

Implementing "The Belt and Road Initiative": Details Needed

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After the whole China entered the era of “The Belt and Road Initiative”, how has this strategy been implemented so far? Mao Zedong once said that, (for work), “not to grasp firmly is not to grasp at all”. This saying is still not out of date.

Take the Europe and India as example: the Europe is an extremely important area and destination of the northern line of The Belt and Road Initiative, while India is the hub and also an important destination of the southern line of the “Maritime Silk Route”. However, according to the author, the real situation is that: Within European countries, although they support China’s strategy in public, they still remain unconvinced even doubt under the table; While India, as an important country in the “Maritime Silk Route”, actually has its own plan.

After the whole country begins to carry forward “The Belt and Road Initiative”, the implementation of details becomes even more important. At present, there some prominent problems need to be solved:

Lack of Effective International Public Relations and Marketing

After all, China cannot implement “The Belt and Road Initiative” on its own. Currently, one prominent problem of the implementation of this strategy is the lack of effective PR and marketing in the international society, which has become one of the biggest external obstacles to carry forward this strategy. This situation can be observed from the remarks on “The Road and Belt Initiative”:

A European official told the author that, rather than “The Belt and Road Initiative”, “The Silk Road Initiative” is more clear and familiar to European people. The official also asked that: What’s the core of this strategy? Are there more political or economic consideration? The hesitation and doubt of that official have been shown between the lines, and apparently, the official already has some preliminary conclusions.

Another European official made it clear that, they have no objection to

China's initiative in its surrounding area, such as in central Asia, but they would disapprove if such strategy is to be implemented in the Europe.

An official from a European international organization provided some explanation on these opinions. He told the author that, China is a huge economy, while European countries are all small countries. As a result, some European people will think that China is going to use strategy to expand its sphere of influence politically and economically, relying on its economic strength. In fact, under such a background of economic recession, the Europe plans to expand eastward and contain Russia. However, after it covers the central Asia area, the western line of "The Belt and Road Initiative" will also enter the Eastern Europe, such as those ex-Soviet states.

Recently, the situation has changed. Some countries have expressed their willingness to cooperate with China in public. However, doubt and hesitation still remains within European countries.

While, an Indian official said that, "The Balance of Power" is the key of Indian diplomacy. As a result, India will not totally rely on China on investment attraction and infrastructure construction, because "balance" is always required.

Besides the objective reason, such as the conflict of interests, the lack of RP and effective interpretation also lead to the problem of lack of persuasion and certainty of this strategy.

For the real situation in China, departments responsible for international communication, such as the Ministry of Foreign Affairs and the International Department of CPC Central Committee, are not economic functional departments, which means they only have the channels but do not understand the real situation, and this will definitely influence the effect of promoting "The Belt and Road Initiative". As economic functional departments, both the National Development and Reform Commission and the Ministry of Commerce have some disadvantages in channels and authority in terms of communication with the international society compared with foreign affairs departments.

Another major fundamental background is that: Weak publicity and lack of persuasion internationally has always been the Achilles' heel of China in the recent years.

Even so, there is still chance for PR and persuasion. For example, when the author asked the European official whether they will accept if China and Europe promote “The Belt and Road Initiative” in Europe to gain mutual profit in the form of joint venture (even if they object to China’s expansion to the Europe), the official answered immediately that: “That will be another story”. Also, while the Indian official claimed that India might be the only trouble of China’s strategy, he also disclosed that, according to their survey, especially in industries like electricity (firepower), highway and railway, Chinese enterprises have “absolute competitive advantage” compared with other foreign companies, and they have no need to worry that they might be out in open tender, which is apparently a hint.

However, from the situation of the implementation of “The Belt and Road Initiative” available so far, it is hard to find any sign of PR or persuasion.

Lack of Solid National Research

At present, another problem is that national research on countries along the “Belt and Road” is still not solid and deep enough, while actually it is the precondition to accurately judge local investment environment and to reduce the investment risk to minimum.

However, what we have found today is that, Chinese scholars tend to seek quick success and crave for greatness, and start doing relevant research like a swarm of bees. This phenomenon can be found from the fact that, the International Department of CPC Central Committee set up as many as 59 “Belt and Road Think-tank Alliance” in all over the country in a very short time. On the contrary, it is hard to find solid and detailed national research.

In recent years, there are many cases of increasing risk of Chinese oversea investment due to the lack of solid and deep national research. In some Southeast Asian countries like Thailand and Burma and in some Latin American Countries, some large Chinese investment projects have been suspended, most of which are caused by the change of local government or the intervention of external force. Even though Chinese leaders have coordinated in some cases, but the result are not successful.

Recently, the first China-CEEC (Central and Eastern European Countries) Investment and Trade Expo was held in Ningbo, Zhejiang Province.

However, the investment risk in Central and Eastern European Countries still should not be ignored. This can be proved by the information disclosed by diplomats and scholars from central and eastern European countries during the China-CEEC Relations Forum, which was hosted by Chinese Academy of Social Science in September, 2014.

During the meeting, Slovenian ambassador to China H.E. Mrs. Marija Adanja introduced that, due to the European debt crisis, division and splitting have shown among European countries, and the Europe is badly in need of discovering new development drives in central and Eastern Europe in order to improve the situation. The Hungarian Ambassador to China has put his view clearly. In his words, 11 out of 16 CEEC countries are members of the European Union, and 6 of them are in different stage of application. More importantly, all the 16 countries put a high value in their EU membership and regard it as their “guarantee in the future”. As a result, the precondition for China to deepen and expand its cooperation with CEEC countries is that “we view this cooperation as a part of the China-EU strategic partnership”. The attitude of EU is quite clear: in the end of 2014, when Premier Li visited Belgrade for the 3rd Meeting of Heads of Government of China and Central and Eastern European Countries, the German Embassy to China sent an email to the author, saying that “the investment and commercial activity of China in Central and Eastern European countries should meet EU law; investment of projects must be decided by open tender; the foreign affair department of EU must be a part of all of the relevant activities”.

It is worth mentioning that, EU has launched a 31.50-billion-Euro investment plan in March to stimulate its economy by investment. Whether there will be convergence or conflict between this and the “Belt and Road Initiative”?

During the meeting, Czech scholar Fosters pointed out that, among the 16 CEEC countries, only Romania, Bulgaria, Serbia, Poland and Hungary have frequent exchanges with China, while other countries still need “more understanding and mutual trust” with China.

Actually, some large EU countries are also dissatisfied with some CEEC countries’ “turn to the East” attitude, which means they are more close to Russia and China because the EU cannot bring them economic benefits. Also, for other countries along the “Belt and Road”, solid and deep

research is vital to the safety of Chinese investment in these countries. For instance, what's the potential risk the current crisis in South China Sea will bring to the implementation of China's "Maritime Silk Route" strategy? Which Southeastern Asian countries will be influenced? All these issues are directly related to the successful implementation of the "Maritime Silk Route" strategy.

Especially notable is the enlightenment from the meeting of President Xi and Ms. Aung San Suu Kyi: For those countries along the "Belt and Road" with unstable political situation or potential internal and external political risk, China must pursue the guideline of engaging and developing relationship with both the court and the commonalty. At least, China should not only focus on the government in power while ignore those not in the office, and China should never offend those who are nonofficeholding, so that the safety of the investment can be guaranteed.

Since "The Belt and Road Initiative" is emphasized, the "Non-Intervention Principle" should evolve with the times.

Another vigilant phenomenon is that, according to some insiders, some state-owned enterprises only care about the investment, while ignoring all the risks. On June 16th, Shanghai Securities News reported that the amount of oversea state-owned capital has reached over 12 trillion, and the corruption of the management of state-owned enterprises has caused huge loss. Whether this is what Prof. Wang Yizhou from Peking University mean by "the influence of interest groups on Chinese Diplomacy"?

Homogeneous Competition has Appeared in China

In April this year, Ou Xiaoli from the Department of Western Development of NDRC, said that there are no absence of any province in "The Belt and Road Initiative".

Despite the call for national participation, different regions in China still should participate with targets after they have found their position based on their own situation and characteristics, which is the key to success. However, in reality, homogeneous competition has appeared in some relevant provinces.

According to Xinhua, in the implementation of "The Belt and Road Initiative", the problem of "similar strategic positioning and homogeneous

competition” has appeared in some western provinces, such as Shaanxi, Gansu, Ningxia and Xinjiang.

A researcher from Xi'an Academy of Social Science told Xinhua that, there are a lot of overlaps in the self-positioning of provinces along the “Belt and Road”. For example, many provinces, like Chongqing, Shaanxi and Henan, are competing for the starting point of the economic belt.

A professor from Gansu Agricultural University told Xinhua, “Under the condition of similar resource endowment, similar market growth degree, and lack of research on the political and market environment of Central Asia and the surrounding area, provinces and cities along the belt choose almost the same functional orientation and industrial distribution”. The professor said that, “Facing the same external market, if we all choose the same industrial distribution, there might be repeated construction and waste of resources”. He introduced that, some key cities in Western China still hold the traditional thinking of asking for policy and projects, and they have all proposed the plan to build energy center and financial center, and focus the policy implementation on the establishment of FTA, bounded area, and permanent site for forums.

Another researcher told Xinhua that, the homogeneous competition appeared in some provinces and cities along the economic belt has caused the waste of resources. Currently, there are 8 international freight railways along the economic belt, such as the Yuxinou (Chongqing, Xinjiang and Europe) and Zhengxinou (Zhengzhou, Xinjiang and Europe), and Anhui has joined the competition recently. However, there are some common problems for the existing railways. For example, some trains are full-load when they leave, but goods are extremely lacked when they return. Also, some trains “steal” goods supply from others and cause some cut-throat competition, while others have to be subsidized by local government to maintain development.

Another phenomenon: forums and meeting are everywhere.

According to the survey conducted by Xinhua: After the strategy of “The Silk Road Economic Belt” was proposed, Shaanxi, Gansu and Xinjiang province all started to compete to host and build forums and meetings related to the strategy, and lots of officials, businessmen and scholars from the countries along the economic belt were invited. Shaanxi, Xinjiang and Gansu all have offered a proposal to host a Silk Road Expo to relevant

government departments. Shaanxi even hosted an international exposition titled as “Silk Road”.

Wu Lixia, vice-chairman of China Council for the Promotion of International Trade at Gansu Province, told Xinhua that such phenomenon may “easily leave bad impression on Central Asian countries, making them think that the competition in China is chaotic, so that it may influence China’s national image”. A government official from Ningxia said that Xinjiang, Gansu and Ningxia all have already hosted a series of special topic forums, including Silk Road Economic Belt International Forum, Eurasia Commodity and Trade Expo, China-Central Asia Cooperation Dialogue. However, these forums are “overlapped in form and content, and their influence and real effect are not significant”. He said that, “At present, in expositions or forums themed by economic belt construction or hosted by the government, there are only really few projects can be signed between China and Central and Eastern Asian countries”.

Compared with Western areas, similar phenomenon also happen in East Coastal areas. We are so familiar with such phenomenon and patterns that they have already become some kind of chronic disease and frustration. However, the implementation of “The Belt and Road Initiative” will face a lot of troubles if this problem is not solved in the first place. As a result, decisive measures must be taken and coordination must be performed steadily.

Industry-Project Docking: An Unsolved Problem

Actually, the fundamental problem of the implementation of “The Belt and Road Initiative” is how to achieve the docking of domestic and foreign industry and projects, and how to set up an effective platform and mechanism for such docking, not only aimed at state-owned enterprises but also for private enterprises. Without this, anything else will mean nothing.

Such a platform and mechanism must focus on the following core works: Really figure out that which industries, economic fields and projects those countries and key cities along the “Belt and Road” hope to development and attract investment for; Information on expected amount of investment, investment environment and prospect, which should be

released to enterprises and government departments in China through in a proper way. At the same time, investment intent and related information of different types of China-invested companies should be provided to countries and important cities along the “Belt and Road”, including details in industries, projects and investment amounts. On that basis, commerce and trade between China and foreign countries will be promoted and benefited.

Especially, information on domestic politics, geopolitics and investment environment of countries along the “Belt and Road” should be collected by solid national research, so that it can provide reference for Chinese investors and guarantee the safety of Chinese investment.

However, such mechanism and platform has not appeared in China. The direction of the China-CEEC Investment and Trade Expo held in Ningbo is right. While, the Central and Eastern European Area is undoubtedly an area with uncertain investment environment before any effective coordination has been reached between China and the European Union.

What’s more, we found that the sudden appearance of lots of think-tanks and researches on the “Road and Belt” have shown four characteristics: Focus on overall strategy while neglect specific tactics; Focus on macro-level issues while neglect micro-level issues; Focus on the overall situation while neglect the part; Focus on compliment while neglect shortcomings and perfecting suggestion. This kind of think-tanks and scholars are meaningless and untrustworthy.

The whole nation system must be combined with solid details, so that it can get twofold results with half the effort. Otherwise, not only it makes no difference to the matter, but will even leave huge aftereffects. This is the basic experience since new China was founded. “The Belt and Road Initiative” has just entered its implementation phase, so this experience should draw enough attention.

Translated by Qian Jing