The (Silk) Road to Pax Sinica?

INTRODUCTION

First, China became the factory of the world and now it is rolling out a global infrastructure. The recent OBOR summit showed the world the magnitude of its ambitions. So what’s next? What are the challenges of China’s growing global footprint and how do they relate to the country’s hegemonic rise?

OBSERVATIONS

‒ Recently, China held the OBOR (“One Belt, One Road”) summit. This project connects China and Europe through the maritime road and the overland belt that seeks to recreate the old Silk Road. At the summit, President Xi Jinping hosted world leaders such as Vladimir Putin, Recep Erdogan, Rodrigo Duterte and many high-ranking officials from Europe, Asia and Africa.
‒ For the first time, China hinted at the security dimension of OBOR by emphasizing the created ‘friendships’ rather than the classical political power ‘alliances’.
‒ With $900 billion of planned investments, the FT argues that OBOR is the single largest foreign investment push by any country in history, superseding the American Marshall plan.
‒ Revelations about the content of Chinese-Pakistani cooperation have led to outrage because of the expected Chinese influence on the Pakistani economy in fields such as agriculture and surveillance.

ANALYSIS

The vast OBOR project is relevant for China for a range of reasons. On an economic level, it provides new growth opportunities for China’s railway and infrastructure companies after their vast investments in China itself. Stimulating connections with other countries also provide access to markets for other Chinese goods. Furthermore, the project stimulates the development of China’s poorer inland and western provinces. On a political level, the project creates new relations that can facilitate future alliances. The overland route specifically bypasses U.S. dominated sea routes.

But what are the main challenges this ambitious project will face? What lies ahead? The OBOR increases China’s footprint around the globe. Whereas in the past, China kept its political profile low while focusing on economic growth, OBOR could shake up global relations. First of all, the access to markets it creates could backfire. China’s tremendously efficient production could outcompete local industries, pitting China against large parts of the developing world. In Africa there have already been signs of this development. Secondly, moving into many foreign economies could create entanglement for China, drawing it into local politics. These two issues could create complications. Of the over 60 countries involved in OBOR, 29 are Muslim-majority countries. China might be drawn into conflicts it so far has steered away from and which could be linked to its domestic problems with the Muslim population in the Xinjiang province. Other implications could be triggered by the prevalence of weak states in Central and South Asia as well as Africa in the OBOR region. Weak states bring security problems and regional/tribal conflict risks. A third type of challenge comes from competition with other countries such as Russia, India, Turkey and the U.S, which have large continental ambitions.

The challenges are great and China is aware of this. There is no way to circumvent these if China continues its Hegemonic path. Scholars such as Modelski, Chase-Dunn and Wallerstein have added insight into that process. Global hegemons like Holland in the 17th century, England in the 19th century, and America in the 20th century, first became the leading producers of the world after which they created a global infrastructure for their production power. For instance, during the Pax Britannica, England financed remote railways in Argentina. As such, the challenges China’s OBOR will face are inescapable and handling them is part of the road to a future Pax Sinica.

POTENTIAL BENEFICIARIES

‒ Companies that tie into OBOR directly (transport, logistics, telecom infrastructure) or indirectly (goods and services for Chinese consumers, cheap Chinese producers with export potential).
‒ Countries like Poland, Turkey, Pakistan and Myanmar that will be hubs along the OBOR route.