “bilateral cooperation pilot projects”; “exploring the historical and cultural heritage of the (BRI)”; (...) “investment, trade and cultural exchange activities”; ensuring “the success of the Silk Road (Dunhuang) International Culture Expo, Silk Road International Film Festival and Silk Road International Book Fair”; and setting up “an international summit forum on the (BRI)” (NDRC, MFA and MOFCOM of the PRC, 2015b).

In the seventh chapter, *China's Region in Pursuing Opening-up*, it is written that the PRC will pursue further economic opening-up, and strengthening cooperation and interaction amongst its different regions, which, on the plan, are divided into four: 1. North-western and north-eastern regions; 2. South-western regions; 3. Coastal regions, Hong Kong, Macao and Taiwan; and 4. Inland regions. Furthermore, the advantages and strengths of each one of them, as well as the main projects and goals within the BRI, are highlighted as follows:

1. *North-western and north-eastern regions*: Shaanxi and Gansu should use their “economic and cultural strengths”; Ningxia Hui Autonomous Region and Qinghai province should benefit from their “ethnic and cultural advantages”; Inner Mongolia should profit from its proximity to Mongolia and Russia; Heilongjiang, Jilin and Liaoning provinces should strengthen cooperation with Russia’s Far East; besides playing the role of “a window of westward opening-up to deepen communication and cooperation with Central, South and West Asian countries”, Xinjiang should also become a “key transportation, trade, logistics, culture, science and education center, and a core area” of the initiative. Additionally, Xi’an, Lanzhou and Xining should become new focuses of opening-up and reform; and, in addition to the Ningxia Inland Opening-up Economic Zone (EZ), railways connecting Russia with Heilongjiang, and an Eurasian corridor linking Beijing and Moscow should be built and improved as a means to strengthen cooperation “on sea-land multi-modal transport” (Ibid.);

2. *South-western regions*: Yunnan province, Guangxi Zhuang Autonomous Region, and the Greater Mekong Sub-region (GMS)³⁰ should take advantage of being ASEAN member countries’ neighbours to develop the Beibu Gulf and the Pearl River Xijiang EZs so that they could be used as gateways to the

²⁸ Boao Forum for Asia, China-ASEAN Expo, China-Eurasia Expo, Euro-Asia Economic Forum, China International Fair for Investment and Trade, China-South Asia Expo, China-Arab States Expo, Western China International Fair, China-Russia Expo, and Qianhai Cooperation Forum (NDRC, MFA and MOFCOM of the PRC, 2015b).

²⁹ Bilateral: Joint committee, mixed committee, coordinating committee, steering committee and management committee to coordinate and promote the implementation of cooperation projects. Multilateral: Such as the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum (CASCF), China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Sub-region (GMS) Economic Cooperation, and Central Asia Regional Economic Cooperation (CAREC) (NDRC, MFA and MOFCOM of the PRC, 2015b).

³⁰ Formed by six states: Cambodia, China, Laos, Myanmar, Thailand and Vietnam (Asian Development Bank, 2018). Available from: <https://www.adb.org/sites/default/files/institutional-document/409086/ha-noi-action-plan-2018-2022.pdf> Accessed on: August 30th, 2018.

“21st Century Maritime Silk Road’ component of the BRI and as “a pivot to China’s opening-up to South and Southeast Asia”. Also, culture, tourism and trade should be promoted “between Tibet Autonomous Region and neighboring countries such as Nepal” (NDRC, MFA and MOFCOM of the PRC, 2015c) ;

3. *Coastal regions, Hong Kong, Macao and Taiwan*: they should be motivated to deepen reform, increase economic opening-up and innovation, and become “the pace-setter and main force in the (BRI)”, especially in the ‘21st Century Maritime Silk Road’. Furthermore, the economic strengths of China Pilot FTZ, Yangtze River Delta, Pearl River Delta, Taiwan Straits, and Bohai Rim should be leveraged; Shenzhen, Guangzhou, Zhuhai and Fujian, together with Hong Kong, Macao and Taiwan, should build the Guangdong Hong Kong-Macao Big Bay area; China “should promote the development of the Zhejiang Marine Economy Development Demonstration Zone, Fujian Marine Economic Pilot Zone, Zhoushan Archipelago New Area, and further open Hainan Province as an international tourism island”. Finally, the PRC should “strengthen the port construction of coastal cities such as Shanghai, Tianjin, Ningbo-Zhoushan, Guangzhou, Shenzhen, Zhanjiang, Shantou, Qingdao, Yantai, Dalian, Fuzhou, Xiamen, Quanzhou, Haikou and Sanya, and strengthen the functions of international hub airports such as Shanghai and Guangzhou” (Ibid.);

4. *Inland regions*: because of the amount of landmass, human resources, and strong industry foundation, interaction and industrial concentration in the inland regions should be propelled, that is, cooperation in city clusters around Yangtze River, such as Chengdu and Chongqing, should be increased (the latter used as a pivot to develop and open-up the western region); moreover, importance to clusters in “central Henan Province, around Hohhot, Baotou, Erdos and Yulin, and around Harbin and Changchun” should be given; whilst Chongqing should become a pivot to China’s western region, Changsha, Chengdu, Hefei, Nanchang, Wuhan, and Zhengzhou Hefei should become “leading areas of opening-up in the inland regions”. Furthermore, the middle and upper reaches of Yangtze river should enhance cooperation with Russia’s Volga River areas; ‘China-Europe freight trains’ brand should be cultivated; transport clearance mechanisms set up; customs improved; a cross-border corridor connecting eastern, central and western regions should be built; and Zhengzhou and Xi’an should be supported to build airports and ports, as well as encouraged to launch e-commerce services (Ibid.).

All the main activities China did in more than a year to promote, bring about consensus, increase cooperation, propose outlines, improve policy measures, encourage investment, and accelerate integration as a means to build the BRI until the blueprint was released were reported in the seventh part of the Action Plan, *China in Action*; they include: enhancing communication and consultation; visiting other countries and meeting with their leaders; attending dialogues and conferences; signing MoUs and promoting cooperation projects in different fields; and holding “international summits, forums, seminars, and expos” on the BRI (Ibid.). Additionally, some of the actions China intends to take are also listed in this section, that is, facilitating the establishment of the AIIB and the SRF; reinforcing the “investment function of the China-Eurasia Cooperation Fund”; “encourag(ing) bank card clearing institutions to conduct cross-border clearing operations and payment institutions to conduct cross-border

payment business”; actively promot(ing) investment and trade facilitation; and accelerat(ing) the reform of integrated regional customs clearance (Ibid.).

Finally, in the last subdivision of the blueprint, *Embracing a brighter future together*, it is written that the BRI is an open, inclusive, flexible and pluralistic process of cooperation which “features mutual respect and trust, mutual benefit and win-win cooperation, and mutual learning between civilizations” to “promote opening-up, communication and integration among countries in a larger scope, with higher standards and at deeper levels, while giving consideration to the interests and aspirations of all parties”. It is also stated that the OBOR initiative welcomes the participation of countries, international and regional organisations, and that it will be conducted through consultations, alignment of “national development programs and regional cooperation plans”, (...) “joint research, forums and fairs, personnel training, exchanges, and visits under the existing bilateral frameworks” (Ibid.). In sum, the broad idea of the ‘Economic Belt’ has been gradually refined and linked to several policy goals that help to clarify the rationale and intentions of the BRI.

1.4 The Infrastructure to Finance, Promote and Implement the BRI

After the announcement of the ‘21st Century Maritime Silk Road’, the Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC), which took place in November, 2013, as well as President Xi Jinping’s speech at the annual Central Economic Work conference held in Beijing the next month, called for facilitating and “accelerating infrastructure links among neighboring countries”, and asked for “strategic planning” of the OBOR initiative “to promote connectedness of infrastructure and build a community of common interests” (Xinhua, 2015a)³¹ From the beginning of 2014, as exemplified by the consensus Presidents Xi Jinping and Vladimir Putin reached on the OBOR initiative, as well as on building a “connection with Russia’s Euro-Asia Railways”, the project started to take shape and make progress (Xinhua, 2015b).

Following the Chinese government report released in March, 2014, asking “for balanced development of the Bangladesh-China-India-Myanmar Economic Corridor and the China-Pakistan Economic Corridor”, and Premier Li Keqiang’s support to the BRI, the plan began to draw investments and to get underway (Ibid.). According to Foreign Policy magazine journalist Reid Standish (2014), for example, in order to materialise the initiative in Central Asia, China concluded “a \$30 billion investment package with Kazakhstan, a \$15 billion deal with Uzbekistan, and a \$3 billion financial aid package with Kyrgyzstan”.³² Furthermore, the first phase of the US\$ 98 million Sino-Kazakh jointly built logistics terminal port of Lianyungang, Jiangsu province, went into operation in May, 2014, which, as

³¹ Available from: http://www.chinadaily.com.cn/business/2015-03/28/content_19938124.htm Accessed on: July 7th, 2018.

³² Available from: <https://foreignpolicy.com/2014/09/29/the-united-states-silk-road-to-nowhere-2/> Accessed on: July 18th, 2018.

Standish asserted, should be “considered (as) a platform for goods from central Asian countries to reach overseas markets” (Xinhua, 2015b).

Two important events related to the BRI, which took place in 2014, include the signing of MoUs regarding the creation of the AIIB by twenty-one countries, and the PRC’s announcement of the plans to create a US\$40 billion SRF at the Beijing Asia-Pacific Economic Cooperation (APEC) meeting. The SRF, which should be designed to finance the project, and “seek investment opportunities and provide monetary services throughout the Belt and Road Initiatives”, was established on December 29th, 2014 with investment from the Export-Import Bank of China (15%), China Development Bank (CDB) (5%), China Investment Corporation (CIC) (15%) and the State Administration of Foreign Exchange (SAFE) (65%) (Silk Road Fund, 2015).³³

According to Tian Jinchen (2016), director of the Western Development Department of China’s NDRC, the SRF would be directed to the “development of six major economic corridors, including the New Eurasian Land Bridge, China–Mongolia–Russia, China–Central Asia–Western Asia, Indo-China Peninsula, China–Pakistan, and Bangladesh–China–India–Myanmar”, which “will be the sites of energy and industrial clusters and will be created through the use of rail, roads, waterways, air, pipelines, and information highways”³⁴. Françoise Nicolas (2016), director of the Centre for Asian Studies at the French Institute of International Relations, asserted that the goal of the exclusively Chinese fund would be “to acquire equity in projects that fit into the vast plan for a new Silk Road”. Furthermore, he noted the first undertaking in a series of clean energy projects to be financed by the fund would be the Karot Hydropower Project in Pakistan, which is “carried out under the China-Pakistan economic corridor”, and which “envisages the construction of roads, railways, and energy projects that connect the deep-sea port of Gwadar” (...) “with the Xinjiang Uyghur Autonomous Region in north-western China” (Nicolas, 2016).

Despite American opposition to the AIIB, the PRC finalised the plans for the initiative which aimed at US\$100 billion initial capital to finance infrastructure projects in the Asia-Pacific region, and launched it in 2015, with 57 countries as Prospective Founding Members³⁵, including close US allies, and over US\$3.5 trillion in reserves to facilitate and accelerate regional improvement by “providing capital loans and technical services” (Huang, 2015); According to him, Japan did not apply to become one of the bank’s founding members; Taiwan was not accepted as a regular one; and, based on ‘unconfirmed reports’, North Korea was not accepted either. With a US\$29.78 billion contribution, China became the AIIB largest investor and shareholder (26%) (Ibid.).

³³ Available from: <http://www.silkroadfund.com.cn/enweb/23775/23767/index.html> Accessed on: July 19th, 2018.

³⁴ Available from: <https://www.globalinfrastructureinitiative.com/article/one-belt-and-one-road-connecting-china-and-world> Accessed on: June 3rd, 2017.

³⁵ For the list of AIIB Prospective Founding Members, see Huang, 2015. Available from: <https://www.scmp.com/news/china/diplomacy-defence/article/1766970/57-nations-approved-founder-members-china-led-aiib> Accessed on: June 3rd, 2017.

Even though the BRICS NDB and the OBOR initiatives are not entirely linked to each other, it is important to highlight the fact that the group's bank was also launched in 2014, at the sixth BRICS Summit in Fortaleza, Brazil, created in 2015 with US\$100 billion authorised capital, "US\$50 billion in initial subscribed capital shared among the founding members", and became fully operational by February 27th, 2016³⁶ with the aims to "fund infrastructure works and sustainable development projects (both public and private) in BRICS and in other emerging economies" (Nicolas, 2016).

Conforming to the OBOR Action Plan, the third institution China was committed to create to support the promotion and implementation of the BRI, that is, the BRF for International Cooperation, was announced by President Xi Jinping at the Annual Meeting of the World Economic Forum in Davos, on January 17th, 2017. According to Chinese State Councillor Yang Jiechi's³⁷ interviews with the People's Daily and China Daily newspapers, the BRF, under the theme "Belt and Road: Cooperation for Common Prosperity", would have three goals:

Under the leadership of the Communist Party of China Central Committee with Comrade Xi Jinping as the core, we hope to achieve the following objectives at the BRF: first, thoroughly review the progress of the Initiative, showcase important early harvest outcomes, further build consensus for cooperation and sustain the momentum of cooperation; second, discuss major cooperation measures going forward, facilitate greater synergy of development strategies, deepen partnership and work for interconnected development; third, while promoting China's economic and social development and structural adjustment, work to advance international cooperation for win-win outcomes (Belt and Road Forum, 2017).

Furthermore, China's State Councillor affirmed the BRF agenda would focus on the following subjects:

connectivity of policy, transportation, trade, finance and people, (...) economic cooperation and trade, industrial investment, energy and resources, financial support, people-to-people exchanges, ecological and environmental protection and marine cooperation. The Leaders Roundtable, the highlight of the Forum, will focus on two topics: Policy Synergy for Closer Partnership and Connectivity Cooperation for Interconnected Development (Ibid.).

Besides highlighting the main accomplishments of the BRI until April, 2017, such as steady progress with the economic corridor and interconnected infrastructure network; support to financial cooperation provided to key projects by the AIIB and the SRF; and "regular China freight trains to

³⁶ According to the BRICS Bank Fortaleza Founding declaration: "The Bank shall have an initial authorized capital of US\$ 100 billion. The initial subscribed capital shall be US\$ 50 billion, equally shared among founding members. The first chair of the Board of Governors shall be from Russia. The first chair of the Board of Directors shall be from Brazil. The first President of the Bank shall be from India. The headquarters of the Bank shall be located in Shanghai. The New Development Bank Africa Regional Center shall be established in South Africa concurrently with the headquarters" (New Development Bank, n.d.). Available from: <https://www.ndb.int/about-us/essence/history/> Accessed on: September 1st, 2018.

³⁷ Responsible for the preparatory work for the BRF (Belt and Road Forum, 2017). Available from: <http://www.beltandroadforum.org/english/n100/2017/0417/c25-195.html> Accessed on: September 2nd, 2018.

Europe loaded with goods and matching the market needs of countries along the route”; Yang Jiechi (2017) also explained the three main desired BRF outcomes:

First, expanding international consensus on cooperation. The Forum is expected to encourage all parties to uphold the purposes and principles of the UN Charter, pursue peace and cooperation in a spirit of openness, inclusiveness and mutual learning, and seek win-win and interconnected development. Economic growth, job creation, poverty reduction, delivering a better life to the people and environmental protection shall be underlined as the priorities of international cooperation; (...) encourage the formation of synergy among national, regional and global development agenda, with a view to moving the world toward a community of shared future for mankind featuring common development and prosperity. Second, enhancing practical cooperation in key areas (...) cement the good momentum of cooperation in all fields under the (BRI), paying particular attention to those key areas and directions with far-reaching and long-term implications (...) enhance cooperation in infrastructure connectivity, trade and investment, financial support and people-to-people exchanges, facilitate a number of major projects and cooperation agreements, and come up with some key mid-to long-term measures. Third, mapping out plans for long-term cooperation (...) explore, together with the related countries, long-term cooperation mechanisms through equal-footed consultations that take the interests of all parties into balanced consideration (Ibid.).

At the opening of the first BRF summit, which took place on May 14th-15th, 2017, President Xi's speech, entitled “Work Together to Build the Silk Road Economic Belt and The 21st Century Maritime Silk Road”, which was given to representatives of more than 100 countries, began by retelling the history of the old Silk routes, the Silk Road Spirit and values, the current complex interdependence amongst nations in the international system, as well as their challenges and development inequalities, to focus on the main achievements of the BRI in the past four years (Xinhua, 2017a).³⁸ Amongst the key accomplishments and infrastructure projects established until the summit, the following ones were highlighted: more policy connectivity; agreements with “over 40 countries and international organizations”, which should be expanded during the BRF; and the fact the BRI had become a complement to foreign countries own development projects and initiatives, including

the “Eurasian Economic Union of Russia, the Master Plan on ASEAN Connectivity, the Bright Road initiative of Kazakhstan, the Middle Corridor initiative of Turkey, the Development Road initiative of Mongolia, the Two Corridors, One Economic Circle initiative of Viet Nam, the Northern Powerhouse initiative of the UK and the Amber Road initiative of Poland”, as well as those between China and “Laos, Cambodia, Myanmar, Hungary and other countries” (Ibid.).

According to President Xi (2017), the BRI “enhanced infrastructure connectivity (...), accelerated the building of Jakarta-Bandung high-speed railway, China-Laos railway, Addis Ababa-Djibouti railway

³⁸ Available from: http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm Accessed on: September 3rd, 2018.

and Hungary-Serbia railway, and upgraded Gwadar and Piraeus ports in cooperation with relevant countries” (Ibid.).

In addition to the new “multi-dimensional infrastructure network” that had been developed, such as “China-Pakistan Economic Corridor, China-Mongolia-Russia Economic Corridor and the New Eurasian Continental Bridge, featuring land-sea-air transportation routes and information expressway and supported by major railway, port and pipeline projects”, Xi claimed China increased trade connectivity, as exemplified by the 90% reduction of Central Asian countries “customs clearance time for agricultural produce exporting to China”; trade and investment between the PRC and nations along the BRI had increased from 2014 to 2016; “56 economic cooperation zones in over 20 countries, generating US\$1.1 billion of tax revenue and 180,000 jobs” had been created (Ibid.). In terms of financial connectivity, President Xi affirmed “(the AIIB) has provided US\$1.7 billion of loans for 9 projects in Belt and Road participating countries. The Silk Road Fund has made US\$4 billion of investment, and the 16+1 financial holding company between China and Central and Eastern European countries has been inaugurated” (Ibid.). According to Xi, these institutions currently function as a complement to the World Bank (WB) and other multilateral financial mechanisms in the international system (Ibid.).

After promoting the infrastructure and financial connectivity accomplishments of the BRI, Xi’s speech focused on the last goal of the initiative, that is, *strengthen people-to-people bonds*; President Xi claimed closer relations, contact, and friendship along the BRI countries have been forged; cooperation “efforts to build the education Silk Road and the health Silk Road” have been made, as exemplified by the 10,000 Chinese government scholarships “to encourage international cultural and educational exchanges”, cooperation in “science, education, culture, health and people-to-people exchange” (...), and projects such as, the “Silk Road culture year, tourism year, art festival, film and TV project, seminar and think tank dialogue” (Ibid.). Furthermore, President Xi affirmed the BRI should be built under the principles of peace, prosperity, opening-up, and innovation to connect different civilisations and, since China’s development has reached the *new normal*³⁹ economic growth phase, it will “actively promote supply-side structural reform to achieve sustainable development, inject strong impetus to the Belt and Road Initiative and create new opportunities for global development”. For these reasons, Xi said China is committed to enhancing cooperation “on the basis of the Five Principles of Peaceful Co-existence”, “ready to share practices of development with other countries”, with no intention to interfere in their internal affairs, export its “own social system and model of development, or impose (its) own will on others”; and claimed that “(China) will not resort to outdated geopolitical maneuvering” (Ibid.).

At the last part of the speech, President Xi (2017) elicited some activities the PRC intended to perform to advance the BRI, including: signing new agreements with EU countries “to deepen cooperation on China-Europe regular railway cargo service”; “contributing an additional RMB 100 billion” to the SRF; encouraging “financial institutions to conduct overseas RMB fund business with an

³⁹ For more information about the ‘new normal’, see chapter 2, section 2.5.

estimated amount of about RMB 300 billion”; setting up RMB 380 billion lending schemes; working with the AIIB, the BRICS NDB, the WB and other multilateral institutions to support OBOR initiatives; formulating financing guidelines; building a win-win partnership and a free trade network; enhancing innovation, cooperation, and trade and investment facilitation; signing more “business and trade cooperation agreements”; hosting China International Import Expo from 2018 on; launching “the Belt and Road Science, Technology and Innovation Cooperation Action Plan”; offering “2,500 short-term research visits and training foreign scientists; building 50 joint laboratories and “a big service platform on ecological and environmental protection”; establishing an international coalition to support countries to adapt to climate change; providing RMB 60 billion in assistance to developing countries, as well as RMB 2 billion for emergency food aid, and “US\$ 1 billion to the Assistance Fund for South-South Cooperation”; “launch(ing) 100 happy home projects, 100 poverty alleviation projects and 100 health care and rehabilitation projects”; providing “US\$ 1 billion to implement cooperation projects” to benefit countries along the Belt and Road; and developing a network for NGOs cooperation, and news and music education alliances (Ibid.). Furthermore, Xi claimed China also aims to create

a liaison office for the Forum's follow-up activities, the Research Center for the Belt and Road Financial and Economic Development, the Facilitating Center for Building the Belt and Road, the Multilateral Development Financial Cooperation Center in cooperation with multilateral development banks, and an IMF-China Capacity Building Center (Ibid.)

Finally, Xi (2017) remarked with a European and an ancient Chinese saying, as well as with an Arab proverb⁴⁰, that the initiative would be a long-lasting endeavour which should be pursued a step at a time, and that even though the BRI focuses on Africa, Asia, and Europe, it is open for cooperation to all countries in the international system, because “its benefits will be shared by us all” (Ibid.).

1.5 Research Problem

The PRC became the second largest economy in the world in 2010⁴¹ as a result of Deng Xiaoping’s 1978 social, political and economic reforms, market opening measures, creation of Special Economic Zones (SEZs), foreign policy principle of keeping a low profile in the international system⁴², and the

⁴⁰ Chinese saying: “A long journey can be covered only by taking one step at a time”; European saying: “Rome wasn't built in a day.”; Arab proverb: “the Pyramid was built by piling one stone on another” (Xinhua, 2017a).

⁴¹ This data corresponds only to Gross Domestic Product (GDP), not to GDP per capita. In terms of Purchase Power Parity (PPP), the PRC is already the largest economy in the world (Barboza, 2010). Available from: <https://www.nytimes.com/2010/08/16/business/global/16yuan.html> Accessed on August 2nd, 2018.

⁴² According to Clover (2017), this doctrine may be summed up in Deng’s 1990 sentence: “Hide your strength and bide you time.” Available from: <https://www.ft.com/content/05cd86a6-b552-11e7-a398-73d59db9e399> Accessed on: August 2nd, 2018; In Deng Xiaoping’s own words: “Tao guang yang hui” (“Hide your brightness, bide your time.”). Available from: <https://www.ft.com/content/32470bd8-619d-11e3-b7f1-00144feabdc0> Accessed on: August 6th, 2019.

policies that followed, such as the 1999 ‘Go Out’⁴³ strategy, and the country’s adherence to the WTO in 2001. Recently, arguably from the 2008 international financial crisis on, however, it has been claimed by several scholars that China’s foreign policy has changed and become more assertive, especially under President Xi Jinping (Pilling, 2013). The essence of the argument is supported on the PRC’s increasing engagement with multilateral organisations and cooperation mechanisms, as well as with regional and international institutions, such as the International Monetary Fund (IMF), the UN, the WTO, the WB, ASEAN, SCO, the APEC, and the Asian Development Bank (ADB). Furthermore, it is also reinforced by a number of factors, such as China’s increasing engagement abroad, mainly in its periphery and with African and developing countries, founding the BRICS⁴⁴ group and the NDB, launching the BRI, and establishing the framework to promote and support it, notably the SRF, the AIIB, and the BRF. Whilst China’s assertiveness predates President Xi’s mandates, scholars such as David Schullman and Rumi Aoyama claim that under Xi’s rule, it has increased and accelerated (Shullman, 2019); (Aoyama, 2016).

The PRC’s ambitious BRI has led researchers to investigate China’s motivations, rationale, and intentions behind the plan by taking into account its past and present roles in the international system, the country’s political system and government stability, the so-called ‘new normal’ economic growth, as well as the current domestic and international challenges it has to face for sustainable development, including socio-demographic, territorial integrity, environmental, political, economic, and technological issues. Understanding China’s rationale and objectives behind the initiative is of uttermost importance because, on the one hand, if the plan is successfully achieved, it will create and improve infrastructure, as well as bring benefits to at least more than 68 countries from Asia, Europe and Africa, numbers and regions which keep growing, and “will change the economic and geopolitical landscapes for more than 70 percent of the world’s population” (Crandall & Crandall, 2017, p.28). On the other hand, however, if the BRI fails, many countries involved in it shall have considerable financial debts, which they might not be able to pay off. Thus, as a consequence, resentment towards China could be generated, and the global economy could be impacted as a whole. Additionally, there may be political and environmental costs, as well as regional and international tensions and conflicts due to misperceptions over China’s intentions, such as India’s concerns over the China-Pakistan economic corridor, which goes through a disputed territory; Sri Lanka’s sovereignty regarding Hambantota port takeover; Gwadar port, which could become a PRC military base, amongst several other issues at stake (Yamada et al., 2018).

According to studies conducted by the ADB and the WB, only East Asian countries needed \$8 trillion dollars investment in infrastructure by 2020 to attend their needs for sustainable growth due to rapid urbanisation and expanding middle-class populations; the need for investment to cover the infrastructure funding gap in Asia through 2030 is estimated in \$26 trillion dollars, and it will keep increasing in the decades to come (Wang, 2016 apud Bhattacharyay et al., 2012); (Asian Development Bank, 2017). Huang (2016) asserts that whilst the ADB “is only able to provide \$10 billion annually”,

⁴³ Also known as the ‘Go Global’ strategy.

⁴⁴ For more information about BRICS, see chapter 2.4.

the “needs may reach \$730 billion a year by 2020, hence, along with regional and subregional initiatives, such as the “ASEAN Connectivity Initiative, Central Asia Regional Economic Cooperation (CAREC), GMS Cooperation Program, South Asia Sub-Regional Economic Cooperation (SASEC) Program”, and the AIIB, the BRI “could help reduce the funding gap” (Huang, 2016); (Hielscher & Ibold, n.d).⁴⁵

The PRC’s BRI is not the single regional project, other countries also have their own initiatives as it has been noted. Moreover, it is certainly not going to be able provide all the required investment for regional infrastructure development alone. However, the BRI is a tremendous large-scale contribution to infrastructure which could help countries that need funding and investment to keep growing and developing themselves, that is, as long as the initiative truly consists in a ‘win win’ cooperation scheme for the ones which decide to become a part of it. (Yu, 2017). In this sense, the international community’s responses to the BRI, as well as to China’s rise and ongoing integration into the international system, shall lead to different outcomes depending on how the PRC’s plan, actions, and policies are interpreted and implemented, i.e., according to whether or not the BRI is accepted, accommodated, complemented and/or supported. Up until now, in spite of the many concerns and wide-spread scepticism about the PRC’s strategy and objectives, the BRI has been gaining ground, many projects are underway, and a new SRF just took place on April 28th, 2019 to support and attract more participants to the initiative.

In line with these concerns, this research problem is to investigate if the BRI is transparent, multilateral, and a true win-win cooperation as stated by the CPC. More precisely, it consists of examining if the reasons and rationale presented on the NDRC’s “Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road” blueprint, as well as the information provided by the CPC are the real Chinese motivations and aims within the initiative, and/or if there are other (geo)strategic purposes besides the ones stated on the official Action Plan. This thesis is an effort to contribute to the debate over the BRI, the framework which has been designed and created to fulfil its aims, the different narratives and positions regarding the initiative and, as it will be argued throughout the essay, the new phase of Chinese foreign policy, the so-called ‘assertive’ or ‘proactive’ diplomacy, which has allegedly become more apparent from the 2008 international financial crisis on.

1.6 Research Questions

Although there seems to be some consensus regarding the history of the Silk Road, Daniel C. Waugh, professor emeritus at the Washington University in Seattle, US, claims we are still learning about it and its many aspects, for instance, a “definable starting point or conclusion” (Waugh, n/d, p. 10-12). General literature on the old Silk Road tells us it was established during the Han dynasty around 200BC-200AD, however, evidence from the 1st millennium shows “active long distance contacts well before Chinese political power extended that far west” (Ibid.). Furthermore, the notion of an old Silk

⁴⁵ Available from: <https://www.beltroad-initiative.com/belt-and-road/> Accessed on: July 23rd, 2019.

Road may be misleading, there were actually many trade routes which linked China to Africa, the Middle East and Europe and were used by merchants, pilgrims and mercenaries (Brugier, 2014).⁴⁶ Moreover, they served not only for the commerce of silk, but spices, silver, jade, precious metals, ivory, gold, and the trade of many other goods when China was a predominant merchant power (Fallon, 2015).

The term ‘Silk Road’ was only introduced in the late nineteenth century by Ferdinand von Richthofen, a German explorer “who organized expeditions to China between 1868 and 1872”, when the routes were no longer significant for commerce (Ibid., p. 141). According to Waugh (n/d), Richthofen’s ‘Silk Road’ term was too limited, and his assumption that they had ceased to be important after the 2nd century A.D. was also inaccurate. The routes would reach their peak in the 1st millennium “under the leadership of first the Roman and then Byzantine Empires, and the Tang dynasty (618–907) in China”; nevertheless, “the Crusades, as well as advances by the Mongols in Central Asia, dampened trade”. Only by the sixteenth century maritime commerce would become more important than the routes on the grounds that the first alternative had gotten cheaper and faster than the latter (McBride, 2015). According to James McBride (2015), Council on Foreign Relations deputy editor, the initial networks throughout Central Asia⁴⁷ which would extend to Europe, were “the epicenter of the first waves of globalization”, because they spurred wealth, cultural and religious traditions melding.⁴⁸

Bhoothalingam (2016) argues that when President Xi Jinping retold the history of the silk roads in Kazakhstan in 2013 by recalling the Chinese envoy Zhang Qian to the region over 2100 years ago on a mission of peace and friendship, and highlighted the long background of exchanges amongst peoples of various countries as inspiration for peace and development in order to launch the ‘Economic Belt’ initiative, his main aim was to “produce a range of strong emotions and vivid associations, (...) the very essence of a ‘brand’” (Bhoothalingam, 2016, p.10). In his words,

Had President Xi said just this in plain terms, as an international banker might have done, it would have drawn interest in the financial pages of the media and been commended as a highly imaginative venture. But it would have been limited to just that. However, the ‘Silk Road’ brand name brought in a whole new dimension. Not only had China invoked the romance and memory of the old Silk Road but had also added its vision of a new modernity—of free-flowing goods and services, people and ideas, of ‘common prosperity’ and ‘a shared economic future’. Cooperation and togetherness—it was said—would replace competition and power-play. The world media were entranced, but also somewhat mystified since details were scarce (Ibid, p. 11).

⁴⁶ The same misinterpretation of the term “One Belt, One Road” could occur because of the focus and/or emphasis on the word “one”, which could lead to the perception that there would be only ‘one’ belt and ‘one’ road, whereas the initiative comprises several routes (Bērziņa-Čerenkova, 2016). Available from: <http://www.lai.lv/viedokli/bri-instead-of-obor-china-edits-the-english-name-of-its-most-ambitious-international-project-532> Accessed on: July 23rd, 2019.

⁴⁷ These are the countries McBride (2015) refers to: Kyrgyzstan, Tajikistan, Kazakhstan, Uzbekistan, Turkmenistan, Afghanistan, Pakistan and India.

⁴⁸ Available from: <https://www.cfr.org/backgrounder/building-new-silk-road> Accessed on: September 18th, 2018

Whereas Fallon (2015) asserts the new vocabulary introduced by President Xi Jinping at the announcement of the initiative, i.e., ‘Economic Belt’, was intended to differentiate it from American Secretary of State Hilary Clinton’s ‘New Silk Road’ proposal made in Chennai, India, in 2011, which aimed at improving the economy of Afghanistan by creating a “north-south trade corridor”⁴⁹, Nicola Casarini (2016), senior fellow for Asia at the Italian Institute of Foreign Affairs (IAI), Rome, Italy, argues that the concepts presented by President Xi seem “similar to the idea of a ‘harmonious world’ proposed by former Chinese President Hu Jintao in 2005 – but much more detailed and operational” (Casarini, 2016, p. 98), Fallon (2015) goes further than Casarini (2016) by claiming President Xi’s OBOR ambition represents the “China dream” of “rejuvenating the nation” and becoming a world power, as an expression of China’s confidence and international clout”. (Fallon, 2015, p. 141).

In terms of investments, Peter Frankopan (2017), professor of Global History at Oxford University, argues China’s BRI is breath-taking since nearly US\$1 trillion has been ‘earmarked’ to its projects, which in his assessment, is only comparable to the Marshall Plan. However, he claims OBOR promises to achieve even more; for instance, only in June, 2017, China’s Commerce Minister Zhong Shen said “at least 24 new deals in Kazakhstan alone, with a value of more than \$8 billion that included investment in energy, mining, the chemical industry, mechanical manufacturing, agriculture and digital exchange” were made between the two countries. Moreover, at the 2017 BRF, President Xi promised to allocate another US\$125 billion for the BRI (Frankopan, 2017, p. 13).

Frankopan’s view is corroborated by Eric Baculinao (2017), CNBC journalist who argued that taken all the investment into account, China has already committed around US\$1.4 trillion to build the modern trading routes, i.e., “11 times the size of the U.S. Marshall Plan which reconstructed Europe after World War II”. Baculinao (2017) highlighted that analysts like former US assistant Defence Secretary Chas Freeman, “suggest the project could shift the center of global economy and challenge the U.S.-led world order”, and that if the BRI is realised, in time, “all roads in Eurasia will “lead to Beijing””.⁵⁰

The argument the BRI presents a challenge to the Western-led world order is recurrent in discussions over China’s initiative strategic aims. Wang Zhi (2016), associate professor at Xi’an International Studies University and director for the Institute of Regional Governance and Development, who is in agreement with Baculinao’s (2017) assumptions, for example, asserts the BRI “reflects China’s thinking about its role as a rising power on the international stage, and that it has taken a more assertive posture so that it can influence the international order” (Zhi, 2016, p. 74). Following this debate, the first research question is

Research Question 1: Is the BRI a Chinese attempt to create and/or expand its spheres of influence in the international system as an expression of its new assertive foreign policy?

⁴⁹ Fallon highlights that Chinese policymakers were perplexed and distressed by the fact the Silk Road was a plan initiated by the US instead of by China; they “felt historical ownership” of the routes (Fallon, 2015, p. 141).

⁵⁰ Available from: <https://www.nbcnews.com/news/china/belt-road-initiative-china-plans-1-trillion-new-silk-road-n757756> Accessed on: September 5th, 2018.

Despite all the money China committed to invest into the BRI, there are still many challenges for the project to materialise. Besides receiving positive responses from China's main strategic partners, the BRI has been contested by numerous actors in the international system. Indrani Bagchi (2017), the Times of India's diplomatic editor, for example, argues one day prior to the 2017 BRF in Beijing, India became a central opponent to OBOR by claiming it ignores sovereignty and territorial integrity in addition to "universally recognised international norms, good governance, rule of law, openness, transparency and equality", and by suggesting "the project is little more than a colonial enterprise, leaving debt and broken communities in its wake"⁵¹. According to Griffiths (2017), the main reason for India's BRI disapproval is due to the Pakistan-China Economic corridor which goes through a disputed territory between the two countries,⁵² "where more than 13,000 Pakistani troops have already been deployed to protect the project".⁵³ Peter Cai (2016), research fellow of the Lowi Institute for International Policy, says the 'game-changing' initiative in China's "quasi-ally Pakistan", worth around US\$46 billion, as stated by "Pakistan's Minister for Planning, Development and Reform Ahsan Iqbal, (...) "will turn bilateral friendship into a strategic economic partnership"⁵⁴.

Besides security concerns, Matthew Carney (2017), China correspondent to ABC News, highlighted that sustainable development, growth and commerce are also worrisome, for instance, the president of EU Chamber of Commerce in China, Jorge Wuttke, wrote in the Financial Times that he "feared the trade could all be one-way". Moreover, Carney argued that apart from the possibility of the investments turning out to be 'white elephants', i.e., the so-called 'One Belt One Trap', some countries China aims to work with, such as Turkey and Egypt, are also politically unstable.⁵⁵

Michael Swaine (2015), expert in China, and senior fellow at the Carnegie Endowment for International Peace, argues OBOR is China's most important and far-reaching initiative of all times; he claims its significance is suggested by the fact the PRC placed the NDRC, the top Chinese national economic planner, as leading group in charge of its implementation, guidance and coordination. According to Hong Yu (2017), despite receiving international criticism for shortage of specifics, the BRI action plan released by the NDRC in 2015, is the main description of the initiative, its scope, priorities, and aims consists of until the present (Yu, 2017). In agreement with Yu (2017), Casarini (2016) asserts the blueprint "sets out a vision in which Chinese-led infrastructure construction, reduced tariffs, and simplified customs administration would allow trade to flow seamlessly between China and

⁵¹ Available from: <https://timesofindia.indiatimes.com/india/china-road-initiative-is-like-a-colonial-enterprise-india/articleshow/58664098.cms> Accessed on: August 5th, 2019.

⁵² The corridor, which runs through Pakistan-occupied Kashmir and Gilgit-Baltistan, both regions considered by India as part of its territory, is expected to link Kashgar with Gwadar Port in Balochistan (Cai, 2016). Available from: https://www.huffingtonpost.com/peter-cai/india-china-silk-road-initiative_b_11894038.html?guccounter=1 Accessed on: September 5th, 2018.

⁵³ Available from: <https://edition.cnn.com/2017/05/11/asia/china-one-belt-one-road-explainer/index.html> Accessed on: September 5th, 2018.

⁵⁴ Cai, 2016 apud Iqbal Ahsan, 2016. Available from: https://www.huffpost.com/entry/india-china-silk-road-initiative_b_11894038 Accessed on: September 5th, 2018.

⁵⁵ Available from: <https://www.abc.net.au/news/2017-05-14/china-plans-new-silk-road-to-dominate-world-trade/8522682> Accessed on: September 6th, 2018.

Europe by both rail and cargo ship” and that it “takes in every conceivable goal, from improving distribution supply chains to developing trade in services to increasing food security for the countries that participate in the project” (Casarini, 2016, p. 98)

Since the BRI started to draw attention from different actors in the international system, as well as from academia, scholars and think-tanks, many maps have originated and been used in the media, conferences, presentations and scientific publications to illustrate China’s plan, however, as Krzysztof Iwanek argues on the article *The new Silk Road is Old: Why you should ignore Belt and Road Initiative Maps* published on the Diplomat in 2018, “they do not reflect Beijing’s official agenda and curiously show more of the distant past than the near future”⁵⁶; he argues that even Xinhua maps go against official Chinese publications⁵⁷.

In the paper named *Geopolitical Economy and the Production of Territoriality: The Case of US-China Geopolitical-Economic Competition in Asia* written by Lee, Wainwright and Glassman (2018), seeking to bring back the notions of Antonio Gramsci regarding geopolitics to discuss the production of territory and demonstrate how his contributions have been disregarded in International Relations, they provide some interesting insights and conclusions about the BRI, and the regional and global implications of a rising China and its aspirations. According to them, there are three main narratives about the BRI: the first sees the BRI as “a geoeconomic or commercial project to facilitate a cross-continental flow of capital, commodities, labor, and resources through infrastructure construction or a “spatial fix” to China’s industrial overcapacity problem”, which also includes securing energy supplies, addressing the overcapacity and overaccumulation problems, and expanding influence⁵⁸; the second, from a realist perspective, it is a strategic move to fulfil geopolitical power ambitions, sometimes compared to a new Marshall Plan, and/or as what David Shambaugh claims as “an attempt to establish an alternative global institutional order challenging the postwar Western one” (Lee, Wainwright, & Glassman, 2018, pp.10-12 apud Shambaugh, 2016, pp. 162-163); and the third regards the BRI as “a geopolitical-economic strategy not to only counter US imperialist efforts to isolate China, but also to promote South-South cooperation, which “stemmed from resistance against geopolitical-economic containment strategies of the US and Japan” such as US “Pivot to Asia” strategy, later renamed “Rebalancing to Asia”, and the Trans-Pacific Partnership (TPP) (Lee, Wainwright, & Glassman, 2018,

⁵⁶ Available from: <https://thediplomat.com/2018/05/the-new-silk-road-is-old-why-you-should-ignore-belt-and-road-initiative-maps/> Accessed on: September 18th, 2018.

⁵⁷ See Annex 2 for an overview of the BRI maps. Krzysztof Iwanek (2018) suggests reading the “Vision for Maritime Cooperation under the Belt and Road Initiative”. Available from: http://english.gov.cn/archive/publications/2017/06/20/content_281475691873460.htm; consulting “Building the Belt and Road: Concept, Practice and China’s Contribution”. Available from: <https://eng.yidaiyilu.gov.cn/zchj/qwfb/12731.htm>; the report by C4ADS, “Harbored Ambitions. How China’s Investments are Strategically Reshaping the Indo-Pacific” by Devin Thorne and Ben Spevack, available from: <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>; and for railway corridors between China and Europe, “The Silk Railroad. The EU-China rail connections: background, actors, interests” by the Polish think-tank, Center for Eastern Studies. Available from: <https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad-eu-china-rail-connections-background-actors> Accessed on: September 19th, 2018.

⁵⁸ The idea of a “spatial fix” is also claimed by David Harvey (2016) and Tim Summers (2016).

pp.10-12). They argue, however, their view of the OBOR initiative is different from all the narratives presented above; they ask if it would be possible to “simply reduce the OBOR to being either a spatial fix or a manifestation of China’s geopolitical ambition”, as well as if we could hope the BRI “will effectively consolidate (itself) as an alternative strategy to counter Western hegemony and development models” (Ibid.).

The idea of a ‘Beijing Consensus’, which was introduced by former Time Magazine editor Joshua Cooper Ramo on the article *The Beijing Consensus*, published by the UK Foreign Policy Centre in 2004, in contrast to the Washington Consensus, the neoliberal program supported by the West, encouraged a lot of discussion on the idea of a ‘Chinese development model’ and its legitimacy as a practical and pragmatic alternative to developing countries. The third chapter, *Globalisation with Chinese Characteristics: The Energy Transfer Problem*, focuses on the increasing appeal of the Chinese development model as an alternative path to development to be emulated by others due to its success. Moreover, it claims the Beijing Consensus, “a security revolution that is multi-lateral but also well-defended, at least offers the hope that every nation can be a power in its own right. Perhaps not powerful enough for domination, but at least strong enough for self-determination” (Ramo, 2005, p. 38).

On the one hand, Ramo’s work regarded the ‘Beijing Consensus’ as an attractive alternative development model which could be adopted by countries that suffered from the IMF policies, i.e., the ones they had to implement to receive loans from the institution in the 80s and 90s to solve their financial and economic problems, as well as by countries that did not want to follow the institution’s recipe, mainly after having observed the failure of the Washington Consensus, as exemplified by the Argentinian and Indonesian cases (Ibid.). ‘Globalisation’, on the other hand, was approached from the perspective that the ‘Chinese model’ was becoming more appealing, “marking a path for other nations around the world who are trying to figure out not simply how to develop their countries”, what he called “selling Beijing physics outside of China”, that is, opening the economy step-by-step (incremental reform), developing ECZs, enhancing innovation and experimentation, export-led growth, state capitalism and authoritarianism (Ibid., p. 3). According to Ramo, the model offered “another path, one where integration of global ideas is first rigorously gut-checked against the demands of local suitability” (Ibid., p. 34). Furthermore, it showed developing countries “how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful centre of gravity” (Ibid., p. 3).

When discussing security, innovation and “alternative battle spaces”, that is, asymmetric weapons technology developed by the PRC’s People’s Liberation Army (PLA) to be used in case of a confront with the US, Ramo (2005) argues,

This is, of course, where globalisation meets hegemony. For Beijing the benefits of a truly globalized, multi-lateral world include far more robust security guarantees, not simply in the form of loose strategic partnerships that might fracture under the stress of conflict, but through

technology and network-led force multipliers. Beijing's \$400 billion of U.S. currency reserves could do more damage to the U.S. than \$400 billion worth of aircraft carriers (Ibid., p. 50).

Finally, Ramo argued China's model "provides the chance for true self-determination" face globalisation pressures. In other words, the 'Beijing Consensus' is a development path which can be implemented by other countries as an alternative to the 'Washington Consensus' which guarantees independence from Western institutions. Based on that, the second research question is

Research Question 2: Is the BRI a Chinese strategy to export its (globalisation) model through soft power?

1.7 Preliminary Considerations

For the discussion of the research problem and as a means to understand the motivations and rationale behind the BRI, China's foreign policy within the current structure of the international system, as well as to develop the thesis key arguments, address the research questions, and present the work conclusions, the following International Relations concepts require a clear definition: power, soft, hard and smart power, three-dimensional chessboard, hegemony, symmetrical and asymmetrical dependence and complex interdependence.

In *Hard and Soft Power in American Foreign Policy* (2002), Joseph Nye Jr. argues that the sources of power, and power itself, "the ability to obtain the outcomes one wants", changed over time; that is, whereas it traditionally meant 'strength of war', and related to the "possession of relatively large amounts of such elements as population, territory, natural resources, economic strength, military force, and political stability", given that population was the base for taxation and infantry recruitment in the seventeenth and eighteenth centuries, therefore it was considered its main element then. Nevertheless, industry and administration became a better form of measurement in the nineteenth century, as in the case of Britain and Germany; nuclear arsenals and intercontinental missiles turned out to be the dominant one in the twentieth; and, finally, economics gained more relevance in the twenty-first century, "both because of the relative increase in the costliness of force and because economic objectives loom large in the values of post-industrial societies" (Nye Jr., 2002, pp. 5-8).

Once the concept of power was defined, Nye (2002) divided it into two components: the first, 'hard power', "the ability to coerce, (which) "grows out of a country's economic and military might"; and the second, 'soft power', the ability to "get others to want what you want" by the power of attraction, i.e., it involves the dimensions of culture, political ideas, values, policies, and practices; it consists of making "power legitimate in the eyes of others" so that "other countries want to follow it, (by) admiring its values, emulating its example, aspiring to its level of prosperity and openness" (Nye Jr., 2004, p. 256); (Nye Jr., 2002, pp. 8-9). Furthermore, Nye argues soft power is different from influence; he explains it

is actually just one way of influencing others, because it could be done in different forms, such as by inducements (carrots) or threats (sticks). Moreover, he asserts it is not only persuasion or moving others by argument either, “it is the ability to entice and attract” (Ibid., p. 9). Finally, Nye claims that the mix of hard and soft power, what he calls “smart power”, will be central in the 21st century (Ibid.).

According to Nye (2011), power in this era may be explained by making use of a metaphor, that is, of “a three-dimensional chessboard”⁵⁹; on the top board he places military power, in which the US is the only superpower since it is the only country with the capacity to project it globally; on the middle, economic relations between states, thus the world is multipolar because if Europe acted as an entity, for example, it would have a bigger economy than the US; finally, on the bottom board, transnational relations, such as terrorism, financial flows, climate change and pandemics; therefore it makes no sense to call it unipolar or multipolar, power is chaotically distributed, and “nonstate actors roam freely”⁶⁰. Nye (2002) argues hegemony can be defined in different ways, that is, a condition “when one power is preeminent”; (...) “able to dictate, or at least dominate, the rules and arrangements by which international relations are conducted” or “more modestly, as a situation where one country has significantly more power resources or capabilities than others” (Nye Jr., 2002, pp. 15-16).

In the work *Power and Interdependence: World Politics in Transition* (1977), Keohane and Nye defined interdependence as “as mutual dependence resulting from the types of international transactions catalogued by transnationalists—flows of money, goods, services, people, communications, etc.” (Viotti & Kauppi, 2012, p. 114 apud Keohane & Nye, 1977). They asserted that it did not mean the effects of dependence were symmetrical; that is, vulnerability, costs and/or benefits associated to a relation of dependence varied. According to Viotti and Kauppi (2012), as a means to analyse cases “involving transnational issues”, the notion of ‘complex interdependence’, a situation in which “multiple channels connect societies, there is an absence of hierarchy among issues, and military force is not used by governments against other governments involved in the interdependent relation”, is the most important concept Nye and Keohane developed in their work (Ibid.).

1.8 Thesis Overview

This thesis is organised in four parts: **1. Introduction:** A brief discussion over the old silk roads, and the BRI according to the NDRC of the PRC’s Vision and Actions blueprint, as well as by Chinese official discourses over the project since the OBOR 2013 announcements. It focuses on the BRI’s aims, the infrastructure created to accomplish them, and the international views and reactions to China’s plan, then it presents the research problem and research questions, some preliminary considerations over the

⁵⁹ Viotti and Kauppi (2012) suggest this is an extension of Stanley Hoffman’s concept of alternative chessboards regarding different areas or issues of world politics (Viotti & Kauppi, 2012, p. 53 apud Hoffmann, 1972).

⁶⁰ Interview with Political Scientist Joseph S. Nye Jr., 2011 by the Carnegie Council for Ethics in International Affairs, February 10, 2011. Available from: <https://www.carnegiecouncil.org/studio/multimedia/20110211-ethics-matter-political-scientist-joseph-s-nye-jr> Accessed on: August 10th, 2018.

theoretical framework that guides the investigation and analysis, and its main arguments; **2. From a Low Profile to an Assertive Foreign Policy:** it examines China's rapid economic growth, social transformation, and foreign policy evolution from Deng Xiaoping's leadership, "the chief architect of China's economic reforms and China's socialist modernization"⁶¹, to the 2008 international financial crisis, and the current mandate of President Xi Jinping. It covers the Washington and the Beijing Consensuses,⁶² which are compared as possible alternatives for developing countries at a time when the notions of the decline of the West, rise of the rest, and the new Asian century gained momentum. It discusses China's increasing engagement with regional, international and intergovernmental institutions and organisations, as well as BRICS group engagement with UN peacekeeping operations; China's 'new normal' economic growth, the middle-income trap notion, and the main domestic challenges the PRC faces nowadays as a consequence of its rapid and uneven development and economic model policies. Furthermore, in the context of the international challenges presented by the American containment and Rebalance to Asia policies, i.e., the Trans-Pacific Partnership (TPP), strategy designed throughout President Barack Obama mandates, but terminated by president Donald Trump, and the current trade war with the US, it examines the new phase of China's foreign policy, its open assertiveness, and 'new era' as declared by President Xi. Finally, it overviews regional territorial disputes and the issue of Taiwan, as well as the PRC's role in international institutions considering its new power status; **3. Analysis – The BRI Implications for the International System:** it builds on the discussion over the evolution of China's foreign policy, the BRI as the main shift from Deng Xiaoping's foreign policy principle⁶³, as well as a response to China's current domestic and international challenges, which envisages its medium to long-term strategy to reshape the world order and realise the "China dream" of becoming a developed country and a great power by 2049. In order to address the research questions, the section is divided into two parts: the first one examines the multiple dimensions of globalisation and the BRI as a strategy of soft power; and the second one scrutinises the question of whether or not the BRI constitutes a foreign policy aimed at creating or expanding China's spheres of influence; and **4. Conclusions, Limitations of the Study, and Future Research.**

⁶¹ Xinhua, 2017b. Available from: http://www.chinadaily.com.cn/china/2017-02/20/content_28261033.htm
Accessed on: September 23rd, 2018.

⁶² The Beijing Consensus is also known and addressed as the Chinese Development Model.

⁶³ Even though 'Comrade Xiaoping' retired as paramount leader in 1989 by stepping down as Chairman of the Central Military Commission (CMC), and was not in office in the 1990s, he was still considered to be in charge of the PRC from behind the scenes; therefore, the decade is regarded as his era because of his role in politics and in the government's reformist economic agenda, as exemplified in his famous 1992 southern tour. Besides being responsible for the economic reforms and opening up, Deng Xiaoping's thought, socialist ideology, slogan "socialism with Chinese characteristics", pragmatism, and 'keeping a low profile in the international system' principles guided the PRC in the years to come (Naughton, 1993).

2. From a Low Profile to an Assertive Foreign Policy

This chapter analyses how the PRC's economy and foreign policy evolved from Deng Xiaoping to President Xi Jinping's era, starting from the first opening-up policies and politico-economic reforms adopted in 1978 to what China observer Elizabeth Economy (2018) named "the Third Revolution"⁶⁴, that is, the country's new role in the international system just four decades after the beginning of its transformation (Feng, 2018 apud Economy, 2018). According to Economy's article *Beijing is no Champion of Globalization: The Myth of Chinese Leadership*, published by Foreign Affairs on January 22nd, 2017, in contrast to US Trump-led anti-globalisation movement, in President Xi Jinping's speech at the World Economic Forum in Davos⁶⁵, Xi "set out to establish himself as the standard-bearer for globalization and China as its beneficiary in the past and leader in the future" (Economy, 2017).⁶⁶

2.1 China's Economic Growth and Engagement with International Institutions

The PRC's 6.7%,⁶⁷ 6.9%⁶⁸ and 6.6%⁶⁹ GDP growth rates in 2016, 2017 and 2018, respectively, met the CPC's target range of 6.5-7% goal based on the National Bureau of Statistics of China. Despite its impressive economic growth when compared to other developing countries and the global economy, in the context of what the IMF managing director Christine Lagarde (2015) called the risks of a 'new reality', a 'new mediocre', i.e., low growth for a long time⁷⁰, China's growth has fallen to the lowest pace of the past twenty-eight years, which heavily relied on government spending and record bank lending. Consequently, there have been growing international concerns over the PRC's economic stability, non-financial debt approaching 270% of its GDP at the end of 2015;⁷¹ and its gross debt which, as of the first quarter of 2018, reached an all time high of 299% of its GDP⁷².

⁶⁴ Economy considers Mao's reforms to be the first revolution, Deng's the second, and "Xi's-led shift", the third. Available from: <https://www.ft.com/content/4aa8ced4-7537-11e8-b6ad-3823e4384287> Accessed on: September 3rd, 2018.

⁶⁵ Xi Jinping, 2017. Available from: <https://www.weforum.org/events/world-economic-forum-annual-meeting-2017/sessions/opening-plenary-davos-2017> Accessed on: August 13th, 2019.

⁶⁶ Available from: <https://www.foreignaffairs.com/articles/china/2017-01-22/beijing-no-champion-globalization> Accessed on: September 3rd, 2018.

⁶⁷ McDonnell, 2017. Available from: <http://www.bbc.com/news/business-38686568> Accessed on: June 5th, 2017.

⁶⁸ Hornby & Wildau, 2018. Available from: <https://www.ft.com/content/9bf532a8-66de-37bf-b515-03589957ada4> Accessed on: October 1st, 2018.

⁶⁹ Tan, 2019. Available from: <https://www.cnbc.com/2019/01/21/china-2018-gdp-china-reports-economic-growth-for-fourth-quarter-year.html> Accessed on: July 25th, 2019.

⁷⁰ Lagarde, 2015. Available from: <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp040915> Accessed on: June 5th, 2017.

⁷¹ Allen, 2017. Available from: <https://www.theguardian.com/business/2017/jan/20/chinese-economic-growth-dips-to-67-the-slowest-for-26-years> Accessed on: June 5th, 2017.

⁷² Wolf, 2018. Available from: <https://www.ft.com/content/0c7ecae2-8cfb-11e8-bb8f-a6a2f7bca546> Accessed on: October 10th, 2018.

Since Deng Xiaoping's social, political and economic reforms were adopted from 1978, post-Mao Zedong's Great Leap Forward and Cultural Revolution,⁷³ which had resulted in the world's biggest famine from 1958 to 1962, and caused between 20 and 30 million deaths in agreement with official census⁷⁴, China's economy has grown at impressive annual rates, what represents "one of the most remarkable growth runs witnessed in human history" based on Kaushik Basu (2015), former chief economist and senior vice-president of the WB.⁷⁵ Prior to these economic reforms which, according to Qian and Xu (1993), would formally start in 1979, after the Third Plenum of the Eleventh Congress of the CPC in December 1978, China's economy was centrally planned, household farms were collectivised, competition was practically non-existent, investment and foreign trade were limited to the Union of Soviet Socialist Republic (USSR) bloc States, and price, production outcomes and resources allocation were established by the government in order to achieve its objective of being a relatively self-sufficient country (Morrison, 2009).

After Mao Zedong's death in 1976, Deng Xiaoping, the new leader of China, decided to break with the economic system implemented by his predecessor as to reform it according to free market principles, and gradually open up the economy to foreign investment, technology and capital, as a means to develop, increase growth and improve living standards in China (Ibid.). Despite being criticised for altering the politico-economic course of the PRC, that is, leading the economic reforms which would culminate in the 'socialist-market economy' model, the strategy proved to be successful, and Deng Xiaoping's 1962 argument for change, i.e., "it doesn't matter if a cat is black or white; as long as it catches mice, it's a good cat"⁷⁶, became internationally known (Di, 2016).

According to Qian (1999), the first wave of reforms which occurred from 1979 to 1993, which he referred to as the 'transition stage', focused on five major areas: 1. agriculture; 2. opening the economy; 3. fiscal decentralisation; 4. support for State-Owned Enterprises (SOEs); and 5. expansion of commune-brigade enterprises. In the first area, that is, agriculture, he argued the main change that occurred was the introduction of the "Household Responsibility System", which besides giving households the right to dispose of land, also granted them production control rights. Qian contends that this measure made the agricultural system more flexible to peasants, and allowed them to organise themselves in a more efficient manner (Qian, 1999).

⁷³ During Mao Zedong's period, China's economy experienced 6% year growths on average (Hu & Khan, 1997).

⁷⁴ Frank Dikötter (2010), professor at the university of Hong Kong, argues the number of deaths is much higher, at least around 45 million people. He claims most of the government files and reports were classified until the 2000s, however, "a quiet revolution has been taking place", so they have been gradually declassified. Available from: <https://www.nytimes.com/2010/12/16/opinion/16iht-eddikotter16.html> Accessed on: October 10th, 2018.

⁷⁵ Basu, 2015. Available from: <http://blogs.worldbank.org/developmenttalk/india-china-and-our-growth-forecasts> Accessed on: June 6th, 2017.

⁷⁶ Available from: <http://www.theepochtimes.com/n3/2173740-reflecting-on-deng-xiaopings-cat-theory-of-economic-reform/> Accessed on: June 6th, 2017.

The process of opening-up China's economy began with the establishment of SEZs in Guangdong and Fujian provinces⁷⁷, "experimental regions for not just attracting foreign investments, but also learning to establish and to use market institutions" (Qian & Xu, 1993, p. 42); Qian (1999) asserted that these provinces, which "were allowed to retain all foreign exchange income after remitting 30 percent from the increased amount of exports" and "granted the authority to approve foreign investment projects up to \$30 million", were chosen because of their strategic locations, that is, adjacent to Hong Kong and Taiwan (Qian, 1999, p. 6); Furthermore, he highlighted that the economic system prior to Deng Xiaoping's fiscal decentralisation reform was administered under the principle of a "unified revenue and unified expenditure", in other words, "all government revenue and expenditures had to go through the central government", but once the "fiscal contracting system" was adopted, "budgetary revenue income was first divided between "central fixed revenue, all of which was remitted to the center, and 'local revenue', which was shared" (Ibid.).

In terms of opening the economy, Yang Yao (2011), director of the China Center for Economic Research at Peking University, stated that another important measure adopted by the CPC between 1985 and 1994, was the 'dual-track price system', which assigned two prices for a single good, that is, "one for planned quotas and the other one for market transactions"; he argued it was a very successful initiative, an example of "institutional adaptation that improved efficiency, because despite of corruption, that is, officials responsible for the quotas taking advantage of the difference in prices to make money, "the system provided powerful incentives for SOEs managers to produce more output for the market", won "support for reform from the larger part of the (Chinese) society", and "prevented hyperinflation" (Yao, 2011, p. 29).

Pranab Bardhan (2010), professor emeritus of Economics at the University of California, Berkeley, US, argues public finance decentralisation played an important role in rural industrialisation in China by providing autonomy and incentives to local people, such as "better funding and facilitation of local infrastructure projects", as well as to the commune-system production brigades, which would evolve into "the highly successful township and village enterprises" (TVEs) (Bardhan, 2010, pp. 8-14). His view is corroborated by Yang Yao (2011), who asserted that TVEs "played a key role in China's industrialization in the 1980s", because, even though their structures were not clear, they gave "strong incentives to both entrepreneurs and local officials to improve economic efficiency (Yao, 2011, p. 29).

According to Qian (1999), the experiment with SOEs started in Sichuan Province under Provincial Party Secretary Zhao Ziyang in 1978, when six enterprises were selected and granted autonomy, profit retention, and the right to produce and sell its products in the market after achieving its plan quotas determined by the Chinese government. Qian asserted that, because the strategy had very positive outcomes, the central government expanded the successful experience nationwide in 1979 (Qian, 1999). Furthermore, he observed that support for the commune and brigade enterprises began after the State

⁷⁷ Three SEZs were created in Guangdong: Shenzhen, Zhuhai and Shantou; and one in Fujian: Xiamen (Qian & Xu, 1993)

Council issued the "Regulation on Some Questions Concerning the Development of Enterprises Run by People's Communes and Production Brigades," which granted tax holidays of 2-3 years to new commune and brigade enterprises, and were no longer limited to the industries that served agriculture, local resources and local markets (Ibid., p. 8).

The success of the initial reforms implemented by the government led the CPC to extend them throughout the whole country, i.e., it pushed for more market linearization, supported the creation of fourteen additional SEZs, encouraged the Contract Responsibility System (CRS), which reached almost all SOEs by 1993, and the financial reform that led to the creation of four banks: "the Agricultural Bank of China (ABC) for the rural sector; the Industrial and Commercial Bank of China (ICBC) for the industrial sector, the People's Construction Bank of China (PCBC) for long-term investment, and the Bank of China (BOC) for foreign exchange business" (Ibid., p. 10).

Based on Wayne M. Morrison (2009), chief executive officer of Nord Resources Corporation⁷⁸ and specialist in Asian trade and finance, these economic reforms implemented since 1980 increased the size of the economy by fourteen times and eleven-folded the GDP per capita in only three decades. Morrison (2009) argues the main drivers of this rapid expansion were due to "large-scale capital investment (financed by large domestic savings and foreign investment) and rapid productivity growth", which increased efficiency and output (Morrison, 2009, p. 5). In the same line, the work conducted for the IMF by Zuliu Fred Hu and Mohsin S. Khan (1997), which aimed to answer the question why China was growing so fast, their conclusions corroborate with Morrison's assumption that it could be attributed to the extraordinary increase of productivity:

It turns out that it is higher productivity that has performed this newest economic miracle in Asia. Chinese productivity increased at an annual rate of 3.9 percent during 1979–94, compared with 1.1 percent during 1953–78. By the early 1990s, productivity's share of output growth exceeded 50 percent, while the share contributed by capital formation fell below 33 percent. Such explosive growth in productivity is remarkable—the U.S. productivity growth rate averaged 0.4 percent during 1960–89—and enviable, since productivity led growth is more likely to be sustained. Analysis of the pre- and post-1978 periods indicates that the market-oriented reforms undertaken by China were critical in creating this productivity boom (Hu & Khan, 1997, p. 4).

Jaggi et al. (1996) highlighted the fact that, despite common negative Western views over Mao Zedong's economic policies, they were actually successful at keeping low inflation over three decades and small deficits until 1978. Hence, when Deng Xiaoping's reforms were adopted, they maintain that China had a better economic atmosphere than several developing countries. Furthermore, they remind us that when inflation reached double-digits between 1989 and 1991 due to the efforts made by the government to enhance demand and production, which, as a result, heated the economy, it led to the

⁷⁸ An American copper mining company founded in 1971 in Tucson, Arizona (Bloomberg, n.d.). Available from: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=292211> Accessed on: October 10th, 2018.

1989 Tiananmen Square protests (Jaggi et al., 1996). Only once the Chinese economy started to show signs of recovery in 1991 the CPC managed to return to its strategy of opening the country to the world and to its economic reforms. Consequently, in agreement with Deng Xiaoping's arguments that the market system was compatible with socialism, the 'socialist market economy' was formally adopted by the PRC in 1993 (Jaggi et al., 1996).

According to Qian (1999), the process of transition from a 'planned-economy' to a 'socialist market economy' corresponds to the second and final stage of China's reforms which began with Deng Xiaoping in 1978. He argues that, in order for them to succeed, the PRC had to achieve three main objectives: "first, to set the goal of transition to a market system, second, to establish market-supporting institutions incorporating international best practices, and third, to privatize and restructure state-owned enterprises" (Qian, 1999, p. 14). When comparing the economic reforms implemented by China and the ones adopted in Eastern European countries and the USSR, Qian and Xu (1997) conclude that the former was successful because of how the entry and expansion of the non-state sector occurred due to the structure of the economy, that is, whilst the Soviet Bloc was organised in a hierarchical unitary form (a specialisation principle in U-form), China's economy had a deep M-Form structure. In their own words:

a multi-layer-multi-regional form mainly according to territorial principle, in which each region at each layer can be regarded as an operating unit. Each unit is further divided along geographic lines and at the same time the unit controls its own enterprises along functional and specialization lines. Regions are relatively self-contained; that is, they are self-sufficient in terms of functions and supplies in production (Qian & Xu, 1993, p. 19).

Therefore, decentralisation was fundamental to the experiments China conducted in the SEZs before expanding the successful systems into other regions; since there was not much interdependence amongst the provinces, if a policy did not achieve the desired outcomes, it would not affect the country's economy as in the U-form model (Qian, 1999, p. 14)⁷⁹. Yao (2011) claims that decentralisation turned "local government officials into strong stakeholders in local economic growth", and (...) "created a constructive competition for resources among local governments, inducing them to improve services, local infrastructure, and other aspects of the business environment" (Yao, 2011, p. 30).

The government strategies to open the economy through the creation of SEZs, and the policies adopted to develop and allocate resources to specific regions were very successful at attracting foreign capital, technologies, know-how, companies and foreign direct investment (FDI). According to Morrison (2009), these have been the main sources of productivity and economic growth:

The Chinese government estimates that as of 2007 there were 286,200 approved foreign-invested companies in China, and that such firms employed more than 42 million people and accounted for

⁷⁹ There are six administrative levels in China: "central, provincial, prefecture, county, township (previously, commune) and village (previously, brigade)" (Qian & Xu, 1993, p. 19).

31.5% of gross industrial output value. Annual utilized FDI in China grew from \$2 billion in 1985 to \$92 billion in 2008. The cumulative level of FDI in China at the end of 2008 is estimated at \$883 billion, making China one of the world's largest destinations of FDI (Morrison, 2009, p. 9).

Morrison's (2009) conclusions are in agreement with Hu and Khan's (1996) regarding FDI being crucial to China's economic growth and increase in productivity. They asserted that, together with the market-oriented reforms, the 'open door' policy, which linked China to international markets, created a high number of jobs, served as incentives to rural enterprises and private businesses, and "unleashed the productivity boom" (Hu & Khan, 1997, p. 8). According to Bräutigam and Xiaoyang (2011), even though the first SEZ was created in Puerto Rico in 1951, China's SEZs, which were established in 1979⁸⁰, represent the biggest success project in opening and liberalising the economy and attracting foreign investment; SEZs were areas mainly used to foster growth, trade, technological development and increase employment. For that reason, China currently hosts more than 100 zones, and, as a consequence, some regions which had been just small fishing villages have turned into industrialised metropolises within a generation (Bräutigam & Xiaoyang, 2011)⁸¹.

Although China was involved in the foundation of the General Agreement on Tariffs and Trade (GATT)⁸², which turned into the WTO in 1995, Taiwan occupied its seat until March 1965, when it withdrew from the international agreement and gained the status of observer. By October 25th, 1971, China had its position restored in the UN, which was followed by Taiwan's GATT observer status deprivation on November 16th the same year, however, only in November, 1982 the PRC would obtain the observer status of the GATT and send its first delegation to attend the 36th Session of the Contracting Parties (MFA of the PRC, n.d.-a). Moreover, since July 10th, 1986, when Chinese Ambassador Qian Jiadong "formally submitted an application for the resumption of China's membership in GATT as a Contracting Party", China held numerous bilateral talks with the US and GATT Contracting Parties to become a full member, which were interrupted in 1989 due to the political turmoil that led to the Tiananmen Square protests, and in 1999, because of the US bombing of the Chinese Embassy in Yugoslavia (Ibid.). Once China and the US reached an 8-point agreement in 1995, and talks were resumed for the second time, after a long negotiation process, on November 15th, 1999 the PRC and the US reached a bilateral agreement on China's entrance to the WTO, which on December 11th, 2001, led China to become its 143rd member (Ibid.).

According to the WTO September 17th, 2001 press release, which "concluded the negotiations on China's terms of membership", the step, "a moment in the history of the multilateral trading system",

⁸⁰ Shenzhen, Zhuhai, Shantou and Xiamen. Followed by the island of Hainan and Shanghai (which would become the Pudong area (Bräutigam & Xiaoyang, 2011, p. 30).

⁸¹ They vary from "free trade, economic and technological development, and high-tech zones" (Ibid.).

⁸² GATT was signed by 23 countries on October 30th, 1947 and took effect on January 1st, 1948. China became one of its Contracting Parties on May 21st, 1948 (MFA of the PRC, n.d.-a). Available from: https://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18051.shtml Accessed on: June 2nd, 2017.

as stated by Mike Moore, the organisation Director-General, was truly making the WTO a “world organization” (WTO, 2001).⁸³. After almost 15 years of negotiations, “some 900 pages of legal text for formal acceptance” regarding “a series of important commitments to open and liberalize its regime in order to better integrate in the world economy and offer a more predictable environment for trade and foreign investment”, the PRC legally became a WTO member (Ibid.).

After analysing China’s economic growth, Nicholas Lardy (2001), senior fellow at the Peterson Institute for International Economics, observed that

In the course of the 1980s and 1990s China emerged as a major player in the global economy, indeed no other country has ever expanded its role so rapidly. Its foreign trade increased explosively, from about \$20 billion in the late 1970s to \$475 billion in 2000.” (...) By 2000 its share of total world trade had sextupled as compared with 1977 and as early as 1995 China had become one of the top ten trading countries in the world. Simultaneously China attracted record amounts of foreign direct investment. For much of the decade of the 1990s China was the world’s second largest recipient of foreign direct investment, following only the United States. By the end of the 1990s the total stock of foreign direct investment in China accounted for almost a third of the cumulative foreign direct investment in all developing countries⁸⁴

However, Lardy (2001) claimed that, although the PRC’s progress was impressive when compared to developed and developing countries standards, it was not fully integrated into the global economy yet,

High tariffs and an array of nontariff barriers meant that some critical sectors of the Chinese economy remained relatively insulated from international competition. More generally, the state controlled imports by limiting both the type and number of companies authorized to carry out international transactions; imposing onerous inspection and safety licensing requirements on imports; developing technical standards designed in part to protect domestic industries; discriminating against foreign goods in government procurement, and imposing high local content requirements on foreign and joint-venture firms producing in China. And certain sectors of the economy, such as distribution, telecommunications, and financial services, remained entirely or largely closed to foreign direct investment (Ibid.).

Furthermore, he argued it was natural for the US to have the leading role in the negotiations for China to become a WTO full member due to their stake “in the creation of more open markets globally”; moreover, the US had become “China’s largest export market”, i.e., trade turnover between the two countries had grown “from \$1 billion in 1978 to \$116 billion in 2000”, and “the U.S. bilateral deficit reached \$84 billion”, “(which) for the first time exceeded the bilateral deficit with Japan” (Ibid.).

⁸³ Available from: https://www.wto.org/english/news_e/pres01_e/pr243_e.htm Accessed on: October 10th, 2018.

⁸⁴ Available from: <https://www.brookings.edu/testimonies/issues-in-chinas-wto-accession/> Accessed on: October 10th, 2018.

After being one of the top recipients of FDI amongst developing countries for almost two decades, the PRC launched the “Go Out” policy in 1999, also known as the “Going Global” strategy, which aimed to promote Chinese investments abroad, develop national and international markets, secure natural resources, and reinforce cooperation with South-South and developing countries, mostly through FDI, loans and debt-relief policies (Gill & Reilly, 2007). According to Alessia Amighini (2018), co-head of Asia Centre and senior associate research fellow at Istituto per Gli Studi di Politica Internazionale, the CPC, together with China Council for the Promotion of International Trade (CCPIT), began to support medium-sized and large domestic companies, specially SOEs, to invest overseas, to expand local and international markets, and look for opportunities abroad to diversify their assets (Amighini et al., 2018).

Bräutigam and Xiaoyang (2011) stated that after the announcement of the “Going global” policy and the 11th five-year plan, the CPC declared it would create up to fifty EZs around the world. Following that declaration, in the 2006 Forum on China-Africa Cooperation (FOCAC), China announced that three to five of these zones would be established in Africa (Bräutigam & Xiaoyang, 2011). According to Bräutigam and Xiaoyang, besides increasing the PRC’s soft-power, “in particular demonstrating the efficacy of some aspects of China’s development model and sharing it with friendly countries”, the EZs would also “help China’s own restructuring, allowing the labour intensive, less competitive, ‘mature’ industries, such as textiles, leather goods and building materials to move offshore” (Ibid, p. 30).

The report entitled *China Going Global Between Ambition and Capacity* published by China Policy in April, 2017, stated that the ‘Going Global’ strategy is a departure from “Mao-era mindset of self-reliance”; furthermore, it asserted that the policy can be divided into two stages, that is, the first one, ‘Going Global 1.0’, from 2001, which coincided with China’s admission to the WTO, to 2012, the beginning of the anti-corruption campaign; and the second one, ‘Going Global 2.0’, from 2012 onwards (China Policy, 2017, p. 3). Whilst ‘Going Global 1.0’ focused on solving resource security, buying whole value chains and majority stakes, as well as seeking local political patronage and projecting the China Model, ‘Going Global 2.0’, emphasises on ensuring return on investment, stimulating global demand, switching to portfolio investment, avoiding dividing political elites, and blending with local operators. In other words, the new strategy aims “to address 1.0’s failings and ensure firms invest abroad more wisely, with greater concern for local sensibilities and China’s image” (Ibid., p. 4).

According to the China Policy (2017) report, the ‘Going Global 2.0’ strategy, besides aiming at domestic restructuring, what “reflects Xi Jinping’s (...) desire for global leadership, and offers a channel to boost domestic economic restructuring by stimulating non-OECD⁸⁵ demand, it focuses on “industry plans, such as Made in China 2025 or the many sector-specific 13th 5-year plans, and aim(s) for a new economy rising from sci-tech, innovation, services and consumption; (because) Chinese industry needs

⁸⁵ OECD stands for Organisation for Economic Cooperation and Development. For more information, see: <http://www.oecd.org/> Accessed on: July 25th, 2019.

to move up the value chain to avoid a fall into the ‘middle income trap’⁸⁶ and Japan-style stagnation” (Ibid.). In addition, the report states that Going Global 2.0 also aims to export capacity by shifting production abroad, that is, through “State-sector mergers (that) make national champion firms ‘bigger and stronger’, and better able to engage with global markets” (Ibid.). Therefore, Going Global 2.0 policy should help dealing with overcapacity, “not just in traditional industries like steel and cement, but also in low-end manufacturing and in emerging industries like robotics”; as well as with setting standards in 5G technology, international law, foreign trade, online compliance, and “collaboration between Chinese and overseas universities” (Ibid., p. 5). Even though only two decades have passed since China’s announcement of the *Going Global* policy, the country already ranked second in terms of worldwide Outbound Direct Investment (ODI) by the end of 2017, that is, the PRC had accumulated over US\$1.8 trillion ODI in agreement with official data released by the MOFCOM (Xinhua, 2018a).⁸⁷ Moreover, according to Jing Shuiyu (2019), business news reporter at China Daily, in 2018, China’s ODI increased 4.2%, i.e., almost 130 billion dollars, and its “non-financial ODI on projects in 56 Belt and Road economies totaled \$15.64 billion, an 8.9% increase from 2017⁸⁸.

Two other initiatives launched in 2015 that consist in a development of the ‘Going Global’ strategy are ‘International Production Capacity Cooperation’ and ‘Made in China 2025’. The first one, released by the State Council on the 13th Five Year Plan, based on Tristan Kenderdine (2017), research director at Future Risk, is a “solution to the industrial capacity utilization problems the PRC has suffered since the 2008-2009 spending stimulus flooded into traditional industries”. Kenderdine asserts the initiative is “supported through dedicated funds”, such as the SRF, “the China-Asean Investment Cooperation Fund, the China-Latin American Fund, the China-Africa Industrial Cooperation Fund, and others”, which “range from \$2 billion to \$40 billion in capital stock”.⁸⁹ Furthermore, Kenderdine and Ling (2018) contend it consists on a Chinese strategy to export its Keynesian project system, i.e., to offshore “the state capitalist investment-driven model” that has been successful in “delivering steel, aluminium, cement and glass to China’s urbanising population”, but “resulted in chronic industrial overcapacity and a local government debt burden which has not yet been fully accounted” (Kenderdine & Ling, 2018).

China Policy 2017 report claims that even though Capacity Cooperation was promoted by President Xi Jinping and Premier Li Keqiang in their 2014-2016 tours to Europe, Latin America and Central Asia, it has been “largely eclipsed by” the BRI (China Policy, 2017, p. 8). However, it observes that the initiative led by the MOFCOM, which focuses on production, food security, innovation, technology, and manufacturing by building partnerships between domestic and international enterprises, only in the

⁸⁶ For information about middle-income traps, see Im & Rosenblatt, 2013. Available from: http://siteresources.worldbank.org/DEC/Resources/84797-1154354760266/2807421-1382041458393/9369443-1382041470701/Middle-Income_Traps.pdf Accessed on: July 25th, 2019.

⁸⁷ Available from: <http://www.chinadaily.com.cn/a/201810/07/WS5bb990c7a310eff303280e2a.html> Accessed on: October 11th, 2018.

⁸⁸ Available from: <http://www.chinadaily.com.cn/a/201901/16/WS5c3f1be7a3106c65c34e4ddf.html> Accessed on: August 16th, 2019.

⁸⁹ Available from: <https://www.asiapathways-adbi.org/2017/07/the-prcs-international-capacity-cooperation-exports-both-industrial-capacity-and-financial-risk/> Accessed on: October 25th, 2018.

Global Production Capacity and Business Cooperation Forum held in Hebei on October 19th and 20th, signed “65 production capacity cooperation projects, worth 142.7 billion yuan (about 20.6 billion US dollars) in total” (Ibid.); (Xinhua, 2018b).⁹⁰

The second initiative, ‘Made in China 2025’, according to Scott Kennedy (2015), CSIS project on Chinese Business and Political Economy director, “aims to comprehensively upgrade Chinese industry”; he argues that despite of the initiative’s inspiration from the ‘German Industry 4.0’, which focuses on the “Internet of Things to connect small and medium-sized companies more efficiently in global production and innovation networks”, the Chinese strategy drafted by the Ministry of Industry and Information Technology (MIIT), an extension to Development of Science and Technology “indigenous innovation” 15-year plan issued in 2006, is even broader, i.e., it focuses on “the entire manufacturing process, not just (on) innovation”; furthermore, it promotes development of all emerging and strategic industries and services, by paying attention to “self-declared standards and the international standards system”, and has “clear and specific measures for innovation, quality, intelligent manufacturing, and green production, with benchmarks identified for 2013 and 2015 and goals set for 2020 and 2025”.⁹¹

Adam Jourdan (2018), chief of Reuters bureau in Latin America, asserts that by aiming to catch up with rivals and move up the value chain, China has identified 10 key sectors of high-end technology to develop: 1. Chips, computer and cloud; 2. Robotics; 3. Aviation and Aerospace industry; 4. Ship engineering; 5. Railways; 6. Smart green cars; 7. Renewables; 8. Agriculture; 9. High-technology materials; and 10. Medical and Pharmaceutical industries.⁹² The China Policy Center (2017) claims that by “rising from sci-tech, innovation, services and consumption”, China will not have to face a ‘middle income trap’ neither the type of stagnation Japan has been going through (China Policy, 2017); Nevertheless, because “President Xi Jinping’s China has taken a more muscular stance on the global stage” and the US see the ‘Made in China 2025’ initiative as a threat to its high-tech industries, which was partially responsible for triggering the American backlash and trade war, Martina, Yao & Chen (2018) argue China has soften its message and avoided promoting the plan. However, despite the change in language, they maintain the PRC will not stop struggling to close the technology gap.⁹³

2.2 The Washington Consensus vs. the Beijing Consensus (Chinese Model)

The “Washington Consensus”, a term coined by the English economist John Williamson in 1989, was as he claimed, an attempt so summarise “the conventional wisdom of the day among the economically influential bits of Washington, meaning US government and the international financial

⁹⁰ Available from: <http://www.globaltimes.cn/content/1123918.shtml> Accessed on: October 25th, 2018.

⁹¹ Available from: <https://www.csis.org/analysis/made-china-2025> Accessed on: October 25th, 2018.

⁹² Available from: <https://www.reuters.com/article/us-usa-trade-china-policy-factbox/factbox-made-in-china-2025-beijings-big-ambitions-from-robots-to-chips-idUSKBN1HR1DK> Accessed on: October 22nd, 2018.

⁹³ Available from: <https://www.reuters.com/article/us-usa-trade-china-madeinchina2025-exclu/exclusive-facing-u-s-blowback-beijing-softens-made-in-china-2025-message-idUSKBN1JL12U> Accessed on: October 2nd, 2018.

institutions", i.e., a prescription of a set of ten policies developing countries, particularly Latin American nations which were affected by the late 1970s and early 1980s international crises, should adopt to reform their economies and stimulate development (Gore, 2000, p. 790 apud Williamson, 1993, p. 1329); (Williamson, 2002). The ten policies institutions such as the IMF, the WB, the US Department of Treasury and Federal Reserve Board, the Inter-American Development Bank, as well as think-tanks concerned with economic policy and Washington technocrats could agree with, as outlined by Williamson, were the following: 1. Fiscal Discipline; 2. Reordering Public Expenditure Priorities; 3. Tax reform; 4. Liberalising Interest Rates; 5. Competitive Exchange Rate; 6. Trade Liberalisation; 7. Liberalisation of Inward FDI; 8. Privatisation; 9. Deregulation; and 10. Property Rights (Ibid.).

According to John Marangos (2009), professor of Economics at the University of Crete, Greece, the concept of a Washington Consensus, and the free-market measures introduced by Williamson were considered as a "neoliberal manifesto", therefore, debate on alternative economic development policies from different economic schools of thought was generated and, as a result, "those who opposed the policies of the Washington Consensus proposed policies emphasizing social equity, safety nets, and institutional development which, they alleged, were overlooked in the original Washington Consensus" (Marangos, 2009, p. 197). Charles Gore (2000), honorary professor of Economics at the University of Glasgow, Scotland, for instance, claimed that the Washington Consensus, which focused mostly on GDP growth, had two contesting alternatives: first, Sustainable Human Development (SHD); and second, a 'Southern Consensus', which could be divided into two strands, that is, Latin American Neo-structuralism and East Asian developmentalism (Gore, 2000).

Based on Gore (2000), the SDH approach, which "identifies itself as an alternative paradigm", was more "people-centered" than the Washington Consensus, because it introduced "poverty reduction as a key goal of development practice"; however, despite presenting different values which made "the Washington Consensus more humane", he argued it was quite "consonant with the liberal perspective" in terms of decentralisation (Ibid., pp. 795-796). The second alternative, the Southern Consensus⁹⁴, even though it rejected the notion that a general formula could be used to promote growth, because "policy measures have to be adapted to initial conditions and the external environment, and change over time as an economy matures" (Ibid., p. 796), it claimed five policy orientations that apply to all circumstances can be identified: 1. "strategic integration" of the national economy into the international economy", which implies gradual "speed and sequencing of opening" and Inward FDI support to domestic production capabilities; 2. "a combination of a macroeconomic policy and what Latin American neostructuralists describe as a "productive development policy"; 3. "government business cooperation

⁹⁴ The Southern-Consensus approaches believe that in order to catch up with developed countries, developing countries "national enterprises (must) build up production capabilities and international competitiveness", as a consequence, whilst "agriculture and natural resources exploitation" decline, manufacturing skills, technology, and value-added production increase. Therefore, capital accumulation, savings, investments and exports enhance structural change and economic growth at the macrolevel. Moreover, foreign expertise imitation, adaptation, and quality of products and services increase, and production costs decrease at the microlevel (Gore, 2000, p. 796).

within the framework of a pragmatic developmental State”, that is, enhancing “state capacities rather than state minimalism”; 4. management of “distributional dimensions of the growth process” (...) “as to ensure the legitimacy of the overall growth process”; and 5. “regional integration and cooperation policies” (Ibid., pp. 797-798); (Gore, 2000, pp. 797 apud Singh, 1994); (Gore, 2000, pp. 798 apud ECLAC, 1996, chapter V; ESCAP, 1990, pp.17-19).

In a response to the articles published by Moisés Naím entitled *Washington Consensus or Confusion (2000)* and *Washington Consensus: A Damaged Brand (2002)*⁹⁵, Williamson (2002) agreed with the author that the results countries in Latin America which attempted to follow the Washington Consensus achieved had “been disappointing, to say the least, particularly in terms of growth, employment, and poverty reduction”, but then posed the question: “should we conclude from this that the Washington Consensus failed?”; after analysing those countries failures and explaining the reasons for their unsuccessful outcomes, he concluded that the answer to that question was negative (Williamson, 2002); that is, in the speech “Did the Washington Consensus Fail?”, Williamson argued the three big ideas he tried to summarise at the time he wrote the Washington Consensus, that is, “macroeconomic discipline, a market economy, and openness to the world”, have all been regarded as orthodox by OECD countries, and also gained wider acceptance in the 1990s. Furthermore, he presented two conclusions: first, “countries ought not to have adopted the Washington Consensus as an ideology”; second, “anyone offering a new set of policy guidelines as of 2002 has a duty to include a set of suggestions as to how crises can be avoided” (Ibid., p. 3).

According to Williamson (2002), his second conclusion was the main reason Latin America did not accomplish the expected outcomes the policies were aimed at, that is, he maintained that “the series of crises that emerging markets have suffered, starting with that in Mexico at the end of 1994” (were) “the most damaging factor to economic growth”, however, he defends that economic crises avoidance had not been emphasised by the Washington Consensus (Ibid., p. 1);⁹⁶ Williamson stated that “opening up the capital account prematurely and letting money flood in and overvalue the currency, or using the exchange rate as a nominal anchor, or pursuing a procyclical fiscal policy” were “foolish acts” that led them to the crises (Ibid., p. 1). Furthermore, he contended that another reason for the “disappointing performance” was focusing only on accelerating growth, not on “its distribution as well”, which should be “a complement to the Washington Consensus, not a substitute (Ibid.).

In spite of the reasons presented for Latin American countries economic crises, Williamson (2002) claims that “none of this argues for abandoning what (he) meant by the Washington Consensus” (Ibid.); because, in his view, returning to high inflation, giving socialism and industrial revival policies a second

⁹⁵ Available from: <https://carnegieendowment.org/2002/10/28/washington-consensus-damaged-brand-pub-1114>
Accessed on: August 8th, 2019.

⁹⁶ Williamson (2002) did not include the case of Argentina in his analysis and conclusions, because, according to him, it committed two mistakes: “(Argentina) nailed its mast to a currency board that resulted in its exchange rate becoming grossly uncompetitive, and it failed to follow the strict fiscal policies that would have been needed to give the currency board a chance to work” (Williamson, 2002, p. 1).

chance, as well as closing economies and closed capital accounts, and going back “to the global apartheid of the days prior to the Washington Consensus” do not sound like promising ideas. (Ibid.). For these reasons, Marangos (2009) asserts that, after considering the criticism the Washington Consensus received, “(Pedro Pablo) Kuczynski and Williamson devised a new set of policies labelled “After the Washington Consensus”” (Marangos, 2009, p. 197).

Eric Sheppard and Helga Leitner (2010), professors of Geography at the University of Minnesota, US, assert that the Washington Consensus, the “neoliberal global capitalist governance (which) gained hegemony over the third world, entered a crisis in the late 1990s”, i.e., it was “triggered by the 1997 Asian financial crisis⁹⁷, and by contestations of neoliberal governance from global civil society” (Sheppard & Leitner, 2010, p. 185).⁹⁸ For that reason, they claim a ‘post-Washington consensus, and a ‘new development economics’, which defended Keynesian principles, gained ground. In that context, Sheppard and Leitner (2010) affirmed that the fall of the Consensus “can only be understood by attending to both contestations of neoliberalism as well as its concrete failures to deliver prosperity, and periodic crises” (Ibid., p. 186). Whilst developing countries that adopted the “structural adjustment” policies faced unemployment and impoverishment, which “catalysed widespread localized protests in the late 1980s and early 1990s”, “East Asian states continued to pursue state-led policies and grew rapidly”. Thus, according to Gore (2002), “the challenge from the East Asian development models has proved to be most powerful because these models have, in terms of their performance and according to the criterion of economic growth, “worked” spectacularly well” (Gore, 2000, p. 798).

Sheppard and Leitner (2010) assert that the different opinions and “internal critiques (that) emerged from within elite discourses, notably from that ultimate insider Joseph Stiglitz”⁹⁹, Columbia University and Nobel laureate in Economics professor, “the most prominent Washington Consensus critic”, as acknowledged by Williamson (2002), as well as by Paul Krugman¹⁰⁰, professor of Economics at the Graduate Center of the City University of New York, led professors Robert McCleery and Fernando De Paolis (2008) to claim that:

If there is a consensus today about what strategies are most likely to promote the development of the poorest countries in the world, it is this: there is no consensus except that the Washington consensus did not provide the answer. Its recipes were neither necessary nor sufficient for successful

⁹⁷ The case of Malaysia’s regulation of capital flows, and of developing countries that built up sovereign funds to “eliminate dependency on the IMF loans”, as well as of Vietnam and China’s “successful state-oriented policies are used to illustrate different approaches (Sheppard & Leitner, 2010, p. 185).

⁹⁸ They mention the protests of the Zapatistas of Chiapas that took place in Argentina (Gore, 2000, p. 796).

⁹⁹ Sheppard & Leitner, 2010, p. 186

¹⁰⁰ Gore argues Paul Krugman, after analysing the 1994 Mexican crisis and the mechanisms which caused a speculative bubble in the emerging markets that had now burst, wrote “the obituary of the Washington Consensus” (Gore, 2000, p. 799 apud Krugman, 1995). Krugman claimed the “liberalization and reform have not yielded the results everyone hoped for” (Krugman, 2008, p. 39); “At the time John Williamson introduced the famous concept of the ‘Washington Consensus’, inequality did not play a large role in economic debate, either in developed or in developing countries”, however, it “has become a more obviously crucial subject” (Ibid., p. 31).

growth, though each of its policies made sense for particular countries at particular times (McCleery & De Paolis, 2008, p. 439).

In the same line, Gore (2000) argued that even though East Asian models converge with Latin American Neo-structuralism, have expanded to Africa, and could offer a more effective way of developing countries than the Washington Consensus, they do not provide an ideal alternative paradigm

because it remains a moot point whether it is possible to achieve similar results to those achieved by East Asian countries in their high-growth period, given the widespread, simultaneous adoption of past East Asia-type policies. Moreover, though exaggerated, some new global rules, particularly concerning technological borrowing and adaptation, may inhibit the replication of some of these policies (Gore, 2000, p. 800)

In that context, Joshua Cooper Ramo (2005), by observing China's rise and its "new physics of development and power", what he referred to as the "Beijing Consensus", argued it "replaces the widely-discredited Washington Consensus" as a development model (Ramo, 2005, p. 4). According to Ramo, "the Beijing Consensus is "as much about social change as economic change" (Ibid.). And, although it is, "of course, unrepeatably by any other nation", it has two implications: first, "the Beijing Consensus is already drawing a wake of new ideas that are very different from those coming from Washington" (Ibid., p. 5); and second,

(it) marks an important change for China, a shift from a reform process that was young and susceptible to externalities to one that is now self-fulfilling, cranking like a chain reaction and more determined by its internal dynamics than by the external pushes and pokes of things like WTO accession, nuclear proliferation rules or even mass viral epidemics. China is writing its own book now. The book represents a fusion of Chinese thinking with lessons learned from the failure of globalisation culture in other places. The rest of the world has begun to study this book (Ramo, 2005, p. 5).

Ramo (2005) stated that the Beijing Consensus consists of "three theorems about how to organise the place of a developing country in the world"; according to him, the first theorem "repositions the value of innovation", that is, he claims that "the only cure for the problems of change is more change and more innovation"; the second one asserts that "since chaos is impossible to control from the top you need a whole set of new tools. It looks beyond measures like per-capita GDP and focuses instead (on) quality-of-life, the only way to manage the massive contradictions of Chinese development"; finally, the third one "contains a theory of self-determination, one that stresses using leverage to move big, hegemonic powers that may be tempted to tread on your toes" (Ibid., pp. 11-12)

On the one hand, since the concept of a Beijing Consensus was introduced by Ramo in 2004, a lot of debate on China's development model success has taken place, especially over whether or not it could be replicated by developing countries, mainly after the international 2008 financial crisis onwards. On

the other hand, however, it has been criticised for lack of scientific rigor, appropriate methodological approach, and for not being a consensus at all. Scott Kennedy (2010), for instance, argued that the “Beijing Consensus”, despite being “a useful touchstone to consider the evolution of developmental paradigms, compare China’s experience with that of others, identify the most distinctive features of China’s experience, and evaluate its significance for the development prospects of other countries and for international relations”, it is not a challenge to the Washington Consensus, because it consists in “a misguided and inaccurate summary of China’s actual reform experience” (Kennedy, 2010, p. 461);

According to Kennedy (2010) Ramo’s interpretation of China’s development path did not capture the right facts because, “(it) disregards the similarities and differences China’s experience shares with other countries, and it distorts China’s place in international politics” (Ibid., p. 462); Moreover, he argued that the three theorems presented by Ramo (2005) as pillars of consensus are only myths, because, first, “technological innovation has not been the centrepiece of China’s growth”; second, “the evidence that China is pursuing sustainable and equitable development is highly limited”, because “whenever there appears to be a trade-off between the environment and growth, the latter wins”; and third, arguing China’s economic development strategy is unique, does not say much, because “the same could be said of the world’s every other 191 countries”, that is, he argues “(it) would certainly be meaningless to ascribe the label ‘X-country Consensus’ to every nation that has achieved successful development” (Ibid., p. 470). Finally, Kennedy asserts there were two other problems related to Ramo’s (2004) arguments, i.e., first, he interpreted the different elements of Chinese development as if they had “acted in concert with each other, that together they have pursued a well-defined goal, and that China’s economic performance is a reflection of those plans”; and second, claiming there was actually a consensus, when “the large majority of Chinese commentary is critical of the (Beijing Consensus)”; Kennedy (2010) argues “attention to the (Beijing Consensus) in China emerged in reaction to Ramo’s essay but has faded over time”, that is, the term “was not a Chinese creation” (Ibid., pp. 471-473).

Kavaljit Singh (2002), director of the Public Interest Research Centre, New Delhi, argues that despite the fact some critics equated Chinese development with the Washington Consensus policies, it is an erroneous assumption for a few different reasons: first, the PRC followed “a completely different route to economic reforms than the one adopted by several third world countries, such as former Soviet Union and Eastern Europe in the eighties and the nineties”, that is, whereas the latter destroyed the previous earlier state-centered regimes, China has built on “the legacies of the older (one)” (Singh, 2002, p. 63). Furthermore, unlike “India, Pakistan or Brazil”, China did not implement reforms due to economic or financial crises, it pursued a sequential approach which was “introduced in phases”, i.e., “economic liberalisation was not introduced in the whole country, local experiments were conducted in limited areas (SEZs)”; moreover, China did not privatise its public companies overnight, SOEs were exposed to competition “through town and village enterprises” (TVEs) (Ibid., p. 64). Finally, despite the fact FDI played a significant role in China, “in terms of ownership, composition and nature of investments”, “more than three-fourth of total FDI to China in the initial years of economic liberalization

has come from overseas Chinese, located in Hong Kong and Taiwan" (...), which "brought technology, marketing skills and trading experience" and "supplemented the domestic savings and investments" – hence, Singh (2002) contends that "the completely different route to economic liberalization (...) could be termed as "Beijing Consensus" (Ibid., p. 65).

Contrary to scholars who argue China's development experience and economic policies constitute a 'Beijing Consensus', professor Arif Dirlik (2006) prefers to describe their approach "as a notion, rather than as a concept or an idea", because according to him, "it does not have any of the coherence that we associate with either of those terms" (Dirlik, 2006, p. 1); In line with the article *Too much Consensus*, published by Foreign Policy in September, 2004, he claimed that the term "consensus" had become a fashionable word at the time and, for that reason, it has been used in a number of different contexts to sell 'unifying theories'. For instance, the Washington Consensus was followed by "the Monterrey, Copenhagen, Beijing, and Mexico consensuses" (Ibid.). Dirlik (2006) asserts that these consensuses served "as a gathering place for those who are opposed to Washington imperialism" (Ibid., p. 2).

When analysing the Beijing Consensus, or 'Chinese Model of Development', another way China's unique experience has been addressed as, which, based on Dirlik (2006), has its roots in the "socialism with Chinese characteristics" concept, he argues that, on the one hand, Ramo (2004) presented an 'utopianisation' of innovation as if it could solve all sorts of development problems. However, because solutions to innovation problems, such as inequity and disorientation in young Chinese people's lives caused by rapid changes, were ignored in the paper, on the other hand, Ramo called into question the validity of his second "theorem", i.e., that "sustainability and equality become first considerations" (Ibid., p. 3 apud Ramo, 2004) According to Dirlik (2006), Ramo's third 'theorem', autonomy and self-determination, is what he considers as the most attractive element "of the so-called Chinese model in the Third World", because it presents itself as an alternative pathway for "reshaping the global political environment that is the context for economic development" (Ibid., p. 4):

by taking a multilateralist approach to global relationships which contrasts sharply with the increasingly unilateralist direction US policy has taken over the last two decades. The most important aspect of the Beijing Consensus may be an approach to global relationships that seeks, in multinational relationships, a new global order founded on economic relationships, but which also recognizes political and cultural difference as well as differences in regional and national practices within a common global framework. This global order would also be founded, not upon homogenizing universalisms that inevitably lead to hegemonism, but on a simultaneous recognition of commonality and difference. Deng Xiaoping's reforms beginning in the 1980s gave priority to economic intercourse over political correctness. In the pursuit of these goals over the last two decades, the PRC has emerged as a counter to US economic and political hegemony without directly challenging the United States (Ibid., p. 5).

In line with professor Dirlik (2006), Kennedy (2010) and Yang Yao (2011) argue that the term 'Chinese Model' has no clear origin or definition since it has been deployed to convey different notions,

such as, to emphasise the difference between China's "gradualist reform strategy", which contrasts with the 'shock therapy' or 'big bang' "approach adopted by post-Communist states of Central Europe" (Kennedy, 2010, p. 473); to distinguish the non-intervention in the economy advocated by the Washington Consensus, as well as "maintaining China's original political institutions" (Ibid., p. 474); and as a demonstration of the PRC's "export oriented growth strategy" (Ibid., p. 475). However, "no matter how deployed", Kennedy (2010) claims that the Beijing Consensus and the Chinese Model still present two analytical problems: first, they do not "square with the reality of China's path; second, because the states were "different from the proceeding one", "modifying China's policies as circumstances change over time" show "no agreement on its content or utility" (Ibid., pp. 475-476).

Stefan Halper (2010), senior fellow at the Cambridge Centre for International Studies, wrote in the book *Beijing Consensus: How China's Authoritarian Model will Dominate the World*, that the threat China actually poses to the current world order is more related to its "market-authoritarian model, which provides rapid growth, stability, and the promise of better life at the expense of liberal democracy"¹⁰¹. This view is supported by Jiakun Jack Zhang (2011), and goes in line with the assumptions presented by Barma & Ratner (2006)¹⁰², who claimed the "Chinese Model" "combines two elements: illiberal capitalism, the practice and promotion of a governance strategy where markets are free but politics are not; and illiberal sovereignty, an approach to international relations that emphasizes the inviolability of nation borders in the face of international intervention", and who argued "China is not actively exporting its illiberal model, it is seducing illiberal regimes into its orbit through foreign assistance and private investment free of good governance" (Zhang, 2011, pp. 12-13 apud Barma & Ratner, 2006).

In the paper *The Idea of a Chinese Model: a Critical Discussion*, written by Arif Dirlik and published by Sage in 2012, which questions the idea of a Chinese Model, he argued that the so-called "Chinese Model" simply consists in a "variant of neoauthoritarian development associated with developmental experience of other Eastern Asian states"; he claimed that the feature which distinguishes it from other models is China's trajectory and history of revolutions, i.e., the reason why it becomes difficult to be emulated by other countries. Moreover, he contended that the model's "most outstanding characteristic is the willingness to experiment with different models", and that "what makes it work is its deficit of democracy (Dirlik, 2012, pp. 277-284).

Contrary to Dirlik (2006), Qasem, van Dongen and de Ridder (2011), assert in the article *The Beijing Consensus: An Alternative Approach to Development*, that the Beijing Consensus, besides being emulated by developing countries and "affecting the global balance of power to the detriment of the US" by "creating strong economic ties and gaining political clout" through aid, investment and commerce, it also "contribute(s) to a declining consensus on the values that underpin the international

¹⁰¹ The Globalist, 2010 apud Halper, 2010. Available from: <https://www.theglobalist.com/stefan-halper-on-the-beijing-consensus/> Accessed on: July 10th, 2018.

¹⁰² Available from: <https://democracyjournal.org/magazine/2/chinas-illiberal-challenge/> Accessed on: August 8th, 2019.

system”, that is, they claim China is “the proof that economic growth does not have to be associated with increased political freedom or democratization” (Qasem, van Dongen and de Ridder, 2011, p. 5).

The study called *Seeking the Beijing Consensus in Asia*, conducted at Duke University by scholar Jiakun Jack Zhang (2011), which aimed to empirically investigate whether the so-called Chinese model of development, “an alternative form of state capitalism in which economic freedom and state intervention go hand-in-hand and political freedom is sidelined”, has become more attractive abroad due to China’s increasing influence and soft power as a means to verify Ramo’s assumption that the “Beijing Consensus is spreading”, presented three case studies, i.e., Taiwan, Philippines and Mongolia. After analysing opinion polls data from the Asian Barometer Survey (ABS), it concluded that there was no evidence or correlation “between a respondent’s attitude towards Chinese influence and his/her preference for China as a model of development” (Zhang, 2011, pp. 2-9); (Ramo, 2005, p. 25).

2.3 The 2008 International Financial Crisis and the Decline of the West

International Relations debates over the contemporary structure of the international system, i.e., about power distribution amongst actors, agents and institutions around the world, have been controversial since the end of the Cold War in 1989 (or 1991 depending on the approach), especially after the 1997 Asian financial crisis which started in Thailand and spread to other countries in South East Asia, and the 2008 international financial and economic crisis. Those discussions have mostly concerned the rise and fall of the US and the West, the shift of power towards the East, which would imply in an Asian century, and/or the rise of ‘the rest’ (Fukuyama, 1989); (Krauthammer, 1990); (Huntington, 1999); (Zakaria, 2008); (Haass, 2008); (Mahbubani, 2008); (Layne, 2009); (Schweller, 2010); (Cox, 2012); (Kupchan, 2014); (Nye, 2012).

The collapse of the USSR and the end of the Cold War era, or of history itself, as asserted by Francis Fukuyama (1989), who argued it represented “the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government”, or simply “the triumph of the West”, on the grounds that the US had emerged, as Huntington (1999) called, ‘the lonely superpower’¹⁰³, marked the rupture of the international system structure which had existed since the aftermath of World War II, that is, “bipolarity gave way to unipolarity”¹⁰⁴ (Fukuyama, 1989, p. 1). Once the US became the only remaining superpower, experienced an economic boom, and had no contestants to its globalisation agenda, there seemed to be little room for pessimism regarding its ascendancy, expansion and new century. That feeling, according to Michael Cox (2012), was a predominant share of the American mood in the 1990s (Cox, 2012, p. 370). However, those assumptions, obviously had several critics; Charles Krauthammer (1990), for instance, conjectured the possibility of a single

¹⁰³ Available from: <https://www.foreignaffairs.com/articles/united-states/1999-03-01/lonely-superpower> Accessed on January 5th, 2018.

¹⁰⁴ Haass, 2008. Available from: <https://www.foreignaffairs.com/articles/united-states/2008-05-03/age-nonpolarity> Accessed on: January 5th, 2018.

‘unipolar moment’¹⁰⁵, idea shared by Stephen Brooks and William Wohlforth (2008), who speculated this primacy would last less than 20 years. (Layne, 2009a, p. 162 apud Brooks & Wohlforth, 2008).

According to Kishore Mahbubani (2008), the terrorist attacks which took place on American territory on September 11th, 2001, along with the invasion of Afghanistan and the occupation of Iraq by American troops in search of Saddam Hussein, as a response from President George W. Bush’s administration together with Britain under Tony Blair, were too costly, lasted longer than expected, and demonstrated the West’s incapability of realising the gap between its aspirations and perceptions from reality (Mahbubani, 2008). This view is in line with Cox’s (2012) assumption that the mistakes the West committed with that inaccurate strategy led to “the gradual erosion of economic certainty that finally culminated with the great geopolitical setback of the Western financial crisis” (Cox, 2012, p. 370).

After the Federal Reserve raised America’s interest rates by a quarter-percentage point on June 29th, 2006¹⁰⁶, to 5.25%, its highest rate since January 2001, and as a consequence, less than a year later, “homeowners started to default” and “banks started charging high rates of interest to lend to other banks and institutions”, the so-called ‘credit crunch phase’, which marked the beginning of the international financial crisis that would show the illiquidity and undercapitalisation of the international financial system, arguments over the decline of the US began to (re)gain ground (Chu, 2018).¹⁰⁷ Chu (2018) argues that the lack of banks and financial institutions regulation caused profound economic consequences to the global economy. When the epitome took place on September 15th, 2008, as exemplified by the Lehman Brothers Holdings Inc., the fourth-largest private American bank, going bankrupt after 158 years in operation, industrial production and “international trade slipped off a cliff, falling at a faster rate than it did during the 1930s”, “business and household confidence collapsed”, international recession began, and unemployment soared around the world (Ibid.).

At the same time the US and the West started facing what had turned into one of the the worst economic financial crisis in history, China had just become the first developing country to host the Olympic Games, the most important sports event in the world, which had a record number of viewers and attendance from heads of states, and its GDP was growing over 9.0% a year (Embassy of the People’s Republic of China in the Republic of Kenya, n.d.).¹⁰⁸ In that context, Pang Zhongying (2008), director of the Centre for the Study of Global Governance at Renmin University of China, Beijing, argued the PRC was not only displaying Chinese athletes success in winning gold medals, but China’s new economic power and success.¹⁰⁹ According to Peter Ferdinand (2016), “symbolically, the Beijing

¹⁰⁵ Krauthammer, 2017. Available from: <https://www.foreignaffairs.com/articles/1991-02-01/unipolar-moment> - Accessed on: January 5th, 2018.

¹⁰⁶ Walker, 2015. Available from: <https://www.bbc.com/news/business-35029586>; Wong, 2006. Available from: https://money.cnn.com/2006/06/29/news/economy/fed_rates/ Accessed on: August 20th, 2019.

¹⁰⁷ Available from: <https://www.independent.co.uk/news/business/analysis-and-features/financial-crisis-2008-why-lehman-brothers-what-happened-10-years-anniversary-a8531581.html> Accessed on: October 17th, 2018.

¹⁰⁸ Available from: <http://ke.china-embassy.org/eng/gyzg/t516787.htm> Accessed on: October 15th, 2018.

¹⁰⁹ Available from: <https://www.brookings.edu/opinions/the-beijing-olympics-and-chinas-soft-power/> Accessed on: August 20th, 2019.

Olympic Games in 2008, the 2009 National Military Parade and the 2010 Shanghai Expo were all used to propagate hopes and expectations of a resurgent China” (Ferdinand, 2016, p. 943).

Pang Zhongying and Peter Ferdinand’s views are supported by Antonio Missiroli (2017), North Atlantic Treaty Organisation (NATO) assistant secretary general for emerging security challenges, who affirmed that “analysts and commentators (started) talking about the epilogue of five hundred years of Western dominance of the world” (...) and “the rise of China, the Middle Kingdom that isolated and insulated itself half a millennium ago (...) (and) was regaining its position – regionally as well as globally”, which was symbolically marked by “the spectacular inauguration of the Beijing Olympics on 08.08.08” (Pejsova et al., 2017, p. 3). According to Christopher Layne (2009), the cost of the policies post-9/11 and “the financial and economic crisis that hit the US economy beginning in Fall 2007—coupled with the rise of new great powers like China and India, and the resurgence of Russia—have raised questions about the decline of America’s relative power” (Layne, 2009, p. 784).

The assumption presented by Layne is corroborated by Ohio State University professor of Political Science Randall Schweller’s argument (2010) that “the staggering costs of the Afghanistan and Iraq wars and the financial bailout and stimulus packages in response to the subprime mortgage and financial credit crises have battered the US economy, opening the door for peer competitors to make substantial relative gains” (Schweller, 2010, p. 155). Schweller claimed that due to the rise of regional powers, such as Brazil, the PRC, India, Indonesia, Turkey, Mexico, South Africa, South Korea, Russia, as well as the existence of global and regional power centres like the IMF, the WB, the EU, ASEAN, the Organisation of the Petroleum Exporting Countries (OPEC), and other agents, such as militias, global media, political parties, drug cartels, NGOs, amongst many others, as introduced by Haass (2002), “power is now found in many hands and in many places” (Ibid.).

Based on Cox (2012), the assumptions that the US is in decline, other power centres are emerging, and that one may observe “power is moving away from West and the North” in opposition to “the rise of the rest”, and/or the notion of “the Asian century”, have become a very controversial subject in International Relations debates over the international system. Therefore, many concepts to describe it have appeared, and different positions have been defended, that is, from unipolarity, multipolarity, uni-multipolarity and non-polarity to the notion of entropy (Cox, 2012, p. 371 apud Ikenberry, 2011); (Zakaria, 2008); (Zala, 2015, p. 14). According to Alexander Wendt (1999), mainstream theories of International Relations define the notion of structure in different forms. By drawing from his approach, the concept of structure produces two different debates: the first, regarding material or social terms; and the second, over the correlation between agent and structure. Furthermore, he claims that “each debate contains two basic positions that yields four sociologies of structure (materialist, idealist, individualist, and holist)”; Thus, he argues the choice of conceptualisation determines the questions and answers the theorists may have about the system structure (Wendt, 1999, p. 23). Since the individualist and the holist perspectives concern what Wendt calls “the distribution of ideas or knowledge” and the “construction of actors based on property effects”, in other words, they regard the process of ‘identity formation’;

hence, he claims they are not the best approach to the discussion over the relative decline of the West and the rise of the rest, because the propositions of the authors who theorise over that matter take identities as a given, i.e., they concern ‘shared ideas’ and “distribution of interests” (Ibid, pp. 26-27).

The core of Haass (2008) and Mahbubani (2008) arguments that demonstrate there is a power shift from the US and the West to Asia rely on different rates of economic growth, Western decreasing predominance in international institutions, as exemplified by the less significant economic leadership, unsuccessful policies toward nuclear power proliferation, loss of power and influence, and lack of legitimacy due to the Iraq invasion without the UN Security Council endorsement, neither the international community consensus. Thus, apart from the assumption of a legitimacy crisis, Haass (2008) and Mahbubani (2008) analyses, according to Wendt (1999), are based on materialist and individualist terms, that is, they correspond to the definition of structure offered by Kenneth Waltz (1979), “the distribution of material capabilities under anarchy”, which is shared both by Neorealists and Neoliberalists (Wendt, 1999, p. 16 apud Waltz, 1979, pp. 98-99).

The concept of polarity, as stated by Schweller (2010), consists of the “system’s material structure”, which may be unipolar, when the “international system (is) dominated by one power, (as) in this case the United States”; bipolar, as in the Cold War era, when the US and the USSR, the “two superpowers were locked in an antagonistic rivalry”; multipolar, if there are “three or more centres of global power”; uni-multipolar, a hybrid system “with one superpower and several major powers”; or nonpolar, “a world dominated not by one or two or even several states but rather by dozens of actors possessing and exercising various kinds of power” (Schweller, 2010, p. 158); (Haass, 2008, p. 44); (Zala, 2015, pp. 13-14); (Huntington, 2009); (Haass, 2008, p. 44).

The notion of entropy, borrowed from the Second Law of Thermodynamics¹¹⁰, was defined and adapted by Schweller (2010) in International Relations as to describe the current condition of the international system structure and to explain its randomness. He affirms the notion

measures change in the degree of systemic constraints on the units: as entropy increases, constraints weaken. When systemic constraints are high, the system will operate in a predictable manner; when systemic constraints are low or nonexistent, the system will behave in a random and chaotic manner (Schweller, 2010, p. 150).

When examining British foreign policy, Benjamin Zala (2015), Australian National University Research fellow, claimed that the UK’s biggest challenges ahead lied on the fact that there was a power transition taking place in the international system structure. He argued that because BRICS have been climbing up the global hierarchy at uneven growth rates and in different ways, and British policy-makers have already realised this altered environment, there has been a lot of debate amongst strategists,

¹¹⁰ Definition: “A thermodynamic quantity representing the unavailability of a system's thermal energy for conversion into mechanical work, often interpreted as the degree of disorder or randomness in the system” (Lexico, 2019). Available from: <https://www.lexico.com/en/definition/entropy> Accessed on: August 2nd, 2019.

scholars, think-tanks and universities over what is happening in the international system, and its implications in order for the UK to develop the most appropriate strategy as a response (Zala, 2015). Mahbubani (2008) asserts that “the West is understandably reluctant to accept that the era of its domination is ending and that the Asian century has come” (Mahbubani, 2008, p. 111); assumption that relies not only on the mishandling of the wars in Iraq and Afghanistan, but also on the expansion of the middle classes in India and China, the anger in the Middle-East towards the West, the privation of legitimacy to implement UN resolutions to North Korea, because they have also been violated by the West before, the unsolved conflict between Israel and Palestine, the failure of the Doha Round, the loss of Western economic leadership, and its policies regarding development (Ibid.).

In the same line, in the book *Post-American World*, Fareed Zakaria (2008), CNN journalist and political scientist, deliberates about the transformation that is gradually occurring in the world. His work key statement is about ‘the rise of the rest’ instead of a decline of the US, argument he supports by highlighting growth rates in Asia, Latin America, and Africa, the emerging markets and productive economies which have absorbed and integrated poor people at a fast-pace around the globe, as well as by actors other than states who have become more powerful, including large corporations and terrorist organisations. Zakaria (2008) stated that “at the politico-military level, we (America) remain in a single superpower world. But in every other dimension—industrial, financial, educational, social, cultural - the distribution of power is shifting, moving away from American dominance” (Zakaria, 2008, pp. 4-5).

Haass (2008) points out that, despite the fact the international order seems to be multipolar because six major powers, “China, the European Union, India, Japan, Russia, and the United States – contain just over half the world’s people and account for 75 percent of global GDP and 80 percent of global defence spending”, States (international system units) are no longer the centre of power; that is, he claims power is actually distributed amongst several types of actors (Haass, 2008, p. 45). Furthermore, he argued that because military investments are not that important anymore since “in modern conflicts” (...) “traditional battlefields are replaced by urban combat zones. (And) In such environments, large numbers of lightly armed soldiers can prove to be more than a match for smaller numbers of highly trained and better-armed U.S. troops”, therefore, the system structure would be better described by the notion of non-polarity (Ibid., p. 47).

The 2014 report from Transatlantic Academy which examined the ‘polycentric’ international system as the “material and ideological hegemony of the West wanes”¹¹¹, argues that since Western supremacy is in flux, because “the collective wealth of the developing world has surpassed that of the developed West, limiting the capacity of the advanced industrialized economies to set the terms of a rules-based order”, it concluded that “emerging powers, rather (than) seeking to overturn the current international order, want to modify it in ways that advance their interests and ideological preferences. (Therefore) the West should respond by seeking ways to accommodate their desire for such

¹¹¹ Flockhart et al., 2014. Available from: <http://www.gmfus.org/publications/liberal-order-post-western-world>
Accessed on: August 2nd, 2019.

modifications” (Flockhart et al., 2014, p. ix); (Kupchan, 2014, p. 221). In the same line, in 1999, Huntington claimed that since emerging powers were gradually asserting themselves to promote their own interests, the ‘unipolar moment’ had passed. Even though there was only one superpower, it did not imply in a unipolar world order, “the settlement of key international issues requires action by the single superpower but always with some combination of other major states”; when the US tries to impose its will without the endorsement of other countries by military interventions or sanctions, e.g. North Korea, Russia and Iran, they do not work, “they become symbols of American weakness” (Huntington, 1999, p. 37). Nevertheless, “the single superpower can, however, veto action on key issues by combinations of other states”, because “the U.S., of course, is the sole state with preeminence in every domain of power – economic, military, diplomatic, ideological, technological, and cultural – with the reach and capabilities to promote its interests in virtually every part of the world” (Ibid.).

Contrary to the ideas of the decline of the US and of the West, Cox (2012) argues these narratives show that the world is certainly changing, but they ignore many important issues, such as:

(First) what might loosely be termed the continued structural advantages still enjoyed by the United States and its major Western allies. Second, while it is true that many new states are assuming a bigger role in the world economy, their rise needs to be looked at more carefully than it has been so far; indeed, when such an examination is undertaken, it becomes increasingly clear that the rise of others – including China – is still hemmed in by several obstacles, internal as well as external. Third, though the Asian region, and China as part of it, is assuming an ever more important role in the wider world economy, this development should not be seen as marking the beginning of a new Asian Century (Cox, 2012, p. 369).

For the same reasons, Kupchan (2014) says that affirming the US faces international constraints to its policies and the West is facing a crisis is one thing, but asserting a post-western world order has replaced the one which has existed for the past two centuries, that is, the ‘Pax Britannica’ followed by the ‘Pax Americana’, or that we live in an Asian century, is a whole different story (Kupchan, 2014, p. 221). When examining the ‘new age’, one of Fareed Zakaria’s (2008) conclusions is that “The United States does not have the hand it had in 1945 or even in 2000. Still, it does have a stronger hand than anyone else—the most complete portfolio of economic, political, military, and cultural power—and it will not be replaced in the foreseeable future.” (Zakaria, 2008, p. 231). In line with Kupchan, Zakaria and Huntington, Cox (2012) highlights that Asia does not exist as a ‘collective actor’, because there are major political conflicts between China and Japan, India and China, South and North Korea, also over disputed islands, amongst many issues. Moreover, he asserts that despite the fact BRICS has become a popular acronym, apart from China, the group still ranks very low in terms of market competitiveness, that is, “there are still vast pools of poverty” in the member countries, hence low living standards, and GPD per capita reveals a huge gap to the extent of inequality and development (Cox, 2012, p. 373).

Even though we may observe the trend of emerging countries and new centres of powers, Layne (2009) claims that they “do not conclusively demonstrate that the international system is becoming multipolar. Projections of future GDP alone do not mean that states such as China (or India, Russia, Japan, or the EU) will become new poles of power in the international system” (Layne, 2009a, p. 163). Being successful at “mobilizing and converting economic and social resources into military power and diplomatic influence is not easy” it requires a “complex interplay of structural constraints (concern for security) and unit-level decisions (rising states must decide to convert their increasing wealth into hard power and geopolitical influence)” (Ibid., p. 164). According to Cox (2012), the projections of GDP growth, the new Asian century, BRICS and regional powers ascendancy are based on present economic and political data, however, the assumptions regarding the position they might have in the future are mostly long-term ones. Thus, speculation can prove to be mistaken, because the crisis the US and the EU are facing may be temporary (as the American economy has already signaled its recovery). In his words, “we need to be a bit more circumspect. After all, only a few years before the end of the Cold War, it was predicted that the USSR would remain the same – and it did not. It was then predicted that Japan would become ‘number one’ in the world – and its financial system collapsed” (Cox, 2012, p. 381). Similarly, Layne (2009) contends that

there was a widespread belief in the 1970s and 1980s that Japan would overtake the United States as the world’s dominant economic power and possibly become a full-edged superpower. (However) Proponents of this view missed the important factors that ultimately held Japan back, including the Japanese economic bubble; insufficient state capacity and political corruption; and adverse demographic trends (Layne, 2009a, p. 164).

Therefore, the more-restricted freedom of action of the US and of the EU do not represent a transformation of the international system order, it demonstrates the rise of other powers, but not a challenge to the system structure (Layne, 2009).

In Schweller’s work (2011), *The Future is Uncertain and the End is Always Near*, after reviewing Waltz’s (1997) argument that superpowers have freedom of action, he concludes that the system actually imposes constraints on the hegemon. He contends that there are costs and benefits to its actions according to its policies and behaviour,¹¹² “‘if its policies were essentially costless—then it would be meaningless to speak of wise or unwise policy choices: all policies would be equally good and bad, for there would be no yardstick to evaluate policy options” (Schweller, 2011, pp. 176-177). Furthermore, he affirms that we cannot work with future predictions to describe what is happening in the international system at the moment. According to Layne (2009), “whether unipolarity and U.S. hegemony will end during the next two decades is a topic of contention”, as for today, the US is still the hegemon and, together with the West, it remains the predominant centre of power (Layne, 2009a, p. 172).

¹¹² The author uses the terms ‘reward and punishment’.

2.4 The PRC, BRICS, and UN Peacekeeping Operations

The acronym ‘BRIC’ (Brazil, Russia, India and China), which was coined in 2001 by Jim O’Neil, chief economist at Goldman Sachs, and formulated to describe the growing economic potential of emerging economies and rising powers that could “become as large as the G7 group by 2032”, started to evolve from its initial original economic concept in September 2006, when the first meeting of Foreign Ministers of the respective countries was held in New York, US, along the UN 61st General Assembly, to become a formal institution in the international system (Haibin, 2012, p. 1 apud O’Neill & Stupnytska, 2009)¹¹³; (Herz & Silva, 2011). According to Wu Sike (2017), senior diplomat of the PRC, since 2006 cooperation amongst BRICS countries has steadily increased and significant progress in the “focal areas of political security, economy and finance, and people-to-people and cultural exchanges” has been made. Sike explains the development of the relation by the analogy that “BRICS cooperation has grown from a seed into a towering tree, taking on a conspicuous role in international affairs” (Sike, 2017, p. 16); argument in line with Russian Academy of Sciences (RAS) researcher Tatiana Deich (2013), who stated that “in its infancy, BRICS was preoccupied with economic issues, but today the group is also eager to handle global political problems including maintaining global security without the use of force”¹¹⁴.

In 2009, the positive interaction amongst BRIC countries took the dialogue to a higher level, that is, annual summits with the group heads of States and governments started to take place and, at their 1st Summit in Yekaterinburg, Russia, BRIC leaders adopted their first joint statement, i.e., the Joint Statement on Global Food Security (Kremlin, 2009).¹¹⁵ At the second Summit of BRIC’s Foreign Ministers in 2010 in New York, South Africa was invited by the PRC to join the group and attend its next summit, which would take place in Sanya, China, in 2011 (Hervieu, 2011)¹¹⁶. Based on Itamaraty (n.d.), Brazilian Ministry of Foreign Affairs, since the formulation of the concept, the group has evolved from a simple acronym into a “politico-diplomatic entity”¹¹⁷, which has made substantial progress in several different areas and engaged itself in major international issues. In spite of social, political and economic differences amongst BRICS countries, as well as motivations and rationales for financial support and contribution to UN peace operations, since the consolidation of this “politico-diplomatic entity”, the group has increased its level of participation in peacekeeping missions and its degree of coordination to achieve the countries common, national, regional and international goals (Ibid.).

In agreement with the claims that “emerging powers have also become important actors in third-party interventions in conflict and post-conflict areas”, Mateja Peter (2014), senior research fellow at

¹¹³ Available from: <https://www.goldmansachs.com/insights/archive/brics-at-8/brics-the-long-term-outlook.pdf> Accessed on: August 8th, 2019.

¹¹⁴ Available from: <http://russiancouncil.ru/en/analytcs-and-comments/analytcs/brics-a-new-actor-in-global-security/> Accessed on: January 18th, 2018.

¹¹⁵ Available from: <http://en.kremlin.ru/supplement/61> Accessed on: August 8th, 2019.

¹¹⁶ Available from: <https://www.theguardian.com/world/2011/apr/19/south-africa-joins-bric-club> Accessed on: August 8th, 2019.

¹¹⁷ Available from: <http://brics.itamaraty.gov.br/about-brics/information-about-brics> Accessed on: January 17th, 2018.

the Norwegian Institute of International Affairs (NUPI), contends that “(t)hey are increasingly involved in peacekeeping, special political missions, regional operations and training missions” (Peter, 2014, p. 1). According to Peter, as a means to project themselves abroad and gain influence in security matters, BRICS countries have increasingly participated in and contributed to UN peace operations (and non-UN peace operations as in the cases of India and South Africa) (Ibid.). Even though the forms, amounts of economic and financial support, personnel and troops contributions, as well as the motivations for each country, considerably differs from one to another, she affirms that the trend and commitments of the BRICS group to UN and non-UN peace operations is clear, i.e., they intend to keep expanding and gaining more relevance not only in the operations, but also on how they are formulated, approved, operationalised and on the guiding principles that they should follow (Ibid.).

Maxi Schoeman (2012), professor and head of the department of Political Science at the University of Pretoria, South Africa, argues that China, whose first peace troops deployment occurred in 2000, and whose contribution to the maintenance of peace and security has steadily increased since it got engaged with UN peace operations, has participated in them to demonstrate its power, influence, and commitment to become a responsible global leader. Similarly, Herz and Silva (2011) contended that because China is already a member of the UN Security Council, its motivations to participate in peace operations are related to the promotion of its international image as a great responsible power. (Herz & Silva, 2011). Schoeman (2012) highlights that unlike Brazil, South Africa and India, however, China is not a democracy. Therefore, establishing democratic systems is not one of its priorities; that is, the PRC defends that each country has the right to form a government and political system it finds the most appropriate for its own context (Schoeman, 2012).

Since 1954, when China and India negotiated their relations concerning Tibet and agreed on the Five Principles of Peaceful Co-Existence, “which were later adopted by 29 Asian and African countries at the Bandung Conference in 1955”, according to Domingos Jardo Muekalia (2004), former representative of the Angolan Party UNITA to the US, China’s foreign policy has been conducted on those terms; mainly by the notions of ‘sovereignty’ and “non-interference in each other’s national affairs” (Muekalia, 2004, p. 6). For that reason, Schoeman (2012) asserts that the PRC stands for the principles of impartiality and neutrality and, because of its past as a semi-colony, it has adopted multilateralism as one of its main principles in foreign policy, and it is also contrary to intervention into domestic affairs (Schoeman, 2012).

In opposition to Schoeman (2012) and Muekalia (2004), Parello-Plesner and Duchâtel (2014) argue, however, that because Sudan became the PRC’s second most important oil supplier in Africa in 2010, only after Angola, a member state of OPEC, South Sudan’s independence in 2011, where most of China’s investments on oil fields were located, “fundamentally changed the situation”; as argued by Zheng Chen (2016), assistant professor at Shanghai Jiao Tong University, the PRC had managed to respect the Five Principles of Peaceful Co-Existence for almost sixty years, however, in order to protect its SOEs, businesses, investments, and nationals in the oil fields, together with the international pressure

and the threat of a boycott of the Olympic Games which would take place in Beijing in 2008 to promote China abroad, the CPC was influenced to challenge those principles, actively participate in the articulation to shape the UN concept of Responsibility to Protect (R2P), and become an important mediator of the crises (Parello-Plesner & Duchâtel, 2014, p. 127)¹¹⁸; (Chen, 2016).

The PRC's fast and steady economic growth and development as a consequence of Deng Xiaoping's politico-economic reforms adopted from the late 1970s onwards led the country to increasingly depend on foreign natural resources to maintain its pace, and to formulate the so called "Going Global" policy, which aimed to encourage its SOEs to invest abroad for geostrategic reasons (Gill & Reilly, 2007). As a result, many Chinese companies, supported by the CPC and the Import-Export bank through credits, loans, incentives and tax-cuts, have gradually increased their presence in poor and developing rich-resource states, mainly in the African continent (Ibid.). Fessehaie and Morris (2013), for instance, claim that because of China's 'Go Out' policy, its FDI stock, mainly to Africa, grew at an impressive rate, from 'almost nothing' in 1980, to \$4.4 billion in 1990, \$27.7 billion in 2000, and close to \$300 billion in 2010 (Fessehaie & Morris, 2013, p. 539 apud Cheng and Ma, 2010). For that reason, Carmody, Hampwaye and Sakala (2012) argue that until 1997, media and academic attention to China's increasing economic engagement with African states in general had attracted little attention, however, this situation changed; as pointed out by Tony Blair's remarks, China had "come from 'under the radar' to become the most influential country in Africa" (Carmody, Hampwaye and Sakala, 2012, p. 215 apud Blair, s/d).

According to Parello-Plesner and Duchâtel (2014), (old) Sudan was one of the PRC's first targets in 1995, when China National Petroleum Corporation (CNPC)¹¹⁹, headed by Zhou Yongkang, signed a contract with Khartoum to make a large investment to develop Block 6 in Muglad Rift Basin, which was followed by Blocks 1, 2 and 4¹²⁰. Given that by 1998, a ten-million-ton oil production had been reached, CNPC and its partners in the Greater Nile Petroleum Operating Company (GNPOC) started building a 1500-long oil pipeline to the coast of Port Sudan in order to export it to China. Parello-Plesner and Duchâtel (2014) highlight that the PRC's engagement with Sudan, which started to evolve mostly after its commitment to invest in the oil fields in Muglad Rift Basin, now located within Sudan and South Sudan, began to take place once American and Western companies left the country on the grounds that it had been included in the US government list of 'terrorism sponsoring countries'. Therefore, Chinese SOEs investments in the oil fields occurred regardless of Sudan's domestic affairs, internal conflicts, instability, and political and economic risks involved (Ibid.).

The spread of violence in Darfur ignited in April 2003, in a region located in the western part of Sudan, where rebel groups attacked "al-Fashir airport and destroyed military equipment and overwhelmed the Sudanese army", led Khartoum government to respond with "tactics of proxy war that it had used in the south and in the Nuba Mountains", which "involved the exploitation of ethnic

¹¹⁸ The authors also highlight that many oil fields were in disputed areas between North and South Sudan (Ibid.).

¹¹⁹ Considered as one of its top 3 SOEs at the time (Parello-Plesner & Duchâtel, 2014, p. 126)

¹²⁰ US oil company Chevron was the first to discover and explore petroleum in Sudan in the 1970s (Ibid.).

differences and the arming of particular ethnic groups and turning them against others” (Sikainga, 2009).¹²¹ As a consequence, the government’s response caused the death of an estimate 300,000 Darfurians, the displacement of over two million people, and the beginning of what has been considered as the world’s worst humanitarian crisis by the UN, and as a genocide by the US (Ibid.).

The 2001 report released by the International Commission on Intervention and State Sovereignty (ICISS)¹²², which was set up by the Canadian government a year before as a means to discuss, through consultations and meetings with UN member countries, the controversial matter of “right of humanitarian intervention”, i.e., “the question of when, if ever, it is appropriate for states to take coercive – and in particular military – action, against another state for the purpose of protecting people at risk in that other state”, which had become a central debate after the end of the Cold War, mainly highlighted by four main cases: Somalia (1992-93), Rwanda (1994), Bosnia (1995), and Kosovo (1999), and by the question posed by UN Secretary-General Koffi Annan: “...if humanitarian intervention is, indeed, an unacceptable assault on sovereignty, how should we respond to a Rwanda, to a Srebrenica – to gross and systematic violations of human rights that offend every precept of our common humanity?”¹²³, emphasised that the understanding of the notion of “sovereignty” was crucial to the discussion, and presented the concept of R2P for the first time.

In 2005, the UN General Assembly released the World Summit Outcome (WSO), which, in paragraphs 138-139, stated R2P was formally accepted by all members, because, based on the UN

(Sovereignty) not only gave a State the right to "control" its affairs, it also conferred on the State primary "responsibility" for protecting the people within its borders. It proposed that when a State fails to protect its people — either through lack of ability or a lack of willingness — the responsibility shifts to the broader international community (United Nations, 2005)¹²⁴.

According to Chen (2016), China’s role in its formulation was “neither [that of] a norm-taker, nor norm-maker, but something in between”; however, he claims that

After the document passed, Beijing consistently affirmed the endorsement of R2P in accordance with the WSO’s definition (and) [...] In following debates with regard to R2P’s development, Beijing adopted a ‘norm containment’ strategy, which means to slow down, but not obstruct, the progress of the R2P while circumscribing the concept’s application (Chen, 2016, p. 688).

¹²¹ Available from: <http://origins.osu.edu/article/worlds-worst-humanitarian-crisis-understanding-darfur-conflict/page/0/0> Accessed on: June 3rd, 2017.

¹²² Available from: <https://www.idrc.ca/en/book/responsibility-protect-report-international-commission-intervention-and-state-sovereignty> Accessed on: August 21st, 2019.

¹²³ United Nations, 2005. Available from: <https://www.un.org/en/genocideprevention/about-responsibility-to-protect.shtml> Accessed on: August 13th, 2019.

¹²⁴ Available from: <http://www.un.org/en/preventgenocide/rwanda/about/bgresponsibility.shtml> Accessed on: June 3rd, 2017. For Paragraphs 138 and 139, see: United Nations, 2005. Available from: <https://www.un.org/en/genocideprevention/about-responsibility-to-protect.shtml> Accessed on: August 13th, 2019.

Furthermore, he asserts that, in the beginning, the Chinese government was concerned about whether or not the implementation of R2P would violate the principles of Peaceful Co-Existence, as well as if its advancement would challenge its traditional foreign policy. However, when Beijing acknowledged that ‘humanitarian intervention’ was a different issue, it later adapted its strategy. In other words, “instead of being norm compliant or oppositional [...] the Chinese government actively shaped ‘the discursive and behavioural environment of the concept’s application to make it more compatible with its own preferences” (Chen, 2016, p. 688).

In agreement with Niu Haibin (2012), who claimed China’s commitment to peace operations from the beginning of the 21st century represent a shift in its initial position, i.e., from unwillingness to participate to support, Chen (2016) contends that China’s engagement in Darfur is an evolvement from a passive posture to a mediator role; He asserts that whereas it originally stressed the principles of non-interference and opposed sanctions against Sudan, it started to adjust its position from mid-2004, which can be observed by several actions, such as: its abstention in the Security Council in 2006, which passed resolution 1706¹²⁵; its efforts to persuade the government to accept the African Union (AU)-UN hybrid force; its support for the adoption of resolution 1769¹²⁶; as well as the official meetings it held to explain its position, and the appointment of the “first Special Envoy for African Affairs in May 2007 with a specific focus on the Darfur issue” (Chen, 2016, pp. 689-691). Moreover, besides exercising political pressure, offering economic assurance and financial support for humanitarian assistance in Darfur, China also voted for all the UN Security Council resolutions to pressure Khartoum (Ibid).

In the same line, Jian Junbo (2012), associate professor at Fudan University, maintains that China’s position regarding Darfur and Sudan has changed. In his view, there were three main phases in its relations: first, indifference, when Khartoum persuaded Beijing that the violence was local and under control of the government; second, persuasion, i.e., Chinese special representative’s visit to Darfur and his promise of providing 5 million Chinese Yuan in assistance, as well as Prime Minister Wen Jiabao’s talk with President of Sudan Omer al-Bashir, who expected Sudan would comply with the UN resolution, Darfur Peace Agreement, and AU-UN peacekeeping force; and third, active involvement, that is, “pressing Sudanese government to accept international resolutions; promoting to build a joint peacekeeping troop; and coordinating with related actors in international society” (Jian, 2012, p. 8)

According to Allouche and Lind (2014), China’s accelerated increase in personnel contributions to peace operations has made it number one contributor amongst the Security Council members, i.e., its training facilities share knowledge and expertise with troops from different states, which have intensified cooperation between China and the US, China and the EU, and established joint military exercises and exchanges with several countries (Allouche & Lind, 2014). Based on Policy Brief: *BRICS and the Peace*

¹²⁵ See United Nations Security Council 5519th Meeting Report on the Sudan. Available from: <http://unscr.com/en/resolutions/doc/1706> Accessed on: August 22nd, 2019.

¹²⁶ Authorisation for the UN-AU hybrid peacekeeping mission for Darfur. See United Nations Security Council 5727th Meeting Report. Available from: <https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/CAC%20SRES%201769.pdf> Accessed on: August 22nd, 2019.

Keeping Operations (2011), China is the only BRICS country amongst the top contributors to UN peace operations, both in terms of financial support and personnel; although it contributes about as much as South Africa in terms of personnel, Chinese troops are deployed to more regions around the world.

Similarly Peter (2014) affirmed that from a reluctant participant, China has become the major contributor to peace and security amongst the UN Security Council; for instance, by the end of 2015, China had more than 3,000 peacekeepers, which represented around 3% of the UN total, it had already contributed with more than 30,000 personnel, invested in training centres and capacities, nominated special representatives to Africa and the Middle East, and increased its financial support, i.e., its budget raised from around 1% in 2000, to 10.5% in 2016 (Peter, 2014). Moreover, Coning and Prakash (2016) highlight that President Xi announced at the General Debate of the 70th Session of the UN General Assembly and at the UN Peacekeeping Summit in 2015 that China's cooperation and support to peacekeeping will keep increasing in terms of troops, investment, foreign peacekeepers training and infrastructure (Coning & Prakash, 2016). Since UN peacekeeping operations present three guiding principles, 1. consent; 2. impartiality; and 3. "non-use of force, except in self-defence and in defence of the mandate", which are in line with China's foreign policy, Coning and Prakash (2016) argue China will remain committed to it, because it considers peacekeeping fundamental to win the confidence of the international community (Ibid., p. 6).¹²⁷

2.5. China's 'New Normal' Economic Growth and Development Obstacles

Since the 2008 international financial crisis and the following Chinese GDP growth slowdown, many concerns have been raised regarding whether or not China's economy would be sustainable in the long run and if the CPC would manage to address the country's main domestic problems, such as finance debt, environmental issues, need for natural resources and energy, political instability, amongst many other factors. Given that several analysts have linked economic growth and social development with the ability of the CPC to remain in power and guarantee it has 'political legitimacy', therefore, Yu (2015) argues it is one of the key concerns of the Chinese government (Yu, 2015).¹²⁸

When China's National Bureau of Statistic released data regarding its GDP growth in 2016, which met the government's goal of 6.5-7%, but the numbers seemed quite strong "for a nation that is losing steam and incurring increasing debt", the question regarding the reliability of its data has (re-)arisen, i.e., China's growth may have been overestimated (Hsu, 2017)¹²⁹. Because China had a planned-economy in the past, the manner it used to calculate economic growth differs from Western countries. Hence, when economists analyse China's background, such as growth during Mao Zedong's era and

¹²⁷ See Annex 3 for China's contributions to UN Peacekeeping Operations.

¹²⁸ Available from: <http://www.scmp.com/news/china/policies-politics/article/1865965/legitimacy-crisis-facing-chinas-communist-party> Accessed on: June 8th, 2017.

¹²⁹ Available from: <https://www.forbes.com/sites/sarahsu/2017/01/23/chinas-gdp-numbers-can-we-trust-the-data/#41f74e0c6577> Accessed on: June 8th, 2017.

Deng Xiaoping's reforms to the present, a lot of data has to be inferred in order to draw some general conclusions. Thus, real figures depend on the economic model adopted to measure growth (Wu, 2011).

According to Jie Gan (2015), professor of Finance at Cheung Kong Graduate School of Business, Beijing, despite sluggish growth, China's overcapacity problem, the "biggest challenge facing the economy", improved in the end of 2014, that is, oversupply dropped from 49% to 36% from the 3rd to the 4th quarter of the year, and "the number of industries and regions with severe overcapacity also dropped substantially".¹³⁰ Even though the result was only achieved by short-term fiscal and monetary measures adopted by the CPC, and overcapacity still "remains severe on absolute scale", Gan (2015) claims central planning is "in the right direction, given its promise to improve the environment for consumer spending by improving social welfare systems and reducing Chinese households' propensity to save" (Ibid.). In the same line, Yong Wang (2016) claims overcapacity, "not only in labor-intensive industries", but also in the emerging value-added industries and in the manufacturing sector, has become one of the main key concerns of the government since the 2008 international financial crisis due to the "excessive foreign exchange reserve, partly caused by the large scale stimulus package as high as 4 trillion RMB yuan (586 billion US dollars then)" policy the CPC adopted then and, as claimed by Tekdal (2018), because of the "inefficient SOEs, notably in industries such as steel, iron, aluminium, cement, coal, flat glass and paper" (Wang, 2016, p. 457); (Tekdal, 2018, p. 378).

When describing the next phase of China's economic growth and development at the Beijing APEC meetings in 2014, as well as during the inspection tour in Henan Province the same year, President Xi Jinping used the concept of a 'new normal'¹³¹; based on him, it meant China's economy, which is "constantly improved and upgraded", has "shifted gear from the previous high speed to a medium-to-high speed growth", and that it will "increasingly depend on innovation instead of input and investment" (China Daily, 2017). Thus, as Gan observed (2015), the 'new normal' consists of two elements: "lower rate of economic growth"; and "less emphasis on investment and more on consumption, specially domestic consumption" (Gan, 2015). According to Robert Peston (2015), CPC leaders "recognise that if China were to continue investing at a globally unprecedented rate of 50% of national income – greater than even Japan at its 1980 peak – and accumulating debts at an annual rate of more than 15% of GDP", there would be a high risk of a crash.¹³² For that reason, he argues there "has to be a reconstruction or rebalancing of the economy more towards consumer spending and technological innovation" (Ibid.).

Besides China's need for structural reform and economic growth, what Veysel Tekdal (2018) claims are the CPC core pillars for legitimacy and regime survival, that is, transforming the investment-led development model approach towards "increasing the share of consumption in the gross domestic

¹³⁰ Available from: <https://www.forbes.com/sites/jiegan/2015/03/19/chinas-new-normal-whats-in-it/#5740ae154c12> Accessed on: October 25th, 2018.

¹³¹ According to China Daily (2017), the notion became popular by Pacific Investment Management Co., a California-based bond fund, to describe "below-average growth after the global crisis". Available from: http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-10/05/content_32869258_2.htm Accessed on October 20th, 2018.

¹³² Available from: <https://www.bbc.com/news/business-34344926> Accessed on: October 25th, 2018.

product”, he asserts the “Chinese leadership also has to manage the well-known causes of social unrest, including abusive working conditions, ethnic tension in Xinjiang and Tibet, environmental degradation, land seizures by local governments and so forth” (Tekdal, 2018, p. 377). For these reasons, the National People’s Congress (NPC) session held in 2015 was aimed at designing reforms to “gradually transit into a consumer and service economy, as well as to tighten administrative rule, curb corruption, inefficiency, and incompetency within its sprawling bureaucracy” (Poh & Li, 2017, p. 90).

Despite impressive growth and fast-paced development accomplishments of the liberalization and opening-up programme China implemented as a means to reform its economy, it created lots of domestic problems, including income disparities, not only between rich and poor people, but also amongst regions, i.e., because investment concentrated in coastal and eastern regions, as a result, western and central areas remain impoverished, and migration to SEZs and urban centres caused an increase in unemployment in rural areas (Singh, 2002). Tekdal (2018) states that “while the eastern region has prospered the most, the western region has lagged significantly behind the former, and the central and the north-eastern regions have fallen somewhere in between” (Tekdal, 2018, p. 379). Furthermore, Ferdinand (2016) observes that GDP per capita “in western provinces such as Gansu, Guizhou, Qinghai, and Xinjiang was only between a third and a half of that in eastern provinces such as Guangdong, Fujian and Zhejiang, and only a quarter of that in Shanghai and Beijing” in 2013, which, according to China Statistical Yearbook (2015), would take between 30 and 50 years to catch up with them (Ferdinand, 2016, p. 951 apud Beijing: China Statistics Press, 2014).¹³³ Hence, Ferdinand (2016) argues “the OBOR initiative is aimed at speeding up that process” (Ferdinand, 2016, p. 951).

Whilst, on the one hand, China has to face problems related to “pollution, social instability, corruption, mistrust of the government and unemployment” at the macro-level; on the other hand, at the micro-level Chinese people “find themselves at least somewhat disoriented by the rapid change in their lives” (Ramo, 2005, p. 24); Andrew Sheng (2017), distinguished fellow of the Asia Global Institute, University of Hong Kong, points out that, currently, the US and the PRC’s emission of carbon dioxide account for 40% of the world total, hence, they are now the two largest carbon emitters (Sheng, 2017, p. 37). Dirlik (2012) claims that even though these development problems may be overlooked because “corruption, inequality, environmental destruction, and repression have become norms of the global economy”, the scale of the “products of the so-called China Model” are impressive; in his words, “unprecedented social and spatial inequalities resulting from development over the last three decades, reversing the achievements of the (Cultural) revolution, enormous ecological problems that threaten further development, corruption, social instability, (...) deficit of democracy (...) and issues of free speech” have made China the first rich-poor country” in the world (Dirlik, 2012, pp. 287-288).

According to Uyghur-Canadian activist Mehmet Tohti (2018), another challenge which has drawn attention around the world and the PRC has to overcome is the situation of the separatist muslim Uyghur

¹³³ See Annex 4.

population in Xinjiang, which has been detained in “concentration camps”, “labelled (as) re-education centres” by the CPC; Tohti highlights that “U.S. Senator Marco Rubio and Representative Chris Smith” claimed it consist in ““the largest mass incarceration of a minority population in the world today;”” (...) because ““as many as 500,000 to a million people are or have been detained”” (Tohti, 2018)¹³⁴; (Tohti, 2018 apud Congressional-Executive Commission on China, 2018)¹³⁵. Furthermore, Tohti (2018) asserts that since the September 11th, 2001 terrorist attacks and the introduction of the notion of the “three evil forces”, that is, terrorism, separatism, and extremism, which President Xi Jinping vowed to fight against in his speech in Kazakhstan at the SCO in June, 2017¹³⁶, repression against the Uyghurs has intensified, and “tens of thousands of Uyghurs have been sentenced to death or life imprisonment” (Ibid.).

Xinjiang region, formerly known as East Turkistan by locals before its annexation by China in 1949, and the creation of the “Xinjiang Uyghur Autonomous Region on October 1, 1955”, which “ (...) accounts for one-sixth of China’s total land mass”, has considerably changed in terms of demography; the Han ethnicity that corresponded to 5% of the population at the time has grown to approximately 40%. Moreover, based on Tohti (2018), “the Uyghur language has ben banned from schools”, Islam has been contended, mosques have been demolished, and religious books have been confiscated (Tohti, 2018). In this context, Tekdal (2018) argues the Western Development Plan (WDP), policy designed by the CPC in 1999, which aimed to provide national fiscal resources, tax and credit incentives to local governments, and the the BRI investments and routes that are intended to go through the region, consist in a strategy to build infrastructure and address under-development and regional separatist movements issues, as well as to take advantage of the area’s “enormous energy resources” (Tekdal, 2018, p. 379).

Apart from the domestic challenges that have been mentioned, Poh and Li (2017) claim “the rapidly (Chinese) aging population” is another core issue China has to deal with, because it could affect development and become unsustainable in the longterm (Poh & Li, 2017, p. 90); Their assumption is in agreement with Kenneth Rapoza's (2017) remarks that aging “is as big a worry as its debt bomb, if not more so, because China can make its debt disappear at the stroke of a pen, but the government cannot make millions of elderly and retirees disappear”.¹³⁷ According to Bloomberg News (2018),

Aging in the world’s most populous country means pension contributions by workers no longer cover retiree benefits, forcing the government to fill that gap since at least 2014. Pension expenses rose 11.6 percent to 2.58 trillion yuan (\$410 billion) in 2016, leaving the government a 429.1 billion yuan tab to cover the shortfall, according to the latest available data from the Finance Ministry. That shortfall will reach 600 billion yuan this year and 890 billion yuan in 2020 if the system isn’t

¹³⁴ Available from: <https://thediplomat.com/2018/05/uyghurs-victims-of-21st-century-concentration-camps/> Accessed on October 25th, 2018.

¹³⁵ Available from: <https://www.cecc.gov/media-center/press-releases/chairs-urge-ambassador-branstad-to-prioritize-mass-detention-of-uyghurs> Accessed on: August 9th, 2019.

¹³⁶ Lei, 2019. Available from: <https://www.telegraph.co.uk/news/world/china-watch/politics/xi-fights-three-evil-forces-terrorism-separatism-extremism/> Accessed on: September 30th, 2018.

¹³⁷ Available from: <https://www.forbes.com/sites/kenrapoza/2017/02/21/chinas-aging-population-becoming-more-of-a-problem/#65ab6837140f> Accessed on: October 26th, 2018.

reformed, according to Wang Dehua, a researcher at the National Academy of Economic Strategy in Beijing. Enodo Economics in London, which has advised policy makers on the matter, forecast last year that it could soar to 1.2 trillion yuan by 2019¹³⁸

Lastly, another issue China will have to address to internationalise its companies and economy by boosting ODI as a means to accelerate the Go Global 2.0 strategy is “FDI round tripping”, that is, “return of the Chinese capital that has gone abroad escaping the foreign exchange control”, which has been estimated by the WB in a scale “as high as a quarter of the total FDI inflows into the PRC” (Xiao, 2004, p. 2).¹³⁹ According to Xia Le (2015), “some 70% of all Chinese ODI goes to Hong Kong, the Cayman Islands and the British Virgin Islands” (...), “locations (that) act as intermediaries for investment flows between China and the rest of the world, a phenomenon known as offshoring”; because of “preferential terms”, and the amount of time the money can take to reach the final destinations, data gets distorted. Therefore, as a means to “help the country in its rebalancing efforts, in internationalizing its companies and raising productivity”, China will make use of the strategies that were “drafted into the 13th five-year plan, such as the Asian Infrastructure Investment Bank and the “One Belt, One Road”.¹⁴⁰

2.6. China’s International Challenges

Besides the PRC’s domestic challenges covered in the previous section, China will have to address a number of international issues to achieve its goal of becoming a major power in the international system, including its thorny relations with the US and their ongoing trade war; its relationship with North Korea; the internationalisation of the renminbi; improving the performance of its ODI; the securitisation of energy supply lines; the territorial disputes with Japan and Taiwan over the Diaoyu/Senkaku Islands¹⁴¹, with the Philippines over Scarborough Shoal, with India over the Himalayan border, and with the Phillipines, Malaysia, Brunei, Vietnam and Taiwan regarding numerous maritime areas and islands, as well as over the latter being a part of the Chinese territory itself (Tweed, 2018).¹⁴²

Prior to the election of President Donald Trump, the US Containment policy, expressed by its ‘pivot to Asia’ strategy, later renamed ‘Rebalancing to Asia’, which was announced in 2011, and followed an increase in “U.S. involvement in Asian security through the strengthening of existing military alliances with Japan and South Korea and the establishment of new defence ties with countries such as Australia,

¹³⁸ Available from : <https://www.bloomberg.com/news/articles/2018-02-05/china-s-next-debt-bomb-is-an-aging-population> Accessed on October 25th, 2018.

¹³⁹ Available from: <https://www.adb.org/sites/default/files/publication/156758/adbi-dp7.pdf> Accessed on: October 27th, 2018.

¹⁴⁰ Available from: <https://asia.nikkei.com/Economy/Xia-Le-China-s-numbers-don-t-tell-full-story-on-foreign-investment> Accessed on: October 27th, 2018.

¹⁴¹ They consist in 5 islets and 3 rocky reefs which cover an area of 7 square km (South China Morning Post, 2019). Available from: <https://www.scmp.com/week-asia/explained/article/2187161/explained-diaoyu-senkaku-islands-dispute> Accessed on: August 9th, 2019.

¹⁴² Available from: <https://www.bloomberg.com/quicktake/territorial-disputes> Accessed on October 25th, 2018.

India, the Philippines, and Vietnam”, demonstrated the rivalry and competition between the US and China (Amighini et al., 2015, p. 87). According to Amighini (2015), the American strategy was perceived by the leadership in Beijing as if the US intended to contain China’s rise by deterring and encircling the country, as well as by ensuring America’s hegemony in the region. Similarly, Andrew Sheng (2017) stated that the American Rebalancing to Asia strategy, which included a “redeployment of 60 percent US naval force to Asia-Pacific by 2020”, together with the “war games with Vietnam and the Philippines” and Japan, as well as the Trans-Pacific Partnership (TPP) agreement which was negotiated during President Obama’s second mandate (but not ratified by President Donald Trump), from which China was excluded, was interpreted by the PRC as a security threat and as “encirclement moves” (Ibid.); (Wang, 2016, p. 458); (Sheng, 2017, p. 235).

The TPP, the Transatlantic Trade and Investment Partnership (TTIP), and the Trade in Service Agreement (TiSA) talks, all “mega-regional Free Trade Agreements (FTAs), which, according to Wang (2016), were mostly ‘dominated by the US, and aimed at re-writing the “trade rules of the twenty-first century, to check the growing influence of emerging economies”, were all negotiated without the participation of the PRC (Wang, 2016, pp. 458-459); Wang (2016) contends that China “was turned down by the US” based on the argument that it has “not yet met the highest standard of the existing WTO Agreement on Trade-Related Aspects of Intellectual Property Rights” (TRIPS) (Ibid.).

China’s territorial claims in the South China Sea, according to Sheng (2017), have made tensions escalate with the US; view which is in line with Wang’s (2016) arguments that since 2010 there has been a deterioration of US-China relations “almost over all issues sensitive to China’s vital interests”, i.e., “(the) US decided to sell arms to Taiwan; Obama met with Dalai Lama”; moreover, “China’s relations with South Korea went down because of the incidents between South and North on Korean Peninsula; China and Japan clashed over the seizure of Chinese fishing boat captain in Diaoyu Island waters by Japanese government patrol”; all examples of how America “(was) working to build an Asian version of NATO to contain China by taking advantage of the territorial disputes around China” (Wang, 2016, p. 458).

According to Tekdal (2018), the assertive position China adopted as a response to the US and its allies in its periphery, has led countries, such as Malaysia, Vietnam, the Philippines and Japan to align with America as well as amongst themselves, as a means to “limit China through multilateral negotiation” by “building security relations with each other” (Tekdal, 2018, p. 381 apud Zhao & Qi, 2016); Elena Atanassova-Cornelis (2017), senior lecturer in East Asian Politics at the University of Antwerp, Belgium, claims the PRC’s behaviour in its region is defined by the country’s “core strategic objectives – maintaining domestic and political stability, defending sovereignty and territorial integrity, pursuing national unification and its great power status”, which, in agreement with Tekdal (2018) and Wang (2016), is responsible for the “strong sense of insecurity” that leads China to heavily invest its resources to “counterbalance the influence and damages caused by the U.S.” and its allies, as a means to build closer relations with its neighbours (Pejsova et al., 2017, p. 630); (Wang, 2016, p. 458).

Even though China's current foreign policy in its region has been aimed at portraying the country as a "responsible power", David Shambaugh (2004) argues that, because of the PRC's lack of experience, that strategy has not worked very well, especially regarding China's engagement in conflict areas where it has economic interests (Poh & Li, 2017); He asserted that China's diplomacy seems "confused, contested, uncertain, passive, and risk-averse"; moreover, its principle of 'non-interference' in internal affairs "has posed fundamental dilemmas and challenges to its growing involvement in international security" (Poh & Li, 2017 apud Shambaugh, 2013, p. 72).

Since President Donald Trump took office on January 20th, 2017 and began to follow his "America First" agenda, tensions in Sino-American relations began to escalate and US foreign policy towards China became more confrontational. From the moment Trump won the elections and became the first US president to "take a call from a Taiwanese president since the United States cut old formal diplomatic ties with the island in 1979", US foreign policy regarding China has been formulated, as claimed by US Secretary of State Mike Pompeo, under the "doctrine of great-power rivalry", which is exemplified by many factors: the US putting an end to the sale of computer chips to Huawei and ZTE, and banning the purchase of equipment from those companies; by ordering CPC "media companies operating in the US to register as foreign agents"; beginning to scrutinise "Confucius Institutes at US colleges and universities"; placing sanctions on Chinese nationals; meeting with "Uighurs, Tibetans and Christians from independent Chinese "house churches""; imposing tariffs on China and claiming a deal would depend "on China working "humanely" with Hong Kong"; ordering American companies to leave China; and making a deal with Taiwan on arms sale (Guangcheng, 2019)¹⁴³.

Given that the US does not tolerate rising powers and has labelled Russia as its enemy, Sheng (2017) states that, although China and Russia did not have good relations with each other during the Cold War era due to "border disputes and ideological differences", and Russia is still ambivalent about the BRI, the two countries have engaged "into greater cooperation", that is, "Russia has been driven towards China in its need for investments, technology, money and political support" (Sheng, 2017, p. 241). Furthermore, he argues Russia is interested in the OBOR initiative's Economic Belt component, which aims to create a corridor that will link China with Russia, as well as with Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan, former Soviet Union Republics and SCO members, because of the increase in trade and in investments the cooperation will bring (Ibid., p. 242).

India's rivalry with the PRC over the Himalayan region has existed since the independence of the former in 1947 and the foundation of the latter in 1949, when "these two new states began competing for high ground in the western and eastern Himalayas. They fought a war over their unresolved border in 1962, and have scuffled ever since" (Gamble, 2018).¹⁴⁴ Amy Kazmin (2017) asserts that, on the one

¹⁴³ Available from: https://www.washingtonpost.com/outlook/trump-has-the-right-strategy-on-beijing-as-a-chinese-dissident-id-know/2019/08/30/2579b5ba-ca81-11e9-8067-196d9f17af68_story.html Accessed on: September 2nd 2019.

¹⁴⁴ Available from: <https://qz.com/india/1307728/the-china-india-rivalry-is-causing-an-ecological-disaster-in-the-himalayas/> Accessed on: October 26th, 2018.

hand, tensions between the two countries escalated because of China's opposition to India "strengthening strategic ties with both the US and Japan, and the privileged status that it grants the Dalai Lama; on the other hand, "New Delhi is wary of what it sees as China's effort to encircle India by increasing its influence over India's neighbours, including its rival Pakistan", as well as "China's efforts to court Bhutan, whose international relations are in effect controlled by India" (Kazmin, 2017).¹⁴⁵ After "a 73-day military face-off" between the PLA and the Indian Army "at Doklam on the India-Bhutan-China tri-junction" in 2017, and their "first high-level meeting on bilateral security cooperation, India and China signed their "first security cooperation agreement" in October, 2018, "which (they claimed) will strengthen and consolidate assistance in counter-terrorism, organised crimes, drug control, human trafficking and exchange of information, marking a new beginning between the two countries" (Indo-Asian News Service, 2018).¹⁴⁶ Furthermore, according to the South China Morning Post (2018): discussions on joint military drills are being planned between China and India as to mend their ties.¹⁴⁷

Besides being seen as an adversary or a threat by Japan and India, and causing anxiety in some Asian states, Atanassova-Cornelis (2017) argues there are two other issues that could become major problems for China in its region and have large-scale consequences: the first relates to the North Korean nuclear weapons and missiles development programme; that is, in spite of Trump and Kim's summit which took place in Singapore on June 12th, 2018, and their "agreement",¹⁴⁸ progress has not been made so far; the second, refers to the matter of sovereignty of Taiwan (Kube & Lee, 2018).¹⁴⁹ According to Charles Parton (2017)¹⁵⁰, the CPC has to articulate the vision of "One Country, Two Systems", which was "originally devised for Taiwan but adapted to facilitate the return of Hong Kong and Macao to Chinese rule", because if "One Country" or "Two Systems" are overemphasised, it could result in an "outflow of capital, investment and people from the territories" or "undermine the bedrock of Hong Kong's economic success" (Pejsova et al., 2017, pp. 44-47). The PRC needs to guarantee Taiwan will not proclaim independence and go against the "principle that there is only one China and therefore only one sovereign country, which must be represented by one government" (Ibid., p. 48).

¹⁴⁵ Available from: <https://www.ft.com/content/d56c92b0-78e6-11e7-90c0-90a9d1bc9691> Accessed on: October 26th 2018.

¹⁴⁶ Available from: <https://www.hindustantimes.com/india-news/india-china-sign-first-security-cooperation-agreement/story-TvHK1dqJGi4Kz2JS8CdScJ.html> Accessed on: October 27th, 2018.

¹⁴⁷ Available from: <https://www.scmp.com/news/asia/south-asia/article/2170224/china-and-india-eye-joint-military-drills-sides-see-thaw-after> Accessed on: October 27th, 2018.

¹⁴⁸ Borger, 2018. Available from: <https://www.theguardian.com/us-news/2018/jun/12/donald-trump-kim-jong-un-meet-talks-sentosa-island> Accessed on: October 27th, 2018.

¹⁴⁹ Available from: <https://www.nbcnews.com/news/north-korea/north-korea-still-making-nukes-trump-admin-now-taking-much-n907651> Accessed on: October 27th, 2018.

¹⁵⁰ Available from: <https://www.iss.europa.eu/content/chinese-futures-horizon-2025> Accessed on: August 2nd, 2019

2.7. China's New Assertive Foreign Policy

Since the 2008 international financial crisis, when China's leadership realised the country had the opportunity to "make its mark on the world stage, including by gradually shaping global norms and structures" under President Hu Jintao's administration, the PRC has struggled to "transform itself from a regional to a global power" (Poh & Li, 2017, p. 87). Poh and Li (2017) claim the struggle is illustrated by a number of factors, such as China's increasing role in the UN and its peacekeeping operations, its participation in regional and multilateral institutions and organisations, for instance, the G20, the BRICS group, ASEAN, the WTO, the IMF, the SCO, amongst others (Ibid.).

In the same line, Tekdal (2018) affirmed that once the PRC noticed the "relative weakening of the United States' economic capacity" as a result of the crisis, it felt stimulated to shoulder a bigger role in the international system; after all, although its economy was about to become the second largest, it was underrepresented in the WB, the IMF, the ADB and in other institutions responsible for global governance (Tekdal, 2018, p. 384 apud Breslin, 2016, p. 59; Pearson, 2014, pp. 167–168). Thus, because of its "dissatisfaction" with Western unwillingness to accommodate "a rising China", many scholars have claimed the PRC started to establish its own institutions and to push "for greater multipolarity" (Tekdal, 2018, p. 377). According to Nicolas (2016), for instance, since China's claims for reform were not addressed by the US and Western powers, its approach changed from "simply reformist" to "revisionist", i.e., China began to launch its own projects, such as the AIIB and the SRF, as well as other initiatives together with other emerging powers, such as the NDB and the BRICS Fund, "to provide a means to circumvent the global economy's governance system" (Nicolas, 2016, pp. 11-12). Moreover, Poh and Li (2017) remind us that in terms of the BRICS bank, China played the major role in its foundation, "including contributing substantively to its total capital endowment (Poh & Li, 2017, p. 88).

Besides these initiatives, Tekdal (2018) asserts that China "has increasingly been following policies that will project its power capacities abroad, such as the internationalization of the RMB and acquiring assets abroad on a massive scale", as well as measures that increase "trade, investment and finance networks with neighbouring countries" to expand "its political leverage" in the region (Tekdal, 2018, p. 385). Shambaugh (2005) highlighted that the PRC's "growing economic and military power, expanding political influence, distinctive diplomatic voice, and increasing involvement in regional multilateral institutions are key development in Asian affairs", that is, its "proactive regional posture is reflected in virtually all policy spheres – economic, diplomatic, and military – and this parallels China's increased activism on the global stage" (Shambaugh, 2005, p. 64).

After President Xi Jinping was elected and appointed as General Secretary of the CPC Central Committee in 2012, he visited the National Museum of China, where the exhibition entitled "The Road Toward Renewal" was being held, and made the first reference to the "China Dream" by proclaiming "to realize the great renewal of the Chinese nation is the greatest dream for the Chinese nation in modern history" (Poh & Li, 2017, p. 84 apud Xinhua News, 2012). Since then, the notion, which represents a

shift from Deng Xiaoping's concept of "hide our capabilities and bide our time", has been referred to by the CPC in numerous situations (Poh & Li, 2017, p. 84).

In this context, Wang (2016) argues that since President Xi took power in 2013, "large adjustments" to China's foreign policy have been made, such as the new diplomacy towards major powers, and focus on win-win cooperation, especially with China's neighbours, which highlight "China's proactive or 'assertive' approach to handle all major relations (Wang, 2016, p. 461). Similarly, Poh and Li (2017) state that whilst China's foreign policy under Xi is not completely different from the previous administrations, the intensity of the policies directed at global governance, partnerships, and regarding its presence in Asia through economic power, demonstrate "the gradual emergence of a genuinely globally oriented Chinese foreign policy in the mid to long term" (Poh & Li, 2017, p. 85). That is, they claim that "official discourse on (China's) foreign and security policy has indeed become more confident and assertive since Xi Jinping assumed leadership over the party-state-military nexus" which "is clearly in line with the vision and objectives of Xi's "China Dream" (Ibid., p. 93).

China's new foreign policy, what Atanassova-Cornelis (2017) addresses as "economic diplomacy", and considers as the pillar of the "ambitious geopolitical and geoeconomic strategy" adopted by President Xi Jinping, is illustrated by the BRI, the SRF, the AIIB, and, based on the lecturer, by "its support for the Regional Comprehensive Economic Partnership" (Atanassova-Cornelis, 2017, p. 64). Similarly, Tim Summers (2016), adjunct assistant professor at the Chinese University of Hong Kong, stated that the integration with Europe and Asia which China has pursued under Xi, as well as the country's increasing international influence, which underlie the BRI, and are associated "with Xi personally", "reflects something wider about Chinese politics after 2012" (Summers, 2016, p. 1635).

By analysing China's current foreign policy, Mathieu Duchâtel (2017) draws three conclusions: first, economic diplomacy, through inducements and sanctions, what Nye calls "sticks and carrots", "are now clearly part of the toolbox"; second, threat, deterrence, and coercion through military power has been "better integrated into foreign policy goals" regarding "national security priorities"; and third, although soft power was disregarded in China's diplomacy, since Trump adopted a more isolationist approach to world affairs, Beijing see it as "an opportunity to reshape the global narrative on the rise of China" (Duchâtel, 2017, pp. 53-54). Furthermore, according to him, the two most important areas President Donald Trump gave President Xi the opportunity to claim international leadership in was climate change and globalisation, that is, the former "was offered to China by the decision of the Trump administration to pull out of the 2015 Paris agreement; and, the latter, was given by Trump's government "protectionist and inward-looking tendencies" (Ibid, pp. 59-60). In terms of "diplomatic posture", Duchâtel (2017) maintains that China has seized both opportunities; that is, he illustrates it by "Xi's last minute decision to attend the World Economic Forum in January 2017", where he portrayed China and the BRI as "champions of globalisation", "an irreversible historical trend that supports human development", and by reinforcing China's commitment with environmental issues by showcasing the efforts China will take to reduce emission of greenhouse gases (Ibid, pp. 59-61).

3. Analysis – The BRI Implications for the International System

As the previous discussion demonstrated, the BRI aims to link Asia, Europe and Africa, promote new models of cooperation and integration, peace and development, as well as achieve the CCP goal of ‘rejuvenating the nation’ and ‘becoming a great power’, what President Xi Jinping described as realising the ‘Chinese Dream’, constitutes the most ambitious foreign policy launched by the PRC since its foundation, and has already been considered as the biggest international investment in infrastructure of all times. Given that the BRI has many implications for China’s periphery and the international system as whole, there has been a strong debate about the motives underlying the project, i.e., China’s strategic aims, as well as the consequences for the countries that have joined the plan, and for the ones which consider whether or not to take part in it. Seeking to address the main research questions, this chapter discusses whether or not the BRI aims to create and/or expand China’s spheres of influence, as well as if it consists of a strategy to export China’s globalisation model through soft power.

3.1. China’s New Assertive Foreign Policy: the BRI spheres of influence?

Since 2008, the year which most China observers claim the CCP’s foreign policy has become more assertive, especially in its periphery, the PRC’s role in the international system has raised many questions and concerns regarding its aims and motivations on the grounds of its growing economic power, military capabilities and increasing international influence. According to Mark Tokola (2016), vice president of the Korea Economic Institute of America in Washington, DC, for instance, “there is no consensus within American opinion regarding whether China seeks to join the existing international system or to transform it”; he argues there is also “an important doubt, (...) whether China’s priority is to stabilize its neighborhood or to dominate it – or whether China sees that as the same thing” (Tokola, 2016, p. 26). Furthermore, because social and political stability consists in one of China’s main concern, its periphery is

(First) the main theatre where China preserves national security, defends its sovereign unity and territorial integrity, and unfolds the struggle against separatism; it is...the buffer zone and strategic screen in keeping the enemy outside the gate. Second, it is the vital area for China’s rise that world powers cannot cross...and the main stage for China to display its strength to the outside world (Tokola, 2016, p. 26 apud Fukushima, 2016)

Similarly, Peter Cai (2017) acknowledges that at the Peripheral Diplomacy Work Conference held in Beijing on October 24th-25th, 2013, “the first-ever meeting on policy towards neighbouring countries since the founding of the People’s Republic (of China)”, which was attended by the entire Standing Committee of the politburo and “all the most important players in the Chinese foreign policymaking process”, President Xi Jinping said that, given China’s neighbours “extremely strategic value”,

maintaining stability in the neighbourhood is central to peripheral diplomacy; moreover, for that reason, President Xi affirmed “(China) must encourage and participate in the process of regional economic integration, speed up the process of building up infrastructure and connectivity”, and “(...) build the Silk Road Economic Belt and (the) 21st Century Maritime Road, creating a new economic order” (Cai, 2017, p. 3)

According to Cai (2017), many analysts regard the Peripheral Diplomacy Work Conference “as a significant turning point in the evolution of China’s foreign policy”; that is, he noted that Douglas H. Paal (2013), Carnegie Endowment for International Peace vice president, for instance, claimed it essentially ‘buried’ Deng Xiaoping’s foreign policy principle “hide your strength and bide your time” (Cai, 2017, p. 3 apud Paal, 2013). Furthermore, Cai (2017) asserts that since President Xi Jinping’s “new more activist foreign policy reinforce(s) the impression that OBOR is primarily driven by broad geostratetegic aims”, thus, he concludes that some of its elements do concur with that assumption (Cai, 2017, p. 4).

Following the same line of thought, Ramo (2005) claimed that China-US relations “(were) no longer the absolute centre of China’s foreign relations, as they were under Jiang Zemin’s leadership”, which “is another sign of how quickly China is changing its own sense of the world” (Ramo, 2005, p. 41). He argued that even though China’s “peaceful rise of course depends on the U.S. willingness to cooperate with that plan”, (...) “Chinese planners are already positing a new world order”, as expressed in Hu Jintao’s speech in April 2004 which endorsed the “Four No’s” New Security Concept, i.e., “no hegemonism, no power politics, no alliances and no arms race”¹⁵¹ (Ibid.).

In the article *How will the Belt and Road Initiative Advance China’s Interests?* written by China Power Team, published by CSIS on May 8th, 2017, it is argued that one of the main political gains China may win from the BRI is to become better able to “exploit its financial largesse to influence partner country policies to align with its own interests, particularly in certain countries in Central and South Asia that lack good governance and robust rule of law”.¹⁵² The argument about the possibility of China using the BRI to influence and take advantage of developing countries, mainly in Asia and Africa, the so-called debt-trap diplomacy¹⁵³, is supported by numerous scholars and wary BRI critics, including the US government.¹⁵⁴ Ryan Hass and Tarun Chhabra (2019), for example, highlight that the National Security Strategy of the US released in December, 2017, under President Donald Trump administration,

¹⁵¹ According to Yunling Zhang (2010), the New Security Concept was introduced by Foreign Minister Qian Qichen at an ASEAN Regional Forum conference held in Beijing in 1997 (Zhang, 2010, p. 57 apud Renmin Ribao, 1997, p. 4).

¹⁵² Available from : <https://chinapower.csis.org/china-belt-and-road-initiative/> Accessed on: August 8th, 2019.

¹⁵³ Green, 2019. Available from: <https://foreignpolicy.com/2019/04/25/chinas-debt-diplomacy/> Accessed on: August 10th, 2019.

¹⁵⁴ John Bolton, US National Security Advisor, affirmed that “China uses bribes, opaque agreements, and the strategic use of debt to hold states in Africa captive to Beijing’s wishes and demands. Its investment ventures are riddled with corruption, and do not meet the same environmental or ethical standards as U.S. developmental programs.” (U.S. Global Leadership Coalition, 2019). Available from: <https://www.usglc.org/resources/chinas-growing-influence-is-america-being-left-behind/> Accessed on September 9th, 2019.

“identified China as a “revisionist power” and “rival” seeking to “shape a world antithetical to US values and interests” by “displac(ing) the United States... and reorder(ing) the region in its favour”¹⁵⁵

The concept of influence, “the power to have an effect on people or things, or someone or something having such power”, that is, “the power to affect or change how someone or something develops, behaves, or thinks”¹⁵⁶, “to make other people agree with your opinions or do what you want”¹⁵⁷, and/or the power, act or “capacity of causing an effect in indirect or intangible ways”¹⁵⁸ “on the character, development, or behaviour of someone or something, or the effect itself”¹⁵⁹, according to Cambridge, Merriam-Webster, Collins, and Lexico English dictionaries definitions, respectively, is widely used in International Relations and in political discourse, but hardly ever explained or theorised.¹⁶⁰

Considering the US 2017 Security Strategy arguments that China aims to displace and reorder Asia in its favour, in other words, that the US government claims the PRC intends to take the US’ position and benefit from becoming the region ‘influencer’, from that perspective, China’s foreign policy corresponds to the definition of the concept of “spheres of influence” presented in the article *The Battle for Southeast Asia’s Soul*, by visiting fellow at the Griffith Asia Institute, Griffith University Peter Layton (2017), which deliberates about what Australia should do regarding “the gradual extension of China’s sphere of influence into Southeast Asia, i.e., the notion that a country “can constrain and guide the foreign and domestic policy choices of other states within a particular region without using direct military coercion” (Layton, 2017 apud Etzioni, 2015)¹⁶¹. Layton (2017) argued that establishing a sphere of influence in Southeast Asia would bring many benefits to China, including “gain(ing) implicit veto power over any unfavourable actions they might take”, influencing regional states to “become less willing to provide long term basing to American forces or short term support for transiting US forces”, pushing the US out of the region, reducing American military capacity pressure, “as it would become more difficult to operate there”, as well as “exclud(ing) the U.S. access without resort to armed force”, and preventing China from the spread of regional ‘colour revolutions’ (Layton, 2017).

George Washington University professor Aimitai Etzione’s work *Spheres of Influence: A Reconceptualization*, 2015, which addresses the notion of spheres of influence from a realist point of view, defines it as “international formations that contain one nation (the influencer) that commands superior power over others” (Etzioni, 2015, p. 117); Etzione (2015) claims that in order for that

¹⁵⁵ Available from: <https://www.brookings.edu/articles/how-much-does-xi-matter-new-voices-on-chinas-foreign-policy/> Accessed on: August 10th, 2019.

¹⁵⁶ Available from: <https://dictionary.cambridge.org/dictionary/english/influence> Accessed on: September 9th, 2019.

¹⁵⁷ Available from: <https://www.collinsdictionary.com/dictionary/english/influence> Accessed on: September 9th, 2019.

¹⁵⁸ Available from: <https://www.merriam-webster.com/dictionary/influence> Accessed on: September 9th, 2019.

¹⁵⁹ Available from: <https://www.lexico.com/en/definition/influence> Accessed on: September 9th, 2019.

¹⁶⁰ In the work “International Relations Theory”, written by Viotti and Kauppi (2012), for instance, the term appears 280 times; however, even though it includes a glossary of the main concepts used in the book, there is no definition for the concept.

¹⁶¹ Available from: <https://www.lowyinstitute.org/the-interpretor/battle-southeast-asia-soul> Accessed on: August 25th, 2019.

formation to be considered as a sphere of influence, “the level of control the influencer has over the nations subject to its influence”, which should be “largely ideational and economic rather than coercive”, “must be intermediary”, that is, “lower than that of an occupying or colonizing nation, but higher than that of a coalition leader” (Ibid., 118). For instance, he argues Central and South America under the Monroe Doctrine qualified as American spheres of influence in the past; Japan as a current one, and North Korea as a Chinese one (Ibid.).

Susanna Hast, author of *Spheres of Influence in International Relations: History, Theory and Politics* (2014), “(the) foremost English book on the subject published in the twenty-first century”, based on Etziona (2015), which reviews and presents a constructivist approach to the “contested”, “unexamined”, and “unproblematised”, but “familiar” and “vague” concept which is “characterised by a conflict between the lack of theoretical interest”, a part of an imagination “founded upon past experiences, namely, the spheres of influence of the Cold War”, and “a form of influence which implies contempt and disapproval”, argues that because of its strong pejorative connotation, “the choice to use or not to use it is political”, i.e., she argues the notion of spheres of influence “is interpreted, used and misused – or omitted – in discourse as a means of power” (Ibid.); (Hast, 2014, pp. vii-6). Moreover, she claims that

A sphere of influence signifies some form of influence beyond state borders, not just any influence. It means a particular form of influence, or even a particular form of international order. Some states are described as having or striving for a sphere of influence, but not all. Since not all international influence is referred to as emanating from a sphere-of-influence policy, there must be a clearly delimited space which is occupied by a sphere of influence. There must also be a reason for viewing some foreign policies as pursuing a sphere of influence and denying others that connotation (Ibid., p. viii).

Hast (2014) asserts that, because there is no “point of reference for the term, that is, no other historical or conceptual knowledge directing our thinking than the images of superpower rivalry and the oppression it caused” during the Cold War era, the works of two analysts from the period, i.e., Edy Kaufman (1976) and Paul Keal (1983), which claimed “a ‘sphere of influence’ could be “described as a geographic region characterised by the high penetration of one superpower to the exclusion of other powers and particularly of the rival superpower” and as “a determinate region within which a single external power exerts a predominant influence, which limits the independence or freedom of action of political entities within it”, respectively, are the best way to begin contesting the concept (Hast, 2014, p. 6 apud Kaufman, 1976, p. 11); (Ibid., apud Keal, 1983, p. 15).

According to Hast (2014), whereas “Kaufman’s definition emphasises the relationship between superpowers”, i.e., that “there is *penetration* into a region which *excludes* other powers from that region”; Keal’s characterisation “deals more with the relationship between the influencing and influenced powers”; it argues “the sovereignty of those influenced is restricted” (Ibid.). Furthermore,

she argues that besides “rivalry between great powers and its repercussions for sovereignty”, (...) “underlying tenets of the present discourses”, which are not clearly addressed in either explanation, two attributes of spheres of influence are determined in their definitions: “exclusion of other powers and limitation of the independence or sovereignty of the influenced states” (Hast, 2014, p. 6).

Since the end of the Cold War, Hast (2014) argues there has been a “lack of interest in conceptualising spheres of influence” (Ibid., p. 7); thus, as result, “the term is used in a metaphorical rather than an analytical sense, which means that the subjugated knowledge that the concept incorporates is left intact” (Ibid., p. 25). Furthermore, because the notion presents a matter of justice and injustice in interstate relations related to respect and violation of borders and sovereignty, that is, given that the expression constitutes an “attempt to explain a power relation which involves the influencing and the influenced powers, as well as the territories they occupy”, the oversimplification of the concept, which is “emotionally loaded, historically burdened and epitomised by considerations of injustice”, (and) has the power to mobilise resistance and fuel resentment”, constitutes a ‘hidden agenda’, a discursive tool to shame other States and their foreign policies motives (Ibid. pp. 7-25).

In Hast’s (2014) view, the concept of spheres of influence is often deployed to disapprove Russia’s foreign policy, as there “seems to be an unspoken agreement among European and American scholars that Russia is attempting to construct or maintain a sphere of influence”, which implies “domination”, “imperialism, oppression, pressure (military, economic or political) and a mentality of divisions, but not subsidies, support, protection, stability or peace”, i.e., it consists in “non-acceptable influence”, “motivated by a quest for power, independence and control”, which works as a means for “identity building and seeking political support from other states in a conflict with the Other”, “for the sake of identity construction” (Ibid., p.7-11); (Ibid., p. 25 apud Leonard & Popescu, 2007, p. 8); Hast (2014) asserts that “energy blackmail, interference in elections, military presence and military intervention” are usually referred to as “the body of criteria for identifying a sphere-of-influence policy”; “a continuation of the Soviet era, an unwillingness on the part of Russia to ‘let go’” (Ibid., p. 15).

Contrary to Russia’s foreign policy, however, Hast (2014) highlights that “the former imperialist states of Europe, even though they still have influence in their former colonies and elsewhere, are viewed more as peace-builders than as states with sphere-of-influence ambitions” on the grounds that their influence is good, because it means “bringing about a peaceful neighbourhood”, “spread(ing) democracy, stability and the rule of law”; in other words, the difference between Western and the Eastern influence, Russia’s in this case, presents “a dichotomy between ‘positive value-based influence’” and “‘negative territorial/historical influence’” (Ibid., pp. 5-20); which leads Hast (2014) to ask if the EU does not have “economic interests” and if it is “not moved by power”; because

considering that “some post-Soviet states might in fact view their relationship with Russia as beneficial, despite their being under some form of Russian influence (...) does the consent of the influenced mean that the relationship between the influencing and the influenced states is integration, cooperation or alliance instead of a sphere of influence? (Ibid., p. 17)

After analysing the argument defended by Dmitry Furman (2006) regarding Russia's influence in neighbouring countries, that is, that "all states want to be surrounded by regimes which are similar to their own", Hast (2014), presents the following conclusion:

There is an important lesson in Furman's thinking: the interest in influencing regimes of other states is not a Russian sin. The reason why we condemn such a policy is that we think Russia is imposing the wrong type of regime. It is easy to judge the influence of a country which is not built on pure Western democracy and respect for human rights. The influence of a country which is not the *Same* but the *Other* simply cannot be supported. The West, instead, promotes democracy, which we view as the best model of government. As the West represents that which is good and pure, its influence is not only accepted but preferred. But what Furman points out is that, in the end, we are still talking about influence that serves national interests and stability – from *our* perspective. The question then is who gets to judge what influence is right and what is wrong. In this sense, influence is not anything peculiar or extraordinary; it is part of international politics for better or for worse. But a sphere of influence is peculiar, because of its unspoken negative function (Ibid., p. 21 apud Furman, 2006).

In agreement with Hast (2014), based on her analysis of the concept of "spheres of influence", the arguments she presented to explain the reasons Western and Russian types of influence differ, i.e. the dichotomy between good and bad influence, the notion of the *same* and the *other*, and the ideal or preferred sort of regime other countries should adopt, the American 2017 Security Strategy assumptions regarding China, and the claims the BRI is a strategy to create and/or expand its spheres of influence, constitute a discursive tool to shame China's policy, i.e., it is a metaphorical approach to delegitimise its initiative and political system. The BRI demonstrates China's influence has increased in the international system, and that it is likely to keep growing, however, claiming its project consists of a strategy to create or expand its sphere of influence has no conceptual support. Furthermore, according to the NDRC's Action Plan, the BRI is open to any country willing to join it. Whilst the US decided not to attend the 2nd BRF, and adopted a confrontational position towards China and the BRI, Italy became the 1st G7 country member to sign a MoU with the PRC over the OBOR initiative; Italy's participation certainly demonstrates how China's influence has grown in the EU, however, China seems far from being its predominant influencer, excluding other powers, and/or limiting its independence, especially if other major powers decide to join the BRI as well.

3.2. Globalisation with Chinese Characteristics?

The concept of globalisation, despite being a term from the 1960s and "the buzzword of our time", remains a contested concept which needs examination for "definition and analytical clarification", because "there exists no scholarly consensus on what kinds of social processes constitute its essence" (Steger, 2003, pp. 2-9). After reviewing the definitions presented by Anthony Giddens, Frederic Jameson, David Held, Roland Robertson, and James Mittelman, Steger (2003) concludes that there are

four characteristics in the core of the phenomenon: first, a “creation of new and the multiplication of existing social networks and activities that increasingly overcome traditional political, economic, cultural, and geographical boundaries”; second, an “expansion and [...] stretching of social relations, activities, and interdependencies”; third, an “intensification and acceleration of social exchanges and activities”; and fourth an “expansion, and intensification of social interconnections and interdependencies” at objective, material and subjective levels (Ibid., pp. 9-12). Once identified the four qualities of globalisation, Steger (2003) provides the following definition for the concept: “globalization refers to a multidimensional set of social processes that create, multiply, stretch, and intensify worldwide social interdependencies and exchanges while at the same time fostering in people a growing awareness of deepening connections between the local and the distant” (Ibid., p.13). Steger (2013) highlighted, however, the fact that there is disagreement on “its scale, causation, chronology, impact, trajectories, and policy outcomes” (Ibid.)

In a similar line, Thomas Eriksen (2010) argued that, whilst the expression globalisation is contemporary and became fashionable in the 1990s, the phenomena it relates to are much older, that is, to ancient empires trade and connections; nevertheless, he claims that if we approach it as “general processes of increased density, speed and reach of transnational connections associated with the global spread of capitalism and new information and communications technologies” (...) “on a global scale and the widespread awareness of such connectedness, (therefore) it is reasonable to date the first era of globalization to the nineteenth century” (Eriksen, 2010, p. 21).

Based on David Harvey’s concept of “time-space-compression”, a process of acceleration caused by technological change, Steger (2003) presented the dialectics of globalisation, i.e., the notion that it is centripetal, that it shrinks the world by facilitating contact and communication across former borders, whilst, at the same time, centrifugal, because it also expands it by raising awareness of difference (Steger, 2003). In other words, globalisation, on the one hand, homogenizes values; on the other hand, however, it heterogenizes them due to intense contact amongst different peoples and forms of diversity. The process of merging the global with the local may create what Rolan Robertson (1995), based on the Japanese idea of “*dochakuka*”¹⁶², called “glocalization” or, alternatively, “alter-globalization”, that is, “globalization of the other” (Eriksen, 2010, p. 29); (Robertson, 1995, p. 28).

According to Melina Kolb (2018), digital communications manager at the Peterson Institute for International Economics, “*globalization* is the word used to describe the growing interdependence of the world’s economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information”;¹⁶³ such definition is similar to

¹⁶² Robertson (1995) asserts that the term, which is derived from “*dochaku*” – “living on one’s own land”, was “adopted in Japanese business for global localization, a global outlook adapted to local conditions”. He argues it involves “the simultaneity and the interpenetration of what are conventionally called the global and the local, or – in more abstract vein – the universal and the particular (Robertson, 1995, p. 30).

¹⁶³ Available from: <https://www.piie.com/microsites/globalization/what-is-globalization.html> Accessed on: August 26th, 2019.

the ones presented by Stiglitz (2004) in *Globalisation and its Discontents*, Held (1999) in *Global Transformations: What is Globalisation?* and Thomas Friedman in *The Lexus and the Olive Tree* (2000), who later categorised it into three phases, that is, 1.0, 2.0, and 3.0, in *The World Is Flat: A Brief History of the Twenty-first Century* (2005) (Fien, 2010).¹⁶⁴

Richard Baldwin and Philippe Martin (1999) focused on what they consider as the three key aspects of globalisation: “Trade, investment, migration, and factor prices”; “Capital flows and markets”; and “Industrialisation, and income convergence/divergence”; as a means to examine the differences and similarities of what they called “the two waves of globalisation”, i.e., the first “roughly 1870-1970 and the second roughly 1960 to the present” (Baldwin & Martin, 1999, p. 1). Their idea of globalisation as waves, eras, or phases, as in Friedman’s categorisation, support the argument that the phenomenon may increase and/or decrease, and is not an irreversible one-way process, i.e., if globalisation forces weaken, trade growth slows down, and there are “tighter immigration policies and the increased risks of protectionist measures in (advanced economies)”, “these changes (could) represent a trend to deglobalisation rather than a cyclical decline” (Meeting of Senior Officials from Central Banks, 2018, p. 79). Friedman (2000) goes further than Baldwin and Martin (1999) by arguing that globalisation is not simply a phenomenon, “a trend or a fad but is, rather an international system”, i.e.,

It is the system that has now replaced the old Cold War system, and, like that Cold War system, globalization has its own rules and logic that today directly or indirectly influence the politics, environment, geopolitics and economics of virtually every country in the world. (...) this new era of globalization is also different politically from that of the 1900s. That earlier era was dominated by British power, the British pound and the British navy. Today's era is dominated by American power, American culture, the American dollar and the American navy (Friedman, 2000, p. ix).

John Fien (2010) corroborates with Friedman (2000) by asserting numerous scholars argue the former definitions of globalisation “are too narrow as they do not emphasise the many different aspects” of the concept. Fien (2010) notes that the University of California Atlas of World Inequality, for instance, assumes that “we need to recognize at least four dimensions” of globalisation, as follows:

(1) Economic globalisation ... the greater global connectedness of economic activities through international national trade, financial flows and transport, and the increasingly significant roles of international investment and multinational corporations. (2) Environmental globalisation... the increasingly global effects of human activity on the environment, and the effects of global environmental changes on people. (3) Cultural globalisation ... the connections among languages, ways of living, and fears of global homogeneity through the spread of North American and European languages and culture. (4) Political globalisation ... including wider acceptance of global political

¹⁶⁴ Available from: http://www.unesco.org/education/tlsf/mods/theme_c/mod18.html?panel=3#top Accessed on: August 23rd, 2019.

standards such as human rights, democracy, the rights of workers, environmental standards, as well as the increased coordination of actions by governments and international agencies (Fien, 2010).

According to Weidong Liu and Michael Dunford (2016), who analyse China's BRI "call for an open and inclusive (mutually beneficial) model of cooperative economic, political and cultural exchange (globalization)", "the Chinese project differs in significant ways from neoliberal/Washington Consensus globalization and some other recent international initiatives in that it is inclusive", that is, they argue

China's emphasis is on strategic international economic partnerships and multilateral credit to address investment, infrastructure, employment and economic development. This emphasis derives from China's own inclusive development experience which involved a quest for quick results, ultimate self-reliance, engagement of relatively low-income communities as suppliers of work, goods and services, and supply of affordable goods and services. Socially it reflects a model in which the hand of the state accompanies the hand of the market. Economically it is designed to deliver not simply net gains as in the neoliberal case but win-win outcomes. Politically partnerships are inclusive in that they are open to all, respect sovereignty and do not entail political conditionality. Strategically they are experimental and centred on dialogue" (...) In these ways China hopes to develop a new inclusive international platform where economic globalization could benefit more regions and more people (Liu & Dunford, 2016, p. 325).

In the opinion editorial entitled *The Beijing Olympics and China's Soft Power*, written by Pang Zhongying, published by Brookings Institution on September 4th, 2008, he asserts that, despite the fact China had concentrated itself in "economic construction" and neglected soft power because of 'the low key' diplomacy attributed to Deng Xiaoping, it has now adopted the concept in its foreign policy as a means to become "a real global power".¹⁶⁵ Zhongying (2008) claimed that

although it was a latecomer to the international community, China has become a new engine for globalization. Today many Chinese think that a "Chinese element"¹⁶⁶ is increasingly being added to the process due to China's full engagement. Some even argue that China is so central to globalization that the world is being "sinicized"¹⁶⁷ as well as globalized (Ibid.).

In opposition to Liu and Dunford (2016), Jason Zukus (2017) claimed in the article *Globalization with Chinese Characteristics: A New International Standard?* that in its "recent push for greater economic globalization", (...) "rather than welcoming economic, political, and cultural globalization, China has rejected the influence of these latter two international forces as destabilizing. (...) Instead, China has embraced a narrower view that only economic globalization is appropriate for its unique

¹⁶⁵ Available from: <https://www.brookings.edu/opinions/the-beijing-olympics-and-chinas-soft-power/> Accessed on: October 20th, 2018.

¹⁶⁶ 中国元素 (Ibid.).

¹⁶⁷ 中国化 (Ibid.).

domestic context”, i.e., China does not support that “economic liberalization should go hand in hand with social and political reforms around democratization, human rights, and civil liberties”, on the contrary, the CPC maintains rigid political control, restricts access to information on the web, and limits the operation of foreign NGOs in the country.¹⁶⁸ Furthermore, Zukus (2017) asserts that “with the U.S. and Europe now focusing inward, China is poised to capitalize on this unique moment to spread its model of economic globalization detached from political and cultural openness”, what provides “concrete proof to illiberal states in Southeast Asia, Central Asia, and the Middle East that there is much to gain from embracing “globalization with Chinese characteristics.” (Ibid.).

In the article *The Post-American World Economy: Globalization in the Trump Era* written by Adam S. Posen (2018), published by Foreign Affairs in March/April 2018, he argues that the US-led order established in the aftermath of World War II, “a global, rules-based economic order”, founded on “liberal values of free trade and the rule of law”, which has been backed by the US for more than seven decades, is under threat by President Donald Trump, because by supporting his view of “America first”, which “means withdrawing from supposedly bad deals”, the US is retreating from its position of economic leadership.¹⁶⁹ Posen (2018) presents the American order by an analogy of a club “that promotes a common set of beliefs to which its members adhere” to because of its worth, legitimacy, and attractiveness; furthermore, he claims the US, in spite of accusing others of being free-riders to the only two public goods it provides to maintain it, i.e., “an umbrella of security guarantees and nuclear deterrence over U.S. allies” and ensuring “free navigation of the seas and airspace for commerce, subject to some international rules that are largely set by the United States”, the US has actually “been the one free-riding in recent years” (Ibid.).

In contrast, Li Yang (2019), a scholar from the Chinese Academy of Social Sciences, asserts that the US and Western-led ‘conventional globalization’, “a process where developed economies attempt to impose their domestic systems, institutions, rules, best practices, ideologies and culture on other countries”, from which the US appears to be withdrawing from due to Trump’s “America First” policies and, as a result, makes the US seem to be the “initiator and “pioneer” of a ‘de-globalization’ process, is an erroneous assumption.¹⁷⁰ Yang (2019) claims that what the US is essentially struggling for is “to find another way to reshape the paradigm of globalization so as to consolidate the U.S’ leading position” in three ways; first, by calling for “its partner EU and emerging countries like China to jointly bear the cost of globalization and provide public goods”; second, by adopting a bilateral instead of a multilateral approach to agreements, because “the U.S. gains an upper hand in the course of such negotiations”; and third, by “revamp(ing) major international frameworks” (Ibid.). Thus, contrary to the ‘conventional

¹⁶⁸ Available from: <https://thediplomat.com/2017/05/globalization-with-chinese-characteristics-a-new-international-standard/> Accessed on: August 27th, 2019.

¹⁶⁹ <https://www.foreignaffairs.com/articles/united-states/2018-02-13/post-american-world-economy> Accessed on: August 27th, 2019.

¹⁷⁰ Available from: <https://news.cgtn.com/news/3d3d514e7a67544e33457a6333566d54/index.html> Accessed on: August 27th, 2019

globalization model', Yang (2019) claims that China, instead of aiming to export overcapacity with the BRI, is actually struggling to "champion a new approach to globalization" which differs from the current neoliberal order in three regards, that is, by building "a community of shared future" and encouraging developing countries which "have been marginalized in the last wave of globalization and failed to enjoy the benefits"; presenting a development-centered as opposed to a rule-centered alternative; and instead of working with convergence, the BRI aims to achieve "shared growth through discussion and collaboration while recognizing differences and diversity" (Ibid.).

In agreement with Zukus (2016), Yuan Li and Markus Taube (2018), who question if a 'more powerful' China will "form new regional and multilateral institutions that compete with the existing international institutions or integrate itself into the existing ordering system, assume the role of a responsible stakeholder, and try to strengthen the China-compatibility the existing regime from within and on the margin?", Alessia Amighini (2018) states that "the important question today is whether China is really willing to promote globalisation inspired by multilateralism or if it is actually working towards the transformation of world interdependence as we know it, in order to establish what has been labelled "globalisation with Chinese characteristics" (Li & Taube, 2018, p. 236); (Amighini, 2018, p. 36). In other words, because "the BRI looks much more like a framework for organising and financing Chinese investment abroad, and one that is leading to the economic and financial dependence of many recipient countries on China", "an attempt to forge a new economic order in which all roads lead to China", Amighini (2018) asks if China will "support increasing openness and global interdependence" or "leverage on the increasing world's dependence to gain more voice in the global economic order" (Tiezzi, 2018, p. 50); (Amighini, 2018 p. 37). She concludes that

the answer depends on the extent to which China will adhere to and comply with international rules and standards, or instead will be increasingly active in setting her own. On whether China will posit itself as a defender of multilateralism or as an advocate of a new wave of global integration, one that partly rewrites the rules of engagement in the international economy towards a new model of economic globalisation detached from political and cultural openness. (Ibid).

Liu and Dunford (2016) argue that "globalization is a fundamental driver of China's new international economic cooperation initiatives", and that

Although the BRI contains new Chinese thinking about international cooperation and reveals China's ambition to play a more active global development role, it aims to uphold a global free-trade regime. A major difference between the two is that the BRI seeks to combine market tools with state involvement in promoting international cooperation, expanding trade and investment, and spreading benefits to areas and people that have not benefited from neoliberal globalization. Combined market-state governance is actually the basis for China's recent success. The BRI therefore embodies a framework for globalization that is different from neoliberal globalization (an agenda for extending private property, universal deregulated markets and shareholder value, win-lose

competition between unequal participants, individual responsibility, and a minimal but perhaps strong state) and that we call 'inclusive globalization' (Liu & Dunford, 2016, p. 336).

In the context of the many challenges which demonstrate that “the desirability and sustainability of the order have been called into question as never before”, Nye (2017) questions if the liberal order will survive; according to him, President Trump’s arguments “that the costs of maintaining the order outweigh its benefits and that Washington would be better off handling its interactions with other countries on a case-by-case transactional basis, making sure it “wins” rather than “loses” on each deal or commitment”, together with the “long-term global power transition involving the dramatic rise of Asian economies such as China and India”, the “broader diffusion of power from governments to nonstate actors thanks to ongoing changes in politics, society, and technology”; and the main threat “coming from the rapid rise of a China that does not always appear to appreciate that great power carries with it great responsibilities”, observers worry “China is about to pass the United States in power and that when it does, it will not uphold the current order because it views it as an external imposition reflecting others’ interests more than its own” (Nye Jr., 2017, pp. 12-13).

Nye (2017) argues, however, that their “concern is misguided” for two reasons: first, because “China is unlikely to surpass the United States in power anytime soon”, that is, even though China’s “economy has grown dramatically in recent decades” (...), “it is still only 61 percent of the size of the U.S. economy, and its rate of growth is slowing”; moreover, even if its total economic size surpasses the US’ in the future, “economic might is just part of the geopolitical equation”, i.e., the US still spends four times more than China on its military and, in terms of soft power, “a recent index published by Portland, a London consultancy, ranks the United States first and China 28th. And as China tries to catch up, the United States will not be standing still”; finally, Nye argues the US also has more “favorable demographics, increasingly cheap energy, and the world’s leading universities and technology companies”; and because (China) “understands and appreciates the order more than is commonly realized”, i.e.,

It is one of only five countries with a veto in the UN Security Council and has gained from liberal economic institutions, such as the World Trade Organization (where it accepts dispute-settlement judgments that go against it) and the International Monetary Fund (where its voting rights have increased and it fills an important deputy director position) (Ibid.).

Furthermore, Nye (2017) observes that besides becoming the second-largest funder of the UN peacekeeping operations, China has participated and helped develop UN programmes regarding climate change, cyberspace conflicts, and pandemics, such as Ebola. For these reasons, he concludes

On balance, China has tried not to overthrow the current order but rather to increase its influence within it. The order will inevitably look somewhat different as the twenty-first century progresses. China, India, and other economies will continue to grow, and the U.S. share of the world economy

will drop. But no other country, including China, is poised to displace the United States from its dominant position. Even so, the order may still be threatened by a general diffusion of power away from governments toward nonstate actors. Even if the United States remains the largest power, accordingly, it will not be able to achieve many of its international goals acting alone. Even if the United States continues to possess more military, economic, and soft-power resources than any other country, it may choose not to use those resources to provide public goods for the international system at large (Ibid., p. 13).

Considering the definitions of hard and soft power presented by Joseph Nye Jr. in 2002 and 2004 as a means to analyse the question regarding whether or not the BRI is a Chinese attempt to export its globalisation model through soft power, i.e., appeal and attractiveness, based on the characterisations of globalisation and on the arguments presented above, which distinguish China's globalisation model from the Western-led type of globalisation, the answer is negative. On the one hand, the BRI does constitute an alternative form of globalisation given that it disregards political values, such as human rights, democracy and civil liberties whilst focusing on encouraging, expanding, and facilitating communications, trade, capital flows, interconnections and interdependencies through investments and economic partnerships in order to promote development. On the other hand, however, the BRI does not aim to export China's development model. Besides overlooking other countries political systems, domestic affairs and development paths in order to promote its agenda and increase its influence in the international system, the PRC is not attracting participants to its initiative via soft power, that is, by 'enticing' them with its political system, values, ideas, culture, and policies, but through hard power. Overall, the BRI constitutes a strategy of economic diplomacy.

4. Conclusions

This thesis investigated the PRC's economic growth and development as a result of Deng Xiaoping's politico-economic reforms. Specifically, it delved into China's integration in the international system, its foreign policy transformation from passiveness to assertiveness, and its main current domestic and international challenges in order to contextualise the BRI's scope, aims and infrastructure as a means to understand its rationale and motivations. The objective was to address the questions of whether or not the BRI consists in a strategy to export China's globalisation model through soft power, and/or in a plan to create and expand its spheres of influence.

The conclusions are that both answers are negative. First, the argument demonstrated that the notion of spheres of influence, unlike the concept of influence, which may be either positive or negative, besides being outdated, as it is associated to Cold war policies and has not received much attention since then, it is still loaded with pejorative connotations. Basically, this notion has functioned as a discursive tool mobilised in a metaphorical way by Western powers to delegitimise foreign policies that do not represent their values, ideas, practices and regimes. *In other words, the idea of spheres of influence implies a judgement of right and wrong, just and unjust, or good and bad.* The references to the BRI as a Chinese plan to create or broaden its spheres of influence indicates the West is unwilling to accommodate China's rise and growing influence in the international system. When the notion of spheres of influence is adopted to categorise the PRC's project, it occurs without any form of theoretical and empirical evidence to support those claims.

Regarding globalisation, the research demonstrated that the BRI aims to provide an alternative development model to Western-led globalisation. The Chinese model, in opposition to the Western one, is circumscribed to the economic dimension of globalisation. That is, it does not attach social and economic integration, cooperation, and development to political values, such as democracy, civil liberties, or human rights as prerogatives for the initiative participating countries and to the ones willing to join it. Rather, it focuses on economic partnerships, building infrastructure, and facilitating trade and commerce. Furthermore, the BRI does not take into account political regimes, and countries internal affairs in general as requirements for engagement. Nevertheless, based on the literature review, it was possible to demonstrate that China's BRI does not aim to export its globalisation model through soft power. Instead, the initiative seeks to address the PRC's main domestic and international challenges thereby by reshaping the international system via economic diplomacy. Essentially, the project has been conceptualised, developed and implemented as a strategy of hard rather than soft power.

4.1. Limitations of the Study

As every research and academic work, this study conducted on the BRI presents many limitations. Besides covering several different subjects related to the PRC and the international system as a means to contextualise the BRI, such as history, politics, international relations, economics, foreign policy,

amongst others, the Chinese project itself is immense and involves many factors and dimensions that cannot be captured in a Master thesis. Furthermore, the concepts of globalisation and soft power, the notion of a ‘Chinese development model’, and the term spheres of influence are also broad and strongly contested. Therefore, although the study was aimed at analysing the rationale and motivations of the BRI by examining the literature on China’s development, integration with the international society, and foreign policy, the research could have been narrowed to one of these dimensions as a means to increase the focus on the analysis of the initiative and on the research questions. Given that the study was written as an essay as a means to address the research questions, and was developed from an abductive reasoning approach which led to reasonable conclusions, it is also limited regarding its methodology.

4.2. Future Research

This thesis opens up four main avenues of research. First, studies on the BRI as an alternative globalisation project led by the PRC should include case-studies of countries which joined the initiative and of the infrastructure projects they have developed together. On the one hand, it could examine whether or not the ones that have benefited the most from it are more inclined towards Chinese political values and institutions in opposition to Western-led ones. Whilst, on the other hand, case-studies of participating countries that had unsuccessful outcomes could be encompassed in order to examine if they have become more dependent on China and less willing to emulate its development model. Second, future research could focus on examining the Western-led form of globalisation, and the main contesting alternative models. Third, studies on foreign policy could focus on developing the concept of spheres of influence in order to adapt it to the post-Cold war era, contest the pejorative connotations the term currently implies, and provide a clear definition as a means to make it an International Relations analytical tool instead of a discursive approach to delegitimise foreign policies. Finally, the fourth area of future research could provide empirical data on the BRI or other foreign policies as a means to address the notion of spheres of influence.

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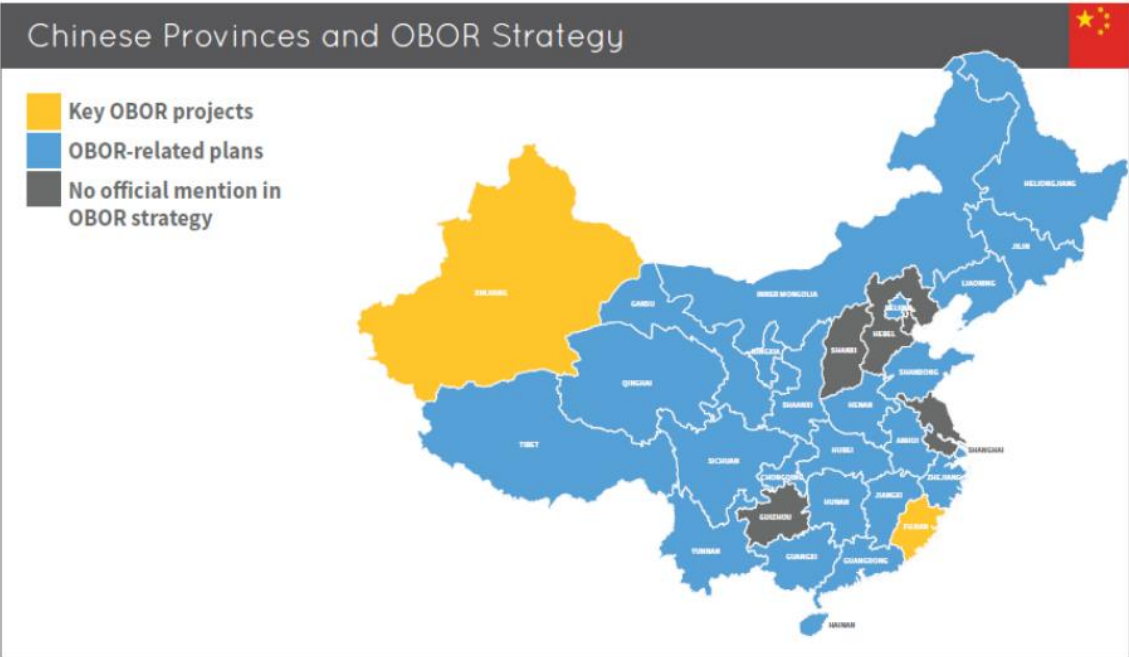
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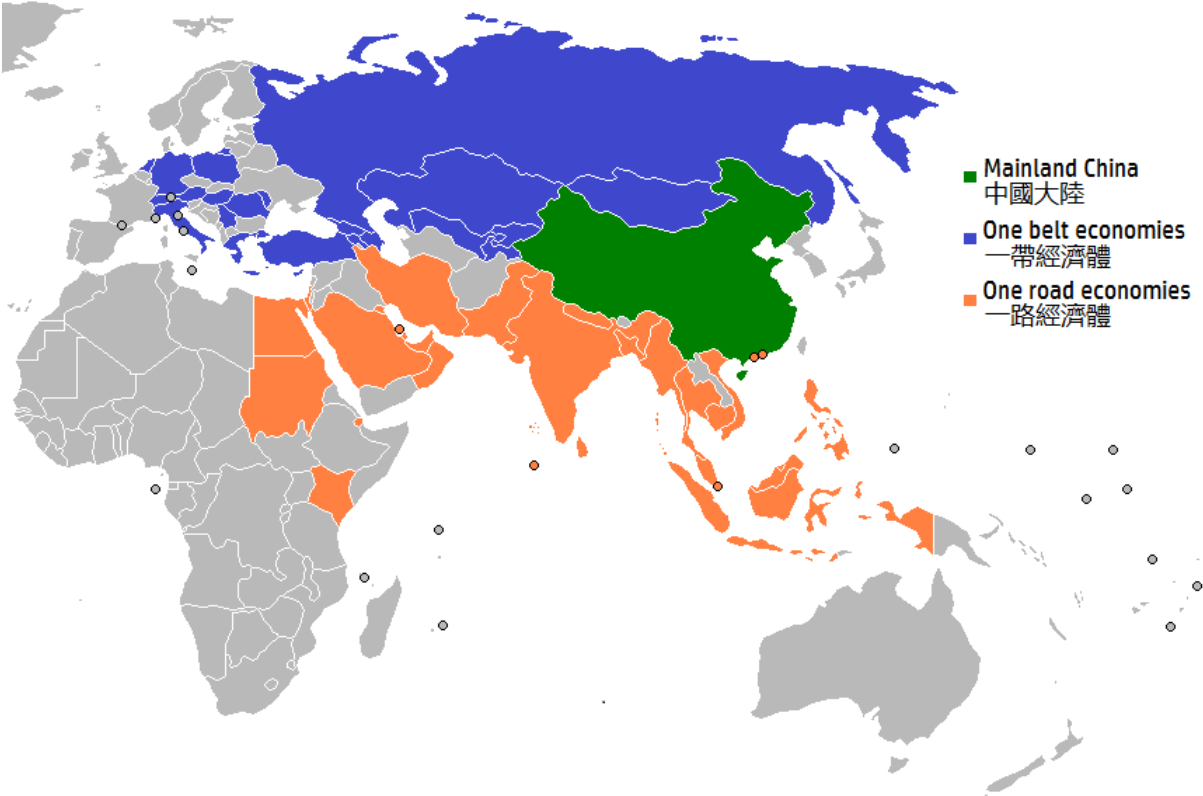
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Annex 1 – BRI Regions in China and Abroad



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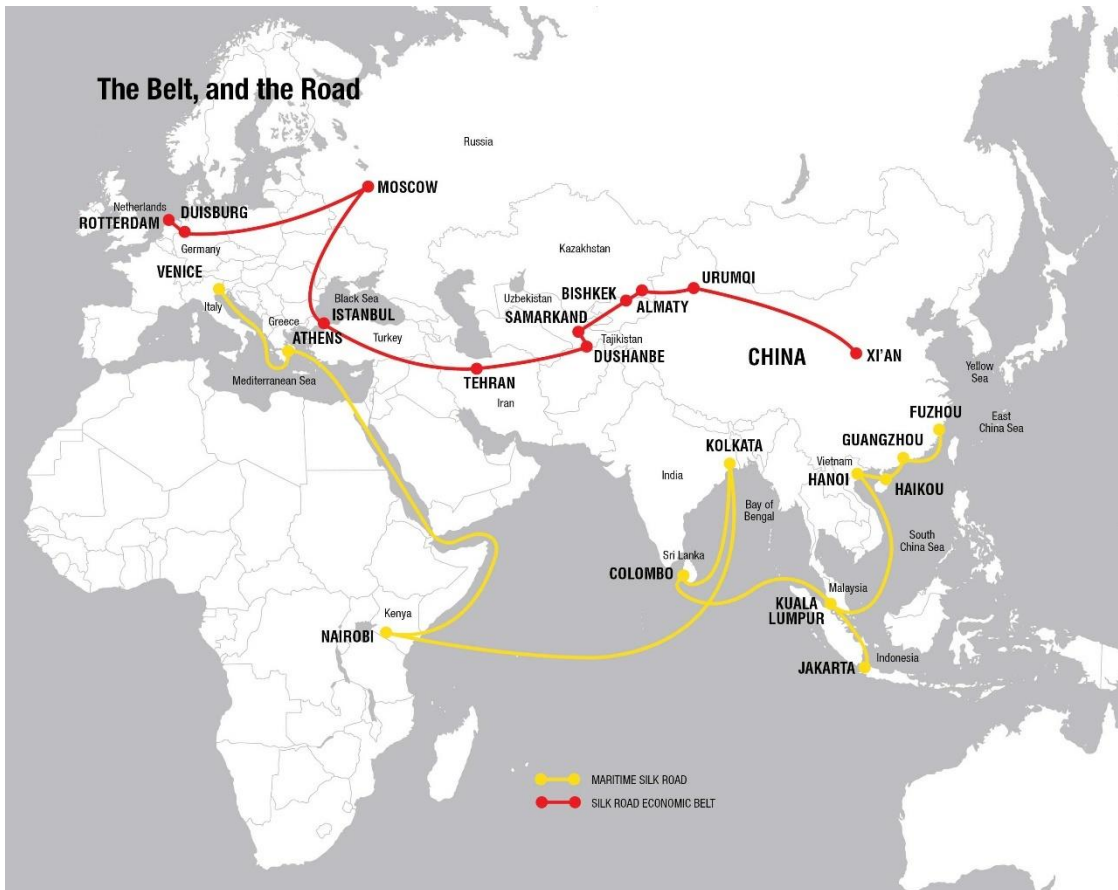
Annex 2 – The Belt and Road Initiative Maps



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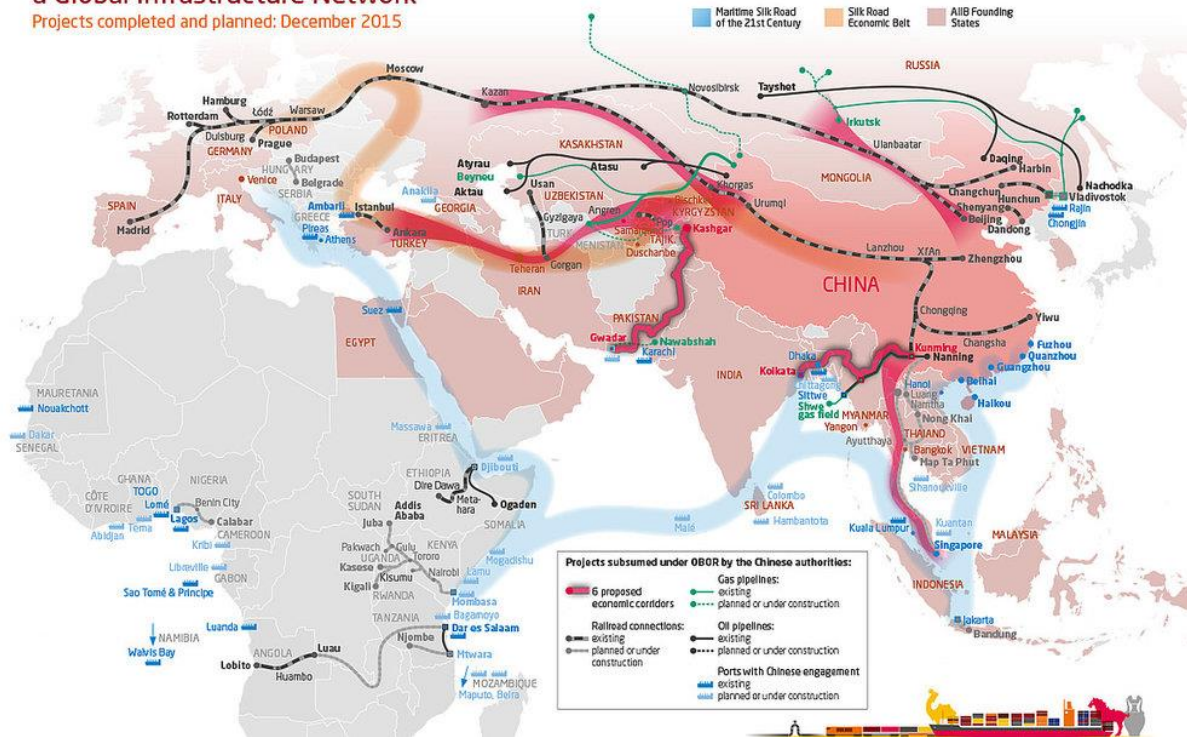


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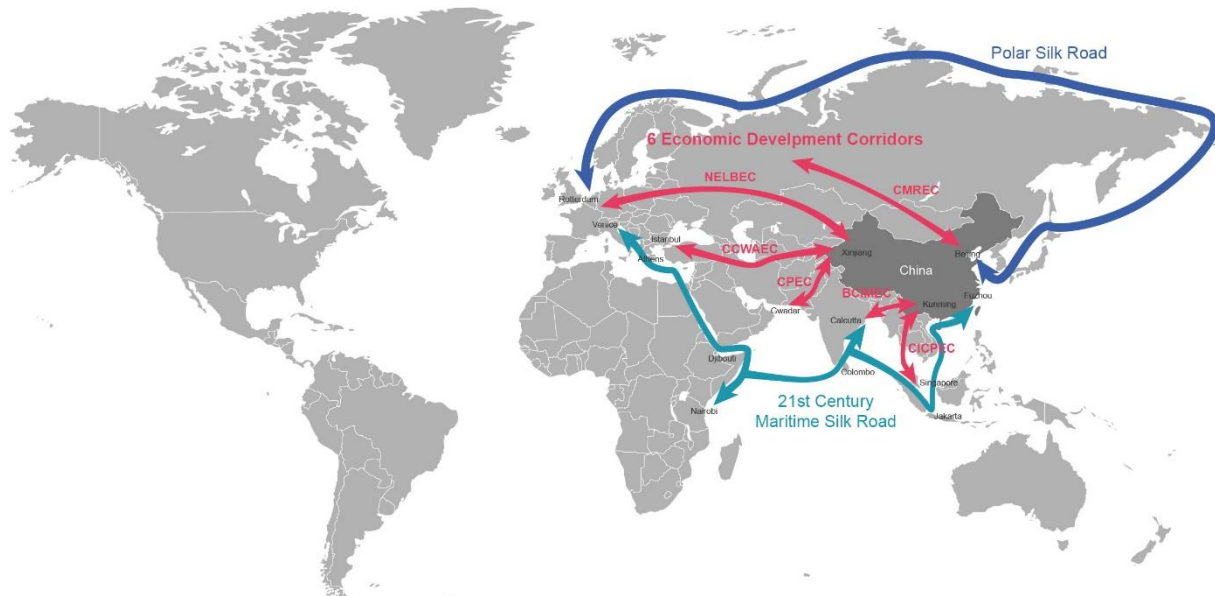


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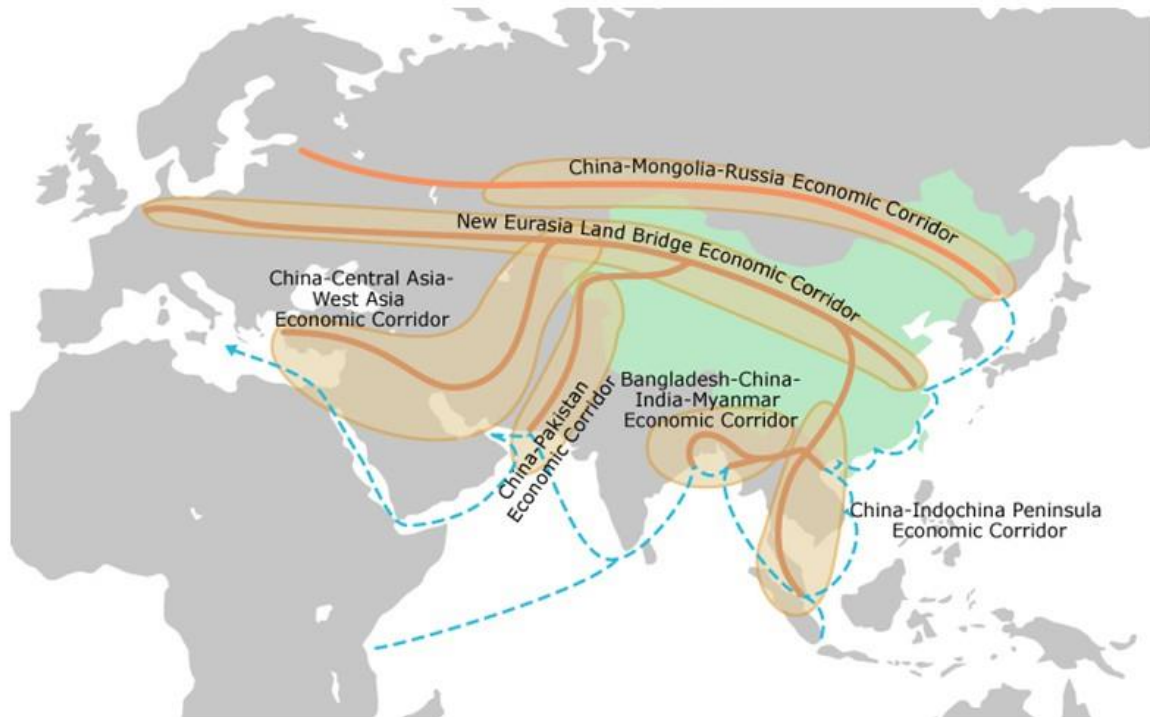


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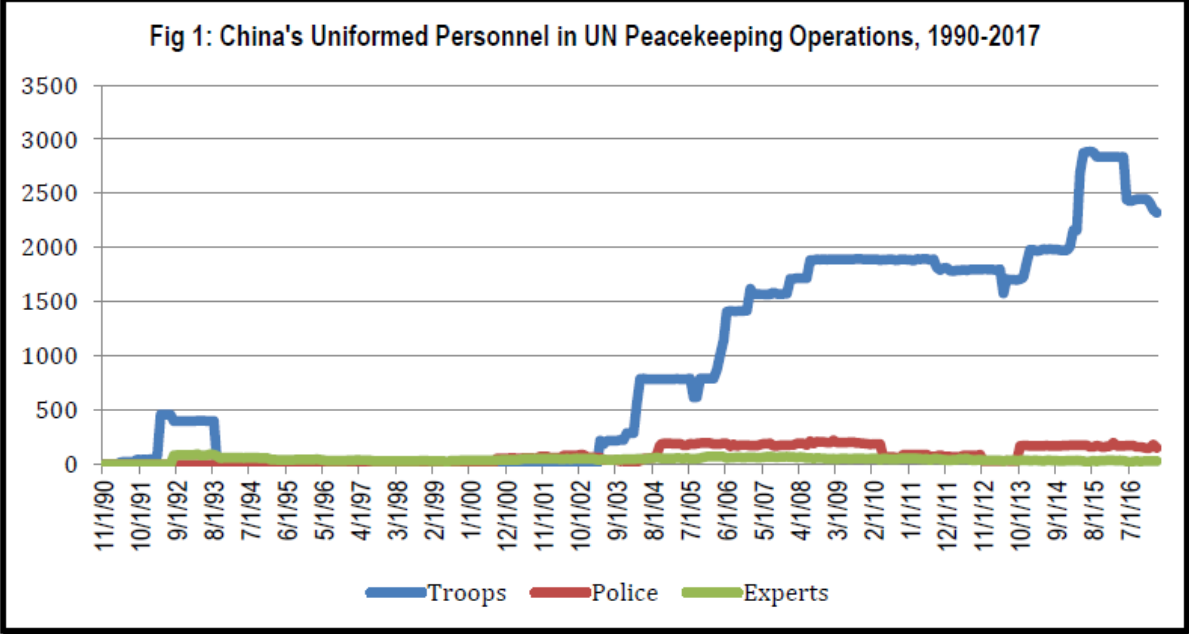
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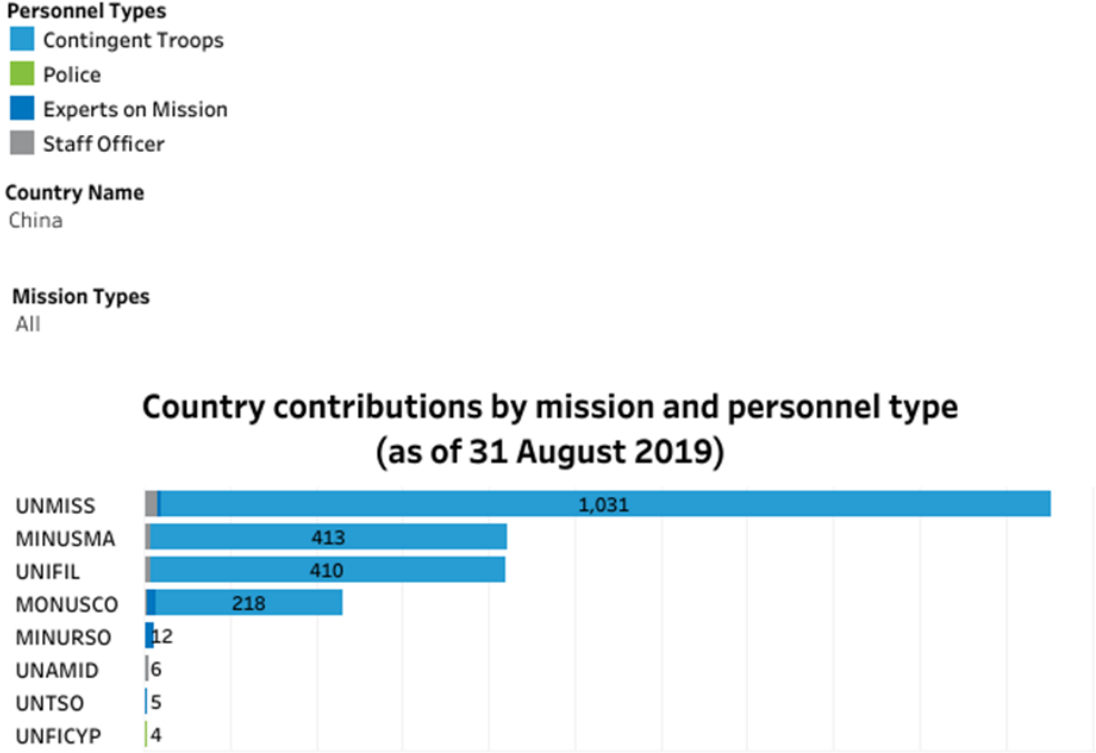
Annex 3 – China’s Contributions to UN Peacekeeping Operations

China’s growing engagement with UN Peacekeeping Operations



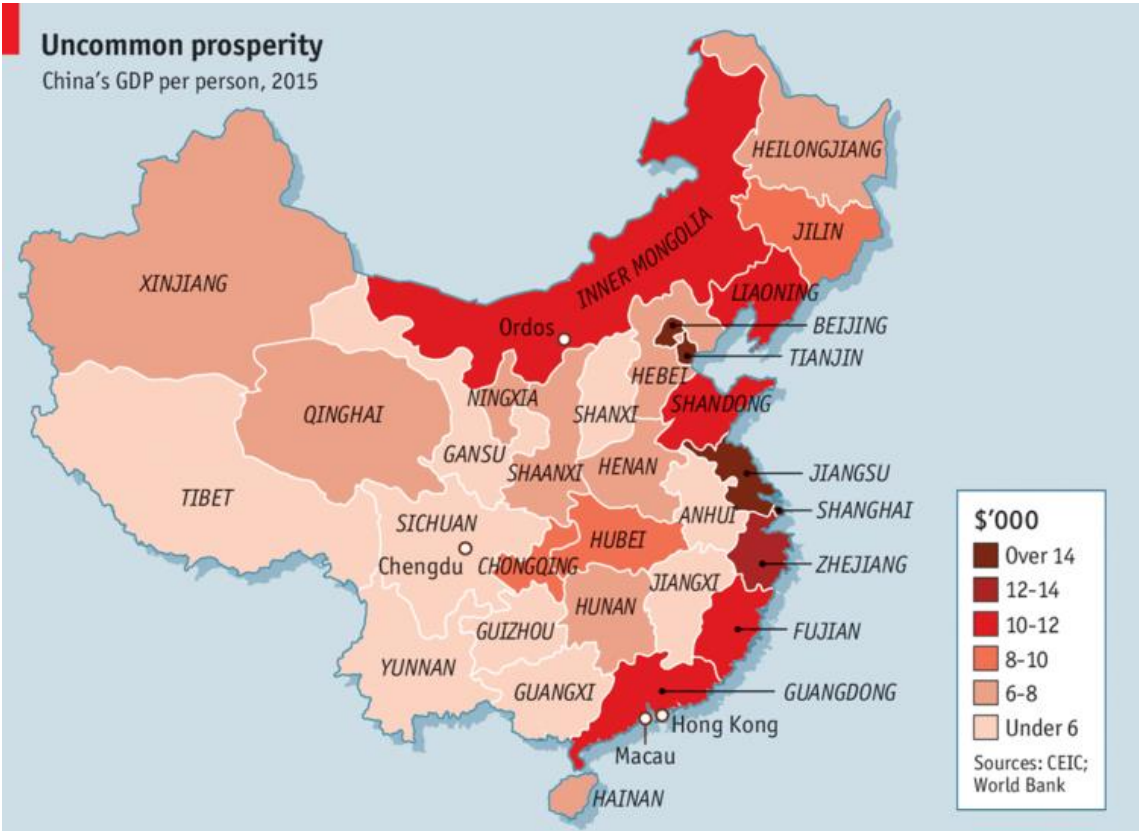
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Annex 4 – Inequality Amongst Regions in China



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