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ONE BELT ONE ROAD

Dimensions, Detours, Fissures, and Fault Lines

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Will Beijing's massive infrastructure initiative boost its fortunes in Asia?

President Xi Jinping's signature initiative "One Belt One Road" (OBOR, 一带一路 or *yidai yilu* in Chinese), unveiled in 2013 and later renamed in English as the "Belt and Road Initiative" (BRI), aims to take China where it has never gone before. The initiative, which envisages linking China with Asia, Africa, and Europe through a vast network of railroads, highways, pipelines, ports, and industrial zones, signals not just the emergence of China as a great continental power but its desire to be a global maritime power as well. Elevated to the status of a "core interest" at the 18th Party Congress in October 2017 (much like Tibet, Taiwan and the South China Sea), OBOR has nevertheless come under increasing scrutiny.

While supporters see it as a Chinese "Marshall Plan" or a blueprint for a China-led "Community of Common Destiny" to spread growth and prosperity, critics see it as an example of China's "imperial overreach" at best and as "debt-trap diplomacy" at worst that is intended more to assert Chinese dominance than to promote development. To date, states ranging from India, followed by Japan, the European Union, the United States, Australia, France, and Britain (in that order), have either criticized or expressed skepticism over Xi's megaproject of the century.

India was the first country to boycott the Belt and Road Forum held in May 2017, and since then Indian concerns have helped shape the West's response. Concetta Fierravanti-Wells, Australia's Minister for International Development and the Pacific, recently articulated those concerns: "China is ensnaring small Pacific states in a debt trap with 'white elephant' projects." French President Emmanuel Macron began his January 2018 state visit to China in Xian, an eastern departure point of the ancient Silk Road, by calling on China and Europe to work together on the Belt and Road initiative, arguing that if it was "one-way," it would not work because "the ancient Silk Roads were never only Chinese." Macron cautioned: "These roads cannot be those of a new hegemony, which would transform those that they cross into vassals."

Macron's rebuke came within days of the U.S. National Security Strategy's portrayal of China as a "revisionist state" engaged in "predatory economics" and Secretary of State Rex Tillerson's warning to Latin American countries to beware "a new imperial power [offering] short-term gains for long-term dependency . . . reminiscent of European colonialism." The resistance against Xi's project of the century is not limited to Western countries or Asian rivals but has spread to countries enjoying traditionally close ties with China, such as Thailand, Malaysia, Nepal, and Pakistan. To quote Senator Tahir Mashhadi Saeed Shah of Pakistan: "Here's the danger: the banks are Chinese. The money is Chinese. The expertise is Chinese. The management is Chinese. The profits are for China. The labor is Chinese."

President Xi's OBOR initiative is, however, not as new as it is made out to be. It actually builds upon the "Great Western Development" and "March West" campaigns launched under President Jiang Zemin and President Hu Jintao, which aimed at establishing a China-centered "hub-and-spokes economic system" as a strategic counter to the U.S. "hub-and-spokes security system."

Given the relative weakness of an economically and demographically declining Russia and the absence of peer competitors in Eurasia, China faces fewer obstacles along the Silk Road Economic Belt (SREB), which resurrects the ancient Silk Road as a modern transit and economic overland corridor to link western China with Russia and Europe through Central Asia. In contrast, the oddly named 21st-Century Maritime Silk Road (MSR) component of the BRI—a maritime route to connect China with the Indian Ocean, the Persian Gulf, Africa, and Europe—faces several road blocks, detours, fissures, and fault lines. Unlike the Belt, the Road is not only home to another rising power, India, but also vitally important to *all* major trading and maritime powers that depend on the Indian Ocean sea lanes. Hence, the economic, geopolitical and maritime dimensions and fissures of the BRI beg careful examination.

For China today, economics is strategy. Money has replaced Maoism as the tool for gaining global influence. Bandwagoning with an economic juggernaut transforms the fortune of nations. In trade and commerce, nations do not pick sides but play all sides. For conflict-torn countries with autocratic regimes that cannot get funding from global financial institutions, China's aid and investment comes in handy. Being part of the Chinese sphere of influence may well be, or seem, a small price to pay for economic success.

Of course, many countries may not trust China, but they depend on it for their own growth. The quality or durability of Chinese-built infrastructure projects in the developing world may be questionable but bad roads are still better than no roads. In terms of cold, hard cash, China clearly trumps the West and Japan. For countries that want to build factories, schools, roads and ports, Chinese capital and engineering prowess is a godsend. China's cash-rich state-owned enterprises (SOEs), backed by the China Development Bank and other government institutions, have established a reputation for delivering big infrastructure projects quickly and without delays caused by environmental, labor, or human rights concerns.

Chinese leaders and official media always stress the megaproject's economic dimension insofar as it can accelerate economic growth in less developed regions. This initiative was unveiled in the aftermath of an investment boom in China that ended in vast overproduction and overcapacity, particularly in the steel, machinery, and construction material sectors, thereby necessitating the need to find new export markets abroad. It required the building of railroads, ports and trade corridors to link manufacturing centers in China with markets and natural resources around the world. These spokes or arteries would bring in raw materials and energy resources while exporting Chinese manufactured goods to those regions and beyond. Beijing has promised hundreds of billions of dollars in funds for investment in Asia alone. Money matters and development requires investment. Many coastal states (such as the Maldives, Sri Lanka, Malaysia, and the Philippines) are courting Beijing to leverage Chinese financial and technical prowess (e.g., in creating artificial islands via dredging on a scale and speed that is unmatched).

To finance this infrastructure network, Beijing has launched the $40 billion Silk Road Fund and the $100 billion Asia Infrastructure Investment Bank (AIIB). The disbursement of large amounts of money as loans and aid for countries participating in MSR will enhance China's influence. Most projects are linked by their proximity and utility to diversify, insulate, and secure China's resource and trade access. Chinese investments in developing countries' ports, power plants, railroads, and townships fulfil their development needs. Having lost its low cost comparative advantage in manufacturing, Beijing needs to move manufacturing offshore to low cost producers such as Myanmar, Laos, Cambodia, Bangladesh and Pakistan. China's size, proximity, economic complementarity and familiarity work to Beijing's advantage.

Economic expansion creates overseas interests, fuels grandiose geopolitical ambitions, and inevitably leads to military expansion. The colonization of Asia, Africa, and Latin America by industrializing European powers in the 18th and 19th centuries was driven by the search for natural resources to fuel industrialization, markets to dump manufactured goods, and bases (coaling stations) to protect both. These three variables—resources, markets, and bases (RMB)—usually go together. Trade, markets, resource extraction, and port and infrastructure development are also now major ingredients of China's foreign policy.

As in the past, the "new" great game or President Xi's dream of "Community of Common Destiny" is actually very old; it is essentially about having pliant and friendly regimes in resource-supplier nations and ensuring access to their markets and ports. Not surprisingly, some have drawn parallels between China's OBOR and Lenin's theory of "imperialism as the highest form of capitalism." Both are indeed driven by capitalist surpluses in search of overseas RMB, which bring them into conflict or competition with other overproducing capitalist societies in quests for their own RMB. [1] There is no denying that OBOR has a strong economic agenda, but it blends geopolitical and strategic objectives as well. It points to China pursuing a foreign policy that seeks to simultaneously secure its continental and maritime interests via dominance of the Eurasian heartland and exploitation of its natural resources for its future economic growth, and development of a powerful two-ocean navy. The influence of 19th-century geopolitical thinker Halford Mackinder and maritime strategist Alfred Thayer Mahan is writ large on Xi's scheme.

Given China's significant advantages over its Asian neighbors in terms of geography, military, and economic power, infrastructure diplomacy could redefine and reinforce relations with its neighbors. China's emergence as the fulcrum of the world economy is supposed to restore its traditional supremacy, and make countries seeking prosperity and security gravitate toward the Middle Kingdom as they did in the past. China is thus building an empire of "exclusive economic enclaves" (EEEs) run by Chinese conglomerates through a network of "geo-economic alliances" to usher in the age of *Pax Sinica*.

Beijing's growing might has strengthened the hold of traditional notions of hegemony, cultural supremacy, and tributary relationships whereby patronage, protection and trading privileges are dispensed to countries in return for their obescience. Some Chinese officials joke about buying off smaller countries instead of invading them. Countries with resources, markets or chokepoint naval bases tend to be the largest recipients of Chinese generosity. With its infrastructure development and export-oriented industrial strategy, China is creating economic interdependencies that will constrain others from making policy choices that run counter to China's interests. A Chinese analyst Hu Weijia recently called for "strengthen[ing] economic cooperation with Myanmar, Nepal and Bangladesh to put pressure on India regarding issues related to the disputed region."[2] Through its economic stranglehold over Cambodia and Greece, Beijing has come to hold an effective veto over the disputed South China Sea issue and the European Union's stance on human rights and trade issues.

Their nationalist traditions and democratic pretensions notwithstanding, Argentina, Bangladesh, Cambodia, Kazakhstan, Myanmar, Malaysia, Nepal, the Philippines, the Maldives, Sri Lanka, Thailand, and many other recipients of Chinese largesse are leaning toward "the China model" of state-driven development, thereby weakening whatever democratic institutions they may have. China's economic muscle has ensured that geopolitical tensions or adverse political change, whether in Zimbabwe, Myanmar, the Maldives, or Sri Lanka, will not damage Chinese economic investments and strategic interests. Those wanting to push back against Beijing's overbearing influence have found it difficult to do so. China's global clout ensures that neighbors have everything to gain from cooperation with China and a lot to lose from containing China.

In 2004, President Hu Jintao spoke of the "Malacca dilemma" and the need to develop China into a maritime power. This led to speculation about Beijing's plans to develop port facilities around the Indian Ocean in a "string of pearls" strategy to secure its own trade and energy supplies. The proverbial pearls on the string included the ports in Cambodia, Myanmar, Bangladesh, Sri Lanka, the Maldives, and Pakistan. While no official acknowledgement of such maritime ambitions was ever made, Chinese analysts and retired naval officers gradually began advocating acquisition of overseas bases to ensure stable energy supplies and to break through the perceived geopolitical encirclement of China by the United States and its allies. As soon as China's navy began anti-piracy operations off the coast of Yemen in 2008, influential Chinese voices started calling on Beijing to pursue formal military alliances, build overseas bases, and openly compete with Washington.[3]

Coinciding with this chorus for overseas bases was a concerted effort at reclaiming and militarizing artificial islands in the SCS, which was widely viewed as a strategic stepping-stone for naval supremacy in China's own backyard and for projecting power into maritime Southeast Asia. China's 2015 Defense White Paper formalized a new maritime strategy encompassing "open seas protection" for which its naval capacity to protect its overseas interests and assets must increase.[4]

Xi's MSR is a logical culmination of the Chinese navy's two-ocean strategy (the Pacific and Indian oceans). Many Chinese analysts view Myanmar and Pakistan as constituting the West Coast of China that would help Beijing overcome the risks associated with trade and energy supplies through the Malacca Straits. Rear Admiral (ret.) Yin Zhuo has called for building "at least five to six aircraft-carriers" in order to maintain "two carrier strike groups in the West Pacific Ocean and two in the Indian Ocean."[5] Senior military officers acknowledge that in order to safeguard the MSR, "the PLA Navy needs to gain the capability to act globally, which means more overseas logistic bases will also be needed."[6] Major General (ret) Xu Guangyu opines that China "will need at least 10 to 20 ports around the world in all oceans and continents."[7] Beijing is indeed on a base-buying spree. Nearly two-thirds of the world's major 50 ports are either owned by China or have received some Chinese investment. While the PLA-Navy is militarizing the First Island Chain, Beijing is buying off the Second Island Chain in the Pacific Ocean. Within a decade, China is projected to have the largest naval and submarine fleets.

Despite China's propensity to conceal its naval ambitions, coupled with the rhetoric of mutually beneficial "win-win" relationships, the strategic approach dominates in the Indian Ocean as well. Beijing acts in a piecemeal, quiet, and patient fashion, only bringing the pieces together "when the conditions are ripe." This was the case in Sri Lanka, where China took advantage of the Sri Lankan civil war in the mid-2000s to establish a strong foothold in that country. In return for becoming the regime's largest benefactor during its fight against Tamil separatists, China's navy obtained a strategic toehold in the critical sea lanes in the Indian Ocean through its development of the Hambantota and Colombo ports.

China's strategy of fusing its maritime expansion with regional economic development and multilateral integration is yielding rich dividends. Having acquired on lease Pakistan's Gwadar port for 40 years, Greece's Piraeus port for 35 years, Djibouti port for ten years, Sri Lanka's Hambantota port for 99 years, 20 percent of Cambodia's total coastline for 99 years, and the Maldivian island of Feydhoo Finolhu for 50 years, Beijing is now pressuring Myanmar to raise China's stake from 50 percent to 75–85 percent in the Kyaukpyu port on the Bay of Bengal, and to lease it for 99 years as well if Myanmar does not want to pay penalty for reneging on the $3 billion Myitsone energy dam deal. A military base in Djibouti, along with major port development projects in Kenya, Pakistan, Sri Lanka, the Maldives, Bangladesh, Myanmar, Malaysia, and Cambodia define the contours of China's Maritime Silk Road—an oceanic connectivity project centered on the Indian Ocean.

For Beijing, the Xinjiang-Gwadar railroad and pipeline and the Kunming-Kyaukpyu railway and pipeline constitute the two most critical veins of the Belt and Road, as both provide access to the Indian Ocean and help overcome the Malacca Strait strategic vulnerability. With a fusion of commercial initiatives and strategic goals, Beijing is courting many resource-rich countries and strategically located small states that may facilitate a forward presence and help China thwart any encirclement by a concert of hostile powers. Said one Chinese analyst, "China's 'Maritime Silk Road' is not only an economic development plan, but also a strategic solution to breaking the tight U.S. control of the Strait of Malacca." China will not spend hundreds of billions of dollars on infrastructure projects without the promise of future strategic benefits, and *de facto* control or privileged access to dual-use naval ports and airbases. "China usually bundles military and civilian uses in a [single] project," explains naval analyst Li Jie.[8] Not just commercial ports, but nearly all infrastructure projects (for example, telecommunications and highways) are dual use and can be upgraded to support naval operations in wartime situations. Those who used to claim that, unlike America, China has no military bases abroad or soldiers on foreign soil, or that China was going to be a different, new type of great power now seem to have fallen silent.

Despite its endorsement by nearly 80 countries, major problems confront MSR. Whether it succeeds or falls short of its original objectives depends on how China responds to the hurdles in its path.

At the geopolitical level, "peaceful rise" and "win-win" rhetoric notwithstanding, China arouses unease among Asian countries because of its size, history, proximity, power, and more importantly, because memories of "the Middle Kingdom syndrome" have not much dimmed. Strategic mistrust pervades bilateral relations. "China fever" of the 1990s has given way to "China fear" in the 2000s.[9] Given Beijing's penchant for using its economic and military muscle to corrupt and coerce others, they worry more about China than about the United States, Japan or India. Foreign Minister Yang Jiechi's statement to his Southeast Asian neighbors in 2010 that "China is a big country and other countries are small countries and that's just a fact" still rankles many in the region.[10] Beijing expects others to respect its core interests by placing them above their own national interests—a sort of tributary relationship that acknowledges China as the lord of Asia. Asians want to benefit from economic ties with China, but none wants to become a Chinese vassal. Against this background, linking the Silk Road to China's national rejuvenation as a maritime power or as part of the "China Dream" may do more harm than good insofar as it arouses suspicions that it is "a Trojan horse for extending geopolitical clout, and dumping excess capacity abroad as China's economy flags."[11]

Even as governments in poor developing countries welcome Chinese investments, opposition parties and civil society push back against Beijing's economic dominance. Chinese aid and loans provide a vital lifeline to beleaguered regimes that allows their leaders to disregard human rights and become more repressive. Far from generating goodwill, the growing economic interdependence creates its own stresses and strains. Tensions center on the use of imported Chinese labor, poor environmental standards and debt accumulation by host governments. The cancellation of the Kunming-Kyaukpyu and Thailand's railway projects, dam deals in Nepal and Pakistan, and highway project in Bangladesh over bribery charges show the limits of this approach. Beijing often faces the consequences of cutting shady business deals with corrupt and autocratic leaders who get voted or booted out when citizens rise in revolt over corruption.[12]

At the economic level, China's rise has fundamentally restructured the regional political economy in its favor. This economic dependency creates despondency. Many fear that large-scale investment could open the floodgates to Chinese economic dominance—as it has done in Laos, Cambodia, Myanmar, Sri Lanka, the Maldives, and Zimbabwe—and, by extension, political influence. Several infrastructure projects and billion-dollar investment promises have failed to materialize. Even when they do, they tend to provoke socio-political backlash fearful of the long-term hidden costs of the panda hug. Debt for equity swaps provoke domestic backlash as they lead to foreign ownership. As noted earlier, China's growing economic and strategic foothold ignited protest among Myanmarese worried about external control over their country. One Myanmarese diplomat said: "We don't want Myanmar interests trampled on by China on its road to greatness."[13]

Despite Beijing's "mutual benefit" rhetoric, and promises of unconditional aid, the recipients of Chinese largesse know that strings are always attached. Beijing warms to national elites willing to co-operate with its strategic agenda, but angrily rebukes them when it is rebuffed.[14] Arguing that host countries' "embrace of China's strategic agenda is always at the back of the mind of Chinese officials when they sit at the negotiation table," Yun Sun adds: "China's support always comes at a price."[15] Economic integration has strategic consequences. There is invariably a strategic element attached to enterprises that begin with commercial port construction or management and end with naval presence and long-term ownership rights. To cope with the mounting debt of nearly $8 billion, Sri Lanka was forced to offer China its Hambantota port in debt-for-equity swap, thereby enabling Beijing to acquire a full-fledged Chinese enclave at a strategic location on the Indian Ocean. Accusing China of "seizing land" in the politically-troubled archipelago, Maldives' opposition leader Mohamed Nasheed laments that 80 percent of his country's foreign debt is owed to China.[16]

The *modus operandi* of Chinese state-owned enterprises in Angola, Kenya, Myanmar, Laos, Cambodia, Malaysia, Sri Lanka, the Maldives, Kyrgyzstan, and Greece—all weighed down with heavy indebtedness due to high interest rates of 4 percent to 8 percent on Chinese loans—holds lessons for others to avoid falling into Chinese debt traps that usually end in strategic entrapment. China's practice of bankrolling huge infrastructure projects through big loans with high interest rates in return for strategic concessions causes tensions internally and anxiety externally. The greater the debt, the more leverage Beijing acquires in negotiating exclusive ownership or access to land, resources, ports and airports. Myanmar, Sri Lanka, and others have expressed unease with unequal deals that burden them with high interest loans for buying Chinese products, services and labor, yet do not alleviate unemployment, corruption, or environmental degradation. China is thus seen as doing in Asia and Africa what powerful European powers did to China and others in their moment of weakness in the 19th century.

For historical reasons, most Asians and Africans remain highly sensitive to foreign domination. Most nations prefer open markets (if not, open politics) and are wary of putting all their eggs in the China basket. Faced with growing criticism of Chinese firms' work practices, trade imbalances, and low environmental standards, China's leaders have begun to acknowledge commercial disputes and "growing pains" in the partnerships.[17] Dealing with vibrant civil society and democratic political transitions remains a major challenge for an authoritarian China.

Furthermore, the organizing principle of Xi's OBOR is a Sino-centric unipolar Asia which is diametrically opposite to the vision of a multipolar Asia held by China's rivals; its cumulative effect will be to bring Central, Southeast and South Asia closer into China's orbit, and extend its economic, diplomatic, and possibly military supremacy across the entire region to disadvantage Beijing's rivals. In geostrategic terms, OBOR's success would be detrimental to the interests of the United States, Japan, India, and Russia which have long dominated these regions.[18] Far from integrating, OBOR is polarizing Asia. China's irredentism also encourages Asians to seek greater American, Japanese and Indian involvement in regional affairs to countervail China. Thus, China's economic and strategic forays are not without repercussions. Wherever China goes, Japan, India, and the United States are not far behind, offering potential partners options and opportunities to look beyond China.

To counter China's AIIB, Japan announced a $110 billion "partnership for quality infrastructure" (PQI), with very low interest rates, funded through the Asian Development Bank. Japan's focus is on increasing its investments and trade and building East-West corridors in competition with China's north-south railroads to Southeast and South Asia.[19] Japan's partnerships with India in port and infrastructure development in the "Asia-Africa Growth Corridor" (AAGC) and with the U.S. Trade and Development Agency and the U.S. Overseas Private Investment Corporation on financing infrastructure are aimed at countering Beijing's neo-mercantilist policies.

Like Japan, India is deeply suspicious of growing Chinese naval presence in the Indian Ocean and views the Silk Road as a disguised "String of Pearls 2.0." To balance China's north-south transport corridors in Southeast Asia, rival India is pitching to gain an entry into Indo-China by building an east-west corridor (the India-Myanmar-Thailand Highway and the Kaladan Multimodal Transit Transport Project) that cuts horizontally through Myanmar toward Thailand and on to Vietnam.[20] India's construction of ports at Chabahar in Iran and at Sittwe in Myanmar are seen as India's counterbalance to the Chinese-built Gwadar Port where CPEC culminates and to Kyaukpyu port in Myanmar where the pipelines start for Kunming. With Myanmar allowing Japan and India to build ports on its Bay of Bengal coast, the prospects of China gaining unimpeded access to a western seaboard now look dim. India has reportedly committed around $25-30 billion in credits and grants to its extended neighborhood from East Africa to Southeast Asia, and offered an alternative vision to MSR with "Project SAGAR" (Security and Growth for All in the Region) declaring that the "responsibility for peace, prosperity and security rests with those who live in the Indian Ocean."[21] This is Delhi's counter to Xi's "Asia for Asians" rhetoric and attempts to revive India's ancient trade routes and cultural linkages around the Indian Ocean region.

The greater frequency of naval forays by Chinese warships and nuclear submarines in the Indian Ocean reinforces those suspicions and increases the risk of blowback for Beijing. As China's navy goes south to the Indian Ocean, India's navy is going east to the Pacific Ocean. Beijing's MSR has prompted the Indian navy to unveil a three-pronged strategy: fortify its defenses in the Indian Ocean by acquiring privileged access to bases in Mauritius, the Seychelles and Madagascar; conducting joint naval exercises in the East and South China Seas; and launching an ambitious naval expansion program. Since 2011, India's naval voyages have grown in number by 300 percent.[22]

The U.S. government has helped. The U.S.-India Logistics Exchange agreement benefits both as it provides India's Navy access to American bases in Diego Garcia, Djibouti and the Pacific, while the U.S. Navy gains access to India's ports. More of the LEMOA-type agreements with Australia, France, and Japan to gain reciprocal access to ports are reportedly on the anvil. The U.S.-India "Joint Strategic Vision" of 2015 mentioned "support for regional economic integration" and "accelerated infrastructure connectivity." Beijing's efforts to acquire sea-denial and sea control capabilities have also prompted leading maritime powers (the United States, Japan, Australia, and India) to coalesce together in a Quad to ensure that the northern Indian Ocean does not fall under Chinese hegemony.[23] While India and the United States are collaborating in tracking Chinese submarines in the Indian Ocean, India and Japan plan to build a sea wall of "hydrophones"—microphones with sensors placed on the seabed—between southern India and the northern tip of Indonesia to keep a check on Chinese submarine movement.

Washington has noted that OBOR treats Asia and Europe as a single space for creating a Eurasian Co-Prosperity Sphere, wherein China, *not* the United States, is at its core. Not only that, the only part of the world that remains untouched by OBOR is the

Americas. For, the new Silk Road is mostly about building alternatives to U.S. power. Since the new great game is about supply chain geopolitics, both China and the United States are vying for influence over the crucial industrial, financial, and commercial nodes across Eurasia.[24] China's growing economic stranglehold over small states has had the effect of weakening regional cohesion and organizations (for example, the European Union, ASEAN, and the Pacific Islands Forum). Beijing and its cheerleaders claim that while the Western democracies are in utter disarray, China has built a successful alternative governing model that works and should be emulated. Xi's OBOR has raised the strategic stakes for small nations which are under intense pressure to choose one side or another in the contest. Though Washington is not opposed to China's infrastructure projects—provided they are open to competitive bidding by all, do not incur unsustainable debt burdens (that is, no predatory lending), are environmentally sound, and generate local employment and good governance—the United States is seeking like-minded democratic, free-market societies as partners in upholding the rules-based order.

Signs of pushback are growing. Neither the Belt nor the Road would succeed in completely de-coupling Asia or Europe from the United States. For the Quad, the OBOR challenge is both economic and ideological. The lurch toward authoritarianism in Cambodia and the Maldives could not have occurred without Beijing's financial backing. The Quad versus OBOR contest of clashing values and visions is on not just in the Maldives but in other countries as well. The Quad countries are now coordinating on tactics and strategy to offer an alternative vision of development finance across the Indo-Pacific. Even Jakarta has come up with its own vision to transform Indonesia into a "global maritime fulcrum"—a key goal being the development of Indonesian maritime infrastructure and connectivity. And the possibility of a post-Putin Russia turning China's strategic latitude on its northern frontiers into Beijing's "northern discomfort" cannot be ruled out.

China always plays by its own rules. The BRI-inspired overseas "exclusive economic enclaves" (EEEs) distinguish themselves from the domestic "special economic zones" (SEZs) that transformed China into an economic superpower in the sense that, while Chinese SEZs welcomed multinational corporations (MNCs) from all over the world, the OBOR-driven EEEs are meant primarily for China's state-owned enterprises and closed to foreign competition from other multinational corporations. One study shows that of the contractors working on China-funded transport infrastructure projects in 34 Asian and European countries, 89 percent were Chinese, leaving only 11 percent from other countries.[25] So the downside of "globalization with Chinese characteristics" is that it could split the world economy into two rival trading blocs—one bloc of non-OBOR economies and the other bloc dominated by Chinese financial institutions, conglomerates, and technology, pursuing mercantilism and governed by Chinese laws, courts, standards, rules, and dispute resolution mechanisms.[26] Of the G-20 countries, China remains the most closed to foreign investment, even as Chinese companies seek to acquire strategic industries and critical infrastructure in other countries.

A related problem is that OBOR projects enmesh China much more closely in other countries' domestic politics. Negative portrayals of China rise in conjunction with its increased involvement in other countries. That leads to situations where Chinese businesses bear the brunt of criticism for the governance failures of ruling elites. Beijing's nod for the military coup in Zimbabwe in 2017 and support for the Cambodian and Maldivian regimes' suppression of democracy shows that China will intervene in the domestic affairs of other states should it perceive Chinese interests at stake, and if the costs of intervention are relatively low. In short, China's expanding economic footprint often weakens democratic institutions, shifts civil-mil relations in military's favor, favors strongman politics, increases corruption, and results in restrictions on civil liberties.

Not only that, economic slowdown coupled with dramatic falls in the Chinese currency market and in foreign exchange reserves from $4 trillion to $3 trillion raise questions about the longevity of the "China Dream." Official estimates show that Xi's dream would require $4–8 trillion of investment to bring to fruition. Some wonder if it is wise to pour such huge amounts into low-return projects and high-risk countries at risk of default when China's own debt is 250 percent of its GDP and climbing. Many of the infrastructure projects, driven not by commercial logic but by the geopolitical consideration of acquiring a strategic foothold, don't make money and, often end in "white elephant" projects saddling host countries with heavy debts. Chinese officials privately expect to lose 80 percent of their investments in Pakistan, 50 percent in Myanmar, and 30 percent in Central Asia.[27] Of the 68 nations China lists as its BRI partners, Bloomberg reports the sovereign debt of 27 are rated as junk, or below investment grade, by the top three international rating firms.[28] In fact, Beijing may have already overreached itself by creating a far-flung empire of "exclusive economic enclaves" as the problems of harsh terrain, political change and geopolitical rivalries add to financial woes.

Lastly, China's vision may be backed with trillions worth of investment, but money alone (or often at all) cannot buy love and loyalty. At most, it can buy short-term influence, as in Cambodia. China's railroads, highways and pipelines may bring about physical integration with Asian countries, but the politico-security integration will take place only when their interests, values and vision are in harmony with those of China's. Put simply, Beijing may have accumulated unmatched comprehensive national power, but it needs enviable positive national identity to court friends and win allies. Until then, China's neighbors may well take its money but balk at allowing greater Chinese influence over policy or granting strategic concessions to Beijing. Suspicion and distrust of China would deliver less than promised. Beijing needs to outline a vision of the regional order that transcends the centrality of Chinese world order in ways that appeals to other peoples.

As in the past, the Silk Road is an avenue for development and expansion. OBOR is cold-blooded geostrategy. Should it succeed, it would bend borders and change internal and external power dynamics. China's infrastructure diplomacy plays to its strengths and offers insights into Beijing's long-term strategy for reshaping both the landscape and the seascape of the Eurasian continent and its maritime domain. There is always a strategic element attached to Chinese enterprises that begin with commercial port construction and management and end with naval presence and long-term ownership rights. It is the ultimate "China solution" to dealing with domestic problems of economic slowdown, growing wages and excess industrial capability in conjunction with the geostrategic imperatives of acquiring strategic footholds along the vital sea lanes and maritime chokepoints, undermine the U.S. dominance and usher in a post-American Sino-centric order.

Many countries seeking to improve their living standards are tilting toward Beijing. Some are, however, uncomfortable with Beijing's neo-colonial diplomacy that invariably ends in a trail of debts, IOUs and strategic entrapment in the form of long-term Chinese presence. From Myanmar to Mexico, concerns over China's stranglehold over local economies often generate domestic pressure for political change. As its experience in Myanmar and elsewhere indicates, Chinese companies will need to grapple with the additional socio-political and economic considerations and adopt international best practices for sustainable development.

Other major players—Japan, the United States and India—could create major road blocks along the Silk Road as Beijing has failed to get their buy-in. To be successful, OBOR may well need to become "an order based on rules" (OBOR), and the rules have to be arrived at consensually. No single country built the old Silk Road in the past; it developed organically. No one country can build it alone again. Its dimensions will be determined by the laws of supply and demand. As in the past, there will be not one but several roads in the future. While optimists predict the Silk Road will kickstart flagging global economic growth, skeptics see it as China's play for power and influence that is doomed to fail. However, Xi's OBOR is too big to fail completely. Beijing can take credit if it stimulates development and galvanizes its rivals to step up to contribute to others' development. Since many, if not all, of the projects that sport the label would probably have been built anyway, by 2049 Beijing can proclaim success, whatever the realities or paths taken to get to them.

[1]Walter R. Mead, "Xi Wants Foreign Support for One Belt One Road," *The American Interest*, May 26, 2016.

[2]Hu Weijia, "China can respond if India breaks status quo in disputed border area," *Global Times*, February 5, 2018.

[3]Xu Yao, "Overseas military bases not alliances," *China Daily*, January 14, 2015; Tu Debin, Ma Yahua et al., "Research on China's Maritime Transportation Security" [中国海上通道安全及保障思路研究], *World Regional Studies* [世界地理研究], 24(2), (2015), pp. 1-10.

[4]The State Council Information Office of the PRC, *China's Military Strategy* (2015).

[5]Yang Sheng, "China's navy budget based on security needs: experts," *People's Daily*, February 28, 2017.

[6]Yang Sheng, "Top PLA Navy promotions suggest intent to build up combat capability," *Global Times*, January 24, 2018.

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