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*Article for Background Reading before our Geopolitics meeting on 14 Dec 23:*

*Please read: Note anything you agree or disagree about, and note anything you see that has current and future geopolitical implications. Then be ready to discuss!*

*Thanks to Carolyn for providing these notes based on her reading of the Frankopan book and more, and agreeing to lead this section of the December meeting.*

*Rik*

*GL, Geopolitics*

The Silk Roads by Peter Frankopan

Peter Frankopan is a Professor of Global History and Stavros Niarchos Foundation Director of the Oxford Centre for Byzantine Research. He read History at Jesus College, Cambridge before doing his doctorate at Corpus Christi College, Oxford where he was Senior Scholar. He came to Worcester 1997 as a Junior Research Fellow in 1997 and has been a Senior Research Fellow since 2000. Peter works on the history of Byzantium, Russia, Ukraine, the Middle East, Iran, Central and South Asia and China.

His book, The Silk Roads: A New History of the World (2015) was a Sunday Times Book of the Decade. His most recent book, The New Silk Roads: The Present and Future of the World, is a masterly mapping out of the new world order (Evening Standard) and won Italy’s prestigious Carical Prize for Social Sciences.

The following paragraphs are notes about information that I found interesting whilst reading the books. Much was new to me, and some confirmed what I suspected. It is rather disjointed but follows the order I read about the issues in the books.

**China**

**Chinese Current Geopolitics:**

Chinese history is a rich one. Many Chinese empires have ruled over territory much larger than that within their own present-day borders.  
  
**2100BC – 1600BC: Xia Dynasty.** – First dynasty in traditional Chinese history. Brought the Bronze Age to Asia.  
  
**1600 BC – 1046 BC: Shang Dynasty.**  
  
**1046 BC – 221 BC: Zhou Dynasty. –**Split into Western Zhou (1045 – 771), the Spring and Autumn Period (770 – 476), and the Warring States Period (475 – 221). Western Zhou was relatively peaceful and prosperous. But like most periods of peace, they come to an end and we experience grabs for power. The periods after included division and wars. The Qin Dynasty emerged as the final winner. This period led to the establishment of Confucianism and Daoism which are the basis for Chinese beliefs in the dynasties of the future.  
  
**221BC – 206BC: Qin Dynasty.** – United what we know as present-day China under one emperor. The Great Wall and the Terracotta Army were established in this short 15-year period. Qing Shi Huang, who was the first to adopt the emperor title, also standardised units of weight and measurement. He also created the writing system.  
  
**206BC – 220AD: Han Dynasty. –**The Han dynasty ruled China at the same time as the Roman Empire ruled Europe and surrounding areas. This period was the beginning of the Silk Road, that established trade between China, Central Asia, to Europe. Confucianism continued to thrive, and Buddhism from India was introduced, as well as the rise of Taoism. A Chinese doctor was the first to give general aesthetics in this period, and the technique for paper making was improved. Even a seismograph to measure the activity of earthquakes was invented during this time.  
  
**220 – 581: Wei, Jin, Northern and Southern Dynasties. –**Another period of intense change and fracturing of the previous ruling order.  
  
**581 – 618: Sui Dynasty. –**Included the Great Canal and the rebuilding of the Great Wall. Japan sent emissaries to study Chinese culture, economics, and politics during this time. This greatly influenced Japanese culture.  
  
**618 – 907: Tang Dynasty. –**The Tang Dynasty is known as one of the most powerful periods in Chinese history. It arose thanks to the stability and advancement brought by the Sui Dynasty beforehand. This period featured the only female emperor in Chinese history, Wu Zetian. Saw the Golden Age for many arts, such as poetry, painting, and pottery. Korea and Japan sent further students to study the culture of China. The status of women was improved and they were free to marry and divorce. The power of the Tang Dynasty didn’t last, like all empires before it, and for all empires in the future. Economic, values, and wealth gaps emerged, disdain towards the government system arose, and internal conflict damaged the dynasty. This coupled with deteriorating finances contributed to the decline of the Tang Dynasty.  
  
**960 – 1279: Song Dynasty. –**The periods of transition between ruling powers were decided by wars in the past. Long wars. The period of war after the Tang Dynasty led to the Song Dynasty, which arose as the leading Chinese power in 960. After periods of war, we often see periods of great innovation. Technological innovation during the war advanced military technology. The period of peace after allows education to flourish. This further contributes to rising innovation and technological growth. This period saw overseas trade through shipbuilding grow, to the South Pacific, Middle East, Africa, and Europe. Paper money was invented in a Chinese province during the Song Dynasty, and the inventions of paper, printing, the compass, and gunpowder were further developed. The advancement of military technology occurred because back then, countries fought in human-to-human combat for power. So military technology was the most important area of innovation to maintain any power. The main cities in China in this period began a clear shift towards the coast, where we see the highest population density in present-day China.  
  
**1279 – 1368: Yuan Dynasty. –**Saw the first foreign-controlled dynasty in China as Kublai Khan conquered the previous Song Dynasty. Free trade and connectivity to surrounding countries continued in this period, allowing innovation to continue to rapidly grow. The Travels of Marco Polo described China’s culture during this dynasty, as he travelled all the way from Venice for trade. The fall of the Yuan Dynasty was caused by expensive wars as they sought to claim further territory in Japan, Vietnam, and Burma.  
  
**1368 – 1644: Ming Dynasty. –**The Hongwu Emperor founded the Ming Dynasty and ousted the Mongol Empire seen ruling during the Yuan Dynasty. He consolidated this power by removing any enemies to his rule. The Northern border with where present-day Mongolia is experienced constant tension, so the Great Wall was built and repaired into what we see in the present day. Ocean trade and shipping expanded further. The country pivoted from agriculture to an industry-centric country through this expanded trade. But the Ming Dynasty was a key demonstration of the elements of China that usually lead to its downfall. Agriculture and energy. Famine and a lack of support for China’s international trade routes led to dwindling power.  
  
**1644 – 1912: Qing Dynasty. –**The rapid decline of the Ming Dynasty was challenged by the Qing Dynasty. This was China’s largest ruling when considering land space, which contained over one-third of the global population. China’s history is one of strong rule and dominance over its regional geography. But during the Qing Dynasty, the increase in technology led to a smaller world with greater connectivity. And so, the European powers arrived in China. This led to China’s Century of Humiliation in the 1800s. The Europeans were stronger militarily and wanted Chinese resources which were abundant. China didn’t want anything the Europeans had to offer, so they introduced opium into China. A series of physical wars occurred during the Opium Wars. With the introduction of opium, China then wanted something the Europeans had. During 1839-1842, the British Navy defeated the Chinese and took Hong Kong and other Chinese ports were opened to trade with the British. As a consequence of this war, Russia and Japan challenged China from the North and China lost further territory to both countries. This led to the Chinese decline of the Qing Dynasty over a long period. Internal conflict came to a head and the final collapse of the Qing Dynasty occurred in 1912.  
  
**1912 – 1949: Republic of China (ROC). –**In a period covering both World Wars, China saw a period of conflict and pain, as most big cycles of empires occur. During World War One, China had been neutral since 1914 but ended this in 1917 when they declared war on the German and Austro-Hungarian Empires. China sent no combat troops during the war but sent labourers who were vital in serving the British and French forces at the end of the war. Following the war in the Paris Peace Conference, China was given two seats. They wanted the Shandong Peninsula returned to China, which belonged to Germany in 1914 before Japan occupied it in 1914. While neutral in 1914, China agreed to Japan’s Twenty-One Demands, in order to avoid a war with Japan. One of these demands was that Japan would control any former German territory, rather than them being returned to China. The territory was finally returned to China in 1922, but heavy Japanese influence remained in the region. The Twenty-One Demands agreement by China delayed a war, but the war with Japan eventually came.  
In 1931, the Japanese Army invaded Manchuria, a northeast region of China that was known for its resources. The Japanese installed a puppet government.  
  
In 1937, the Second Sino-Japanese War broke out. The first occurred between 1894-1895. The second was caused after a Japanese soldier failed to return to base after training exercises by the Japanese troops. The Chinese didn’t let the Japanese troops search a town for the missing guard and the standoff became violent.  
  
The Japanese very quickly claimed Beijing and Shanghai before November 1937. In December 1937, the Japanese massacred between 200,000 and 300,000 people in Nanking in one of the most brutal events of war ever seen.  
  
The war hit a stalemate, and foreign aid arrived for China. Most countries saw Japan growing in power and if they defeated China, Russia and the United States would be under threat. The US took it further and halted the trade of aircraft, oil, and scrap metal to Japan. The embargo was deemed as one of the reasons Japan attacked Pearl Harbour, the event that dragged Japan and the US into World War Two.  
  
China’s importance in World War Two is clear. If China didn’t defend against Japan, Japan would have seized further Chinese territory. With these resources, they could have grown in power to challenge the leading global powers in the future.  
  
As it occurred, the global attitude towards Japan as they were at war with China soured. The trade embargo, among other reasons, led to Japanese involvement in World War Two.  
  
But the period of war after the Japanese surrender wasn’t over in China, as civil war arose in a broken country where power was up for grabs.  
  
**1949 – Present: People’s Republic of China (PRC). –**The PRC arose when the ROC fled to Taiwan after a period of civil war between the communists and the capitalistic systems after World War Two concluded. The post-world war environment had a communist system under the Soviets and a capitalist system under the United States. China was communist-Soviet aligned and signed the Treaty of Friendship, Alliance, and Mutual Assistance with the Soviet Union in 1950. The communists, led by Mao, won power in the mainland.  
  
This is what causes the tensions between Taiwan and China, the ROC is still in power in Taiwan. Hong Kong was returned to China in 1997, and Macao returned to China from Portugal in 1999. But they lost Taiwan to the Japanese, who ruled it until 1945 and then to the ROC. The geopolitical memory for some countries is longer than for others. Especially when the period in which they lost so much was one of the sharpest declines in a world power ever seen. And now that China is on the rise towards some of its historic dynasties, they want back what they believe is rightfully theirs from history.  
  
**1949 – 1976: Mao Ruling**  
  
Mao was a keen follower of Marxism-Leninism. One of Marx’s most popular theories is called Dialectical Materialism. It refers to the idea that opposites interact to produce change. So at the end periods of empires, internal conflict is high due to gaps in values and wealth. In short, opposites are in conflict. The weak and poor rise up to challenge the strong and rich. This period of intense conflict eventually contributes to a new leading power and the start of the cycle of empires within a country. If the conditions are suitable, an empire within a country grows big enough. From this, they can rule over more than their own country and can become the ruling global power.  
  
During Mao’s rule, China experienced a period of isolation but grew the economy at an average rate of 6% per annum. At first, with the support of the Soviets. After the Great Leap Forward, economic growth came from close support from the United States, as Mao determined the Soviets were the biggest threat to China and distanced from them. Mao’s principle here was to identify a country’s main enemy, neutralize the enemy’s allies and draw them away from this main enemy. Hence this drew China towards the United States.  
  
The Great Leap Forward was an event between 1958 and 1962. It was an attempt to copy the Soviet model of industrialisation, away from agriculture. But the Chinese didn't have an agriculture surplus. This led to widespread famine and the loss of around 20 million people, but other estimates provide a number much larger than this.  
  
In 1971, the PRC of China was given a seat on the United Nations Security Council that had been held by the ROC. The ROC was expelled from the UN altogether. This shows the strength of picking the right friends. Of course, nothing is permanent in geopolitical alliances. But the friendship with the United States set the course for China to one day rival the US as a global superpower.  
  
This change of the PRC joining the American-led world order led to the Shanghai Communique. This detailed that the US acknowledged that there is one China, and Taiwan is a part of China. This event is what causes so much tension between the US and China in present-day discussions in Taiwan.  
  
China is a clear potential global superpower. They are the rising power against the United States which is the ruling power. After the Century of Humiliation and existing under a period of Japan as the Asian regional power, the Chinese are gaining back what they lost. Taiwan is one such thing.  
  
We have seen many Taiwan Strait crises, and they usually pan out the same way. China demonstrates its military power in the Taiwan Strait with military exercises close to Taiwan. They fly into Taiwanese airspace, an event which occurs countless times per year even outside periods of crisis. And then the US responds by sailing an aircraft carrier and warship group right down the Taiwan Strait. And then the tension dies down.  
  
In recent communist party conferences, Chinese terminology changed. It has pivoted away from growth and economy, and towards strategy, security, and safety. As China works to develop its People’s Liberation Army, will we reach a point when this usual timeline of a Taiwan Strait Crisis doesn’t unfold as previously? I’ve discussed how wars are no longer really fought with human-to-human combat. They are trending towards other forms of war such as space in the new space race to establish bases on the moon, mars, or to partake in asteroid mining. All of which are aspirations China has in space. Other types of war include cyber, technology, and trade wars. There are exceptions, but as major global superpowers, any escalation between China and Taiwan would drag the United States into the playing field. And that would have to be a carefully navigated period for both sides.  
  
**1976 – 2012: Deng, Jiang, and Hu Rulings**  
  
Under Deng, Jiang and Hu, China developed from 90% of the population in poverty to a fall by more than half. In the present day, less than 1% of the Chinese population lives in poverty. The period of Mao set the scene for rapid economic growth, and China joined in with trade. In turn, becoming one of the biggest players in globalization aided the transfer of knowledge, innovation, and trade.  
  
**China and The Asian Financial Crisis:**During the Asian Financial Crisis, China was underrepresented in MSCI Asia indices. And investment in the Asian values other countries exhibited wasn’t transferred at high levels to China. So, the impact on China wasn’t major, and they emerged relatively unscathed. They successfully restructured debt and corporations and sold unprofitable Chinese state-owned companies. They built up reserves of the world’s reserve currency, the US Dollar. But unlike other Asian countries, they didn’t need to devalue the Yuan when increasing US interest rates made debt payments higher.  
  
China continued to thrive in the period of global peace, learning and advancing due to its relationships with other nations that had greater geopolitical power than their own. In this period, China’s self-interest was to become a part of this globalised, capitalist system to maintain its rapid economic growth. They offered the rest of the world the cheapest labour throughout this period also. All this was exacerbated when China joined the World Trade Organisation in 2001.  
  
The rapid growth of other countries happens in the cycle of empires until a country that grows as fast as China is seen as a threat, and then relations sour with the global ruling power. There are no friends in geopolitics, only interests. And every nation acts in its own self-interest, always.  
  
**Xi Jinping Ruling**  
  
Xi Jinping was elected in 2012 and a new Politburo was established. The Chinese system is constructed as follows:  
Tier 1: General Secretary – Xi Jinping since 2012.  
Tier 2: 7 Politburo Standing Committee.  
Tier 3: 24 Politburo.  
Tier 4: Central Committee.  
Tier 5: National Party Congress.  
Tier 6: Chinese Communist Party  
Note: Tier 1 represents the most power with the leader of the country.  
  
Since 2012, Xi has been consolidating power over the entire CCP. In the most recent Communist Party Conference, he removed any challenges to his rule as he became the leader for a third term. This makes him the most powerful leader since Mao. But with Xi tinkering with the leadership structure so much, is he surrounded by people who won’t challenge him? One key element of being a leader is communication with those around you. If Xi has created an untouchable bubble around himself through the Politburo, is he running the show solo?  
  
Outside the leadership structure, what have been the main policies of Xi's leadership since 2012? A key element is balancing state and capitalism. Many Chinese capitalist companies, which aren’t owned by the state, have been limited as they grew too powerful. Regulations were placed on these companies to give the state more control and access to these companies. Examples are Alibaba, Baidu, and JD. When considering the Chinese financial markets, be aware of the trade war and the impact of bans or embargos, the tech war, and extra accounting audits for Chinese companies. China also has a difficult relationship with non-state-owned companies, where they want to maintain an element of control. This can lead to slower growth for these publicly listed Chinese companies.  
  
A more active balancing act of the Chinese currency has also occurred. A currency that is cheap in comparison to others can help a country’s exports look more attractive as goods are cheaper. For China as an export-driven commodities player, the control of the currency helped them incentivize exports. It is debated whether this was a clever exchange rate policy or currency manipulation. Regardless, it allowed China to remain the biggest player in the global commodities market for many commodities.  
  
As China grew and continues to grow as an empire under Xi’s rule, the US felt challenged. China plans for long periods. They release a 5-year plan every year. Since Xi’s rule, the Chinese have plans to become the leader in certain industries that the US is leading currently. They detailed this in their Made in China 2025 plan, released in 2015.  
  
Under the Donald Trump administration in the US, the Chinese-US trade wars began. The US is attempting to limit the trade of materials important to China in these industries because it wants to limit the growth of China's market share. One of these industries is semiconductors.  
  
A key technological aspect of modern life, semiconductors are the chips that go into everything from washing machines to computers. They will be vital in the future of technology. The United States under Biden is limiting exports of this technology and related materials to Chinese companies.  
  
China makes lower quality chips than the US, who makes the highest quality chips in the world. But China is known for reverse-engineering technology made of a higher quality. They will have access to US technology using semiconductors, and with time, replicate the US chips. Also, China has a lot more friends now.  
  
**Chinese Connectivity**  
  
After China isolated itself in the last century, they are now experiencing rapid connectivity growth. They are building islands in the Pacific that hold Chinese military bases. The Chinese sphere of influence in the surrounding oceans includes the South Asia Islands and stretches as far as Australia, with who China faces a complicated trade relationship. Australia is a member of AUKUS, with the UK and the US, who are helping Australia to construct its own nuclear submarine. There is a massive 4000km between China and Australia, which shows how much influence China has over the region. Australia also benefits, with nearly a third of its total exports going to China. This is a relationship that should be carefully balanced.  
  
The theory of connectivity argues that we are no longer in a world where political borders are as important, and functional borders are being established based on connectivity between states. As China grows its connections, it expands its borders. Countries connect through infrastructure, and no infrastructure project is as big as the Belt and Road Initiative. China has recognised that countries are no longer fighting for territory (excluding countries like Russia whose main aim is to establish distance from its borders to its capital). They aren’t fighting because they can buy territory. Countries with no ocean access can buy ports in other countries. China is buying islands in the Pacific to spread its influence. And Belt and Road are China buying access to expand its trade from its own country towards Western Europe.  
  
China wants to return trade to the land. Mackinder’s Heartland Theory describes that whoever controls the Eurasian landmass controls the world. Mahan’s Sea Power theory details that whoever controls the world’s oceans controls the world. China wants to challenge Mahan’s Sea Power that the United States currently benefit from with the world’s strongest navy by a considerable distance. If they return some maritime trade to the land, China has more influence over the area through Belt and Road. China’s land-based trading gains are the United States' ocean-based trading losses.  
  
If countries are no longer fighting for territory, then militaries will be used to protect supply chains. China will have quite a job on its hands defending the supply routes that it aims to stretch over the entire Eurasian landmass. But it doesn’t stop here. China also aspires to influence other regions.  
  
As the US isolates itself from global geopolitics, China has expanded into new areas. Specifically, Africa and the Arctic.  
  
In Djibouti, China has a military base. It is China’s first overseas military base, and it demonstrates China’s geopolitical aspirations in Africa. 46 countries from Africa have signed up for China’s Belt and Road Initiative (BRI). And Africa is modernising. During the Industrial Revolution in the developed world, massive technological innovation and economic growth occurred. China wants a part of this African economic growth when it experiences its own industrial revolution. The progress of society is determined by the amount of cheap energy available. With China building infrastructure through BRI, they are aiding this economic growth in Africa. If Africa can deal with the conflict and instability, China’s hard work will pay off.  
  
China also is present in the Arctic. Joint with Russia, they are using icebreakers to forge new trade routes through the Arctic as the sea levels warm up. This will provide further options for the BRI.  
  
China finds itself in the position to establish a new trade system due to being the biggest commodities player in the world. All this economic growth has to come from somewhere. And infrastructure advancement allows for economic growth to boom. To expand infrastructure, commodities are needed.  
  
This brings to question if China has enough commodities to be self-sufficient, regardless of limits thrown their way such as the US semiconductor export limits. Or if they can get everything they need from friendly countries, especially those part of BRICS.  
  
BRICS stands for Brazil, Russia, India, China, and South Africa. It was first coined in 2001 by Jim O’Neill who worked for Goldman Sachs to describe the five leading emerging market economies. They now form a tightly knit organisation in which trade between the members has rapidly expanded in recent years, especially after Russia isolated from the West and pivoted to the East after its Ukraine invasion. There are many nations who want to join BRICS including Algeria, Argentina, Saudi Arabia, and Turkey.  
  
China has a lot going for it when it comes to global trade. Establishing the infrastructure and routes for trade through BRI and having the partners to trade with through BRICS. The biggest commodity player in the world could itself be self-sufficient in some commodities. But if they aren’t, the chances are that another country will benefit from trading with China and giving them what they need.  
  
**The Pandemic: COVID-19**  
  
China had the strictest COVID policies of any country in the world. They have attempted to fully open up their economy at the start of 2023. They have the advantage that they have seen every other nation reopen and can use this experience. The disadvantage is that China is very densely populated around its coastal cities, and other countries achieved herd immunity with the vaccine rollouts.  
  
Chinese herd immunity will be painful, with high levels of transmission in these coastal cities. Whether they reverse this policy remains to be seen. But if they achieve herd immunity, China could see a spending boom as the western countries. Consumers have found themselves locked down for nearly 3 years in China, and savings will have accumulated.  
  
We’re seeing greater activity in flight and metro numbers, so the economy is improving. One key question is how China’s reopening will impact the rest of the global economy.  
  
Even if China does experience difficulty reopening, we may not find out. They are known for releasing misleading economic data that has to be corrected in the future. We don’t have access to the underlying processes used to formulate this data, so we take any data out of China with a pinch of salt.  
  
Inflation and supply and demand factors of key global commodities are coming to the limelight. One such example is oil.  
  
China’s reopening will lead to the demand for oil rising. It is difficult to predict by how much and many analysts use the random number generator approach to figure it out. But we won't truly know until China is fully reopened. This is why China is working hard on its relationship with Saudi Arabia. Saudi Arabia is the second biggest oil producer in the world, behind the US. Because the US is a geopolitical rival, China can’t go to them for energy. So their relationship with Saudi is incredibly important to ensure China can continue to expand and develop its economy and trade systems. As I’ve mentioned earlier, access to cheap and abundant energy is the key driver of societal expansion.  
  
Saudi Arabia receives security from the United States due to its power over the oil markets. This stops any countries acting against Saudi Arabia in the unstable middle east, particularly Iran. Saudi Arabia and Iran battle for leadership in the Middle East. But Saudi having the US as a security guarantor stops any Iranian action. If Saudi pivoted to China, BRI, and BRICS, would they lose the security the US provides? Will they lose that security anyway as the US trends towards isolation and protecting itself and only the closest of allies? This demonstrates the importance of Saudi Arabia as the world still heavily relies on oil. China will have reliable access to the energy that they so desperately need to continue to function.  
  
**The Future:**  
  
We saw a prime example of Chinese data misinformation recently. It was announced their population experienced a decline and was 850,000 people lower. The UN predicted that China’s population would peak in 2031 based on data released. If this is the start of their population decline already, China is nearly 10 years ahead.  
  
Most countries are (or will be) experiencing population decline due to lower birth rates and women prioritising careers, among other reasons. Longer life expectancy then leads to a population where the older retirees are supported by a smaller young population.  
  
China is in this situation but will experience it on a level more drastic than most other countries. The One Child Policy was implemented in 1980 and ended in 2016. The government deemed the population growth was too rapid and a strain on resources would have arisen if it continued. Families were offered incentives such as financial, to only have one child.  
  
However, the secondary effects of the policy were unforeseen. Boys were preferred to girls to support their parents and to work. This led to abortions of baby girls, and a clear population skew with more men now existing in the Chinese population. This also contributed to the ageing population China now has to deal with. There is no strategy for a society with a small workforce and a large ageing retired population because no country has ever had to deal with it. Solving this problem, if possible at all, will require strategic thinking and creativity. Tactics such as raising the retirement age could be expected as the productivity of the Chinese economy drops. Can China maintain productivity outside its political borders, as it expands its functional borders through trade connections?  
  
In history, the downfall of Chinese ruling empires has been caused by the usual events such as wealth and values gaps and high amounts of debt. But two elements of Chinese history that contribute to its downfall are its abilities to feed and provide enough energy for its population. China is attempting to secure its future in both food and energy. They are closely aligned with Russia, which has the Russian Wheat Belt and is a key player in the energy markets. And the relationship with Saudi Arabia will aid energy security. This is an element worth keeping an eye on however due to its occurrence in China’s historical cycles.  
  
The final relationship to consider is between China and itself. A similar problem to Russia, could China’s demographics stop it from reaching the levels of global power it aspires to achieve? China’s population is declining. Also, a larger number of the Chinese population are leaving the country than people are immigrating to China. A contributing factor to this is the level of freedom. They are in the bottom 25% of all countries in the world on freedom of the general population. The COVID lockdowns, social credit system, societal repression of protests and complaints against the government are all examples of problems faced by the Chinese government. In challenging periods, strong leaders are elected to navigate the choppy waters. But China was exercising this level of authority during one of the most peaceful periods in the history of humanity. The power of China's digital communism system is difficult to balance. Its population demographics are a rather large hole that China needs to plug somehow.  
  
China is a key global player. The number of relevant parties in China’s geopolitical story is more than that of any country. Taiwan, Japan, Saudi Arabia, India, The South Asia Islands, and Australia are important relationships China has to manage. As well as BRI and BRICS trade routes.  
  
Regardless of all this, the most important to global geopolitics is how China manages its policy towards the United States, Russia, and most importantly, itself.

The New Silk Roads by Peter Frankopan

The themes of isolation and fragmentation (Brexit / Trump 'put America first' / barbed wire fence along Hungary's border with Croatia and Serbia for example) in the West stand in sharp contrast to what's been happening along the silk roads since 2015. Here large parts of the region linking the Pacific through to the Mediterranean has been about consolidation and trying to find ways to collaborate more effectively.

It is striking that the world is spinning in two different directions: decoupling and going it alone in one and deepening ties and trying to work together in another.

A typical example of the way in which the heart of the world is being knitted together comes from a conference held in summer camp in November 2017 a senior officials from the central Asian republics as well as from Afghanistan, Russia, China, Turkey, Iran, India and Pakistan, met to discuss ways of working together to deal with terrorism, religious extremism, transnational organised crime and drug trafficking - under the theme 'Central Asia: one past and a common future, cooperation for sustainable development and mutual prosperity.'

Freshwater supply is also an enormous problem in the region often due to man's decision to alter water courses for farming reasons. For example, the Aral Sea has nearly disappeared because Russia's irrigation diverting rivers. Countries like India build dams for hydroelectric power systems but that change in the water flow has affected other countries such as Pakistan.

The impact of climate change will also cause enormous problems for example the Urumqi Glacier number one will lose 80% of its ice volume in the three next in the next three decades having obvious implications for central Asia and western China because this and other glaciers provide water for rivers as well as standby resources in times of drought.

Railroads and highway networks are being developed across the region even linking into Europe.

There are new port facilities at Turkmenbashi on the Caspian Sea. Representative of the Guinness book of records was invited to note that the facility was the largest built below sea level in the world!

Kazakhstan wanted a reliable legal system, so they created the Astana International Financial Centre which has a court presided over by some of the most distinguished British lawyers of recent decades headed by Lord Woolf the first Supreme court judge in England and Wales. Its mandate is to consider commercial and civil disputes based on the principles of the English legal proceedings and offer comfort to investors where he had been trapped by local laws as hard to understand and a judiciary that may not appear to be as independent as it should be.

Kazakhstan is the world's biggest uranium miner.

According to the US geological survey Afghanistan may hold 60 million metric tons of copper, 2200 million tons of iron deposits, 32,000 tons of mercury, millions of tons of potash as well as huge reserves of rare earths such as lithium, beryllium, niobium, and caesium. The Taliban has realised that Afghanistan's mineral wealth.

offers opportunities to get rich as well as by more weapons, recruit more supporters and build stronger power bases! Of all the revenue from lapis lazuli went to the Taliban.

Important to underline that there are significant differences between the countries across the spine of Asia meaning taking them collectively is not always helpful. For example, 56% of women in Kazakhstan (this country is the size of Europe) have a bank account 26% in Azerbaijan 19% in Kyrgyzstan and 2% in Turkmenistan.

Many of them have poor human rights records.

Saudi and Israel forging closer alliances due to opposition to Iran.

China encourages businesses to look outside the country. Xi's ambitions are much more expansive and becoming reality very quickly.

Middle 2015 - Chinese Development Bank had reserved $890bn to spend on 900 projects focussing on transportation, infrastructure, and energy.

End 2015 - Export-Import Bank of China began financing more than 1000 projects in 49 countries in OBOR (one belt one road originally known as B&R initiative). Over 80 countries now part of it including Central Asian republics, countries of SE Asia, the Middle East, Turkey and E Europe as well as Africa and the Caribbean! A combined population of 63% world population and collective total of $21tr - or 29% total global output.

World Bank says shipment times fall average 12% in those countries and trading costs fall by more 10%. Impact global trade by bringing down shipment and aggregate costs by 2.5% for the world economy.

China Iceland from experience that building roads, train lines, energy plants and creating the ecosystem to enable cities to grow does more than just accelerate commercial exchange; it helps lift people out of poverty.

Shipping by land is a lot more expensive than by sea. For example, the cost for sending containers by train from China to Europe is 5 x more than by sea. Train lines take business away from air routes, but it is still only one or two percent of shipping cargo. This is due to the size of container ships compared to trains. For example, a train in 2077 from China to Barking had 34 containers. Small container ships carry 100 times more and the ultra large container vessels take more than 10,000 per voyage!

China BRIC motivation

First

Long-term planning for China's future domestic needs especially for natural resources such as gas and oil so pipelines are being built from various countries in central Asia and Russia. Also, commercial agreements on a large-scale with oil companies in the Middle East such as Iran Saudi and the UAE. It's not the world's largest importer of crude oil.

Also securing any supplies in projects of non-hydrocarbon Fields such as a joint venture between Kazak state nuclear company and China's.

Pressure on agricultural production due to rapid urbanisation encourages Chinese companies to look at the country to ensure future food supplies by buying farms and farmlands in countries in Africa, Australia and elsewhere.

Also, contamination worsening air quality readings in much of China as well as soil contamination is another reason for championing green and clean technologies at government level.

2

China's own economy has changed from manufacturing to services which is led in the result of excess capacity in steel cement and metals which can be used in large scale construction projects in other parts of Asia. This has a knock-on effect in China the authorities are seeking to limit the size of cities like Beijing and Shanghai while at the same time stimulate growth of poorer smaller cities.

3

Security is another important part, for example the chaotic situation in Afghanistan has long been a cause of concern for Beijing. They fear the contagion of Islamic fundamentalism in western China. They are concerned about large numbers of Uighura who travelled to Syria to fight for the Islamic state and worry about the authorities.

Strict measures on Uighuras - travel bans, control of names for children, no beards and being sent to re-education camps. (Not recognised officially; in some areas it's reported that 80% of the adult population is detained.) Also, Uighuras from other countries have been deported back to China.

Surveillance technology such as facial recognition has helped with crackdowns.

There are joint projects with other countries to train border troops.

Beijing has played an active role opening lines of communication with the Taliban trying to plan.

2013 creating a series of manufactured islands to serve as military bases. Other countries were alarmed, appealed to the UN Convention on the Law of the Sea. It ruled against China, but China ignored it! China has built landing strips, aircraft hangers, underground fuel reservoirs, barracks, installation of radar jamming equipment, underwater sensors, anti-ship cruise missiles and long-range surface to air missiles by spring 2018.

Vietnam was alarmed because it claims the Paracel Islands and China used them for landing drills by bombers.

The South China Sea has an exceptionally large volume in terms of shipping tonnage and is considered the crossroads of the global economy which is why it's so important to Beijing.

One place of concern is the Strait of Malacca (between Malaysia and Sumatra).

China is also concerned about Japan’s control of the Senkaku Islands/Diaoyutai Qingdao and its military developing supersonic glide bombs.

2017 spending on security in Xinjiang doubled due to the drive to protect any threat to China’s largest gas fields, half its coal deposits and fifth oil reserves.

China has been building a network of connections between Pakistan, Africa, giving loans and long-term leases and grants to a series of ports either under direct Chinese control or heavily indebted to government control to companies in the Maldives, Sri Lanka, Vanuatu, Solomon Islands and Djibouti.

There is concern about Beijing's motivation for example the port of Hambantota in Sri Lanka defaulted on its repayments almost immediately leaving this Sri Lankan government with few options the solution was in 99 years to a Chinese company which is very similar to how the British had ended up in control of ports like Hong Kong in the 19th century.

Money offered by Beijing is really a grant but usually a loan with rates of interest that make them expensive to service. The Belton Road initiative books more like a financial scheme decide to reward shareholders and Chinese state rather than a philanthropic exercise to improve the quality of life in neighbouring countries.

Chinese expansion has not just been through loans but also through acquisitions such as acquiring shipping terminals in Spain, Italy, Belgium, and Greece, in full or in part.

Chinese shipping company Cosco has become one of the largest shipping container carriers in a little over 10 years since it was founded.

China in Africa - between 2014 20 billion dollars of financing was invested in the constructions of roads and railways across Africa and the same again into power plants, energy grids and pipelines. In other words, Chinese loans are building the continent.

The perception that China has provided an overwhelming amount of finance is inaccurate nor is it true that Chinese companies operating in Africa only employ Chinese contractors.

Similar story in Caribbean and Central and South America where China played a key role in infrastructure and energy projects. China is now South America’s leading trade partner. CELAC (community of Latin America and Caribbean States) were invited to join the Belt and Road Initiative.

So, the New Silk Roads are everywhere - Asia, Africa, Europe, and the Americas. All roads lead to Beijing now not Rome!

A Chinese initiative seeks to use AI nanotechnology and quantum computing to use data to improve connections, improve sustainability and respond better to crises.

China owns $1 trillion dollars of US government bonds!

The number of African students studying in China has increased 26x in 15 years, now more African students’ study in China than either UK or US.

Countries needing ‘aid’ from the US realise this isn't charity but a mask for the exploitation of local populations, a way of passing subsidies to US corporations! Documents show the US urged Belgium UN peacekeeping force to withdraw from Rwanda in the 1990s to prevent the US being drawn into a violent situation! This led to the loss of 800,000 lives and displacement of 4 million people.

The IMF warns of the danger of poor countries getting into debt they can't service and then being at the mercy of creditors. E.g., The Tajikistan government gave land to China as payment. There are many examples, an airport in Sri Lanka which was at risk of being taken over by China, so India is helping to avoid China increasing influence in the area.

India and China have strained relationships and India is very worried by the amount of Chinese investment in Pakistan. Also, Pakistan purchased submarines from China alarming India. In 2017 tensions between India and China’s border was close to war while Trump tweeted at UK Brexited!

Tension is growing in the Indian Ocean; China has warships there. China has military installations in the Maldives causing more tension, so India is increasing its arsenal of missiles.

Australia, too, is concerned about what China is doing so is buying submarines and drones. Australia and New Zealand have a new security agreement.

Several countries including the US, Saudi, Turkey, UAE, Qatar, Japan, and China built installations in Djibouti because of its strategic location to the Red Sea and Suez Canal (30% global shipping passes).

The Chinese aim to have a navy to rival the US.

Several countries that China ‘helps’ have cut ties with Taiwan/Taipei. Consequently, the US has ‘downgraded’ or ‘suspended/altered’ US to any government supporting China over the status of Taiwan.

According to senior US military officials, China is now capable of controlling the South China Sea.

Jiang Shigong, a Chinese intellectual says of China, “Chinese civilisation is spreading and extending itself into even more parts of the world.”

A child born today, statistically, will live longer than all their ancestors, more will be able to read and write, have access to clean water and medical care, access to affordable transportation, energy, and communication so lots to look forward to in the future.

But change can be difficult e.g., big named brands (companies/service industries/etc) are being bought by silk road countries which the US and Europe are finding difficult. E.g. the company that quarries Carrara marble in Italy (used in the construction of the Pantheon in Rome, Marble Arch in London, Peace Monument in the grounds of the Capitol in Washington DC) biggest shareholder is the bin Laden family which also means that the marble used in the Freedom Tower New York comes from the quarries owned by Osama bin Laden's family!

There have been calls for government intervention to block these sales.

Facebook has data-sharing partnerships with at least 4 major Chinese businesses who have close ties to the Chinese government. These same businesses have been labelled national security risks by the US intelligence.

Google decided to develop a search engine, in secret, for the Chinese market that blocks searches on sensitive topics to do with human rights, religion etc so it is acceptable to the authorities! ALL FOR WANTING PROFIT - IE GREED!!!!! The company had the motto ‘Don’t be evil’ in its code of conduct until 2018. A sign of the times and putting shareholder profits above everything. There was much criticism when it became known, and employees threatened strike action.

The US has not used tariffs in the past because they felt they needed China to help with North Korea. Trump imposed them and then China imposed their own. Resulted in higher prices for the less wealthy Americans. The Trump presidency caused US policymakers many problems.

The Trump administration which chose, unilaterally, to pull out of various things such as the deal on fossil fuel emissions, the Iran nuclear deal, the recognition of Jerusalem as the capital of Israel all damaged the US’s reputation globally. The US is being seen as increasingly unreliable around the world and blamed for instability in Syria, Afghanistan, Iraq etc which plays into the hands of Iran’s leaders as well as Russia’s Putin who portray themselves as dependable and stable.

The way the world saw the Trump administration can be summed up in these words said by Donald Tusk, “What worries me most is the fact that the rules-based international order is being challenged not by the usual suspects but by its main architect, I guarantor, the US. We will not stop trying to convince President Trump that undermining this order makes no sense at all.” Though, according to Frankopan, Tusk is wrong. He says it's understandable that the US wants to reconsider agreements that have become unfair. E.g., Germany and other members of NATO fall well short of pledge to spend 2% GDP on defence so why should the US carry the burden? The spending by NATO members on defence is so low it's understandable that the US now refuses to carry the burden!

President Trump, according to one anonymous senior intelligence official, “makes life and death decisions by whim, without reading, deliberation, or any thought as to the consequences or risks”. It was fortunate, they went on, that Trump “has not been tested by a major national security crisis. But it will come, and when it does,” they said bluntly, “we are fucked.”

Due to the complex interconnected global economy the imposition of tariffs has a knock-on effect on the value of many US companies thus hurting the companies they should be helping! It also impacts company pensions!

The US companies have found the Silk Road countries lucrative so tariffs would negatively impact them. It would also lead to other countries to innovate, invest and win business. So, tariffs would cause more problems than solutions.

The US putting sanctions on Iran in 2017/8 gave Russia greatly increased oil revenue as well as higher prices in the US and elsewhere.

PUTTING AMERICA FIRST ISN'T AS EASY AS IT SOUNDS!

One politician in the Trump administration said that the US and India were natural partners due to the country being democratic and rather hostile towards China.

But for generations India has looked to Moscow not Washington for support and partnership. Russian armoury accounts for two thirds of all India’s purchases between 2013/17 as well as investments both ways in fossil fuel businesses.

With regards to China, India is reluctant to be too antagonistic

The imposition of sanctions on Iran led to the regime in Tehran to be strengthened because moderates were either silenced or driven out thus having the opposite result wanted by Washington. Another consequence is that relations between Tehran and Moscow improved.

Other negative effects of sanctions against Iran include some countries, like Turkey, refusing to stop trading this strengthening Turkey/Iran.

Companies that worry about the US can have devastating consequences e.g., French company Total pulled out of a deal and a Chinese company replaced it! So, US sanctions usually end up in favour of China!

Another consequence is that it has made things difficult for allies, e.g., German companies would be hit hard if they followed the US sanctions but that there was nothing the German government could do to protect them. The EU made laws to protect European businesses forbidding them from cancelling business ties with Iran. This resulted in European businesses being given a difficult choice of being faced with fines whether they did business with Iran or not!

Donald Trump found himself isolated at the G7 summit in Quebec June 2018 and all this shows how difficult the countries that have led the world for the last 300 years are finding it to adapt to the changing world of the 21st century.

2017 the US state department lost 60% of career ambassadors. Of 626 top jobs in the executive branch of US government, 40% unfilled a year after Trump's inauguration which made him the most powerful president in US history because there are fewer individuals making decisions so power in the hands of a smaller body of people!

Saudi Arabia has spent billions on US military equipment and hoping it would spend more the Trump administration didn't criticise Saudi over the murder of Khashoggi. But Saudi has spent billions on military equipment in Russia as well as improving relationships with China including the Crown Prince saying that China had a right to carry out anti-terrorism detention against the Uighurs. The Chinese language is to be on the school curriculum. (One commentator put it that the Saudis have concluded that they can't rely on the West right now … because of the chaos in Washington i.e., the Trump administration so they are looking east.) This shows that the Silk Road countries align with each other despite Washington’s hopes.

China, Russia, Iran and Turkey are aware that the world is changing, and a number of Asian states realise this too so are working out how to adapt to the future.

The Belt and Road Initiative is part of this preparation as are - Saudi Arabia’s Vision 2030 plan - the Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia - the Bright Road Initiative of Kazakhstan - the Two Corridors - One Economic Circle initiative of Vietnam - the Middle Corridor initiative of Turkey - the Development Road Initiative of Mongolia and the development plans of Laos, Cambodia and Myanmar.

India also has many plans such as the Act East policy, the Trilateral Highway project, the Go West strategy and the Neighbourhood First plan.

The EU isn't formulating any such plans!

China’s strategy to boost connections with the Belt and Road Initiative has been to commit billions of dollars to roads, railways, ports and energy plants, many of which are up and running. While in the UK the Northern Powerhouse, announced a few months after the Belt and Road Initiative, main achievement has been to open a new southern entrance to Leeds station. (Since this book was printed my husband, a railway geek, tells me a bit of the line has been electrified.)

The story of the Silk Roads and Asia is about increasing connections, improving collaboration and deepening cooperation. In Europe the story is about separation, re-election of barriers and ‘taking back control’ e.g., Brexit!

US foreign policy makes countries start to work together as in the case of Pakistan with Saudi and China. It also strengthens those countries' economic and religious ties.

The Russian and Chinese relationship is at its best in history. Joint military manoeuvres have become a regular occurrence. This relationship is a nightmare scenario for the US.

The US Mike Pompeo announced $113m in new initiatives for the Indo-Pacific region which is miniscule. That amount of money is just a bit more than Jared Kushner and wife Ivanka Trump received in outside earnings in 2017!

The cooperation between states isn't straightforward because of strategic rivalries. E.g., Turkey and Russia aligned about how they feel towards the US and EU. But Turkey wanted NATO to take action against Russia in 2014 when it annexed Crimea. Another example is Kazakhstan’s update to their military doctrine which discusses the threat Russia poses.

Kazakhstan’s concerns about both Russia and China have allowed the US military to use two ports on the Caspian Sea which infuriated Russia.

China’s efforts to effect change in the world isn't as popular in the parts of the world concerned. Land purchases in Siberia have resulted in negative headlines in the area accusing China of territorial intentions over Lake Baikal. This hasn't been helped by Chinese tourist websites stating that the region was once under Chinese control.

The relationship between the US and Iran has the potential to escalate oil prices and cause instability in the Gulf.

Another area of concern is the military cooperation between Iran and North Korea. Their ballistic missile programmes have struck similarities and the sharing of advances in technologies.

The threat of US sanctions (Trump era) on Iran with Iran’s retaliatory threat to block the Strait of Hormuz had the potential to affect many economies including the UK. China, also reliant on passage through the Gulf, urged all sides to meet each other halfway.

Russia and China may claim friendship but the Russian 29th Army's 3rd Missile Brigade is stationed close to the Chinese border and is capable of firing nuclear weapons shows a lack of trust.

The problem of debt burden can cause problems for the debtor and creditor. There seems to be signs that Chinese recognise this and are willing to help resolve it when necessary. For example, in September 2018 loans given Africa’s least developed countries would be exempted and forgiven.

China has become a vital ingredient in the global economy. This means problems with the Chinese economy risks the rest of the world. The Bank of England’s report says lower prices in the event of a major financial crisis in China would hit the UK more so than any other country in Europe because the exposure of the UK’s banks is greater than the US, Euro area, Japan and Korea combined. A major correction in China, perhaps triggered by decisions made in the US, would have a serious impact on the UK!

The UK Brexit referendum took place in 2016 to ‘free’ Britain to make its own decisions but the world has changed since then. There are challenges that were unknown or didn't even exist!

One obvious new challenge is the development of AI and China is pouring money into it and building new technology parks. In 2016 China accounted for 11.3% of global funding going to start-ups in AI which has risen to nearly 50% the following year. Reports say that considerable effort is going into producing AI systems to help analyse and respond to changes in global geopolitics and provide a competitive advantage over other states.

AI weapons systems such as drones which are able to identify its own targets causes military strategists’ problems about how to respond.

Technological innovations reduce training times and lower costs as well as enhancing performance. In Russia robots are being developed to evacuate wounded soldiers from battlefields as well as diagnose and treat casualties. Researchers working on biometric robots equipped with weapons able to operate where humans find it difficult such as extreme cold or in sand. Russia already has remotely controlled tanks!

There is now a new era of the space race.

The US is concerned about this so is trying to respond by measures such as trying to restrict IT access to China, Russia and Iran.

Many countries in Europe as well as the US looked at Huawei and excluded it from 5G or threatened with bans.

But things aren't that simple, an estimated 90% of PCs made in China and 75% mobile phones! This means security concerns are not just about single companies but with the production system itself.

The trouble is trying to stop countries developing technologies actually has the opposite result because it makes those countries innovate.

Yan Xuetong a Chinese political scientist says that in the 21st century “We are moving away from a state in which international norms are led by western liberalism to a state where international norms are no longer respected. Strategic relationships have also become quite clearly a matter of other nations choosing between the US or China.” Henry Kissinger said, “We are in a very, very grave period, a divided Atlantic would turn Europe into an appendage of Eurasia.” It would be forced to look east, not west, to China. **He added that China's aim is to be, “principal advisor to all humanity.”**

In the Davos summit of 2017 Xi Jinping talked about the need for nations to work with rather than against each other. His words sound noble and reasonable but (in my humble opinion words are cheap, and I don't trust his motivation) he said, “Our real enemy is not the neighbouring country; it is hunger, poverty, ignorance, superstition and prejudice. It could not be right that the richest 1% of the world’s population own more wealth than the remaining 99% …. [while] for families, to have warm houses, enough food and secure jobs is still a distant dream. Moreover, when encountering difficulties, we should not complain about ourselves, blame others, lose confidence or run away from responsibilities. We should join hands and rise to the challenge. History is created by the brave. Let us boost confidence, take actions and march arm-in-arm towards a bright future.”

Trump, at the time, was doing the opposite so China was able to say it offers solidarity, common interests and mutual benefits whereas the US does not.

The reality is more complex as many of the countries that lie between the eastern Mediterranean and Pacific have poor records on human rights, limited freedom of expression in matters of faith etc and control their media etc. finally criticising the government can lead to imprisonment or even death. A situation that has got worse in recent years.

Thanks to a sharp rise in oil prices, the countries of the Middle East and North Africa will earn more than $210bn more than they did in 2018-19!

Interesting Information About the Silk Road Countries

Football

FIFA says that a form of football was first known in the Han Dynasty (206BC – 220AD) where players kicked a leather ball filled with feathers into a net held up by two bamboo rods. Chinese owners – Aston Villa, West Bromwich Albion, Birmingham City and Wolverhampton Wanderers. AC Milan and Inter Milan also have Chinese owners.

Gulf States own Manchester City, Paris Saint-Germain (Qatari Owners provide this team with two new players, Neymar and Kylian /Mbappé with transfer fees of more than €350m (before salaries and bonuses).

Museums and Galleries

The new Louvre in Abu Dhabi, the new V&A in Shenzhen, Rem Koolhaas-designed Garage Museum of Modern Art in Moscow, the winter sports complex in Ashgabat, Turkmenistan which is much bigger than Madison Square Gardens.

Other Ownerships

UK - Harrods, Hamleys, Canary Wharf, the ‘Walkie-Talkie’ building in Fenchurch Street, the Independent and Evening Standard newspapers all have owners with Chinese, Russian or Emirati backgrounds.

US – Brooklyn Nets Basketball, New York Post, Waldorf Astoria, the Plaza Hotel NY and Warner Brothers have been bought outright or have partnership investors with close links to Russia, China or the Middle East. The film maker of Jurassic Perk is now part of a Chinese company group which also owns the Odean, UCI, Carmike and Hoyts cinema chains in Europe, US and Australia. Infront Sports and Media, Chinese owned had the exclusive right to 2018 and 2023 world cup.

France

Chinese Entrepreneur has bought 3000hectares of land in central France to provide flour for a boulangerie chain in China bringing concern about the rising cost in bread because grain grown is exported. Same is true of wine as exports to China rose by 14% in 2017. French wine exports to China is expected to be worth more than $20bn in five years’ time. Many Bordeaux vineyards now have Chinese owners.

Air Travel

Qatar Airways is an example of an operator that has fuelled demand for commercial jets. The IATA (international Air Transport Association expects passenger numbers to nearly double to 7.8 bn a year by 2036. The increase driven by increasingly affluent population of Asia especially China India, Turkey and Thailand. This means 500,000 new pilots needed over next 20 years. Even now there are not enough pilots pushing up wages with salaries of $400,000 being offered by Xiamen Air for Boeing 737 pilots and offers as high as $750,000 being reported in some quarters.

Chinese Tourist

1990 Chinese visitors to foreign countries were very small numbers and usually to do with state activities, spending around $500m.

2017 the figure had risen 500x to more than $250bn pa. **This is roughly double what US travellers spend.** These figures could rocket in the future considering only 5% of Chinese citizens have a passport at the moment.

**China’s Belt and Road Initiative (BRI)**

The BRI is an ambitious plan to develop two new trade routes connecting China with the rest of the world. But the initiative is about far more than infrastructure.

It is an effort to develop an expanded, interdependent market for China, grow China’s economic and political power, and create the right conditions for China to build a high technology economy.

**Why create the Belt and Road?**

There are three main motivations for the BRI. The first, and most discussed internationally, is China’s rivalry with the US. The vast majority of Chinese international trade passes by sea through the Malacca strait off the coast of Singapore which is a major US ally. The initiative is integral to China’s efforts to create its own more secure trade routes.

There is no doubt that China’s intention is also to make participating nations interdependent with the Chinese economy, and thereby build economic and political influence for China.

In that respect it has similarities with the Marshall Plan that followed the Second World War – but with the essential difference that China dispenses funding to other nations based purely on shared economic interests.

The second key reason for the initiative is the legacy of the 2008 financial crisis. China’s government responded to the emergency with a ¥4tn stimulus package, issuing contracts to build railways, bridges, and airports, but saturated the Chinese market in the process. The Belt and Road framework provides an alternative market for China’s vast state-owned companies beyond the borders of China.

Finally, the Belt and Road is seen as a crucial element in the Chinese government’s efforts to stimulate economies of the country’s central provinces, which historically lag behind richer coastal areas. The government uses the Belt and Road to encourage and support businesses in these central regions, allocating budget generously, and encouraging businesses to compete for Belt and Road contracts.

## Why is it called the ‘Belt and Road’ initiative?

The Belt and Road Initiative is a relatively new name. Initially it was referred to as two separate projects, then as the ‘One Belt, One Road’ initiative, then finally as the Belt and Road Initiative.

## The Belt

The Silk Road Economic ‘Belt’ element refers to plans for a revitalized series of ancient overland trading routes connecting Europe and Asia to be built largely with Chinese expertise. The idea was first proposed by Chinese president Xi Jinping during a visit to Kazakhstan in 2013, and central Asia is seen as the most vital region for the ‘Belt’ element.

## The Road

In 2014 Xi Jinping outlined plans to additionally establish new sea trade infrastructure along the old Marco Polo route – a maritime silk road connecting China, Southeast Asia, Africa, and Europe. This would be a longer route avoiding the Malacca Strait, incorporating fuelling stations, ports, bridges, industry, and infrastructure through Southeast Asia and into the Indian Ocean. Pakistan is seen as perhaps the most crucial partner country in this effort through the China Pakistan Economic Corridor project.

## The Belt and Road Initiative in Asia

China views the BRI as vitally important in securing its borders on the Asian mainland. It has land borders with 15 nations, including unstable states such as Afghanistan and nations seeking new partnerships in opposition to the US, such as Russia. Belt and Road investments are viewed as a way to facilitate China’s ‘periphery diplomacy’ – trade and infrastructure partnerships with the countries along this enormous land border.

However, the idea of the Belt and Road forming a coherent China-led block in opposition to the US is not necessarily accurate.  Russia may not be a viable partner as it sees former Soviet Union states such as Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan as belonging to its own sphere of influence, and China’s proposed Belt challenges Russian power in the region.

Other serious opponents to the initiative in Asia include India as a key partnership in the Belt and Road is between China and Pakistan, a nation China calls a ‘all-weather friend’. The China-Pakistan Economic Corridor runs close to the disputed Kashmir region, creating an alliance of two nuclear armed neighbours forging territorial links on India’s northern border.

## The Belt and Road Initiative in Malaysia

Malaysian projects played a key role in feeding the narrative that the BRI is synonymous with corruption. Former Malaysian prime minister Najib Razak signed the East Coast Rail Link (ECRL) infrastructure deal with China, part of a broader Belt and Road vision of a united Southeast Asian railway network.

The scheme became associated with a broader corruption scandal involving Razak and was cancelled. However, Malaysia has not rejected the initiative or ruled out further involvement, and the ECRL issues are largely perceived as merely local corruption.

## The Belt and Road Initiative in Africa

China’s banks have funded numerous projects in Africa, including a major gas pipeline and railways in Nigeria, plus projects in Uganda, Egypt, Ethiopia and many other countries.

## The Belt and Road Initiative in Kenya

The centrepiece of the Kenyan government’s participation in the initiative is a high-speed railway running between Mombasa and Nairobi, the first high-speed railway on the African continent.

Built by the Chinese, the project has provided jobs and training for a local workforce to operate the railway – but also created serious questions about the country’s ability to service the Chinese loans which paid for the railway and Kenya’s broader debt obligations to China.

## The Belt and Road Initiative in Europe

One of the aspects of the Belt and Road Initiative that most alarmed western commentators is its extension of Chinese influence into developed European nations such as Greece and Italy, a G7 nation.

## The Belt and Road Initiative in Greece

Following the 2008 financial crisis, Greece suffered a prolonged period of economic instability and worsening relations with the European Union. In 2016, China’s shipping firm, Cosco purchased a majority stake in the Piraeus port, Europe’s seventh biggest harbour. Then in August 2018, Greece announced it was formally joining the BRI.

## The Belt and Road Initiative in Italy

In March 2019 a populist coalition government led by the Five Star Movement agreed to bring Italy officially into the Belt and Road Initiative, signing a memorandum of understanding with Xi Jinping in Rome. Italy and Greece’s participation in the Initiative alarmed the US.

However, the Italian collaboration remains thin on actual detail, with the memorandum of understanding full of warm diplomatic language and acknowledgements of existing collaborations. Further, Mario Draghi, prime minister of a new government in 2021, signalled Italy may withdraw from the initiative.

## The Belt and Road Initiative debt trap

‘Debt trap diplomacy’ is the accusation that China uses Belt and Road as part of a manipulative global strategy, funding major infrastructure projects in developing nations with unsustainable loans, then using the debt to gain leverage over those governments.

The accusation was sparked by projects such as the Hambantota Port Development in Sri Lanka. The Sri Lankan government was unable to service the Chinese loans which funded the project, and the port was handed to the Chinese on a 99-year lease in 2017 – echoing tactics employed by 19th century European Imperialists against Qing dynasty China.

The port provides the Chinese with a major new piece of infrastructure and a strategic foothold in the Indian Ocean.

However, although it benefits Chinese interests, the port was conceived as part of a Sri Lankan strategy and the misconduct and incompetence of local elites played a crucial role in its failure.

It is important not to think of the Belt and Road as a unified, coherent strategy, but rather as a fragmented collection of bilateral arrangements made on different terms. This is illustrated by the fact that governments receiving Chinese loans are not always sure which authority in China they are dealing with.

Fifteen different Chinese government ministries claim some responsibility for Belt and Road projects; Chinese provinces have their own competing agendas, businesses and projects; Chinese diplomats sign up client governments to major projects in order to demonstrate loyalty to the party as opposed to promote a viable project; and even the Chinese central government is still unable to produce a list of what projects are part of the BRI and which are not.

This is part of a wider issue of the opaque nature of the Belt and Road and the loans on which it is built. The Chinese government has never published detailed information about the size and terms of Belt and Road loans. This vacuum of information feeds confusion and mistrust.

## Why democracies are turning against the Belt and Road Initiative

The initiative is largely treated with suspicion in the US and its major allies, characterized largely in terms of debt trap diplomacy, as a predatory, opaque enterprise, and as a threat to Western interests.

However, democracies have been slow and uncoordinated in their response to the BRI. A unified proposal only came in the aftermath of the COVID-19 pandemic at the 2021 G7 summit where a joint ‘Build Back Better World’ communique proposed an alternative infrastructure initiative driven by the major Western democracies.

How successful this can hope to be, coming eight years after the Chinese began their Initiative, and at a time of inward thinking by democratic governments, remains to be seen. But fears that the Belt and Road symbolises an inevitable establishment of a new, Chinese-led world order may be premature. The initiative is still relatively young and the opaque nature of its funding makes it difficult to assess its success.

## Who is funding the Belt and Road Initiative?

The Chinese state is the underwriter for the initiative, via its four state-owned banks lending to state owned enterprises. Other governments have criticized the Belt and Road for the lack of private sector participation but there is little enthusiasm for the initiative from even the Chinese private sector due to the lack of return on investment.

## How much does the Belt and Road Initiative cost?

It is difficult to estimate the cost of the BRI due to the lack of transparency around its funding but notably Beijing has not pledged any new state capital to the initiative since 2019.

Worsening relations with the US have caused Beijing to rethink its approach to the initiative and the risk involved.

Ambitions have been scaled back to China’s immediate sphere of Southeast Asia, South Asia, and Central Asia, with less investment in Europe and Latin America.

## What is the Belt and Road Initiative’s infrastructure?

There are many projects in the Belt and Road but two leading prestige projects stand out. The China-Pakistan Economic Corridor consists of bridges, railways, energy installations, a redeveloped highway, and expansion of the Pakistani port of Gwadar. It is considered the leading part of the Belt element.

The China-Europe express railway is another prestige achievement credited to the Belt and Road Initiative as this cargo railway has slashed delivery time from China to Europe to 15 days.

## The future of the Belt and Road Initiative

Following the COVID-19 pandemic Chinese state banks directed more support to projects at home, echoing the behaviour of much of the rest of the world. Internationally, China has drawn in the scope of its ambitions to projects along its enormous border and in Southeast Asia. Investments abroad have declined considerably since a peak in 2015.

In September 2020 Xi Jinping announced China would seek to peak its CO2 emissions before 2030 and achieve carbon neutrality before 2060.

This has real implications for Belt and Road investments, although China continues to invest in coal alongside considerable new investment in renewable energy sources such as wind and solar.

The next decade will show to what extent the Belt and Road will drive green infrastructure, industry, and energy solutions, and its development will also provide a much clearer picture of the implications of the BRI for the rest of the world.

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**Revival of TAPI Pipeline Project Brings Serious Geopolitical Implications for Russia**

Turkmenistan and Pakistan continue their talks on the revival of the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline, and a bilateral meeting on the issue in Islamabad will be announced soon—possibly in late June 2023. For its part, Ashgabat is keen on moving ahead with the project, while energy-deficient Pakistan is willing to go ahead with or without India. And Kabul has said it is ready to raise a special force to provide security for the project ([Business Recorder](https://www.brecorder.com/news/40241851), May 13). Some sources have stated that the potential transit revenues could make up as much as 80 or 85 percent of Afghanistan’s central budget, providing added incentives for securing the area around the prospective pipeline.

Overall, the TAPI pipeline is planned to stretch for over 1,100 miles with the capacity to transport 33 billion cubic meters (bcm) of natural gas each year from the Galkynysh Gas Field in Turkmenistan to the Indian city of Fazilka via Afghanistan and Pakistan ([Business Turkmenistan](https://business.com.tm/post/9052/turkmenistan-interested-in-speeding-up-work-on-tapi-pipeline), August 23, 2022). The project was initially conceived in the early 1990s; however, the pipeline consortium was not announced until 2014 with an estimated cost of $10 billion at that time. In 2018, construction began on the pipeline but was soon stopped due to security reasons after workers clearing the area were killed by unknown assailants ([Pakistan Today](https://www.pakistantoday.com.pk/2022/01/18/tapi-pipeline-prospects-finally-get-a-shot-in-the-arm/), January 18, 2022).

In recent years, officials in Islamabad, Kabul and Ashgabat have been seriously considering a return to the project, which again came into the spotlight following the withdrawal of American forces and the Taliban’s takeover of Kabul in 2021. The insecurity and political instability in Afghanistan has so far been the main hurdle preventing the pipeline’s construction. Nevertheless, Taliban leaders have already assured Turkmenistan that they will provide adequate security for the project ([Express Tribune](https://tribune.com.pk/story/2341436/negotiations-begin-to-revive-tapi-project), February 1, 2022). According to a plan announced by Taliban spokesperson Bilal Karimi in January 2022, Afghanistan “will deploy a 30,000-member security unit for the security of the TAPI project. They will be providing security along the route of the project in all parts of the provinces where the pipeline is being constructed” ([Pipeline-journal.net](https://www.pipeline-journal.net/news/taliban-regime-deploy-30000-troops-resume-work-tapi-gas-pipeline-project), January 17, 2022).

India, however, has raised concerns about the logistical challenges and commercial aspects of the pipeline ([Economic Times](https://energy.economictimes.indiatimes.com/news/oil-and-gas/russia-hints-headway-in-tapi-gas-pipeline-project-after-putin-key-aide-visits-kabul/97169455), January 20). Specifically, New Delhi is primarily concerned about the potential hidden costs of constructing the project as well as the political uncertainties of sanctioning a pipeline that would run through the territory of geopolitical rival Pakistan ([Tribune.com.pk](https://tribune.com.pk/story/2341436/negotiations-begin-to-revive-tapi-project), February 1, 2022).

The revival and execution of the TAPI project is not without its geopolitical implications. For its part, Russia has also shown interest in the revival and construction of the pipeline. In January 2023, Zamir Kabulov, the Russian special envoy to Afghanistan, visited Kabul and presented a renewed push from Moscow to revive the stalled project. “As the situation in Afghanistan stabilizes, the participation of domestic economic operators in the construction and operation of the Turkmenistan–Afghanistan–Pakistan–India gas pipeline is possible,” said the Russian Foreign Ministry after Kabulov’s visit ([Economic Times](https://energy.economictimes.indiatimes.com/news/oil-and-gas/russia-hints-headway-in-tapi-gas-pipeline-project-after-putin-key-aide-visits-kabul/97169455), January 20).

Despite the profitability and commercial aspects of the TAPI pipeline, Russian officials primarily view participation in the project as politically attractive. For Moscow, the pipeline is alluring because it is not merely a gas transit project but will also connect South and Central Asia on the basis of the strategic needs and interests for the countries in both regions. Thus, as a potential key player in the project, Russia would be able to expand its influence in South Asia. On this, Kabulov has asserted, “Such a perspective appears politically attractive. The matters of supporting security for this project earlier considered to be the most challenging have lost their acuteness at this stage” ([TASS](https://tass.com/economy/1395497), January 31, 2022). Furthermore, one of Moscow’s top strategic goals has been to gain access to the Indian Ocean through the further development of the north-south transit corridor—something the TAPI pipeline would help fulfil (see EDM, [July 13, 2022](https://jamestown.org/program/the-rise-of-multimodal-transportation-among-russia-iran-and-india/); [April 11](https://jamestown.org/program/russia-faces-serious-problems-in-developing-north-south-trade-corridor-via-caspian-sea/)).

Additionally, the project is geopolitically important for Moscow. In 2021, while addressing the international conference “Central and South Asia: Regional Connectivity. Challenges and Opportunities” held in Tashkent, Russian Foreign Minister Sergei Lavrov expressed the Kremlin’s interest in participating in the construction of new regional gas transmission routes, including TAPI: “The integration of the energy infrastructure of Central and South Asia is very promising. … The Eurasian Economic Union is working on the formation of a single electricity market. This process could be synchronized with electricity supply projects in Central and South Asia” ([Business Turkmenistan](https://business.com.tm/post/7331/russia-interested-in-participating-in-tapi-pipelines-construction--lavrov), July 16, 2021).

No doubt, Russian participation in the TAPI pipeline would be a real step forward for Russia’s vision with the Greater Eurasian Partnership (GEP). The GEP has become a key component of Moscow’s regional policy, which, among other goals, seeks to assemble “a network of free trade areas and inter-regional trade and economic alliances, and connecting integration projects throughout the vast Eurasian space” ([Russiancouncil.ru](https://russiancouncil.ru/en/analytics-and-comments/analytics/eight-principles-of-the-greater-eurasian-partnership/), September 28, 2020).

Moreover, faced with Western sanctions over its invasion of Ukraine, Russia wants to strengthen its strategic partnership with energy-rich Turkmenistan (see EDM, [December 15, 2022](https://jamestown.org/program/turkmenistan-becoming-focus-of-intense-geopolitical-competition/); May [11](https://jamestown.org/program/international-competition-over-turkmenistans-transport-routes-intensifies/), [18](https://jamestown.org/program/turkmenistan-steps-up-its-effort-to-become-an-international-transit-hub/)). Moscow is interested in participating in the TAPI pipeline project in an effort to divert its energy exports away from Europe toward Asia. In this, Turkmenistan has the potential to be a transit hub for Russian energy and goods exported to South and Central Asia. In truth, as one expert has pointed out, Ashgabat is unwilling to export gas to Turkey and further to Europe if that would endanger its partnership with Moscow: “Ashgabat is clearly coming down on the side of Russia and spurning opportunities to move its gas in a Western direction. It has chosen to move towards its authoritarian brothers-in-arms, Russia and Iran” ([Radio Free Europe/Radio Liberty](https://www.rferl.org/a/turkmenistan-russia-natural-gas-leverage-china/32289814.html), February 27). Indeed, for Turkmenistan, besides generating additional income, the TAPI pipeline would be important for reducing the country’s reliance on China, the largest customer of Turkmenistani gas since 2010.

And as security was one of Moscow’s gravest concerns, for now, it seems Russian officials are satisfied with the Taliban government’s assurances. On January 19, regarding Kabul’s security plan, Russian Energy Minister Nikolai Shulginov reportedly declared that, if “some security issues” are resolved, Russia would seriously consider joining the TAPI project ([TASS](https://tass.com/economy/1564671), January 19).

The TAPI pipeline is a massive economic and business venture that has the potential to be immensely beneficial to all countries involved. Yet, due to potential security concerns and certain geopolitical difficulties—Iran and India may remain resistant to the project, opting instead for the revival of the Iran–Pakistan–India pipeline—the actual prospects for implementation remain uncertain. Nevertheless, the key players continue to engage in discussions about bringing the pipeline to fruition, including Russia, which is keen to play a central role in emerging energy and transit projects to expand its influence in South and Central Asia.

**Mineral resource base of Kazakhstan**

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The benefits of ISR over conventional mining methods include lower cost of extraction, smaller environmental footprint and better health and safety performance.

Kazatomprom is the undisputed leader in ISR uranium extraction significantly outperforming its main competitors with the production of 11.9 thousand tonnes (over 24% share of global production in 2021) using this method.

ISR is only feasible with special geological conditions prevalent in Kazakhstan, which gives Kazatomprom its natural competitive advantage.

100% of KAP’s production is conducted via ISR extraction of uranium.

The Group’s experience in ISR technology and technical innovation has enabled it to achieve commercial production at ISR mines within approximately 18 months of commencing construction, whereas the Company believes that the average construction period for an ISR mine globally is approximately three years.

All of the processes for uranium mining are automated and continuously monitored by the Group, and technical equipment at the Group’s mines meets all applicable international safety and environmental standards, such as OHSAS 18001 and ISO 14001.

Kazatomprom developed and put into commercial operation world’s first ISR mine with 1,000 tonne of UME annual production capacity.

A graph showing the growth of platinum mining

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