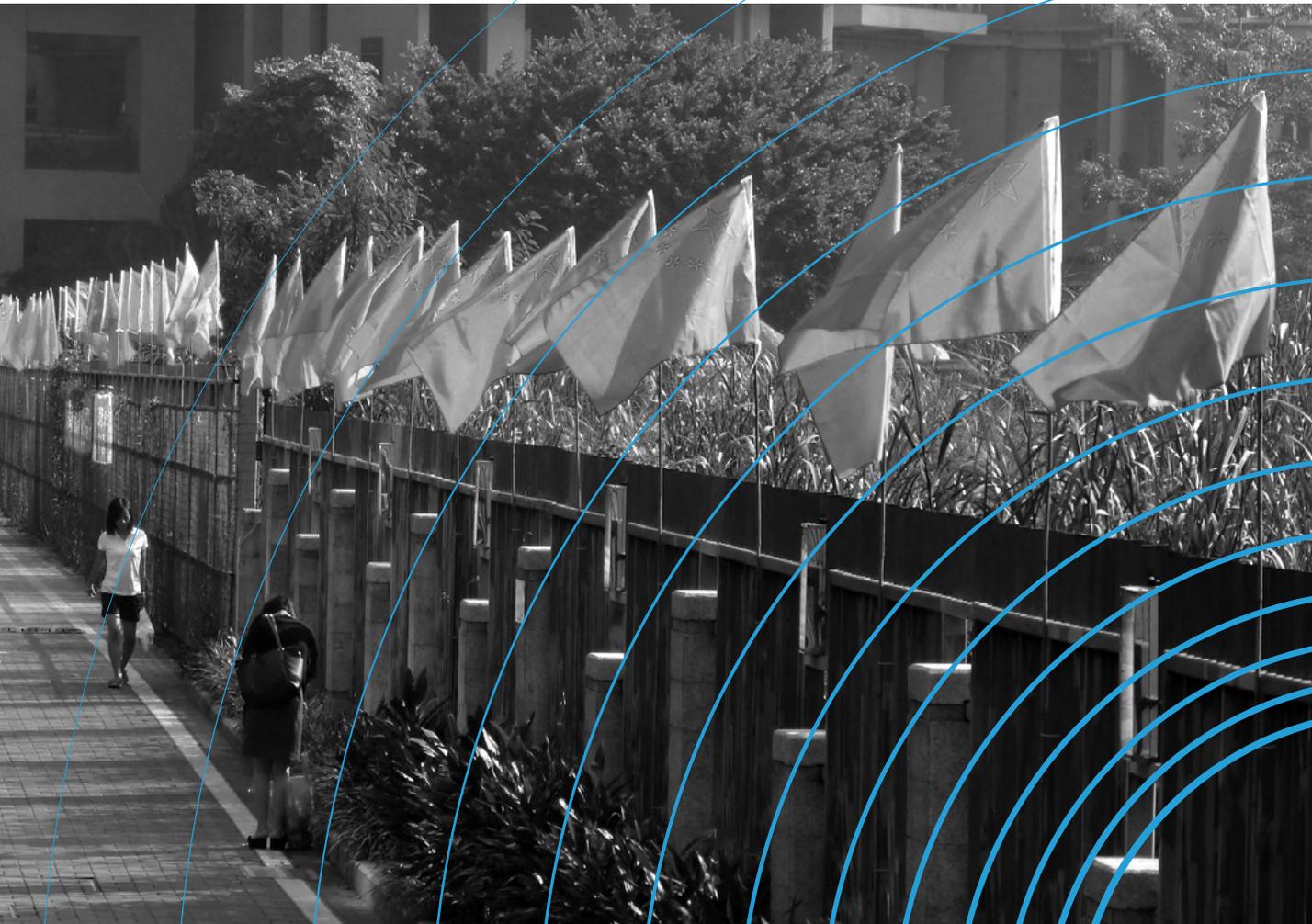




# UNLOCKING THE GATES OF EURASIA: CHINA'S BELT AND ROAD INITIATIVE AND ITS IMPLICATIONS FOR U.S. GRAND STRATEGY

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What is the Belt and Road Initiative and what implications could it have for America's grand strategy? As many observers have pointed out, China's Belt and Road suffers from a number of problems and ambiguities. However, it is a much more coherent, potent, and resilient endeavor than many experts believe. Belt and Road is deeply grounded within Chinese grand strategy and strategic culture, helps protect the foundations of China's national power, and allows Beijing to project influence across and beyond the Eurasian continent. If left unchecked, it could erode the foundations of America's post-World War II hegemony. However, provided U.S. leaders respond the right way, it could offer important benefits to Washington.

The Belt and Road Initiative, an unprecedented infrastructure program that extends across and beyond the Eurasian continent, has elicited increasingly hostile reactions in the West and come to symbolize U.S. leaders' disillusionment regarding Beijing's growing assertiveness and authoritarianism under Xi Jinping.<sup>1</sup> However, the initiative's nature and its potential repercussions remain unclear. What is Belt and Road? What implications could it have for America's grand strategy?<sup>2</sup> This article investigates these questions with a particular focus on security dynamics, arguing that, despite multiple problems and

ambiguities, Belt and Road spearheads a coherent Chinese grand strategy that could weaken the foundations of America's post-World War II hegemony but also advance some U.S. interests.<sup>3</sup>

Many observers view Beijing's initiative as a threat. The Trump administration, whose December 2017 *National Security Strategy* declared China a "revisionist" power that aims "to erode American security and prosperity," has vehemently denounced Beijing's predatory economic practices and, along with some allies and partners, is developing alternative investment projects.<sup>4</sup> Likewise, most scholars are skeptical about Chinese intentions. Some perceive Belt and Road as an

1 On the risk of war, Graham T. Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017); Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton & Co., 2011); for a pessimistic view of America's prospects, Martin Jacques, *When China Rules the World: the Rise of the Middle Kingdom and the End of the Western World* (London: Allen Lane, 2009); for optimistic accounts, Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower* (Ithaca, NY: Cornell University Press, 2018); Thomas J. Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (New York: W.W. Norton & Company, 2015); David L. Shambaugh, *China Goes Global: the Partial Power* (New York: Oxford University Press, 2013).

2 At its core, grand strategy is "the intellectual architecture that lends structure to foreign policy"; Hal Brands, *What Good is Grand Strategy? Power and Purpose in American Statecraft* (Ithaca, NY: Cornell University Press, 2014), 1. For debates on the nature and relevance of grand strategy, see Brands, *What Good Is Grand Strategy?* 1–16; Nina Silove, "Beyond the Buzzword: The Three Meanings of 'Grand Strategy,'" *Security Studies* 27, no. 1 (January 2018): 27–57, <https://doi.org/10.1080/09636412.2017.1360073>; Rebecca Friedman Lissner, "What Is Grand Strategy? Sweeping a Conceptual Minefield," *Texas National Security Review* 2, no. 1 (November 2018), 53–73, <http://dx.doi.org/10.26153/tsw/868>.

3 Like primacy or preponderance, hegemony entails superior power, but it also implies acknowledgement of a state's authority by most of the other members of the international system; G. John Ikenberry, Charles A. Kupchan, "Socialization and Hegemonic Power," *International Organization* 44, no. 3 (Summer 1990): 283–315, <https://doi.org/10.1017/S002081830003530X>.

4 *National Security Strategy of the United States of America*, The White House, December 2017, 2, 25, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf>; Jeff Smith, "China's Belt and Road Initiative: Strategic Implications and International Opposition," Heritage Foundation, Aug. 9, 2018, 9–10, <https://www.heritage.org/asia/report/chinas-belt-and-road-initiative-strategic-implications-and-international-opposition>.



opportunity.<sup>5</sup> Others stress that its primary goal is to advance China's domestic economic growth.<sup>6</sup> Yet, many believe that under the guise of spreading prosperity Beijing intends to centralize global economic activity, weaken America's alliances, and erode the U.S.-led international order, with baleful consequences.<sup>7</sup>

At the same time, most experts contend that China's prospects of success are slim. Belt and Road's closest equivalent, the Marshall Plan for Western Europe, which the United States launched while at the height of its power, had a much narrower financial reach and timeline (1947 – 1951) and covered far fewer nations — but ones that were economically stronger.<sup>8</sup> While some scholars anticipate that Belt and Road will generate modest returns,<sup>9</sup> many criticize it as a mere slogan or an “endless list of unrelated activities” that will drain Beijing's finances and damage recipient countries.<sup>10</sup>

In this article, I engage this conversation and argue that, for all its flaws, the Belt and Road Initiative is much more coherent, potent, and resilient than many believe. First, it leverages China's unique geoeconomic assets, such as state control over national actors, a vast national market, and growth rates superior to those of most countries, to circumvent Washington's military primacy.<sup>11</sup> Second, Belt and Road works in tandem with Beijing's industrial modernization, defense buildup, omni-directional engagement, and sophisticated propaganda, thereby transcending the

U.S. military-centric approach. Third, the initiative advances a hybrid cross-regional geostrategy that yields powerful sea-land synergies, in contrast with America's more circumscribed vision. Finally, China's initiative exploits Washington's post-Cold War overreach — militarization, political and neoliberal interference — and the strains in its alliance network. Left unchecked, Belt and Road could erode America's post-World War II hegemony. However, it also offers opportunities that could be leveraged to advance some U.S. interests.

This article makes two contributions to the literature. First, and most important, its multidisciplinary and comprehensive approach helps capture Belt and Road's mutually reinforcing foundations. Excellent studies have addressed the genesis and contours of China's initiative in general terms, or have explored its implementation in specific domains (e.g., finance and technology), geographic areas (e.g., Pakistan and Southeast Asia), or projects, like Sri Lanka's Hambantota port.<sup>12</sup> However, investigating its historical and cultural roots, multidimensional nature, synergy with other Chinese policies, and geostrategic manifestations *altogether* against the backdrop of America's hegemony helps uncover why Beijing's endeavor is more coherent, potent, and sustainable than many believe.

Second, the article stresses the role of geoeconomics in grand strategy. Leading scholars have shown how economic assets can elevate a

5 Gal Luft, "China's Infrastructure Play: Why Washington Should Accept the New Silk Road," *Foreign Affairs* 95, no. 5 (September/October 2016): 68–75, <https://www.foreignaffairs.com/articles/asia/china-s-infrastructure-play>; Parag Khanna, "Washington Is Dismissing China's Belt and Road. That's a Huge Strategic Mistake," *Politico*, April 30, 2019, <https://www.politico.com/magazine/story/2019/04/30/washington-is-dismissing-chinas-belt-and-road-thats-a-huge-strategic-mistake-226759>.

6 Peter Cai, "Understanding China's Belt and Road Initiative," Lowy Institute, March 2017, 1–22, <https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative>; Tim Summers, "China's 'New Silk Roads': Sub-National Regions and Networks of Global Political Economy," *Third World Quarterly* 37, no. 9 (2016): 1628–43, <https://doi.org/10.1080/01436597.2016.1153415>; Christopher K. Johnson, "President Xi Jinping's 'Belt and Road' Initiative: a Practical Assessment of the Chinese Communist Party's Roadmap For China's Global Resurgence," Center for International and Strategic Studies, March 28, 2016, 19–20, v, <https://www.csis.org/analysis/president-xi-jinping%E2%80%99s-belt-and-road-initiative>.

7 Bruno Maçães, *Belt and Road: a Chinese World Order* (London: Hurts & Company, 2018), 5–8; Jennifer Lind, "Life in China's Asia: What Regional Hegemony Would Look Like," *Foreign Affairs* 97, no. 2 (March/April 2018): 72–75, <https://www.foreignaffairs.com/articles/china/2018-02-13/life-chinas-asia>; Alek Chance, "American Perspectives on the Belt And Road Initiative: Sources of Concern, Possibilities for U.S.-China Cooperation," Institute for China-America Studies, November 2016, 15–17, <https://chinaus-icas.org/wp-content/uploads/2017/02/American-Perspectives-on-the-Belt-and-Road-Initiative.pdf>; Dalton Lin, "The One Belt One Road Project and China's Foreign Relations," Carter Center, China Program Policy Paper 1, no. 2 (September 2015), <https://cwp.sipa.columbia.edu/news/one-belt-one-road-project-and-chinas-foreign-relations-cwp-alumni-dalton-lin>.

8 It cost \$122 billion (current dollars); Ely Ratner, Elizabeth Rosenberg, Daniel Kliman, "The China Challenge," Center for a New American Security, June 27, 2018, <https://www.cnas.org/publications/commentary/the-china-challenge>.

9 Johnson, "President Xi Jinping's 'Belt and Road,'" vi.

10 Jonathan E. Hillman, "China's Belt and Road is Full of Holes," Center for Strategic and International Studies, Sept. 4, 2018, <https://www.csis.org/analysis/chinas-belt-and-road-full-holes>; David G. Landry, "The Belt and Road Bubble Is Starting to Burst," *Foreign Policy*, June 27, 2018, <https://foreignpolicy.com/2018/06/27/the-belt-and-road-bubble-is-starting-to-burst/>; Landry, "The Belt and Road Bubble"; Tanner Greer, "One Belt, One Road, One Big Mistake," *Foreign Policy*, Dec. 6, 2018, <https://foreignpolicy.com/2018/12/06/bri-china-belt-road-initiative-blunder/>.

11 Geoeconomics is the "use of economic instruments...to produce beneficial geopolitical results"; Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, MA: Belknap Press of Harvard University Press, 2016), 20. For additional information on China's geoeconomic assets, see Blackwill and Harris, *War by Other Means*, 129–51.

12 For works of reference, see Bruno Maçães, *Belt and Road*; and Nadège Rolland, *China's New Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle: National Bureau of Asian Research, 2017).

state's international position.<sup>13</sup> Recent studies have demonstrated how “deeper, faster ... and more integrated” markets impact foreign policy, or have compared the U.S.-China competition to the contest between Germany and Great Britain in infrastructure, technology, trade, and finance in the late 19th century.<sup>14</sup> However, endorsing the realist paradigm that “effective power is [essentially] a function of ... military forces,”<sup>15</sup> many experts “shy away” from economic analysis.<sup>16</sup> To them, grand strategy mostly relies on “military remedies,”<sup>17</sup> “concentrates ... on how the military instrument should be employed,”<sup>18</sup> and necessitates the ability to “use ... force internationally.”<sup>19</sup> This analysis builds on these vital contributions, but it reintroduces geoeconomics into the picture.

The article proceeds in three sections. First, it outlines Belt and Road's progress, its position within China's grand strategy and strategic culture, and its resilience. Second, it explores how Belt and Road helps protect the foundations of Beijing's power. Third, it investigates how the initiative allows China to project influence abroad. In each section, the article also discusses the impact of Beijing's ambitions on the interdependent levers of influence — military, economic, diplomatic, and geostrategic — that have underpinned America's post-World War II hegemony. It concludes with policy recommendations for U.S. leaders.

## **Belt and Road: More than a Slogan**

Despite its many problems, the Belt and Road Initiative relies on powerful drivers that are sources of coherence, strength, and sustainability. After a brief overview of Belt and Road, this section discusses the initiative's position within China's grand strategy

and strategic culture, and its resilience in the face of uncertainties, setbacks, and rising competition.

## **Emerging Features**

The Belt and Road Initiative was launched in the fall of 2013. At its core, it seeks to use trade and foreign direct investment, most of which emanate from state-owned banks, to build connectivity across Eurasia. Its two main branches, the Maritime Silk Road and the Silk Road Economic Belt, initially radiated in six directions: the China-Pakistan Economic Corridor, the Bangladesh-China-India-Myanmar Economic Corridor, the China-Mongolia-Russia Corridor, the China-Central Asia-Western Asia Corridor, the China-Indochina Peninsula Economic Corridor, and the New Eurasian Land Bridge. As formalized in March 2015, Beijing intends to develop transport, energy, and telecommunication infrastructure to bolster commerce, financial integration, policy coordination, and “people-to-people bonds.”<sup>20</sup>

One oft-cited description of the Belt and Road Initiative portrays a multidecade undertaking of \$4 trillion spanning areas that represent 70 percent of the world's population, 55 percent of the global economic output, and 75 percent of the planet's energy reserves. Another study predicted that Belt and Road funding would ultimately exceed \$8 trillion.<sup>21</sup> These estimates are speculative. However, the initiative has already become a concrete reality. Beijing spent \$138 billion in investments — meant to acquire “ownership stake[s]” — and \$208 billion in construction projects conducted for third parties in Belt and Road countries between 2014 and 2017, compared to \$76 billion and \$140 billion, respectively, between 2010 and 2013. Belt and Road's share in China's foreign direct investments

13 Albert Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: UCLA Press, 1945); Richard N. Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986); Paul M. Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987).

14 Harris and Blackwill, *War by Other Means*, 37; Parag Khanna, *Connectography: Mapping the Future of Global Civilization* (New York: Random House, 2016); Markus Brunnermeier, Rush Doshi, and Harold James, “Beijing's Bismarckian Ghosts: How Great Powers Compete Economically,” *Washington Quarterly* 41, no. 3 (Fall 2018): 161–76, <https://doi.org/10.1080/0163660X.2018.1520571>.

15 John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2014), 55.

16 Silove, “Beyond the Buzzword,” 28–29. On the diminishing returns of military power, see Daniel W. Drezner, “Military Primacy Doesn't Pay (Nearly As Much As You Think),” *International Security* 38, no. 1 (Summer 2013), 52–79, [https://doi.org/10.1162/ISEC\\_a\\_00124](https://doi.org/10.1162/ISEC_a_00124); for an article arguing that military capabilities are more influential than economic “dependency,” see Robert S. Ross, “Balance of Power Politics and the Rise of China,” *International Security* 15, no. 3 (2006), 355–95, <https://doi.org/10.1080/09636410601028206>.

17 Barry Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Ithaca, NY: Cornell University Press, 2014), 1.

18 Robert J. Art, *A Grand Strategy for America* (Ithaca, NY: Cornell University Press, 2003), 2.

19 Colin Dueck, *Reluctant Crusaders: Power, Culture, and Change in American Grand Strategy* (Princeton, NY: Princeton University Press, 2006), 10.

20 “Xi Says Belt and Road Vision Becoming Reality,” *Xinhua*, May 14, 2017, [http://www.xinhuanet.com/english/2017-05/14/c\\_136281676.htm](http://www.xinhuanet.com/english/2017-05/14/c_136281676.htm).

21 Gisela Grieger, “One Belt, One Road: China's Regional Integration Initiative,” *European Parliament Research Service*, July 2016, 4, [http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS\\_BRI\(2016\)586608\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI(2016)586608_EN.pdf); Thomas S. Eder and Jacob Mardell, “Belt and Road Reality Check: How to Assess China's Investment in Eastern Europe,” Mercator Institute for China Studies, July 7, 2018, <https://www.merics.org/en/blog/belt-and-road-reality-check-how-assess-chinas-investment-eastern-europe>.



rose from less than 20 percent in 2017 to 40 percent in 2018, although that increase partly resulted from expanding membership in the initiative.<sup>22</sup> Moreover, Belt and Road trade exceeded \$1.3 trillion in 2018, a 16.3 percent jump that dwarfed China's 12.6 percent overall trade increase.<sup>23</sup>

The scope and content of the initiative are ambiguous and in constant flux. However, these characteristics do not necessarily handicap it. Belt and Road's membership — currently more than 100 countries — continues to expand. Although many observers have derided the vagueness of its Memoranda of Understanding, these documents have real political value and initiate processes that can gain momentum over time. Moreover, many actors located outside Belt and Road's boundaries are collaborating with China's initiative, including the Saudi government, British banks, and American companies.<sup>24</sup> Finally, Belt and Road works in conjunction with Beijing's industrial modernization, economic and diplomatic outreach, propaganda, and military expansion.

internationalization of ... state apparatuses" in China has allowed bureaucracies and state-owned companies to work around governmental directives, and has left provinces free to engage internationally without much oversight.<sup>26</sup> Furthermore, Chinese government elites themselves use Belt and Road to build "discourses of hopes and fears" that shift the domestic narrative away from growing economic difficulties.<sup>27</sup> However, Beijing's authorities are highly committed to rationalizing the process. Xi Jinping, the most powerful Chinese leader since Mao, involved his own legitimacy in Belt and Road, enshrined the latter into the national constitution, created a high-level committee that regularly intervenes to address the initiative's dysfunctions, and presented Belt and Road to the rest of the world as a symbol of China's rise and credibility.<sup>28</sup> To be sure, problems will persist, but they are likely to remain under control.

Some experts emphasize that Belt and Road is merely a slogan because many of the methods and projects that it encompasses existed before its launch. Indeed, the initiative doubles down on state control of the national economy and exploitation of Beijing's foreign commercial appeal. It resonates with the Western

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Observers rightly point out that the initiative lacks transparency and that its projects are impacted — sometimes corrupted — by Chinese substate actors who compete against each other to serve their own agendas.<sup>25</sup> Indeed, the post-1978 "fragmentation, decentralization and

development strategy, designed in the late 1990s to reduce inequalities between China's coastal and continental provinces; the "Going Out" investment plan for strategic assets, begun in the 2000s; growth-seeking infrastructure campaigns launched in 1997 and 2008; and rhetorical

22 Cecilia Joy-Perez and Derek Scissors, "The Chinese State Funds Belt and Road but Does Not Have Trillions to Spare," American Enterprise Institute, March 28, 2018, 1–2, <http://www.aei.org/publication/the-chinese-state-funds-belt-and-road-but-does-not-have-trillions-to-spare/>; Derek Scissors, "Chinese Investment: State-Owned Enterprises Stop Globalizing, For Now," American Enterprise Institute, Jan. 17 2019, 5, <http://www.aei.org/publication/chinese-investment-state-owned-enterprises-stop-globalizing-for-the-moment/>.

23 "2018 Belt and Road Trade Reached \$1.3 Trillion," *Maritime Executive*, Jan. 26, 2019, <https://www.maritime-executive.com/article/2018-belt-and-road-trade-reached-1-3-trillion>.

24 See later sections.

25 Richard Ghiassy and Jiayi Zhou, *The Silk Road Economic Belt: Considering Security Implications and EU-China Cooperation Prospects* (Stockholm: Stockholm International Peace Research Institute), 5, <https://www.sipri.org/publications/2017/other-publications/silk-road-economic-belt>.

26 Lee Jones and Yizheng Zou, "Rethinking the Role of State-Owned Enterprises in China's Rise," *New Political Economy* 22, no. 6 (2017): 744, <https://doi.org/10.1080/13563467.2017.1321625>; Shahar Hameiri and Lee Jones, "China Challenges Global Governance? Chinese International Development finance and the AIB," *International Affairs* 94, no. 3 (May 2018): 580, 584, <https://doi.org/10.1093/ia/iyy026>.

27 Ngai-Ling Sum, "The Intertwined Geopolitics and Geoeconomics of Hopes/Fears: China's Triple Economic Bubbles and the 'One Belt, One Road' Imaginary," *Territory, Politics, Governance*, published online Oct. 5, 2018, 1–2, <https://doi.org/10.1080/21622671.2018.1523746>.

28 "China Moves to Define 'Belt and Road' Projects for the First Time", *Taiwan Straits*, April 3, 2019, <https://www.straitstimes.com/asia/east-asia/china-moves-to-define-belt-and-road-projects-for-first-time>; Rolland, *China's New Eurasian Century*, 50, 55.

catchphrases, such as “peaceful rise,” promoted in the mid-2000s.<sup>29</sup> The same can be said of specific projects. For instance, the China-Pakistan Economic Corridor builds upon a long friendship rooted in a common interest in encircling India. Yet, these continuities suggest a real degree of coherence. Additionally, Belt and Road is taking past endeavors to new heights. Moreover, the initiative publicizes China's emerging global ambitions at a time of widespread perception of America's relative decline.

### **Belt and Road's Position Within China's Grand Strategy and Strategic Culture**

The coherence of the Belt and Road Initiative also stems from its symbiotic integration within the arc of Communist China's grand strategy. That strategy was largely defined by the “century of humiliation” — the period between the start of the First Opium War in 1839 and the creation of the People's Republic of China in 1949 — which destroyed the “extraordinarily high ... civilizational self-regard in which the Celestial Empire had for so long insisted on holding itself.”<sup>30</sup> The trauma generated a “post-imperial ideology” of victimization,<sup>31</sup> and convinced many Chinese that their country's “destiny” was to recover “global status and power.”<sup>32</sup>

This perspective reflects important facets of China's strategic culture itself. Beijing's leaders

have long claimed to have a unique “pacifist, non-expansionist, and purely defensive” orientation.<sup>33</sup> Endorsing this assessment, many experts who delved into the writings of traditional figures such as Confucius or Sun Tzu stressed a national preference for “strategic defense,” “diplomatic intrigue,” “alliance building,” and “the restrained application of force for clearly enunciated political ends.”<sup>34</sup> Those virtues are often contrasted with Western civilization's allegedly aggressive outlook. Indeed, according to some scholars, Chinese leaders developed a “siege mentality” that they now direct toward the United States, which they consider to be in opposition to Beijing's resurgence.<sup>35</sup>

Belt and Road aligns with this intellectual framework. China promotes it to pursue “strategic hedging” — optimizing its ability to handle potential threats coming from the international system's hegemon without taking explicit military action.<sup>36</sup> More broadly, Belt and Road is being used to “shape [an] environment that is conducive to ... [Beijing's] economic, social, and political development.”<sup>37</sup> In doing so, the initiative departs from the Western strategic tradition, which stresses “force on force.”<sup>38</sup> Designed to circumvent U.S. military superiority, its geoeconomic thrust, omni-directional engagement, and hybrid maritime-continental orientation reflect centuries-old tactics, such as “forestalling hostile coalitions ... seeking relative advantage rather than high-risk confrontations,”<sup>39</sup> and “[using] the soft and gentle to overcome the hard and strong.”<sup>40</sup>

29 Maçães and Rolland, *China's New Eurasian Century*, 7, 108; Alice Ekman et al., “Three Years of China's New Silk Roads: From Words to (Re)action?” Institut français des relations, February 2017, 10, 17–21, <https://www.ifri.org/en/publications/etudes-de-lifri/three-years-chinas-new-silk-roads-words-reaction>; Johnson, “President Xi Jinping's ‘Belt and Road,’” 5.

30 Christopher A. Ford, *China Looks at the West: Identity, Global Ambitions, and the Future of Sino-American Relations* (Lexington: University Press of Kentucky, 2015), 90.

31 Manjari Chatterjee Miller, *Wronged by Empire: Post-Imperial Ideology and Foreign Policy in India and China* (Stanford, CA: Stanford University Press, 2013), 2.

32 Ford, *China Looks at the West*, 421.

33 Quoted from Andrew Scobell, *China and Strategic Culture* (Honolulu: Hawaii University Press, 2004), 3. Strategic culture is the “central paradigmatic assumptions about the nature of conflict and the enemy and collectively shared by decision makers”; Alastair I. Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton, NJ: Princeton University Press, 1995), ix.

34 Johnston, *Cultural Realism*, 25.

35 Scobell, *China and Strategic Culture*, 11–12, 17; Andrew Scobell, “China's Real Strategic Culture: A Great Wall of the Imagination,” *Contemporary Security Policy* 35, no. 2 (2014): 220–21, <https://doi.org/10.1080/13523260.2014.927677>.

36 This definition largely builds upon Brock Tessman and Wojtek Wolfe, “Great Powers and Strategic Hedging: The Case of Chinese Energy Security Strategy,” *International Studies Review* 13, no. 2 (June 2011): 220, <https://www.jstor.org/stable/23017154>.

37 Zhang Yuling and Tang Shiping, “China's Regional Strategy,” in *Power Shift: China and Asia's New Dynamics*, ed. David Shambaugh (Berkeley: University of California Press, 2006), 48.

38 David Lai, “Learning from the Stones: A Go Approach to Mastering China's Strategic Concept, *Shi*,” Strategic Studies Institute, May 2004, 5, <https://ssi.armywarcollege.edu/pubs/display.cfm?pubID=378>.

39 Flynt Leverett and Wu Bingting, “The New Silk Road and China's Evolving Grand Strategy,” *China Journal*, no. 77 (January 2017): 113, <https://doi.org/10.1086/689684>. On the People's Liberation Army and ancient Chinese strategic thought, see, Andrea Ghiselli, “Revising China's Strategic Culture: Contemporary Cherry-Picking of Ancient Strategic Thought,” *China Quarterly*, no. 233 (March 2018): 177–80, <https://doi.org/10.1017/S0305741018000413>.

40 Lai, “Learning From the Stones,” 5.





Moreover, Belt and Road conveys a narrative of peaceful benevolence.<sup>41</sup> Honoring the spirit of the ancient Silk Road, the initiative officially welcomes everyone, offers “win-win cooperation,” and promotes “friendship, shared development, peace, harmony and a better future.”<sup>42</sup> This lofty rhetoric obliquely refers to the tribute system that helped China dominate Asia via “civilizational attraction” from the 3rd century B.C. to the mid-19th century.<sup>43</sup>

However, this narrative could be curtailed by other facets of Beijing’s strategic culture. To begin with, that culture is characterized by a Sino-centrism stretching back to the third millennium B.C. according to which all those who lived beyond China’s peripheries were “subordinate barbarians.”<sup>44</sup> Those patterns have been exacerbated by the Chinese Communist Party’s ideology and nationalism. In fact, Belt and Road’s early implementation has shown some propensity to ignore local expectations in recipient countries. Additionally, the initiative perpetuates China’s perennial “pull between closure and openness,” as illustrated by its lack of transparency or by the promotion of authoritarian standards via the Digital Silk Road.<sup>45</sup>

Most important, Belt and Road constitutes an open “counter-hegemonic” effort.<sup>46</sup> Breaking with the “hide and bide” approach defined by Deng Xiaoping in the late 1970s, Xi Jinping publicly announced a plan to achieve “global [leadership] in ... comprehensive national power” by 2049.<sup>47</sup> This declaration marks the end of the “strategy of transition,” which was adopted after the 1996 Taiwan crisis to help China emerge “within ...

a unipolar international system.”<sup>48</sup> Xi’s growing assertiveness could illustrate what some leading scholars have presented as the dominant face of China’s strategic culture, one that heavily relies on violence and offensive warfare.<sup>49</sup> After all, over the centuries, many Chinese leaders have conducted “campaigns of conquest” and built their legitimacy on territorial expansion.<sup>50</sup>

Some aspects of Belt and Road might reflect that logic. For one thing, as illustrated by recent controversies, the initiative could facilitate economic coercion.<sup>51</sup> Moreover, it is working in tandem with a strong military buildup and an expanding defense doctrine, and it might help Beijing establish a foreign base network. However, even the experts who argue that China’s strategic culture is predominantly aggressive explain that such impulses are tempered by “posturing that stresses ... disinterested and violence-averse benevolence,” and by “a conscious sensitivity to changing relative capabilities.”<sup>52</sup> Additionally, in some ways Beijing still wants to let a declining America assume the costly responsibilities of maintaining the international order.<sup>53</sup>

Considering all of these aspects, Belt and Road is useful in that it allows the defensive and offensive facets of China’s dual strategic culture to cohabitate while keeping all options open for the future. However, other cultural characteristics deserve attention as well when examining Beijing’s initiative. Chinese leaders have often privileged long-term vision over immediate gains and tended to approach strategic issues with “the whole situation in mind” rather than one single battlefield. They also focus

41 Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,” *International Security* 36, no. 1 (Summer 2011): 44, [https://doi.org/10.1162/ISEC\\_a\\_00044](https://doi.org/10.1162/ISEC_a_00044).

42 “Full Text of President Xi’s Speech at Opening of Belt and Road Forum,” *Xinhua*, May 14, 2017, [http://www.xinhuanet.com/english/2017-05/14/c\\_136282982.htm](http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm).

43 Christopher A. Ford, “Realpolitik with Chinese Characteristics: Chinese Strategic Culture and the Modern Communist Party-State,” in *Strategic Asia 2016-2017: Understanding Strategic Cultures in the Asia-Pacific*, ed. Michael Wills, Ashley J. Tellis, and Alison Szalwinski, (Seattle: National Bureau of Asian Research, 2016), 34.

44 Julia Lovell, *The Great Wall: China against the World, 1000 B.C.-A.D. 2000* (New York: Grove Atlantic, 2006), 36.

45 Lovell, *The Great Wall*, 348–49.

46 Leverett and Binging, “The New Silk Road,” 113.

47 Bonnie S. Glaser and Matthew Funaiole, “Xi Jinping’s 19th Party Congress Speech Heralds Greater Assertiveness in Chinese Foreign Policy,” Center for Strategic and International Studies, Oct. 26, 2017, <https://www.csis.org/analysis/xi-jinpings-19th-party-congress-speech-heralds-greater-assertiveness-chinese-foreign-policy>.

48 Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security* (Redwood, CA: Stanford University Press, 2005), 12, 38, 103, 176.

49 Johnson, *Cultural Realism*, x.

50 Andrew R. Wilson, “The Chinese Way of War,” in *Strategy in Asia: The Past, Present, and Future of Regional Security*, ed. Thomas J. Mahnken and Dan Blumenthal (Redwood, CA: Stanford University Press, 2014), 109–11.

51 Kari Lindberg and Tripti Lahiri, “From Asia to Africa, China’s ‘Debt-Trap Diplomacy’ Was Under Siege in 2018,” *Quartz*, Dec. 28, 2018, <https://qz.com/1497584/how-chinas-debt-trap-diplomacy-came-under-siege-in-2018/>.

52 Ford, “Realpolitik with Chinese Characteristics,” 30; Alastair Iain Johnston, “Cultural Realism and Strategy in Maoist China,” in *Cultures of National Security: Norms and Identity in World Politics*, ed. Peter J. Katzenstein (New York: Columbia University Press, 1996), 219.

53 Schweller and Pu, “After Unipolarity,” 65.

less on specific assets than on the way these assets “work ... in concert” in a logic of encirclement or counter-encirclement.<sup>54</sup> Such elements might help reveal the potency of Belt and Road. Although the initiative's ambiguous and disaggregated aspects have attracted valid criticism, over time synergies may emerge between its various dimensions, its regional manifestations, and the other instruments of Beijing's grand strategy. Consider, for instance, how the nascent Polar Silk Road and the combination of infrastructure investments in continental Eurasia, the Suez Canal, and European port terminals might propel China's commercial penetration of wealthy northwestern European economies.<sup>55</sup> Likewise, a growing naval presence, new land corridors through Pakistan and Myanmar, and a rising influence in island states like Sri Lanka and the Maldives could turn Beijing into a “resident power” in the Indian Ocean region.<sup>56</sup> Admittedly, none of these outcomes is predetermined. But they seem reasonably plausible and, should they materialize, could have far-reaching implications for the United States.

### Belt and Road's Resilience

Observers have expressed legitimate doubts about Belt and Road's sustainability in view of Beijing's domestic difficulties, its setbacks in recipient states, and rising alternatives. However, although those challenges could potentially cripple the Chinese initiative, it may nevertheless prove resilient if Beijing's leaders make certain adjustments.

One of Belt and Road's key challenges stems from China's domestic troubles. These include an

economic slowdown, debt, corruption, inequality, and a rapidly aging population. Additionally, traditional measurement methods like Gross Domestic Product (GDP) have overestimated the strength of the Chinese economy.<sup>57</sup> Furthermore, Xi Jinping's centralization of power could compromise the regime's effectiveness, not to mention its system of succession. Each of these problems could single-handedly derail the country's trajectory.<sup>58</sup> Belt and Road itself could exacerbate those tensions by diverting money that might better be used at home. Beijing's economy could also suffer from the graft, rent-seeking, and domestic agendas of the initiative's foreign recipients.<sup>59</sup> In fact, the steep fall of Chinese overseas investments since 2016 might jeopardize Belt and Road's future.<sup>60</sup>

Yet, those problems must be put into perspective. China has made phenomenal progress since the 1980s. Moreover, it repeatedly disproved the experts who prophesied its demise, and its economy still has major assets including competent leadership, low government debt, vast foreign exchange reserves, manufacturing dominance, a much-underestimated ability to innovate, and solid growth — whether measured in GDP or alternative methods such as “inclusive wealth.”<sup>61</sup> As for Belt and Road, it is likely to prove financially sustainable. While considerable, the amount of money involved in the initiative pales in comparison to the \$5.9 trillion that the United States has spent on the global war on terrorism since 2001 or will inevitably spend in the form of interest rates, veterans' care, and other obligations.<sup>62</sup> Some of Belt and Road's losses were anticipated from the start and, despite the controversies surrounding China's failures, many of its projects could yield high

54 Lai, “Learning from the Stones,” 27–28; Henry A. Kissinger, *On China* (New York: Penguin Press, 2011), 22–25.

55 See below.

56 David Brewster, “Silk Roads and Strings of Pearls: The Strategic Geography of China's New Pathways in the Indian Ocean,” *Geopolitics* 22, no. 2 (2017): 270–71, 277–80, <https://doi.org/10.1080/14650045.2016.1223631>.

57 Wei Chen et al., “A Forensic Examination of China's National Accounts,” Brookings Institution, March 7, 2019, [https://www.brookings.edu/wp-content/uploads/2019/03/bpea\\_2019\\_conference-1.pdf](https://www.brookings.edu/wp-content/uploads/2019/03/bpea_2019_conference-1.pdf); Michael Beckley, “The Power of Nations: Measuring What Matters,” *International Security* 43, no. 2 (Fall 2018), 7–44, [https://doi.org/10.1162/isec\\_a\\_00328](https://doi.org/10.1162/isec_a_00328).

58 Michael Beckley, “China's Century? Why America's Edge Will Endure,” *International Security* 26, no. 3 (2012): 33–78, [https://doi.org/10.1162/ISEC\\_a\\_00066](https://doi.org/10.1162/ISEC_a_00066); Elizabeth C. Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (New York: Oxford University Press, 2018).

59 Alexander K. Cooley, “The Emerging Political Economy of OBOR: The Challenges of Promoting Connectivity in Central Asia and Beyond,” Center for Strategic and International Studies, October 2016, 1–15, [https://reconasia-production.s3.amazonaws.com/media/filer\\_public/fc/c7/fcc79a22-e218-4a1b-8494-0220337ab2f5/cooley\\_the\\_emerging\\_political\\_economy\\_of\\_obor.pdf](https://reconasia-production.s3.amazonaws.com/media/filer_public/fc/c7/fcc79a22-e218-4a1b-8494-0220337ab2f5/cooley_the_emerging_political_economy_of_obor.pdf).

60 Louise Moon, “Chinese Overseas Deals Fall Amid Heightened Scrutiny in U.S.,” *South China Morning Post*, Aug. 21, 2018, <https://www.scmp.com/business/global-economy/article/2160734/chinese-overseas-deals-plunge-amid-heightened-scrutiny-us>.

61 William H. Overholt, *China's Crisis of Success* (New York: Cambridge University Press, 2018), 70, 176, 181; Sebastian Heilmann, *Red Swan: How Unorthodox Policy Making Facilitated China's Rise* (Hong-Kong: Chinese University Press, 2018); Editorial Board, “China's Slowing Economic Growth Should Not Be a Concern,” *Financial Times*, Oct. 21, 2018, <https://www.ft.com/content/b9efc238-d389-11e8-a9f2-7574db66bcd5>. China's “inclusive wealth” ratio vis-à-vis America rose from 0.6 to 0.686 between 2005 and 2018 (author's calculation). Between 2014 and 2018, their “inclusive wealth” increased by 2.4 percent and 2 percent, respectively; Shunsuke Managi and Pushpam Kumar, eds., *Inclusive Wealth Report 2018: Measuring Progress Toward Sustainability* (New York: Routledge, 2018), 230, 234, 249, 252, <https://doi.org/10.4324/9781351002080>.

62 Neta C. Crawford, “United States Budgetary Costs of the Post-9/11 Wars Through FY2019: \$5.9 Trillion Spent and Obligated,” Watson Center for International and Public Affairs, 1, [https://watson.brown.edu/files/watson/imce/news/ResearchMatters/Crawford\\_Costs%20of%20War%20Estimates%20Through%20FY2019%20.pdf](https://watson.brown.edu/files/watson/imce/news/ResearchMatters/Crawford_Costs%20of%20War%20Estimates%20Through%20FY2019%20.pdf).



returns. Moreover, Beijing's recent foreign direct investment review may optimize decision-making.<sup>63</sup> Forecasts put annual Belt and Road investments and construction contracts at \$50 billion and \$60 billion, respectively. Such predictions seem rather reasonable given China's low stock-to-GDP ratio — 10.9 percent versus America's 28.9 percent — and private investments could push them further.<sup>64</sup> Therefore, drawing any conclusions from Beijing's current difficulties would be highly premature.

The future of Belt and Road could also be compromised by the growing tensions observed in recipient states. China's promises have not always materialized and corrupt projects make the headlines, stirring disappointment among local populations. Beijing's nondiscriminative approach means lower governance standards than those of Western institutions like the World Bank or the International Monetary Fund, especially when it comes to transparency and social responsibility. Additionally, Chinese actors capture most of Belt and Road's contracts at the expense of local companies.<sup>65</sup> Furthermore, the massive loans extended to recipient states can create what many observers have called a "debt trap," as illustrated by China's takeover of Sri Lanka's Hambantota port in December 2017, and skyrocketing national debt levels in countries like the Maldives, Djibouti, or Montenegro.<sup>66</sup> Local discontent has torpedoed major contracts, including Pakistan's \$14 billion Diamer-Bhasha dam in November 2017 and Malaysia's \$20 billion East Coast Rail Line in May 2018. Discord could intensify as Belt and Road loans near expiration

and as China gets embroiled in regional rivalries — such as the one between Saudi Arabia and Iran — and local politics. Finally, Chinese citizens have been the target of terrorist or insurgent attacks, for example in Pakistan's Baluchistan province.

Yet, Belt and Road's appeal remains strong. To begin, the initiative's relevance is guaranteed by the fact that projected global infrastructure needs from 2013 to 2030 may amount to \$57 trillion.<sup>67</sup> Additionally, Western-led organizations have long neglected building infrastructure and have been highly risk-averse, which led them to ignore many poor countries, a gap that Beijing is now trying to bridge.<sup>68</sup> Moreover, while the criticism of China deserves attention — after all, it uses its economic power to gain leverage and some of its practices are dangerous — its development financing has had positive effects. This impact, which includes economic growth, job creation, and providing

## The future of Belt and Road could also be compromised by the growing tensions observed in recipient states.

alternatives to austerity in times of crisis, explains Beijing's undeniable popularity in Africa and Latin America.<sup>69</sup> As for the "debt trap" accusations, they have their limits. Seeking too many bankruptcies would not make sense for China as it would cripple its finances. Authoritative institutions such as the Center for Global Development concluded that

63 David Dollar, "Is China's Development Finance a Challenge to the International Order?" *Asian Economic Policy Review* 13, no. 2 (July 2018): 283–98, <https://doi.org/10.1111/aep.12229>; Keith Bradsher, "China Taps the Brakes on its Global Push for Influence," *New York Times*, Oct. 17, 2017, <https://www.nytimes.com/2018/06/29/business/china-belt-and-road-slows.html>.

64 For now, private actors are reluctant; Joy-Perez, Scissors, "The Chinese State," 2, 4; "Credit Suisse Says China Belt-Road Plan May Top \$500 Billion," *Bloomberg News*, May 4, 2017, <https://www.bloomberg.com/news/articles/2017-05-04/china-s-belt-road-plan-may-top-500-billion-credit-suisse-says>; "China Going Global Investment Index 2017," *Economist Intelligence Unit*, Undated, 23, [https://www.eiu.com/public/topical\\_report.aspx?campaignid=ChinaODI2017](https://www.eiu.com/public/topical_report.aspx?campaignid=ChinaODI2017).

65 According to some sources, 89 percent of contractors are Chinese; Jonathan E. Hillman, "China's Belt and Road Initiative: Five Years Later," Center for Strategic and International Studies, Jan. 25, 2018, <https://www.csis.org/analysis/chinas-belt-and-road-initiative-five-years-later-0>.

66 For an overview, see John Hurley, Scott Morris, and Gailyn Portelance, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective," Center for Global Development, March 4, 2018, 1–37, <https://www.cgdev.org/publication/examining-debt-implications-belt-and-road-initiative-a-policy-perspective>.

67 "Infrastructure Productivity: How to Save \$1T a Year," McKinsey Global Institute, January 2013, <https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/infrastructure-productivity>.

68 Khanna, *Connectography*, 95; David Dollar, "Lessons for the AIIB from the Experience of the World Bank," Brookings Institution, April 27, 2015, <https://www.brookings.edu/articles/china-on-the-global-stage/>; Branko Milanovic, "The West is Mired in 'Soft' Development. China is Trying the 'Hard' Stuff," *Guardian*, May 17, 2017, <https://www.theguardian.com/global-development-professionals-network/2017/may/17/belt-road-project-the-west-is-mired-in-soft-development-china-is-trying-the-hard-stuff>.

69 Axel Dreher et al., "Aid, China, and Growth: Evidence from a New Global Development Finance Dataset," AidData Working Paper #46, (October 2017) <https://www.aiddata.org/publications/aid-china-and-growth-evidence-from-a-new-global-development-finance-dataset>; Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (New York: Oxford University Press, 2009); Stephen B. Kaplan, "The Rise of Patient Capital: A Tectonic Shift in Global Finance and Developing Countries?" *SSRN*, June 5, 2019, 1–33, <https://dx.doi.org/10.2139/ssrn.3108215>.

Belt and Road “is unlikely to cause a systemic debt problem.”<sup>70</sup> In fact, Beijing’s credit from 2000 to 2016 only counted for 2 percent of the developing countries’ \$6.9 trillion accumulated debt, which largely results from the West’s colonial legacies, unfair commercial terms, austerity measures, and dollar-denominated payment requirements.<sup>71</sup> Additionally, China is not the only actor that indulges in assets takeover, as exemplified in August 2015 when a German firm took control — with the European Union’s and the International Monetary Fund’s approval — of 14 Greek airports valued at \$1.23 billion for 40 years due to Athens’ unsustainable debt.<sup>72</sup>

Xi Jinping’s promises during the April 2019 Belt and Road summit to ameliorate some aspects of the initiative may prove to be empty words. However, his public acknowledgement of the criticism that Beijing has received might suggest otherwise, not to mention the adjustments — albeit insufficient ones — that are already under way, such as increasing local hires, improving transparency, and consulting with local leaders.<sup>73</sup> Importantly, early studies on foreign perceptions of the Chinese initiative are not overly alarming.<sup>74</sup> Despite notable hiccups, Beijing’s financial reach, non-discriminative approach, cheap technical assets, fast delivery, and anti-imperialist rhetoric often suffice to preserve Belt and Road’s appeal. For example, Middle Eastern state leaders believe that

the initiative could help them exploit their energy resources, diversify their economies, create jobs, and integrate global supply chains.<sup>75</sup> Additionally, China’s momentum persists even in countries where severe controversies have erupted. For instance, Pakistan and Sri Lanka’s new leaders “softened” their electoral campaign criticisms of Belt and Road. Malaysia is still pursuing the \$10.5 billion Melaka Gateway, resumed the \$34 billion “Bandar Malaysia” project, and revived the East Coast Rail Line after obtaining a 30 percent discount, which signals Beijing’s willingness to compromise. Similarly, after years of interruption, Myanmar gave the green light to the Kyaukpyu port project — potentially worth \$6 to \$7 billion — in November 2017.<sup>76</sup>

Belt and Road could also lose momentum due to the alternative infrastructure projects that are emerging. In the last two years, Western countries have expressed growing concerns about China’s low governance standards in the context of their disillusionment over Beijing’s increasing protectionism, authoritarianism, and military assertiveness. The main alternatives to Belt and Road include Japan’s “quality infrastructure” blueprint, which would invest \$200 billion over five years; the Indo-Japanese Asia-Africa Growth Corridor; the European Union’s Eurasia connectivity plan; and a revamped U.S. development finance agency with a

70 Hurley, Morris, and Portelance, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective,” 5; Deborah Brautigam, “Is China the World’s Loan Shark?” *New York Times*, April 26, 2019, <https://www.nytimes.com/2019/04/26/opinion/china-belt-road-initiative.html>.

71 W. Gyude Moore, “2018 FOCAC: Africa in the New Reality of Reduced Chinese Lending,” Center for Global Development, Aug. 31, 2018, <https://www.cgdev.org/blog/2018-focac-africa-new-reality-reduced-chinese-lending>; “Third World Debt, Deficits, Debt and the Role of the IMF,” *Mount Holyoke College*, Noor El-Edroos, “Third World Debt, Deficits, Debt and the Role of the IMF,” Mount Holyoke College, Spring 2009, <http://www.mtholyoke.edu/~eledr20n/classweb/website/creation.dwt>; El Hadji Guissé, “Effects of Debt on Human Rights,” United Nations Economic and Social Council, July 1, 2004, <https://digitalibrary.un.org/record/526485>; Daron Acemoğlu and James Robinson, “The Economic Impact of Colonialism,” Center for Economic and Policy Research Policy Portal, Jan. 20, 2017, <https://voxeu.org/article/economic-impact-colonialism>; Michael Mussa, “U.S. Macroeconomic Policy and Third World Debt,” *CATO Journal* 4, no. 1 (Spring/Summer 1984): 81–95, <https://object.cato.org/sites/cato.org/files/serials/files/cato-journal/1984/5/cj4n1-5.pdf>; J. Shola Omotola and Hassan Saliu, “Foreign Aid, Debt Relief and Africa’s Development: Problems and Prospects,” *South African Journal of International Affairs* 16, no. 1 (2009): 91, <https://doi.org/10.1080/10220460902986180>.

72 Sam Ball, “German Firm to Run Greek Airports as Sell-off Begins,” *France 24*, Aug. 20, 2015, <https://www.france24.com/en/20150820-germany-firm-run-greece-airports-sell-off-begins-fraport-privatisation-bailout>.

73 Jonathan E. Hillman, “China’s Belt and Road Initiative: Five Years Later,” Hearing Before the U.S.–China Economic and Security Review Commission, 115th Congress, Second Session, (Hereafter, USCESRC), Jan. 25, 2018, 48, [https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018_0.pdf); Andrew Small, “China’s Belt and Road Initiative: Five Years Later,” Hearing Before the USCESRC, Jan. 25, 2018, 119, [https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018_0.pdf); for a larger perspective, see Alvin A. Camba and Kuek Jia Yao, “China’s Belt and Road Initiative Paved with Risks and Red Herrings,” *East Asia Forum*, June 26, 2018, <https://www.eastasiaforum.org/2018/06/26/chinas-belt-and-road-initiative-paved-with-risk-and-red-herrings/>.

74 Alicia Garcia-Herrero and Jianwei Xu, “Countries Perceptions of China’s Belt and Road Initiative: A Big Data Analysis,” Bruegel Institute, Feb. 6, 2019, <https://bruegel.org/2019/02/countries-perceptions-of-chinas-belt-and-road-initiative-a-big-data-analysis/>; Tang Siew Mun et al., “The State of Southeast Asia: 2019 Report,” ISEAS, 18–21, <http://hdl.handle.net/11540/9510>.

75 Maha S. Kamel, “China’s Belt and Road Initiative: Implications for the Middle East,” *Cambridge Review of International Affairs* 31, no. 1 (2018): 80–81, 89, <https://doi.org/10.1080/09557571.2018.1480592>.

76 Emily Schmall, “Asian Victors May Find Anti-China Campaign Vows Hard to Keep,” *Associated Press*, Sept. 26, 2018, <https://www.apnews.com/ee0de8342e4e33aaabf1ead1427aac>; “Malaysia Revives U.S. \$34 Billion China-Backed Transport and Property Development Project,” *Hong-Kong Free Press*, April 21, 2019, <https://www.hongkongfp.com/2019/04/21/malaysia-revives-us34-billion-china-backed-transport-property-development-project/>; Shankaran Nambiar, “What Next for Mahathir’s Pivot to China?” *Nikkei Asian Review*, June 6, 2019, <https://asia.nikkei.com/Opinion/What-next-for-Mahathir-s-pivot-to-China>; “Myanmar: China-Backed Port Project to Move Ahead,” *Stratfor*, Nov. 8, 2018, <https://worldview.stratfor.com/situation-report/myanmar-china-backed-port-project-move-ahead>.



\$60 billion portfolio.<sup>77</sup> This competition could hurt China's endeavor given these countries' strong expertise, economic firepower, and determination to work together. It could also create a healthy competition that would ultimately benefit recipient states and their local populations.

However, these counter-initiatives may face a number of obstacles: First, most of them are still in their infancy and are progressing more slowly than Belt and Road. Second, for all the criticism of China's practices, the West's political and economic interferences and austerity standards have also generated their fair share of controversy among developing countries in the past. As such, the appeal of these competing projects should not be overestimated.<sup>78</sup> Third, while Western countries' foreign direct investment, which originates mostly from private actors, is much higher in the aggregate, China can more easily use its foreign direct investment for strategic purposes thanks to a much tighter, if imperfect, control over national actors.<sup>79</sup> Fourth, these countries may have difficulty coordinating their counter-initiatives because of differing standards, priorities, and underlying strategic objectives. Fifth, domestic economic hardships could stand in the way. While China's share in East Asia's GDP rose from 8 percent to 51 percent between 1990 and 2014, Japan's plunged from 72 percent to 22 percent. Meanwhile, India struggles with poverty, socio-ethnic and religious strife, and security threats.<sup>80</sup> Interestingly, the Asia-Africa Growth Corridor proposed by Tokyo and New Delhi remains "abstract ... and both governments may be de-emphasizing the idea."<sup>81</sup> As for European economies, they are declining and Brussels' Eurasia

connectivity plan only offers "an increased firepower of up to €60 billion" spread out between 2021 and 2027.<sup>82</sup> Finally, America's response is blunted by deep fiscal deficits, a liberal outlook that rejects state interventionism, and the participation of powerful U.S. multinationals in Belt and Road.<sup>83</sup>

Meanwhile, the frustrations prompted by Beijing's commercial practices do not compromise the appeal of its market and products across the world. Moreover, the Trump administration's withdrawal from the Trans-Pacific Partnership and suspension of the Transatlantic Trade and Investment Partnership negotiations expand China's window of opportunity. Admittedly, Washington is pushing for deals akin to the revised North American Free Trade Agreement (announced in October 2018), which forbids commercial deals with Beijing. Yet, President Donald Trump may not be able to impose his views as easily on Japan, the European Union, and the Association of Southeast Asian Nations (ASEAN), heavyweights that value economic relations with China and oppose Washington's protectionism.<sup>84</sup>

### **Protecting the Foundations of China's Power**

The Belt and Road Initiative helps protect the foundations of Chinese national power in three areas. First, it bolsters the country's national sovereignty and domestic stability. Second, it buttresses its economic security. Third, it enhances its industrial-military potential. These mutually reinforcing dynamics allow Beijing to hedge against potential U.S. aggressions.

77 "Japan's Prime Minister: Japan Will Pour \$200 Billion into Global Infrastructure," *Nikkei Asian Review*, June 9, 2016, <https://asia.nikkei.com/Economy/Japan-s-prime-minister-japan-will-pour-200-billion-into-global-infrastructure>; Josh Zumbrun and Siobhan Hughes, "To Counter China, U.S. Looks to Invest Billions More Overseas," *Wall Street Journal*, Aug. 31, 2018, <https://www.wsj.com/articles/to-counter-china-u-s-looks-to-invest-billions-more-overseas-1535728206>.

78 Joseph E. Stiglitz, *Globalization and its Discontents* (New York: W.W. Norton, 2002).

79 William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy and State Control* (Ithaca, NY: Cornell University Press, 2015), 44–65.

80 David C. Kang, *American Grand Strategy and East Asian Security in the Twenty-First Century* (Cambridge, UK: Cambridge University Press, 2017), 1; Sumit Ganguly and William R. Thompson, *Ascending India and Its State Capacity: Extraction, Violence, and Legitimacy* (New Haven, CT: Yale University Press, 2017), 10–12; Paul Staniland, "America Has High Expectations for India. Can New Delhi Deliver?" *War on the Rocks*, Feb. 22 2018, <https://warontherocks.com/2018/02/america-has-high-expectations-for-india-can-new-delhi-deliver/>.

81 Tobias Harris, "Quality Infrastructure: Japan's Robust Challenge to China's Belt and Road Initiative," *War on the Rocks*, April 9, 2019, <https://warontherocks.com/2019/04/quality-infrastructure-japans-robust-challenge-to-chinas-belt-and-road/>.

82 "Explaining the European Union's Approach to Connecting Europe and Asia," European Commission, Sept. 19, 2018, [http://europa.eu/rapid/press-release\\_MEMO-18-5804\\_en.htm](http://europa.eu/rapid/press-release_MEMO-18-5804_en.htm); Michael Peel, "Europe Unveils Its Answer to China's Belt and Road Plan," *Financial Times*, Sept. 19, 2018, <https://www.ft.com/content/bbcd96a-bc1b-11e8-8274-55b72926558f>.

83 Joel Wuthnow, "From Friend to Foe-ish: Washington's Negative Turn on the Belt and Road Initiative," *Asan Forum*, May 21, 2018, <http://www.theasanforum.org/from-friend-to-foe-ish-washingtons-negative-turn-on-the-belt-and-road-initiative/>.

84 David Lawder and Karen Freifeld, "Exclusive: U.S. Commerce's Ross Eyes Anti-China 'Poison Pill' for New Trade Deals," *Reuters*, Oct. 5, 2018, <https://www.reuters.com/article/us-usa-trade-ross-exclusive/exclusive-u-s-commerces-ross-eyes-anti-china-poison-pill-for-new-trade-deals-idUSKCN1MF2HJ>; Emre Peker, "Europe Tells Trump: Don't Bully Us on Trade," *Wall Street Journal*, Oct. 5, 2018, <https://www.wsj.com/articles/europe-tells-trump-dont-bully-us-on-trade-1538750247>; "The U.S.-Southeast Asia Relationship: Responding to China's Rise," Council on Foreign Relations, May 23, 2018, <https://www.cfr.org/report/us-southeast-asia-relationship-responding-chinas-rise>; Jack Ewing, "E.U. Courts New Partners with Japan Trade Deal," *New York Times*, July 17, 2018, <https://www.nytimes.com/2018/07/17/business/trade-europe-japan-china.html>.

## Border and Domestic Security

Belt and Road is designed to bolster China's border and domestic security. The vastness of the country's western and southern peripheries, the local demographic superiority of non-Han ethnic groups, and the historical weakness of local state authority have always exposed Chinese leaders to domestic unrest and foreign interference.<sup>85</sup> In that light, the United States has, in recent history, been a perennial concern. Washington tried to exploit turmoil in Tibet and Xinjiang during the early Cold War.<sup>86</sup> Beijing has also worried for decades about America launching ideological attacks to "bring [China] into its own system."<sup>87</sup> For example, in recent years, Chinese leaders have resented Washington's decision to grant political asylum to Xinjiang activists as well as its support for the National Endowment for Democracy and Radio Free Asia.<sup>88</sup> Furthermore, the Obama administration's "pivot" to Asia caused Beijing to pay even greater attention to its neighbors.<sup>89</sup> The Indo-American rapprochement, starting in the mid-2000s, compounded Sino-American tensions. Indeed, China has long competed with India across territories that stretch from Myanmar to Kashmir and Tibet, and it deeply resents New Delhi's protection of the Dalai Lama.<sup>90</sup>

The Belt and Road Initiative addresses those problems in several ways. First, it is likely to stimulate the economies of China's remote provinces, thereby reducing incentives for unrest. Second, combined with a robust military buildup in Tibet, the \$62 billion China-Pakistan Economic Corridor and Beijing's investments in Central Asia,

northern South Asia, and continental Southeast Asia, are aimed at blunting regional separatist and terrorist threats.<sup>91</sup> Third, the Digital Silk Road, which promotes Chinese telecommunications equipment and internet standards, optimizes surveillance and repression, buttresses domestic security cooperation with like-minded regimes, including Russia, and secures data from interception by foreign governments.<sup>92</sup> Moreover, Belt and Road increases China's push against New Delhi's regional influence and could even tighten the encirclement of India, whose vulnerable northern flank, especially the Siliguri Corridor, provides strategic leverage to Beijing. Most important, the initiative reduces the harm that America could potentially inflict on Chinese peripheries.<sup>93</sup>

However, the increase in Beijing's border and domestic security should not pose insurmountable problems for the United States. Although Belt and Road reduces Washington's ability to interfere in China's backyard, doing so would have always been highly dangerous given Beijing's nuclear status and growing power. Furthermore, as it improves China's security, Belt and Road may allow American leaders to manage bilateral tensions more easily. The initiative has the potential to increase autocratic tendencies in Central Asia, inner Southeast Asia, and northern South Asia. However, promoting local democracy was never a priority for Washington. The United States does have an interest in backing India in its border disputes with China. Yet, beyond that specific imperative, massive regional efforts would risk diluting America's resources in distant areas where Beijing often has a comparative advantage. Pakistan deserves attention, especially

85 Taylor A. Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, NJ: Princeton University Press, 2008), 42–62.

86 Lintner, *Great Game East: India, China, and the Struggle for Asia's Most Volatile Frontier* (New Haven, CT: Yale University Press, 2015).

87 Shen Jiru, cited in Rosemary Foot, "Chinese Strategies in a U.S.-Hegemonic Global Order: Accommodating and Hedging," *International Affairs* 82, no. 1 (January 2006): 81–82, <https://www.jstor.org/stable/3569131>.

88 Andrew J. Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2012), 207–08.

89 Robert S. Ross, "The Problem with the Pivot: Obama's New Asia Policy Is Unnecessary and Counterproductive," *Foreign Affairs* 91, no. 6 (November/December 2012): 70–82, <https://www.foreignaffairs.com/articles/asia/2012-11-01/problem-pivot>; Wu Xinbo, "Cooperation, Competition and Shaping the Outlook: the United States and China's Neighborhood Diplomacy," *International Affairs* 92, no. 4 (July 2016): 861–64, <https://doi.org/10.1111/1468-2346.12651>.

90 John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twenty-First Century* (Seattle: University of Washington Press, 2001), 24.

91 Micha'el Tanchum, "China's Tajikistan Military Base Eclipses India's Central Asian Ambitions," *East Asia Forum*, March 23, 2019, <https://www.eastasiaforum.org/2019/03/23/chinas-tajikistan-military-base-eclipses-indias-central-asian-ambitions/>; Maria Abi-Habib, "China's 'Belt and Road' Plan in Pakistan Takes a Military turn," *New York Times*, Dec. 19, 2018, [https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html?rref=collection%2Fspotlightcollection%2Fchina-reach&action=click&contentCollection=asia&region=stream&module=stream\\_unit&version=latest&contentPlacement=4&pgtype=collection](https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html?rref=collection%2Fspotlightcollection%2Fchina-reach&action=click&contentCollection=asia&region=stream&module=stream_unit&version=latest&contentPlacement=4&pgtype=collection).

92 Rolland, *China's New Eurasian Century*, 87; Chris C. Demchak, "Information Controls, Global Media Influence, and Cyber Warfare Strategy," Hearing Before the USCESRC, May 4, 2017, 200, [https://www.uscc.gov/sites/default/files/transcripts/May Final Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/May%20Final%20Transcript.pdf); Dan Southerland, "Information Controls, Global Media Influence, and Cyber Warfare Strategy," Hearing Before the USCESRC, 84, [https://www.uscc.gov/sites/default/files/transcripts/May Final Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/May%20Final%20Transcript.pdf); Hong Shen, "Building a Digital Silk Road? Situating the Internet in China's Belt and Road Initiative," *International Journal of Communication*, no. 12 (2018): 2690–92, <https://ijoc.org/index.php/ijoc/article/view/8405>.

93 Jeremy Garlick, "Deconstructing the China-Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities," *Journal of Contemporary China* 27, no. 112 (2018): 521, <https://doi.org/10.1080/10670564.2018.1433483>; Evelyn Goh, "Conclusion", in *Rising China's Influence in Developing Asia*, ed. Evelyn Goh (Oxford: Oxford University Press, 2016), 283–84.



given India's strident opposition to the China-Pakistan Economic Corridor. However, given Washington's inability to influence Islamabad — despite spending more than \$33 billion in economic and military assistance since 2001 — striving to match Beijing's local grip would be pointless.<sup>94</sup> China's vested interest in stability could actually restrain the Pakistani army and facilitate a U.S. withdrawal from the deadlocked war in Afghanistan. More broadly, Belt and Road could bolster counter-terrorism efforts, help economic development, and divert (at least temporarily) some of Beijing's resources away from areas that are of utmost strategic importance to the United States, like the Strait of Malacca.

### Economic Security

Belt and Road is also designed to enhance China's economic security. This effort targets multiple contingencies, but the challenges posed by America rank particularly high among them. Chinese leaders have never forgotten Washington's trade embargo, which lasted from 1950 to 1971, nor its support of Taiwanese operations against Beijing's sea lines of communication in the mid-1950s.<sup>95</sup> The United States became a tacit ally of China in the later decades of the Cold War. However, Beijing's concerns gradually resurfaced following the fall of the Soviet Union. Washington's persistent military encirclement of China, its debates about blockade scenarios, and its Air-Sea Battle Doctrine only aggravated those concerns.<sup>96</sup>

Doubling down on longstanding patterns, Belt and Road targets fast-growing, underdeveloped countries to boost national growth, attenuate

industrial overproduction, transition away from a low-cost, low-end production paradigm, and reduce exposure to competitors. This reorientation appears sound — Belt and Road partners' share in global GDP rose from 21 percent to 37 percent from 1995 to 2015.<sup>97</sup> The trade war that the Trump administration launched in mid-2018 gave this process more urgency. However, Beijing's ability to resist pressures is rising. Washington disrupted China's supply chains and businesses, but its measures also hurt American companies and are unlikely to have transformative effects on Beijing's behavior.<sup>98</sup>

Belt and Road also optimizes Chinese trade routes. By 2015, China had already invested in two-thirds of the 50 largest container ports worldwide and represented 39 percent of the top 10 operators' traffic.<sup>99</sup> Beijing has concentrated its attention on chokepoints. Indeed, 10 of its main port installations surround the South China Sea and eight command access to the Strait of Malacca, a crucial chokepoint that is exposed to the U.S. Navy. But China is also pressing for the Kra Canal in Thailand, which could more quickly link the Indian and Pacific Oceans.<sup>100</sup> It is expanding its influence near the straits of Hormuz and Bab-el-Mandeb, including in Djibouti, which hosts Africa's largest free-trade zone, and Oman's \$10.7 billion port in Duqm.<sup>101</sup> Likewise, Beijing acquired a 20 percent share in the Suez Canal container terminal, is erecting a second local terminal, purchased southern European port facilities, and is developing major ports and a Red Sea-Mediterranean railway with Israel. China also ramped up investments in northern Europe, including a 35 percent share in Rotterdam's

94 Gardiner Harris, "U.S. Gives Military Assistance to Pakistan, With Strings Attached," *New York Times*, Aug. 30, 2017, <https://www.nytimes.com/2017/08/30/us/politics/us-aid-pakistan-terror.html>.

95 John W. Garver, *The Sino-American Alliance: National China and American Cold War Strategy in Asia* (Armonk, NY: M.E. Sharpe, 1997), 116.

96 Adopted in 2010, Air-Sea Battle was renamed Joint Concept for Access and Maneuver in the Global Commons in 2015.

97 Michele Ruta and Mauro Boffa, "Trade Linkages among Belt and Road Economies: Three Facts and One Prediction," *World Bank Blogs*, May 31, 2018, <https://blogs.worldbank.org/trade/trade-linkages-among-belt-and-road-economies-three-facts-and-one-prediction>; Aaron L. Friedberg, "Globalisation and Chinese Grand Strategy," *Survival* 60, no. 1 (2018), 7–13, <https://doi.org/10.1080/00396338.2018.1427362>.

98 Alex Ward, "Trump's China Strategy Is the Most Radical in Decades — and It's Failing," *Vox*, Sept. 19, 2018, <https://www.vox.com/world/2018/9/18/17790600/us-china-trade-war-trump-tariffs-taiwan>; Philippe Legrain, "Why China Will Win the Trade War," *Foreign Policy*, April 23, 2018, <https://foreignpolicy.com/2018/04/13/why-china-will-win-the-trade-war/>.

99 James Kynge et al., "How China Rules the Waves," *Financial Times*, Jan. 12, 2017, <https://ig.ft.com/sites/china-ports/>.

100 Devin Thorne and Ben Spevack, "Harbored Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific," Center for Advanced Defense Studies, 2017, 26–30, <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>; Sam Parker and Gabrielle Cheftiz, "Debtbook Diplomacy: China's Strategic Leveraging of its Newfound Economic Influence and the Consequences for U.S. Foreign Policy," Belfer Center for Science and International Affairs, May 2018, 30–31, [https://www.belfercenter.org/sites/default/files/files/publication/Debtbook Diplomacy PDF.pdf](https://www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf).

101 Kanika Saigal, "China in MEA: More than Bricks and Mortar," *Euromoney*, Sept. 18, 2018, <https://www.euromoney.com/article/b19zv14t80x40y/china-in-mea-more-than-bricks-and-mortar>.

**Although Belt and Road reduces Washington's ability to interfere in China's backyard, doing so would have always been highly dangerous given Beijing's nuclear status and growing power.**





Euromax terminal.<sup>102</sup> Finally, the nascent Polar Silk Road could bypass current chokepoints, cut sailing time to rich northwestern European markets, and save Beijing between \$533 billion and \$1.274 trillion annually.<sup>103</sup>

In parallel, Belt and Road is betting on roads, railways, and facilities across Central Asia, the South Caucasus, Turkey, and Eastern and Southern Europe. Although most Eurasian economic centers abut coastlines and maritime shipping remains more capable, affordable, and predictable,<sup>104</sup> land transportation, which is faster than the sea and cheaper than the air, could help the high-tech, fashion, agriculture, and heavy machinery sectors, among others. The digitization of border procedures and the ongoing logistics revolution could boost traffic further.<sup>105</sup> Moreover, major hybrid sea-land routes are set to emerge. For example, transportation infrastructure across Greece and the Balkans will link up with the Suez Canal maritime routes to allow products in Beijing to reach northwestern European markets eight to 12 days faster than through the Strait of Gibraltar.<sup>106</sup>

China is also focusing on energy and food security. Beijing has leveraged America's post-Cold War regional security architecture and the unpopularity of the war on terrorism to nurture its economic presence in the oil-rich Middle East. China's trade in the region grew by 350 percent from 2005 to

2016 and its foreign direct investment reached \$29.5 billion in 2016, compared to Washington's \$6.9 billion.<sup>107</sup> Saudi Arabia is gravitating toward Belt and Road: A number of bilateral deals worth \$65 billion were signed during King Salman's visit in March 2017 and Riyadh has signed agreements worth \$20 billion as a preliminary investment in the China-Pakistan Economic Corridor. Iran, an old ally of Beijing, has enjoyed renewed favors since the signing of the 2015 nuclear deal: China's local foreign direct investment rose 20 percent between March 2014 and January 2018, bilateral trade soared 19 percent from 2016 to 2017, and joint ventures like the North Azadegan and Yadavaran oil fields, estimated at \$5 billion, are moving forward.<sup>108</sup> The Trump administration's recent sanctions have curtailed this momentum; however, Beijing — which may be joined by others, including European countries — is likely to work around them, as it has in the past. Meanwhile, China's noninterference principles have helped to spread its regional influence, as illustrated by the fact that Qatar, Kuwait, Syria, and Iraq support Sino-Iranian ties while Saudi Arabia, the United Arab Emirates, and Israel see Beijing's relationship with, and potential leverage over, Iran as a reason to engage China diplomatically and economically.<sup>109</sup> Similarly, Beijing is investing in energy assets in Central Asia, Africa, Latin America, Canada, and the Arctic. It has also become the main producer of 23 of the

102 Enrico Fardella and Giorgio Prodi, "The Belt and Road Initiative Impact on Europe: An Italian Perspective," *China & World Economy* 25, no. 5 (2017): 131, <https://doi.org/10.1111/cwe.12217>; "CHEC Starts Construction of Second Container Terminal in Egypt's Ain Sokhna," *PortSEurope*, Sept. 5, 2018, [https://www.portseurope.com/\\_trashed-13/](https://www.portseurope.com/_trashed-13/); Joanna Kakissis, "Chinese Firms Now Hold Stakes In Over a Dozen European Ports," *NPR*, Oct. 9, 2018, <https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports>.

103 Anne-Marie Brady, *China as a Polar Great Power* (Cambridge, UK: Cambridge University Press, 2017), 65.

104 Ellen L. Frost, *Asia's New Regionalism* (Boulder, CO: Lynne Rienner Publishers, 2008), 31–33, 108–09; Sebastien Peyrouse and Gaël Raballand, "Central Asia: The New Silk Road Initiative's Questionable Economic Rationality," *Eurasian Geography and Economics* 56, no. 4 (2015): 414, <https://doi.org/10.1080/15387216.2015.1114424>.

105 Wade Shepard, "Why the China-Europe 'Silk Road' Rail Network Is Growing Fast," *Forbes*, Jan. 28, 2016, <https://www.forbes.com/sites/wadeshepard/2016/01/28/why-china-europe-silk-road-rail-transport-is-growing-fast/#1f5ac0659ae>; Wade Shepard, "Trains Are the New Pandas: the Real Impact that the New China-UK Rail Line Will Have," *Forbes*, Jan. 7, 2017, <https://www.forbes.com/sites/wadeshepard/2017/01/06/the-story-behind-the-new-china-to-uk-train/#3356c3cd261b>; Kent Calder, *Super Continent: the Logic of Eurasian Integration* (Redwood, CA: Stanford University Press, 2019), 84–93.

106 Jakub Jakóbowski, Konrad Popławski, and Marcin Kaczmarski, "The Silk Railroad: The EU-China Rail Connections: Background, Actors, Interests," *OSW*, Feb. 2018, 62, <https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad>.

107 Sarah Kaiser-Cross and Yufeng Mao, "China's Strategy in the Middle East and the Arab World," in *China Steps Out: Beijing's Major Power Engagement with the Developing World*, ed. Joshua Eisenman and Eric Heginbotham (New York: Routledge, 2018), 174, 186–87; "China Is Largest Foreign Investor in Middle East," *Middle East Monitor*, July 24, 2017, <https://www.middleeastmonitor.com/20170724-china-is-largest-foreign-investor-in-middle-east/>.

108 Kamel, "China's Belt and Road Initiative," 84; Dawn, "Saudi Arabia Signs 20 Billion USD in Agreements with Pakistan," *Asia News Network*, Feb. 19, 2019, <https://asianews.network/2019/02/19/saudi-arabia-signs-20-billion-usd-in-agreements-with-pakistan/>; Pang Seng, "Belt, Road Initiative and China-Iran Cooperation," *Mehr News Agency*, March 19, 2018, <https://en.mehrnews.com/news/132929/Belt-Road-Initiative-and-China-Iran-cooperation>.

109 Iain MacGillivray, "Maturing Sino-Saudi Strategic Relations and Changing Dynamics in the Gulf," *Global Change, Peace & Security* 31, no. 1 (2019): 62, <https://doi.org/10.1080/14781158.2018.1475350>; Camille Lons, "China and the Gulf: Why the UAE Is Deepening Ties with Beijing," *Middle East Eye*, July 25, 2018, <https://www.middleeasteye.net/opinion/china-and-gulf-why-uae-deepening-ties-beijing>; Arthur Herman, "Israel and China Take a Leap Forward — but to Where?" *Hudson Institute*, Nov. 5, 2018, <https://www.hudson.org/research/14663-israel-and-china-take-a-leap-forward-but-to-where>.

41 most strategically valuable metals and minerals worldwide.<sup>110</sup> Finally, China's investments in Belt and Road partners' agricultural sectors and in companies such as the Swiss Syngenta — a leader in agrochemicals, seeds, and biotech acquired for \$43 billion in 2016 — improve the country's resilience by diversifying suppliers and increasing domestic production.<sup>111</sup>

These trends could create challenges for Washington. For example, Chinese port operators could collect intelligence on docked U.S. vessels in allied countries such as Israel. The Belt and Road Initiative will also diminish the likelihood of an American blockade by strengthening Beijing's sea lines of communication, incentivizing littoral states to prevent trade disruptions, and, through continental pathways in Central Asia, Pakistan, and Myanmar, diversifying its shipping options.<sup>112</sup> More broadly, China's gains could erode Washington's influence since guaranteeing the "provision of [Middle Eastern] oil" has long given the United States strategic leverage over other countries.<sup>113</sup> Additionally, Beijing has secured "a lock on supplies of nine of the 10 [metals and minerals] judged to be at the highest risk of unavailability,"<sup>114</sup> and might "lock up ... farmland ... and food processing assets" worldwide.<sup>115</sup>

However, the impact of these dynamics on American security should not be overestimated. In the first place, although the possibility of imposing a blockade against China has decreased, such a move would have always been highly complex and dangerously escalatory.<sup>116</sup> In reality, the decline

of Beijing's insecurity *reduces* the risk of war. Moreover, although they have given America some influence, military interventions in the Middle East since the early 1990s have incurred severe costs, destabilized local countries, diverted Washington's attention away from East Asia, and allowed China to free-ride.<sup>117</sup> Admittedly, the United States retains an interest in the free flow of oil, but so does Beijing. More broadly, America has enough military assets in the region and beyond to deter misbehavior. Therefore, Belt and Road, rather than exclusively posing a threat, might in fact offer Washington an opportunity to rethink how it engages in the Middle East and to cooperate with China in efforts such as countering terrorism and fighting piracy. As for the Chinese challenge in domains like food security, access to key metals and minerals, and influence on other states, a determined geoeconomic response would go a long way toward preserving key American interests.

One final way in which China is ensuring its economic security is via its investments in green energy. The Belt and Road Initiative financed "clean" projects worth \$11.8 billion in 2015 and 2016, and issued a \$2.15 billion climate bond in 2017. Pointing to Beijing's skyrocketing pollution levels, most observers have castigated Belt and Road as a scheme designed to export polluting industries.<sup>118</sup> These critiques have merit. However, current trends might hide a deeper shift toward renewable energies.<sup>119</sup> Either way, a green Belt and Road would be in Washington's interest. Although this outcome could potentially allow

110 Susan Crawford, "China Will Likely Corner the 5G Market – and the U.S. Has No Plan," *Wired*, Feb. 20, 2019, <https://www.wired.com/story/china-will-likely-corner-5g-market-us-no-plan/>; Henry Sanderson, "China Tightens Grip on Global Cobalt Supplies," *Financial Times*, March 14, 2018, <https://www.ft.com/content/86dc1306-27a4-11e8-b27e-cc62a39d57a0>.

111 Rebecca Arcesati, "Is the Belt and Road a Food Security Plan," *Belt and Road Ventures*, Aug. 12, 2018, <https://beltandroad.ventures.com/beltandroadblog/agriculturesilkroad/>; Eric Ng, "Crop Technology Firm Syngenta Helping China Enhance Food Security with Goal to Grow After Acquisition by ChemChina," *South China Morning Post*, Feb. 18, 2019, <https://www.scmp.com/business/companies/article/2186513/crop-technology-firm-syngenta-helping-china-enhance-food-security>.

112 Michael Wilner, "U.S. Navy May Stop Docking in Haifa After Chinese Take Over Port," *Jerusalem Post*, Dec. 15, 2018, <https://www.jpost.com/Israel-News/US-Navy-may-stop-docking-in-Haifa-after-Chinese-take-over-port-574414>; Jennifer Lind and Daryl G. Press, "Markets or Mercantilism? How China Secures its Energy Supplies," *International Security* 42, no. 4 (Spring 2018): 191–201, [https://doi.org/10.1162/isec\\_a\\_00310](https://doi.org/10.1162/isec_a_00310).

113 Doug Stokes and Sam Raphael, *Global Energy Security and American Hegemony* (Baltimore, MD: Johns Hopkins University Press, 2010), 1–2, 16, 30.

114 Crawford, "China Will Likely Corner the 5G Market – and the U.S. Has No Plan."

115 Patrick Woodall, "Chinese Investment in the United States: Impacts and Issues for Policymakers," Hearing Before the USCESRC, 115th Congress, First Session Jan. 26, 2017, 129, [https://www.uscc.gov/sites/default/files/transcripts/Chinese Investment in the United States Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/Chinese%20Investment%20in%20the%20United%20States%20Transcript.pdf).

116 Sean Mirski, "Stranglehold: The Context, Conduct, and Consequences of an American Naval Blockade of China," *Journal of Strategic Studies* 36, no. 3 (2013): 385–421, <https://doi.org/10.1080/01402390.2012.743885>; Aaron L. Friedberg, *Beyond Air-Sea Battle: The Debate over U.S. Military Strategy in Asia* (Abingdon, UK: Routledge, for the International Institute of Strategic Studies, 2014), 105–16.

117 Andrew J. Bacevich, *America's War for the Greater Middle East: A Military History* (New York: Random House, 2016).

118 Zhang Chao, "The Climate Change Promise of China's Belt and Road Initiative," *The Diplomat*, Jan. 18, 2018, <https://thediplomat.com/2018/01/the-climate-change-promise-of-chinas-belt-and-road-initiative/>; Elena F. Tracy et al., "China's New Eurasian Ambitions: The Environmental Risks of the Silk Road Economic Belt," *Eurasian Geography and Economics* 58, no. 1 (2017): 56–88, <https://doi.org/10.1080/15387216.2017.1295876>; Giovanni Ortolani, "China's Belt and Road Poised to Transform the Earth, but at What Cost?" *Mongabay*, April 24, 2018, <https://news.mongabay.com/2018/04/chinas-belt-and-road-poised-to-transform-the-earth-but-at-what-cost/>.

119 Amy Myers Jaffe, "Green Giant: Renewable Energy and Chinese Power," *Foreign Affairs* 97, no. 2 (March/April 2018): 83–93, <https://www.foreignaffairs.com/articles/china/2018-02-13/green-giant>; John A. Mathews and Xin Huang, "The Greening of China's Energy System Outpaces Its Further Blackening: A 2017 Update," *Asia-Pacific Journal* 16, no. 9 (May 2018): 15, <https://apjpf.org/2018/09/Mathews.html>.



Beijing to reduce its dependence on fossil fuels, build resilient infrastructure, curtail the appeal of the American shale gas revolution, dominate emerging industries like electric cars, and command international “regulations [and] pricing policies,” Washington could mitigate those risks by rekindling its own environmental ambitions.<sup>120</sup> More importantly, a green China would more proactively help fight global warming, a threat that should dwarf any other concerns.

Belt and Road could facilitate Beijing’s defense modernization in several ways. Indeed, it overlaps with “Internet Plus,” a plan to integrate new technologies like big data and advanced manufacturing sectors to make China more competitive in the global markets.<sup>122</sup> It also works in conjunction with “Made in China 2025” — a program to dominate high-tech industries, such as semi-conductors, by increasing subsidies and attracting foreign companies that will be squeezed out of the market once their knowledge is extracted.<sup>123</sup> Belt and Road optimizes those efforts by opening new markets for Chinese companies, exporting technical standards, and facilitating industrial espionage.<sup>124</sup>

## Belt and Road is designed to erode America's grip on the international governance architecture, a dominance that Beijing has long resented.

### Industrial-Military Potential

The Belt and Road Initiative is geared toward enhancing China’s industrial-military potential. Although multiple factors drive this effort, the United States looms large. America’s prowess during the 1990 – 1991 Gulf War, the 1996 Taiwan Strait crisis, and the 2003 invasion of Iraq gave Beijing powerful incentives to modernize. Additionally, Chinese leaders have resented Washington’s regular attempts to curtail their country’s progress, including pressuring European allies not to lift their post-Tiananmen embargo on exports of military hardware.<sup>121</sup>

However, significant obstacles remain. Beijing’s state-centric approach is plagued by inertia, talent deficits, intellectual property violations, and rising Western investment-screening mechanisms. Moreover, many foreign firms only use China to assemble components that were manufactured abroad.<sup>125</sup> Yet, the technological gap with the United States is narrowing. Beijing is training more STEM graduates than in the past — a projected 48 million between 2015 and 2030 compared with America’s 10 million for the same time period — attracting more graduate returnees, whose number jumped from 272,900 in 2012 to 432,500 in 2016; progressing in academic rankings;

120 Jaffe, “Green Giant,” 88–90.

121 “The Gulf War: Lessons for Chinese Military S&T,” Report from U.S. Embassy Beijing, *Federation of American Scientists*, November 1996, <https://fas.org/nuke/guide/china/doctrine/stmil14.htm>; Taylor A. Fravel, *Active Defense: China's Military Strategy Since 1949* (Princeton, NJ: Princeton University Press, 2009), 202–03; Christopher Griffin and Raffaello Pantucci, “A Treacherous Triangle? China and the Transatlantic Alliance,” *SAIS Review of International Affairs* 27, no. 1 (Winter/Spring 2007): 161–70, <http://dx.doi.org/10.1353/sais.2007.0008>.

122 Isaac Kofi Mensah and Mi Jianing, “E-Government, China Internet Plus, and the One Belt One Road Initiative: The Africa Connection,” *International Journal of Information and Communication Engineering* 10, no. 8 (2016): 2635–37, <https://waset.org/publications/10004987>; Dev Lewis, “China’s Global Internet Ambitions: Finding Roots in ASEAN”, Institute of Chinese Studies Occasional Papers, no. 14 (July 2017), 4–19, <https://www.icsin.org/publications/chinas-global-internet-ambitions-finding-roots-in-asean>.

123 Jost Wübbeke et al., “Made in China 2025: The Making of a High-Tech Superpower and Consequences for Industrial Countries,” Mercator Institute for China Studies, Merics Papers on China, no. 2 (December 2016): 6–8, 55–57, [https://www.merics.org/sites/default/files/2017-09/MPOC\\_No.2\\_MadeinChina2025.pdf](https://www.merics.org/sites/default/files/2017-09/MPOC_No.2_MadeinChina2025.pdf).

124 “Power Play: China’s Ultra High Voltage Technology and Global Standards,” Paulson Institute, April 2015, 1–3, <http://www.paulsoninstitute.org/think-tank/2015/04/09/power-play-chinas-ultra-high-voltage-technology-and-global-standards/>; James Kynge and Lucy Hornby, “China Eyes Role as World’s Power Supplier,” *Financial Times*, June 6, 2018, <https://www.ft.com/content/bdc31f94-68aa-11e8-b6eb-4acfcfb08c11>; Daniel Kliman, “China’s Belt and Road Initiative: Five Years Later,” Hearing Before the USCESRC, 115th Congress, Second Session, Jan. 25, 2018, 91, [https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018_0.pdf); Doug Brake, “China, the United States, and Next Generation Connectivity,” Hearing Before the USCESRC, 115th Congress, Second Session, March 8, 2018, 36–37, <https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20March%208%202018.pdf>.

125 Ben Shobert, “China’s Pursuit of Next Frontier Tech: Computing, robotics, and Biotechnology,” Hearing Before the USCESRC, 115th Congress, First Session, March 16, 2017, 193, <https://www.uscc.gov/sites/default/files/transcripts/March%20Transcript.pdf>; Wübbeke et al., “Made In China 2025,” 26–27; Shambaugh, *China Goes Global*, 244; Economy, *The Third Revolution*, 141–43; Beckley, *Unrivaled*, 43; Jesse Heatley, “Xi Doubles Down on China’s Cyber Goals and Semiconductor Plans,” *The Diplomat*, April 26, 2018, <https://thediplomat.com/2018/04/xi-doubles-down-on-chinas-cyber-goals-and-semiconductor-plans/>.

and claiming more patents than ever before, with a 28 percent increase between 2016 and 2017. Additionally, its research and development spending could overtake Washington's by 2022.<sup>126</sup> Furthermore, the huge size of its national market allows China to replicate foreign technology, generate a "learning curve" effect, and collect more data, a crucial asset for artificial intelligence and biotech. Beijing, which accounted for 42 percent of the global digital economy in 2017, could soon dominate underequipped regions like Southeast Asia and the Middle East.<sup>127</sup> The number of Chinese enterprises ranked in a list of the 20 most valuable internet companies worldwide rose from two to nine between 2013 and 2018, and China could be the first major power to roll out 5G technology on a large scale — although recent U.S. sanctions on Huawei might delay that process.<sup>128</sup> Finally, despite new protections, most advanced economies and private companies remain exposed to Beijing's foreign direct investment, espionage, and commercial appeal, while countries like Israel or Singapore have yet to ramp up their defenses.<sup>129</sup>

The security implications of China's

technological progress are significant. Building on the Strategic Support Force, a new branch of Beijing's military dedicated to electronics, space, and cyber, and capitalizing on its financial reach, civil-military fusion, lesser ethical concerns, and the larger amounts of data that it can collect from its population, China is investing in disruptive technologies like artificial intelligence, quantum computing, and hypersonic weapons that could diminish America's competitive edge 15 years down the road to win "informatized wars" — conflicts whose outcome will be determined by the mastery of telecommunications and computer systems.<sup>130</sup> The Digital Silk Road supports these efforts by strengthening the country's best companies and improving industrial-military espionage.<sup>131</sup> For example, new submarine cable projects — which jumped from representing 7 percent of the world total between 2012 and 2015 to 20 percent between 2016 and 2019 — could boost China's intelligence and anti-submarine capabilities.<sup>132</sup> Likewise, Belt and Road partnerships help export and upgrade BeiDou, a satellite navigation system that will allow Beijing to "shift away from reliance on [America's] GPS for precision strike[s]" by 2020.<sup>133</sup>

126 "China Stepping into the Future," UBS Investment Bank, August 2018, <https://www.ubs.com/global/en/asset-management/insights/china/2018/stepping-into-the-future.html>; 17–18; K.C. Fung et al., "Digital Silk Road, Silicon Valley and Connectivity," *Journal of Chinese Economic and Business Studies* 16, no. 3 (2018): 315, <https://doi.org/10.1080/14765284.2018.1491679>; Juro Osawa and Paul Mozur, "The Rise of China's Innovation Machine," *Wall Street Journal*, Jan. 16, 2014, <https://www.wsj.com/articles/the-rise-of-china8217s-innovation-machine-1389900484>.

127 Graham Webster et al., "China's Plan to 'Lead' In AI: Purpose, Prospects, and Problems," *New America*, Aug. 1, 2017, <https://www.newamerica.org/cybersecurity-initiative/blog/chinas-plan-lead-ai-purpose-prospects-and-problems/>; Yanfei Li, "Understanding China's Technological Rise," *The Diplomat*, Aug. 3, 2018, <https://thediplomat.com/2018/08/understanding-chinas-technological-rise/>; "World Power 'Threatened' By Chinese AI," *BBC*, Nov. 28, 2017, <https://www.bbc.com/news/technology-42153692>; Edward H. You, "China's Pursuit of Next Frontier Tech: Computing, Robotics, and Biotechnology," Hearing Before the USCESRC, 115th Congress, First Session, March 16, 2017, 226, <https://www.uscc.gov/sites/default/files/transcripts/March%20Transcript.pdf>; Grzegorz Stec, "The Invisible Silk Road: Enter the Digital Dragon," European Institute for Asian Studies, May 2018, <http://www.eias.org/eu-asia-at-a-glance/the-invisible-silk-road-enter-the-digital-dragon-may-2018/>; James Guild, "How the U.S. Is Losing to China in Southeast Asia," *The Diplomat*, Oct. 25, 2017, <https://thediplomat.com/2017/10/how-the-us-is-losing-to-china-in-southeast-asia/>; Mirek Dusek and Maroun Kairouz, "Is China Pivoting Toward the Middle East," World Economic Forum, April 4, 2017, <https://www.weforum.org/agenda/2017/04/is-china-pivoting-towards-the-middle-east/>.

128 Shailesh Chitnis, "Picking a Winner in the Tech War Between U.S. and China," *Livemint*, Aug. 28, 2018, <https://www.livemint.com/Companies/qZ0myHUDN7r2NuPaDmHhBP/Forget-trade-the-US-China-technology-war-is-here-and-now.html>; Elizabeth Woyke, "China is Racing Ahead in 5G. Here's What That Means," *MIT Technology Review*, Dec. 18, 2018, <https://www.technologyreview.com/s/612617/china-is-racing-ahead-in-5g-heres-what-it-means/>.

129 "How China's Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World," White House Office of Trade and Manufacturing Policy, June 2018, 8, <https://www.whitehouse.gov/wp-content/uploads/2018/06/FINAL-China-Technology-Report-6.18.18-PDF.pdf>; Jimmy Goodrich, "China's 13th Five-Year Plan," Hearing Before the USCESRC, 114th Congress, Second Session, April 27, 2016, 106–08, [https://www.uscc.gov/sites/default/files/transcripts/April%2027%202016%20Hearing%20Transcript\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/April%2027%202016%20Hearing%20Transcript_0.pdf); Henrik I. Christensen, "China's Pursuit of Next Frontier Tech: Computing, Robotics, and Biotechnology," Hearing Before the USCESRC, 115th Congress, First Session, March 16, 2017, 111, 121, <https://www.uscc.gov/sites/default/files/transcripts/March%20Transcript.pdf>; Herman, "Israel and China"; Tony Cripps, "What's Next for China's Tech Investment in ASEAN," Hongkong and Shanghai Banking Corporation, June 4, 2019, <https://www.about.hsbc.com.sg/news-and-media/whats-next-for-chinas-tech-investment-into-asean>.

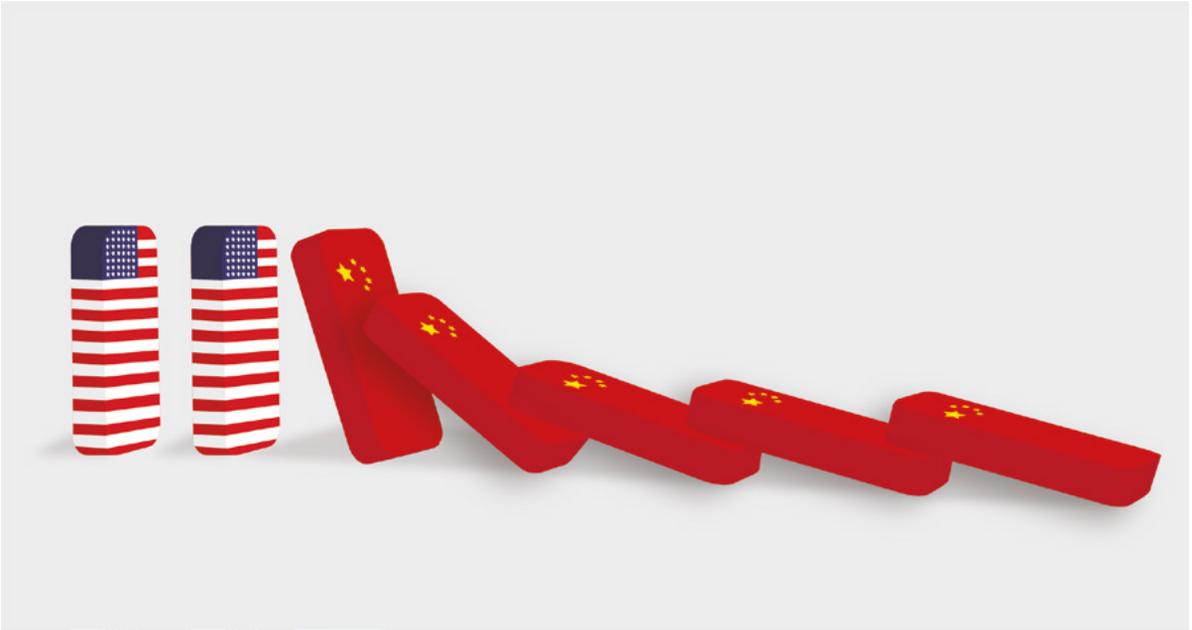
130 Tate Nurkin, "China's Military Reforms and Modernization: Implications for the United States," Hearing Before the USCESRC, 115th Congress, Second Session, Feb. 15, 2018, 178, 184, <https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20February%2015%202018.pdf>; Elsa B. Kania, "Battlefield Singularity, Artificial Intelligence, Military Revolution, and China's Future Military Power," Center for a New American Security, Nov. 28, 2017, especially, 12–21, <https://www.cnas.org/publications/reports/battlefield-singularity-artificial-intelligence-military-revolution-and-chinas-future-military-power>.

131 Michelle Van Cleave, Testimony, "China's Intelligence and Espionage Operations," Hearing Before the USCESRC, 114th Congress, Second Session, June 9, 2016, 68–69, <https://www.uscc.gov/sites/default/files/transcripts/June%2009%202016%20Hearing%20Transcript.pdf>.

132 Stacia Lee, "The Cybersecurity Implications of Chinese Undersea Cable Investment," Henry M. Jackson School of International Studies, University of Washington, Jan. 25, 2017, <https://jis.washington.edu/news/cybersecurity-implications-chinese-undersea-cable-investment/>; Eli Huang, "China's Cable Strategy: Exploring Global Undersea Dominance," *ASPI Strategist*, Dec. 4, 2017, <https://www.aspi.org.au/chinas-cable-strategy-exploring-global-undersea-dominance/>.

133 Jordan Wilson, "China's Alternative to GPS and Its Implications for the United States," Staff Research Report for the USCESRC, Jan. 5, 2017, 2, 7, [https://www.uscc.gov/sites/default/files/Research/Staff%20Report\\_China%27s%20Alternative%20to%20GPS%20and%20Implications%20for%20the%20United%20States.pdf](https://www.uscc.gov/sites/default/files/Research/Staff%20Report_China%27s%20Alternative%20to%20GPS%20and%20Implications%20for%20the%20United%20States.pdf).





Progress in China's military sector is plagued by bureaucratic inertia, welfare and personnel costs, as well as the costs incurred by domestic instability. Moreover, turning economic power into military capabilities becomes more difficult as technological sophistication increases.<sup>134</sup> Yet Beijing, which allocated only 1.9 percent of its GDP to defense in 2018 — compared with America's 3.2 percent — has consistently outpaced intelligence forecasts so far, and may soon pull ahead in key domains like artificial intelligence.<sup>135</sup> Washington, on the other hand, retains significant industrial potential and can build upon the investment stock that it has accumulated since World War II.<sup>136</sup> However, its defense industrial base “continues to shrink,” per-troop expenditures have soared

by 50 percent in 15 years,<sup>137</sup> and, having “over-invested in legacy systems,” the United States must shoulder “huge financial burdens ... and ... [conservative] constituencies.”<sup>138</sup> The country's performance is further hurt by the Trump administration's poor record on innovation and its strained relations with tech companies.<sup>139</sup>

### Projecting Strategic Influence

The Belt and Road Initiative not only helps China blunt potential aggressions, it also allows it to project strategic influence at the bilateral, regional, and systemic levels. Although the United States remains dominant on each of those levels, Beijing

134 Stephen G. Brooks and William C. Wohlforth, “The Rise and Fall of the Great Powers in the Twenty-First Century: China's Rise and the Fate of America's Global Position,” *International Security* 40, no. 3 (Winter 2015): 9, 44–45, [https://doi.org/10.1162/ISEC\\_a\\_00225](https://doi.org/10.1162/ISEC_a_00225); John Costello, Testimony, “China's Military Reforms and Modernization: Implications for the United States,” Hearing Before the USCESRC, 115th Congress, Second Session, Feb. 15, 2018, 43, [https://www.uscc.gov/sites/default/files/transcripts/Hearing Transcript - February 15, 2018.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20February%2015,%202018.pdf); Beckley, *Unrivaled*, 6, 64.

135 Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs*, 97, no. 2 (March/April 2018): 66, <https://www.foreignaffairs.com/articles/china/2018-02-13/china-reckoning>; John R. Allen and Amir Husain, “The Next Space Race Is Artificial Intelligence,” *Foreign Policy*, Nov. 3, 2017, <https://foreignpolicy.com/2017/11/03/the-next-space-race-is-artificial-intelligence-and-america-is-losing-to-china/>; “Data for All Countries from 1998-2018 as a Share of GDP,” Military Expenditure Database, Stockholm International Peace Research Institute, 2019, <https://sipri.org/databases/milex>.

136 Brooks and Wohlforth, “The Rise and Fall,” 18–19.

137 Andrew F. Krepeivich, “Preserving the Balance: A U.S. Eurasia Defense Strategy,” Center for Strategic and Budgetary Assessments, Jan. 2017, x, 48, 64–65, <https://csbaonline.org/research/publications/preserving-the-balance-a-u.s.-eurasia-defense-strategy>.

138 David Barno and Nora Bensahel, “War in the Fourth Industrial Revolution,” *War on the Rocks*, June 19, 2018, <https://warontherocks.com/2018/06/war-in-the-fourth-industrial-revolution/>.

139 Alaina J. Harkness et al., “The State of Tech Policy One Year into the Administration,” Brookings Institution, Jan. 30, 2018, <https://www.brookings.edu/blog/techtank/2018/01/30/the-state-of-tech-policy-one-year-into-the-trump-administration/>; Matt Laviertes, “Trump's Battle Against Silicon Valley May Create an Opening for China in Artificial Intelligence,” *CNBC*, Sept. 8, 2018, <https://finance.yahoo.com/news/trump-apos-battle-against-silicon-170000706.html>; Gregory Allen and Elsa B. Kania, “China Is Using America's Own Plan to Dominate the Future of Artificial Intelligence,” *Foreign Policy*, Sept. 8, 2017, <https://foreignpolicy.com/2017/09/08/china-is-using-americas-own-plan-to-dominate-the-future-of-artificial-intelligence/>; Paul Mozur and John Markoff, “Is China Outsmarting America in AI?” *New York Times*, May 27, 2017, <https://www.nytimes.com/2017/05/27/technology/china-us-ai-artificial-intelligence.html>.

could gradually erode America's hegemony and weaken its security system in the Indo-Pacific.

### Systemic Benefits

Belt and Road is designed to erode America's grip on the international governance architecture, a dominance that Beijing has long resented. Chinese-led financial bodies like the Asian Infrastructure Investment Bank, which has a \$50 billion endowment and has attracted dozens of states despite U.S. attempts to stop them from joining, or Brazil, Russia, India, China, and South Africa's (BRICS) New Development Bank, which has a similar endowment, accelerate the momentum generated by the Chiang Mai Initiative — an endeavor that works to decrease regional defaults in partnership with ASEAN, Japan, and South Korea — the Shanghai Cooperation Organization's Interbank Consortium, and maybe soon a non-Western credit rating agency.<sup>140</sup> Additionally, Belt and Road has led to the signature of many bilateral commercial agreements and the creation of China-based international courts for conflict resolution. It boosted negotiations over the Regional Comprehensive Economic Partnership, which could lift the barriers that separate leading Asian economies, including China, India, Japan, South Korea, and ASEAN, on more than 90 percent of the products that they exchange. Finally, Beijing's new Cross-Border Interbank Payment System and clearing centers help internationalize the RMB (or yuan, as it is commonly known).<sup>141</sup> Although this effort is curtailed by capital controls, the Chinese central bank's lack of independence, Beijing's investments in U.S. treasury bonds, and the dollar's domination, the International Monetary Fund added the RMB to its Special Drawing Reserve, and European financial centers are positioning themselves as “hubs’ for its

use.”<sup>142</sup> Meanwhile, the newly created “petro-yuan” could transform the pivotal worldwide commodity market.<sup>143</sup>

Systemic consequences might follow from the strides Beijing has made. By offering alternatives to loan recipients, promoting infrastructure building, and distinguishing economics from politics, China-led financial institutions, in combination with Chinese bilateral development policies, could slowly weaken the austerity principles that the so-called “Washington Consensus” has dictated for decades.<sup>144</sup> Belt and Road's commercial agreements could consolidate Beijing's “agenda-setter” status.<sup>145</sup> Finally, while the RMB may never achieve dominance, it could erode the dollar's supremacy, which is already threatened by America's fiscal deficits and large-scale “economic warfare” with countries like China, Russia, and Iran, not to mention digital currencies and the BRICS' de-dollarization campaign.<sup>146</sup>

Washington's security interests may be affected by those dynamics. Thanks to its leadership in international institutions — such as the International Monetary Fund or the World Bank — and its monetary dominance, America became a “system-maker” after 1945. Combined with the appeal of its loans, investments, and market, this status allowed the United States to borrow without consequences, navigate financial crises, offload adjustment costs, dictate lending terms, tame economic competitors, and open foreign markets.<sup>147</sup> In turn, these gains strengthened the foundations of America's hard power. They also contributed to weakening Britain's empire, maintaining Europe and Japan's strategic dependency, and convincing most allies to fund U.S. military enterprises. They even helped punish Washington's enemies — for example, Russia following its 2014 military aggression against

140 Oliver Stuenkel, *Post-Modern World: How Emerging Powers Are Remaking Global Order* (Malden, MA: Polity Press, 2016), 146, 164–66.

141 David Vines, “The BRI and RCEP: Ensuring Cooperation in the Liberalisation of Trade in Asia,” *Economic and Political Studies* 6, no. 3, (2018): 345, <https://doi.org/10.1080/20954816.2018.1498992>; Gregory T. Chin, “True Revisionist: China and the Global Monetary System,” in *China's Global Engagement: Cooperation, Competition and Influence in the 21st Century*, ed. Jacques Deslisles and Avery Goldstein (Washington D.C.: Brookings Institution Press, 2017), 47.

142 Chin, “True Revisionist,” 51–52, 58, 46–47; John D. Ciorciari, “China's Influence in Asian Monetary Policy Affairs,” in *Rising China's Influence in Developing Asia*, 234.

143 Gal Luft, “The Anti-Dollar Awakening Could Be Ruder and Sooner than Most Economists Predict,” *CNBC*, Aug. 27, 2018, <https://www.cnbc.com/2018/08/27/the-anti-dollar-awakening-could-be-ruder-and-sooner-than-most-economists-predict.html>.

144 Jingdong Yuan, “Beijing's Institutional-Balancing Strategies: Rationales, Implementation and Efficacy,” *Australian Journal of International Affairs* 72, no. 2 (2018): 119, <https://doi.org/10.1080/10357718.2018.1444015>.

145 Stuenkel, *Post-Modern World*, 150.

146 Luft, “The Anti-Dollar Awakening”; Gregory Chin, “China's Rising Monetary Power,” in *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, ed. Eric Helleiner and Jonathan Kirshner (Ithaca, NY: Cornell University Press, 2014), 203.

147 Michael Mastanduno, “System Maker and Privilege Taker: U.S. Power and the International Political Economy,” *World Politics* 61, no. 1 (January 2009): 121–54, <https://www.jstor.org/stable/40060223>; Arvind Subramanian, *Eclipse: Living in the Shadow of China's Economic Dominance* (Washington DC: Peterson Institute for International Economics, 2011), 55; Eric Helleiner and Jonathan Kirshner, “The Politics of China's International Monetary Relations,” in *The Great Wall of Money*, 5.



Ukraine.<sup>148</sup> As it erodes America's "system-maker" status, Belt and Road could reduce these benefits.

### Eurasian Integration

Belt and Road may help China optimize its geostrategic posture in Eurasia. Breaking with its historical continental orientation, Beijing has significantly developed its sea power following the Soviet breakup, Taiwan's democratization process, and the growing dependence of the Chinese economy on foreign resources.<sup>149</sup> However, there are a number of challenges to achieving maritime dominance. To begin with, building a fleet is extraordinarily costly. Moreover, many Eurasian land powers over history, including Imperial Germany and the Soviet Union, failed to command the oceans because they faced too many continental contingencies. China faces a similar predicament. It has to cope with a superior U.S. navy that "operate[s] freely on exterior lines."<sup>150</sup> But it must also protect its vulnerable heartland, and a "March West" helps project influence with less risk of conflict with Washington.<sup>151</sup> Beijing's current hybrid sea-land posture raises complex dilemmas in domains like threat management and resource allocation. However, provided Chinese leaders utilize the country's huge national resources effectively, this posture could optimize China's "independence and geostrategic flexibility."<sup>152</sup> From that perspective, the nascent strategy of "using the land to control the sea, and using the seas to

control the oceans" signals Beijing's determination to make the most of both its continental depth and its location along the Eurasian rimland.<sup>153</sup>

Belt and Road may contribute to this strategy by facilitating the integration of neighboring economies in Eurasia. Although China has encountered some issues in Central Asia due to local graft, corruption, and politics, bilateral trade, which is 30 times greater than it was in the early 1990s, covers a massive share of these countries' GDP. Belt and Road infrastructure is also becoming indispensable for them to access markets in the region and beyond.<sup>154</sup> Most importantly, the Ukraine crisis has accelerated the rapprochement that China and Russia had initiated in the post-Cold War era. Indeed, the rift that it caused with the West encouraged Moscow to increase the technological sophistication of its military exports to Beijing,<sup>155</sup> and to endorse Belt and Road, which provides Russia with international legitimacy, lowers its reliance on the West, and fortifies its flailing Eurasian Economic Union.<sup>156</sup> To be sure, the two countries have a long history of strategic competition and Moscow often allied with maritime powers against Eurasian competitors. However, even prominent skeptics recognize that China and Russia "are committed to making things last."<sup>157</sup> Both Moscow and Beijing uphold an authoritarian model, seek regional counter-terrorism and economic development, aspire to blunt U.S. influence, and want to minimize their border frictions to pursue ambitions elsewhere.<sup>158</sup>

148 Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, NY: Cornell University Press, 2006), 47; Geir Lundestad, *Empire by Integration: The United States and European Integration, 1945-1997* (New York: Oxford University Press, 1998); Chalmers A. Johnson, *Blowback: The Costs and Consequences of American Empire* (New York: Metropolitan Books, 2000), 27; Mastanduno, "System Maker," 131, 146; Luft, "The Anti-Dollar Awakening."

149 Carnes Lord, "China and Maritime Transformations," in *China Goes to Sea: Maritime Transformation in Comparative Historical Perspective*, ed. Andrew S. Erickson, Lyle J. Goldstein, and Carnes Lord (Annapolis, MD: Naval Institute Press, 2009), 429.

150 Andrew S. Erickson, "Power vs. Distance: China's Global Maritime Interests and Investments in the Far Seas," in *Strategic Asia 2019: China's Expanding Strategic Ambitions*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research, 2019), 249.

151 Wang Jisi, "Marching Westwards: The Rebalancing of China's Geostrategy," in *The World in 2020 According to China: Chinese Policy Elites Discuss Emerging Trends in International Politics*, ed. Shao Binong (Boston: Brill, 2014).

152 Andrew S. Erickson and Lyle J. Goldstein, "Introduction: Chinese Perspectives on Maritime Transformation," in *China Goes to Sea*, xxv; Wu Zhengyu, "Toward 'Land' or Toward 'Sea'?" *Naval War College Review* 66, no. 3, (Summer 2013): 63, <https://digital-commons.usnwc.edu/nwc-review/vol66/iss3/5>.

153 Erickson, "Power vs. Distance," 252.

154 Fuad Shahbazov, "Will the China-Pakistan Economic Corridor Be a Gateway to Central Asia?" *The Diplomat*, May 25, 2017, <https://thediplomat.com/2017/05/will-the-china-pakistan-economic-corridor-be-a-gateway-to-central-asia/>; "Central Asia's Economic Evolution from Russia to China," *Stratfor*, April 5, 2018, <https://worldview.stratfor.com/article/central-asia-china-russia-trade-kyrgyzstan-kazakhstan-turkmenistan-tajikistan-uzbekistan>; on the Central Asian leaders' ability to navigate great powers interests, see Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (New York: Oxford University Press, 2012).

155 Calder, *Super Continent*, 154–55, 287.

156 Ghiasy and Zhou, "The Silk Road Economic Belt," x, 39–41.

157 Bobo Lo, *A Wary Embrace: What the Russia-China Relationship Means for the World* (Docklands, Victoria: Penguin Random House Australia, 2017), 130; Zhengyu, "Toward 'Land' or Toward 'Sea'"; Lord, "China and Maritime Transformations," 445.

158 Alexander Gabuev, "Why Russia and China Are Strengthening Security Ties," *Carnegie Endowment for International Peace*, Sept. 24, 2018, <https://carnegie.ru/2018/09/24/why-russia-and-china-are-strengthening-security-ties-pub-77333>; Chris Miller, "The New Cold War's Warm Friends: Why Chinese and Russian Détente May be Here to Stay," *Foreign Policy*, March 1, 2019, <https://foreignpolicy.com/2019/03/01/the-new-cold-wars-warm-friends/>.

Additionally, China holds significant leverage over Russia. While their GDPs were similar in 1993, Beijing's is now more than 10 times greater than Moscow's. Russia's dismal infrastructure and energy sector need Belt and Road capital, as illustrated by the 30-year, \$400 billion oil deal signed in 2014 and ambitious joint ventures in the Arctic. Besides, Moscow is well aware that China could use its significant demographic superiority to infiltrate and destabilize its neighbor's thinly populated Far East.<sup>159</sup>

More broadly, the Middle Eastern oil industries' growing independence from the West, Iran's Islamic revolution, the Soviet Union's unravelling, and China's and India's rise opened new opportunities for integration. The resource-rich and capital-rich countries of Eurasia complement one another, which could help lay the foundations of a "new continentalism."<sup>160</sup> For example, Iran could become a major energy provider for Pakistan and E.U. countries and a critical export outlet for Central Asia and the South Caucasus.<sup>161</sup> This Eurasian integration is accentuated by the European Union's post-Cold War enlargement eastward; the growing connections between western China's supply chains and those dominated by Germany in central Europe; and the search for continental connectivity of middle powers such as South Korea, Turkey, and Kazakhstan.<sup>162</sup> This process, which also benefits from the "national and domestic resonance" of the ancient Silk Road in most of these countries, could thrive further under organizations like the Shanghai Cooperation Organization.<sup>163</sup> The latter, whose institutional prerogatives now extend to defense and diplomacy, welcomed India and Pakistan in 2017 and might soon be joined by Iran and Turkey. Likewise, Beijing's "New Security Concept" for

Asia, which stresses economic cooperation and implicitly rejects U.S. involvement, could gain momentum.<sup>164</sup>

These trends could have important security implications. Since the early days of the post-World War II era, fears that a rising hegemon could capture Eurasia's unmatched resources and markets have led American leaders to forge local alliances and to systematically oppose regional organizations and cross-regional energy networks. These efforts helped entrench Washington's hegemony and have legitimized its military, political, and economic interferences across Eurasia for decades.<sup>165</sup> But today's emerging "continentalism" alters this paradigm. Combined with China's expanding security dialogues with entities such as the Arab League and the African Union and its growing responsibilities at the United Nations, including contributions to the budget and peacekeeping efforts, institutions like the Shanghai Cooperation Organization could gradually weaken America's ability to isolate its enemies.<sup>166</sup> Belt and Road could ultimately create a "continental zone of pre-eminent Chinese influence" and allow Beijing to concentrate on the seas.<sup>167</sup>

These trends ought to be worrisome for Washington. However, because some of the continental geographic areas coveted by Beijing have less strategic value to American leaders, China's efforts in those regions might (at least temporarily, but possibly much longer) divert some of its resources away from areas that are of key interest to the United States. Additionally, some of the most proactive and geographically expansive forms of engagement that Washington has adopted in Eurasia in the past led to disasters

159 Øystein Tunsjø, *The Return of Bipolarity in World Politics: China, the United States and Geostuctural Realism* (New York: Columbia University Press, 2018), 16; Samir Tata, "Deconstructing China's Energy Security Strategy," *The Diplomat*, Jan. 14, 2017, <https://thediplomat.com/2017/01/deconstructing-chinas-energy-security-strategy/>.

160 Kent E. Calder, *The New Continentalism: Energy and Twenty-First Century Eurasian Geopolitics* (New Haven, CT: Yale University Press, 2012).

161 Noemi M. Rocca, "Iran's Geopolitics in Eurasia After the Nuclear Deal," *Cambridge Journal of Eurasian Studies* 1, no. 1 (June 2017): 7; Ankit Panda, "With China's Help, the Iran-Pakistan Pipeline Might Finally Happen," *The Diplomat*, April 10, 2015, <https://thediplomat.com/2015/04/with-chinas-help-the-iran-pakistan-pipeline-might-finally-happen/>; John Garver, Flynt Leverett, and Hillary Mann Leverett, "Moving (Slightly) Closer to Iran: China's Shifting Calculus for Managing its Persian Gulf Dilemma," Edwin Reischauer Center, SAIS, October 2009, 14, [https://sia.psu.edu/\\_file/moving\\_slightly\\_closer\\_to\\_iran\\_Leverett.pdf](https://sia.psu.edu/_file/moving_slightly_closer_to_iran_Leverett.pdf).

162 Calder, *Super Continent*, 13, 16–17, 35–38, 40–42, 92–93, 165–77.

163 Peter Frankopan, *The New Silk Roads: The Present and Future of the World* (New York: Alfred A. Knopf, 2019), 95–96.

164 Abigail Grace, "The Lessons China Taught Itself: Why the Shanghai Cooperation Organization Matters," Jamestown Foundation, China Brief 18, no. 11, June 19, 2018, <https://jamestown.org/program/the-lessons-china-taught-itself-why-the-shanghai-cooperation-organization-matters/>; Yuan, "Beijing's Institutional-Balancing Strategies," 119–20.

165 Emre İseri, "The U.S. Grand Strategy and the Eurasian Heartland in the Twenty-First Century," *Geopolitics* 14, no. 1 (February 2009): 34–35, <https://doi.org/10.1080/14650040802578658>; Frost, *Asia's New Regionalism*, 243; Barry Buzan and Ole Wæver, *Regions and Powers: The Structure of International Security* (Cambridge, UK: Cambridge University Press, 2003), 335, 455–57.

166 Stuenkel, *Post-Western World*, 157–59.

167 Michael Clarke, "The Belt and Road Initiative: Exploring Beijing's Motivations and Challenges for Its New Silk Road," *Strategic Analysis* 42, no. 2 (2018): 85, <https://doi.org/10.1080/09700161.2018.1439326>; Serafettin Yilmaz and Liu Changming, "China's 'Belt and Road' Strategy in Eurasia and Euro-Atlanticism," *Europe-Asia Studies* 70, no. 2 (2018): 262, <https://doi.org/10.1080/09668136.2018.1435777>.



such as the Vietnam and Iraq wars, incurring enormous costs in blood, treasure, and reputation. In that sense, Beijing's rise could help check the temptation to overreach. Moreover, a less systematic opposition to China may ease bilateral tensions and help advance other American objectives, such as economic development and counter-terrorism.

## Moreover, a less systematic opposition to China may ease bilateral tensions and help advance other American objectives, such as economic development and counter-terrorism.

### Bilateral Leverage

Belt and Road's geoeconomic approach also enhances China's bilateral leverage. Beijing's ability to coerce other states is constrained by its insufficient, albeit significant, control over Chinese companies and bureaucracies, its competitors' ability to find alternatives, and financial and reputational costs. Nevertheless, China has had some success steering other countries in its preferred direction. For instance, by cutting oil imports, Beijing was able to drive Iran into the 2015 nuclear deal, which facilitated Belt and Road's development in Tehran. Similarly, economic pressures convinced Turkey to restrict

the activism of its Uyghur community, which had created concerns in China. Likewise, Chinese sanctions targeting South Korea's installation of America's THAAD missile-defense system in 2017 persuaded Seoul to reject future deployments of this kind.<sup>168</sup> These coercion efforts could grow as China refines its instruments to target specific companies, institutions, sectors, and "politically salient constituencies."<sup>169</sup>

However, Beijing's long-term strategy relies primarily on inducements, long-term engagement, the identification of common goals, and joint solutions that rely on China's ability to address development gaps.<sup>170</sup> This approach could breed significant influence. For instance, many African and Latin American states tend to align with Beijing at the United Nations, while Taiwan has lost almost a quarter of its diplomatic partners since 2016. More broadly, despite occasional tensions, Asian states already accept most of China's strategic interests.<sup>171</sup> Over time, more and more world leaders may be tempted to "pre-empt [its] demands" on various issues.<sup>172</sup>

Finally, Belt and Road works in tandem with China's rising military influence. Beijing has already leveraged U.S. fears of escalation to assert its claims, deploy its assets, and display an image of inevitability in the South China Sea.<sup>173</sup> But Belt and Road complements these dynamics by providing more instruments to pressure or incentivize other states to follow China's interests without reaching escalatory thresholds.<sup>174</sup> Moreover, the global spread of its national assets requires Beijing to deploy its military and its private defense companies, and to partner with host nations in the arenas of law enforcement, intelligence, and defense. Despite the opening of a base in Djibouti in mid-2017, the dredging of fortified artificial islands in the South China Sea beginning in 2014,

168 James Reilly, "China's Economic Statecraft: Turning Wealth into Power," Lowy Institute, Nov. 27, 2013, 10–12, <https://www.lowyinstitute.org/publications/chinas-economic-statecraft-turning-wealth-into-power>; Timothy Heath, "China's Evolving Approach to Economic Diplomacy," *Asia Policy*, no. 22 (July 2016): 157–91, <http://dx.doi.org/10.1353/asp.2016.0020>; Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, "China's Use of Coercive Economic Measures," Center for a New American Security, June 11, 2018, 29–31, 5, <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures>; Zan Tao, "An Alternative Partner to the West? China's Growing Relations with Turkey," in *Toward Well-Oiled Relations: China's Presence in the Middle East Following the Arab Spring*, ed. Niv Horesh (New York: Palgrave MacMillan, 2016), 22.

169 Harrell, Rosenberg, and Saravalle, "China's Use of Coercive Economic Measures," 31–32.

170 Evelyn Goh, "Introduction" in *Rising China's Influence*, 12–13.

171 Gustavo A. Flores-Macias and Sarah E. Kreps, "The Foreign Policy Consequence of Trade: China's Commercial Relations with Africa and Latin America, 1992–2006," *Journal of Politics* 75, no. 2 (April 2013), 357–71, <https://doi.org/10.1017/S0022381613000066>; William A. Callahan, "China's Belt and Road Initiative and the New Eurasian Order," Norwegian Institute for International Affairs, Jan. 1, 2016, 4, <https://www.jstor.org/stable/resrep07951>; Michael A. Glosny, "Chinese Assessments of China's Influence in Developing Asia," in *Rising China's Influence*, 32, 37, 47.

172 Goh, "Conclusion," in *Rising China's Influence*, 279, 283; Avery Goldstein, "A Rising China's Growing Presence: The Challenges of Global Engagement," in *China's Global Engagement*, 10.

173 Timothy R. Heath, "Hotspots Along China's Maritime Periphery," Hearing Before the USCESRC, 115th Congress, First Session April 13, 2017, 24, [https://www.uscc.gov/sites/default/files/transcripts/April Hearing Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/April%20Hearing%20Transcript.pdf); Jacqueline N. Deal, "Hotspots Along China's Maritime Periphery," Hearing Before the USCESRC, 115th Congress, First Session April 13, 2017, 200–01, [https://www.uscc.gov/sites/default/files/transcripts/April Hearing Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/April%20Hearing%20Transcript.pdf).

174 Tunsjø, *The Return of Bipolarity*, 111.

reports of covert military outposts in Tajikistan since 2016, news coverage of a secret agreement for facilities in Cambodia in spring 2019, and rumors about future installations on various sites, such as Pakistan's Gwadar port, a large base network seems unlikely for now, as it would contradict Beijing's "anti-imperialist" ideology and risk controversies.<sup>175</sup> However, China is likely to create more bases over time, and current arrangements, such as refueling and port of calls, already bolster its international presence. America's global military network remains absolutely unrivaled. But current trends could constrain the mobility of U.S. forces in some areas.<sup>176</sup>

### Dislocating the U.S.-Led Maritime Security System

Over time, Belt and Road could heavily impact security dynamics in the Indo-Pacific, the main flashpoint of the U.S.-China contest. Washington has long maintained a robust security system that uses the "energy resources, well-situated ... port facilities, large land masses, sophisticated infrastructures," and "secure rear-basing facilities" of allies and partners in Southeast Asia, East Asia, and the Pacific.<sup>177</sup> Combined with the "stopping power of water," this strategy helped contain the Soviet Union and China during the Cold War.<sup>178</sup> But its importance increased as Asia's share in the world's economic output skyrocketed and as Beijing emerged as a potential competitor. China's key objective today is to break what it sees as America's strategic island chains to gain room for

maneuvering, facilitate the projection of military power, and burnish its credibility.<sup>179</sup> In response to Beijing's ambitions, the Trump administration, building on President Barack Obama's pivot-rebalance to Asia, revived "the Quad," a naval partnership with India, Australia, and Japan, in November 2017. It also ramped up its "Freedom of Navigation Operations" in the South China Sea. Additionally, its withdrawal from the Intermediate-Range Nuclear Forces Treaty in February 2019 will allow the United States to upgrade its ground-based missiles, and to expand its firepower across Asia.<sup>180</sup> However, Beijing's proximity to the fields of competition means it is more able to absorb setbacks, while America's distance means it needs key Asian powers to balance or hedge in its favor.

Leading scholars have argued that most local leaders will continue to align with the United States due to the threat posed by China, the path-dependence created by past agreements, and the fact that far-flung sea hegemony often seem more benign than continental neighbors.<sup>181</sup> Yet, there are reasons to doubt this outcome. Balancing carries with it significant political and financial costs and can hinder strategic autonomy, while domestic strains can stymie its execution.<sup>182</sup> Moreover, as illustrated by China's tribute system, balancing theories do not necessarily apply well to Asia.<sup>183</sup> Furthermore, despite aggressive moves like the establishment of the Air Defense Identification Zone in East Asia in 2013 and island-building in the South China Sea since 2014, Beijing today is a far cry from the threatening regime that fought the United States, South Korea, India, the Soviets, and Vietnam during

175 Oriana Skylar Mastro, "China's Military Is About to Go Global," *National Interest*, Dec. 18, 2014, <https://nationalinterest.org/feature/chinas-military-about-go-global-11882>; Wuthnow, "China's Belt and Road Initiative: Five Years Later," USCESRC, 115th Congress, Second Session 82–84, [https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018_0.pdf).

176 James Holmes, "China's Military Reforms and Modernization," Hearing Before the USCESRC, 115th Congress, Second Session, Feb. 15, 2018, 111–12, <https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20February%2015%2C%202018.pdf>; Michael J. Green and Andrew Shearer, "Countering China's Militarization of the Indo-Pacific," *War on the Rocks*, April 23, 2018, <https://warontherocks.com/2018/04/countering-chinas-militarization-of-the-indo-pacific/>.

177 Robert S. Ross, "U.S. Grand Strategy, the Rise of China, and U.S. National Security Strategy for East Asia," *Strategic Studies Quarterly* 7, no. 2 (Summer 2013): 29, <https://www.jstor.org/stable/26270764>.

178 John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2001), 114–28; Robert S. Ross, "The Geography of the Peace: East Asia in the Twenty-First Century," *International Security* 23, no. 4 (Spring 1999): 81–118, <https://www.jstor.org/stable/2539295>; Tunsjø, *The Return of Bipolarity*, 2–3.

179 Andrew S. Erickson and Joel Wuthnow, "Barriers, Springboards and Benchmarks: China Conceptualizes the Strategic 'Island Chains'," *China Quarterly*, no. 225 (March 2016): 2, <https://doi.org/10.1017/S0305741016000011>.

180 Nathan Levine, "Why America Leaving the INF Treaty Is China's New Nightmare," *National Interest*, Oct. 22, 2018, <https://nationalinterest.org/blog/buzz/why-america-leaving-inf-treaty-chinas-new-nightmare-34087>.

181 G. John Ikenberry, "Between the Eagle and the Dragon: America, China, and Middle State Strategies in Asia," *Political Science Quarterly* 131, no. 1 (Spring 2016): 21–22, <https://doi.org/10.1002/polq.12430>; Darren J. Lim and Zack Cooper, "Reassessing Hedging: The Logic of Alignment in East Asia," *Security Studies* 24, no. 4 (2015): 696, <https://doi.org/10.1080/09636412.2015.1103130>; Jack S. Levy and William R. Thompson, "Balancing on Land and at Sea: Do States Ally Against the Leading Global Power?" *International Security* 35, no. 1 (2010): 7–43, [https://doi.org/10.1162/ISEC\\_a\\_00001](https://doi.org/10.1162/ISEC_a_00001).

182 Randall Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security* 19, no. 1 (Summer 1994): 88, 93, <https://www.jstor.org/stable/2539149>; Randall L. Schweller, "Unanswered Threats: A Neoclassical Theory of Underbalancing," *International Security* 29, no. 2 (Fall 2004): 161, 179–80, <https://www.jstor.org/stable/4137589>.

183 David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (Spring 2003): 66–68, <https://www.jstor.org/stable/4137604>.



the Cold War.<sup>184</sup> Additionally, because maritime systems advantage military *defense* over military *offense*, many local states may decide that buck-passing preserves their security more effectively than balancing.<sup>185</sup> Finally, most regional leaders are perceiving a “precipitous decline” in America’s influence.<sup>186</sup> According to the Rand Corporation’s U.S.-China Military Scorecard, “trend lines are moving against [Washington] across a broad spectrum.” Beijing’s technological progress and ability to deploy assets in more and more massive numbers threaten to overwhelm the United States’ local advantages and could compromise its resolve to fight.<sup>187</sup> Such assessments might even underestimate the damage caused by initial Chinese missile strikes, the degree to which America’s submarines are stretched thin across the Pacific Ocean, and China’s mine warfare capabilities.<sup>188</sup>

However, recent U.S. defense budget increases are unlikely to change this trend. Washington’s military superiority has been receding for years despite the fact that its overall defense expenditures are more than three times the size of China’s (underreported) budget and that the People’s Liberation Army also has to deal with domestic security. Indeed, while the United States must honor commitments across the globe, Beijing only has to concentrate on its own geographic region. Moreover, America’s security paradigm seems unsustainable. The U.S. Navy’s 355-ship buildup is crippled by severe financial and industrial limitations, the Air Force fleet is older than ever, with the average airframe at 27 years of age, and the modernization of Washington’s satellite system and nuclear triad remains unbudgeted.<sup>189</sup> This is not to mention Trump’s tax cuts, with

losses expected to reach \$260 billion annually,<sup>190</sup> sector pensions that remain unfunded and could amount to as much as \$5 trillion, and the looming exhaustion of Social Security and Medicare funds. The Congressional Budget Office itself calculates that defense expenditures could fall to 2.6 percent of GDP by the mid-2020s.<sup>191</sup> In sum, perceptions of the regional balance of power will most likely continue to shift against Washington, something that the Trump administration’s notoriously erratic and raucous foreign policy only aggravates.

Beijing does not have an easy path ahead. Nevertheless, combined with its diplomatic outreach, propaganda, and military rise, China’s geoeconomic offensive seems poised to exploit the underlying strains of the U.S.-led regional security system. From that standpoint, some recent trends are concerning. Although Southeast Asian countries have long hedged with a preference for Washington, Beijing’s ascendance is increasingly magnifying America’s distance, receding economic clout, and unpopular efforts to promote democracy and Western governance standards locally. Most regional states, including the Philippines, have leaned closer to China since 2016.<sup>192</sup>

In East Asia, Japan’s relative assertiveness under Prime Minister Shinzo Abe constitutes “a rear-guard attempt to slow down” Tokyo’s dramatic decline.<sup>193</sup> Nearly half of Japanese companies’ overseas operations are located in China, whose share in Tokyo’s exports and imports now reaches 20 percent and 25 percent, respectively, compared to America’s declining shares — 18 percent and 11 percent, respectively. In the last two years, Abe has striven to defuse diplomatic tensions with Beijing,

184 Conversation with Mr. Sean M. Lynn-Jones, October 2018.

185 Thomas J. Christensen and Jack Snyder, “Chain Gangs and Passed Bucks: Predicting Alliance Patterns in Multipolarity,” *International Organization* 44, no. 2 (Spring 1999): 165, 140–44, <https://www.jstor.org/stable/2706792>.

186 Balbina Hwang, “China’s Relations with Northeast Asia and Continental Southeast Asia,” Hearing Before the USCESRC, 115th Congress, First Session, June 8, 2017, 42, [https://www.uscc.gov/sites/default/files/transcripts/June 8 2017 Hearing Transcript.pdf](https://www.uscc.gov/sites/default/files/transcripts/June%208%202017%20Hearing%20Transcript.pdf).

187 Eric Heginbotham et al., *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996-2017* (Santa Monica, CA: RAND Corporation, 2015), 21, [https://www.rand.org/pubs/research\\_reports/RR392.html](https://www.rand.org/pubs/research_reports/RR392.html); Holmes, “China’s Military Reforms and Modernization,” 112–14; Brendan Mulvaney, Testimony, “China’s Military Reforms and Modernization: Implications for the United States,” Hearing Before the USCESRC, 115th Congress, Second Session, 128–29, [https://www.uscc.gov/sites/default/files/transcripts/Hearing Transcript - February 15, 2018.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20February%2015%202018.pdf).

188 Lyle Goldstein, “The U.S.-China Naval Balance in the Asia-Pacific: An Overview,” *China Quarterly*, no. 232 (December 2017): 910, 920–21, <https://doi.org/10.1017/S030574101700131X>.

189 Geoff Ziezulewicz, “Budget Watchdog Questions Navy’s Plan for 355-Ship Fleet,” *Navy Times*, Oct. 24, 2018, <https://www.navytimes.com/news/your-navy/2018/10/24/budget-watchdog-questions-navys-plan-for-355-ship-fleet/>; Steven Stashwick, “The 350-Ship Fantasy: It’s Time for the Navy to Think Radically About a Smaller Fleet,” *War on the Rocks*, Sept. 15, 2017, <https://warontherocks.com/2017/09/the-350-ship-fantasy-its-time-for-the-navy-to-think-radically-about-a-smaller-fleet/>; Jim Talent, “The Budget Deal Won’t Be Enough to Get the Armed Forces Trump Wants,” *National Review*, Feb. 13, 2018, <https://www.nationalreview.com/2018/02/budget-deal-defense-spending-increases-not-enough-reverse-american-military-decline/>.

190 Loren Thompson, “Five Reasons Trump Won’t Reverse the U.S. Military’s Long Decline,” *Forbes*, April 24, 2017, <https://www.forbes.com/sites/lorenthompson/2017/04/24/five-reasons-trump-wont-reverse-the-u-s-militarys-long-decline/#61e7c7f7280c>.

191 Krepinevich, “Preserving the Balance,” 59–61.

192 David Shambaugh, “U.S.-China Rivalry in Southeast Asia: Power Shift or Competitive Coexistence?” *International Security* 42, no. 4 (Spring 2018): 126, 87, [https://doi.org/10.1162/isec\\_a\\_00314](https://doi.org/10.1162/isec_a_00314).

193 Kang, *American Grand Strategy and East Asian Security*, 142, 145.

approved a currency-swap deal worth \$29 billion, decided to cooperate with Belt and Road, and distanced his government from Taiwan.<sup>194</sup> Similar patterns emerged in South Korea. Trade with China surged 82 percent in five years to hit \$90 billion, overshadowing America's \$46 billion. Seoul also tried to delay the deployment of the THAAD missile-defense system, dismissed Washington's "free and open Indo-Pacific," and agreed to collaborate with Belt and Road.<sup>195</sup>

Further away, Australia has opposed Beijing's political interference and its influence in neighboring Pacific islands. Yet, bilateral commerce rose 29 percent in 2017 and reached 29 percent of Canberra's foreign trade in 2018.<sup>196</sup> Australia estimates that China's GDP will far surpass America's by 2030 — \$42 trillion versus \$24 trillion — and that domestic politics will inhibit Washington's response.<sup>197</sup> Prime Minister Scott Morrison recently announced a plan to "turbo-charge [the] national effort in engaging China."<sup>198</sup>

India rejected Belt and Road but despite ambitious projects such as the co-development of the Iranian port of Chabahar, it has struggled to offer any alternatives. Moreover, India understands that a close rapprochement with America could curtail its "strategic autonomy," antagonize China,

and disrupt relations with Russia and Iran.<sup>199</sup> New Delhi is the Asian Infrastructure Investment Bank's main beneficiary, its dismal infrastructure needs investments, and booming trade with Beijing reached a record \$84.4 billion in 2017, representing 22 percent of India's foreign commerce. Combined with other facets of China's power, such ties incentivize New Delhi to alleviate bilateral tensions.<sup>200</sup> Prime Minister Narendra Modi has charted a more nonaligned course since the mid-2017 Doklam plateau standoff, and according to a recent survey, only 43 percent of India's strategic elites want "closer collaboration with [Washington] in the event of greater U.S.-China competition."<sup>201</sup>

The European Union recently branded Beijing a "systemic rival." Some of its members, including France and the United Kingdom, have deployed military assets and developed ties with Japan, India, or Australia to address the "return of ... power assertiveness" in the Indo-Pacific. Additionally, more and more European actors have criticized China's commercial and industrial practices, espionage, and attempts to gain political influence.<sup>202</sup> However, their tone is significantly milder than that of American leaders, and Beijing's economic appeal remains. Despite severe U.S. pressures, many European countries are reluctant

194 "A Chance for China and Japan to Strengthen Ties," *South China Morning Post*, Aug. 19, 2018, <https://www.scmp.com/comment/insight-opinion/article/2160398/chance-china-and-japan-strengthen-ties>; "Japan," Observatory of Economic Complexity, MIT, undated, <https://oec.world/en/profile/country/jpn/>; Stuart Lau, "Taiwan: The Lonely Winter," *The Interpreter*, Sept. 19, 2018, <https://www.lowyinstitute.org/the-interpreter/taiwan-lonely-winter>; "China, Japan Sign Currency Swap Deal," *Xinhua*, Oct. 26, 2018, [http://www.xinhuanet.com/english/2018-10/26/c\\_137560512.htm](http://www.xinhuanet.com/english/2018-10/26/c_137560512.htm); Tobias Harris, Testimony, "China's Belt and Road Initiative: Five Years Later," USCESRC, 159, [https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018\\_0.pdf](https://www.uscc.gov/sites/default/files/transcripts/Hearing%20Transcript%20-%20January%2025%2C%202018_0.pdf).

195 Ramon Pacheco Pardo, "Will America Lose Seoul? Redefining a Critical Alliance," *War on the Rocks*, Sept. 5, 2018, <https://warontherocks.com/2018/09/will-america-lose-seoul-redefining-a-critical-alliance/>; Jaechun Kim, "South Korea's Free and Open Indo-Pacific Dilemma," *The Diplomat*, April 27, 2018, <https://thediplomat.com/2018/05/south-koreas-free-and-open-indo-pacific-dilemma/>; Patrick Monaghan, "Is the U.S.-South Korea Alliance in Trouble?" *The Diplomat*, April 21, 2018, <https://thediplomat.com/2018/04/is-the-us-south-korea-alliance-in-trouble/>.

196 Yang, "Belt and Road Initiative Warmly Welcomed in Australia's Northern Territory," *Chinadaily.com*, July 16, 2018, <http://www.chinadaily.com.cn/a/201807/16/WS5b4c0bfda310796df4df6a16.html>; "Australia Records Bumper Trade Surplus in 2018," Minister for Trade, Tourism and Investment, Feb. 5, 2019, [https://trademinister.gov.au/releases/Pages/2019/sb\\_mr\\_190205a.aspx](https://trademinister.gov.au/releases/Pages/2019/sb_mr_190205a.aspx).

197 Hugh White, "The White Paper's Grand Strategic Fix: Can Australia Achieve an Indo-Pacific Pivot?" *Johnmenadue.com*, Nov. 28, 2017, <https://johnmenadue.com/hugh-white-the-white-papers-grand-strategic-fix-can-australia-achieve-an-indo-pacific-pivot/>.

198 Jason Scott, "Australia Looks to Repair China Relationship After Huawei Spat," *Bloomberg*, March 28, 2019, <https://www.bloomberg.com/news/articles/2019-03-28/australia-signals-urge-to-repair-its-relationship-with-china>.

199 Tanvi Madan, "Dancing with the Dragon: Deciphering India's 'China Reset,'" *War on the Rocks*, April 26, 2018, <https://warontherocks.com/2018/04/dancing-with-the-dragon-deciphering-indias-china-reset/>; Lara Seligman, "Washington Warns of Sanctioning India over Russian Missile System," *Foreign Policy*, Aug. 29, 2018, <https://foreignpolicy.com/2018/08/29/washington-warns-of-sanctioning-india-over-russian-missile-system/>; Rajesh Rajagopalan, "India's Strategic Choices: China and the Balance of Power in Asia," *Carnegie India*, Sept. 14, 2017, 11, 31, <https://carnegieindia.org/2017/09/14/india-s-strategic-choices-china-and-balance-of-power-in-asia-pub-73108>.

200 "India Becomes Largest Recipient of AIB Financing," RWR Advisory Group, June 27, 2018, <https://www.rwradvisory.com/india-becomes-largest-recipient-aib-financing/>; "Spotlight: China-India Trade Ties Set to Deepen," *Xinhua*, March 31, 2018, [http://www.xinhuanet.com/english/2018-03/31/c\\_137079563.htm](http://www.xinhuanet.com/english/2018-03/31/c_137079563.htm).

201 Dhruva Jaishankar, "Survey of India's Strategic Community," Brookings Institution, March 1, 2019, <https://www.brookings.edu/research/introduction-survey-of-indias-strategic-community/>; Derek Grossman, "India Is the Weakest Link in the Quad," *Foreign Policy*, July 23, 2018, <https://foreignpolicy.com/2018/07/23/india-is-the-weakest-link-in-the-quad/>; Arzan Tarapore, "Using Uncertainty as Leverage: India's Security Competition with China," *War on the Rocks*, June 18, 2018, <https://warontherocks.com/2018/06/using-uncertainty-as-leverage-indias-security-competition-with-china/>.

202 "France and Security in the Indo-Pacific," French Ministry of the Armed Forces, May 2019, 4, <https://www.defense.gouv.fr/english/dgris/international-action/regional-issues/france-unveils-its-defence-policy-in-the-indo-pacific/>; "China and the Rules-Based International System", U.K. House of Commons Foreign Affairs Committee, 16th Report of Session 2017–19, April 4, 2019, 5–7, 23–25, 46–47, <https://publications.parliament.uk/pa/cm201719/cmselect/cmfa/612/612.pdf>; Andrew Small, "Why Europe Is Getting Tough on China," *Foreign Affairs*, April 3, 2019, <https://www.foreignaffairs.com/articles/china/2019-04-03/why-europe-getting-tough-china>.

to exclude Chinese companies from their 5G networks. Beijing's leaders have also successfully approached some of the region's smaller states on a bilateral basis, exploiting their economic hardships, rivalries, and resentment toward Brussels to divide and paralyze the European Union.<sup>203</sup> Italy joined Belt and Road in March 2019, while Brexit prospects boosted the appeal of China's market in Great Britain, where London's financial elites have already begun their "rebalancing" toward East Asia and are assisting the Chinese initiative. Finally, despite expressing reservations, the European Union, Germany, and France themselves still intend to engage Beijing, including on Belt and Road.<sup>204</sup> Meanwhile, prospects of transatlantic convergence are corroded by Trump's hostility to multilateralism, free trade, environmental regulations, the Iran nuclear deal, and the European Union itself.<sup>205</sup>

## Conclusion

It may take decades to parse the strategic consequences of the Belt and Road Initiative. China's enormous endeavor will undoubtedly inspire more controversies and record more failures. It might even unravel. Yet, its coherence, potency, and resilience should not be underestimated. Belt and Road reflects core aspects of Beijing's grand strategy and strategic culture. It deftly enhances, publicizes, and knits together China's geoeconomic leverage, industrial-technological capacity, omnidirectional diplomacy, propaganda, and military power. If Beijing can make enough adjustments to optimize returns, nurture partnerships, and sustain economic growth, Belt and Road could have far-reaching implications. Some of them may serve American interests. But, if left unchecked, China's initiative could pull apart the interdependent levers of influence that have underpinned U.S. hegemony in the post-World War II era.

Washington must develop an ambitious response to Beijing. The first step is to restore a sense of domestic bipartisanship, recognizing that a divided America will struggle to maintain credibility and prestige abroad. The second step is to strengthen the economic foundations of the United States' power. At home, American leaders must boost investments in infrastructure, healthcare, education, and research. They should tighten technology transfer restrictions and ramp up counter-intelligence and cyber defense capabilities.<sup>206</sup> Cuts in the modernization of America's overwhelmingly superior nuclear triad may be necessary. Moreover, although occasional operations will always be required, U.S. leaders should wind down what remains of the global war on terrorism, the costs of which have been overwhelming. Likewise, Washington must definitively renounce nation-building, a costly undertaking that has yielded dubious results, diverted America's resources, and allowed China to increase its clout in Iraq and Afghanistan.<sup>207</sup> Additionally, the United States ought to rethink its efforts to shrink Russia's and Iran's resilient spheres of influence to conserve resources, reduce risks of entanglement, and refocus on Beijing.

Having freed up those resources, Washington should project its geoeconomic power more ambitiously. It must re-endorse multilateralism, join the Trans-Pacific Partnership, resume negotiations on the Transatlantic Trade and Investment Partnership, and stop pressing allies on commercial issues. It should also more actively exploit the leverage provided by the shale gas revolution (without neglecting environmental reforms), boost foreign infrastructure financing, and shore up the economies and political systems of key allies, partners, and pivotal states.<sup>208</sup>

Moreover, Washington ought to pursue "competitive strategies" to "channel [Beijing's] attention, effort, and resources toward actions

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... that are least threatening.”<sup>209</sup> Reducing U.S. involvement in Afghanistan, Pakistan, and Central Asia would force China to assume costly responsibilities in its backyard. Likewise, an ambitious, but fair, communication strategy regarding Belt and Road's abuses could compel Beijing to respond constructively. Similarly, improving relations with Russia and Iran — even to a limited extent — would help exploit their underlying competition for influence with China. By contrast, aggressive policies will only push Moscow and Tehran further into Beijing's arms.

However, Washington must also recalibrate some aspects of its China strategy toward greater conciliation. It ought to maintain its overall military superiority, support its allies, and deter misbehavior. But its “attack-in-depth” doctrine and its ambition to retain full command of the Indo-Pacific are costly, dangerous, and self-defeating, as illustrated by the steady erosion of U.S. military superiority along China's coastline.<sup>210</sup> Instead of pursuing an unsustainable posture whose sudden breakdown could dramatically hurt its credibility, the United States should incrementally adapt to the structural evolution of the local balance of power. It should refrain from operations that are too aggressive, disperse some of its assets to reduce their vulnerability to potential Chinese strikes, capitalize on cheap but highly effective anti-access/area-denial capabilities for deterrence purposes, encourage allies to contribute more actively to the regional military balance, and recognize Beijing's legitimate concerns about American encirclement. These moves may appear to be signs of decline, but combined with the aforementioned geoeconomic measures, they would boost U.S. credibility by consolidating more sustainable positions and tracing a less dangerous path. An aggressive zero-sum-game approach, on the other hand, could increase the risk of war and disincentivize other leaders from high-end collaboration with the United States.<sup>211</sup>

Furthermore, while some aspects of the Belt and Road Initiative must be steadily opposed, U.S. leaders should acknowledge that Beijing has made some positive contributions in the developing world and that their own policies toward those countries have not always been particularly benevolent or flawless. A more open stance may

yield Chinese concessions on debt, job creation, and environmental questions, and open up more business deals for American companies. By contrast, systematic attempts to portray Belt and Road as a predatory scheme are likely to isolate the United States.

To be sure, Washington must continue to be vigilant. However, moderation and a keener grasp of the limits of American power would reduce the risk of catastrophic escalation, unlock cooperation opportunities, and maintain the theoretical possibility of a *modus vivendi* in Asia. These adjustments would help chart a more sensible and sustainable U.S. grand strategy. 

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