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COOPERATION ALONG THE NEW SILK ROAD

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Cooperation along the new Silk Road

Executive Summary

- For the time being, China’s new Silk Road constitutes a broad conceptual framework for enhanced cooperation between the countries involved in the initiative, which still lacks precisely defined standards, regulations, and structures. Proponents point out that the new Silk Road will provide mutual benefits for everyone involved and that it provides for cooperation “on an equal footing.” In contrast, critics argue that the initiative is a means of enforcing economic and political interests.

- The EU should more clearly define its (economic) policy objectives in the context of the new Silk Road. The EU needs to move from a “fast follower” to a “first mover” on cooperation with China if the new Silk Road is to reflect European interests.

- In view of the fraught state of current European-Russian relations, the conflict in Ukraine could have a negative impact on cooperation in the framework of the new Silk Road.

- Although increased connectivity along the new Silk Road facilitates freight transport, it also increases the mobility of terrorist groups and organized criminals. In order to counter these threats, states along the new Silk Road will have to intensify intergovernmental cooperation and better utilize existing multilateral forums.

The new Silk Road: More than just a Narrative?

A number of participants welcomed the Chinese initiative to deepen economic cooperation along the new Silk Road. However, they argued that the aim and substance of President Xi Jinping’s 2013 initiative remained elusive. As had been the case with the historical Silk Road, the new Silk Road comprised a network of transport lanes and trade routes linking China and Europe economically, politically, and culturally. The 11,000 km-long new Silk Road consisted of a land route reaching from China through Central Asia, and Russia to the EU. In addition, its maritime corridor would link South and East Asia to the Middle East, Europe and Africa.

A number of participants stressed that the new Silk Road represented little more than a narrative, as it continued to lack precisely defined standards, regulations, and structures. They also cautioned against treating the initiative as a parallel model to the Eurasian Economic Union or other regional integrational projects. Instead, they viewed the new Silk Road as a comprehensive conceptual framework that could be deployed as desired, and that provided enough space

“The new Silk Road is little more than a comprehensive conceptual framework that can be deployed as desired.”
for existing institutions. Moreover, the new Silk Road illustrated a gradual change in Chinese foreign policy as it represented China’s answer to demands that the country accept a higher level of international responsibility. The Chinese participants repeatedly highlighted the initiative’s flexibility and inclusiveness. Unlike the European Union, they argued, the new Silk Road was open to all interested states that pursued common interests in the areas of infrastructure, trade, and investment. No one would be excluded, and cooperation would be based “on an equal footing.” They also emphasized that there would be no formal founding treaty.

Nevertheless, some Western participants were skeptical, and questioned whether Beijing was pursuing a hidden agenda. They expressed concern that China might use the new Silk Road to strengthen its economic and political influence. At the same time, the Western participants underlined that functioning economic cooperation not only required mutual trust, but also a minimum level of symmetry. Importantly, the states along the new Silk Road were viewed as differing substantially in terms of population size, economic power and trade volume. The Western participants also questioned whether China – as an economic and political heavyweight – would actually permit all of its partners to co-determine the rules governing cooperation.

One participant viewed China, Russia and the EU as proposing competing models of integration. The EU was said to favor “cooperative integration,” Russia, in contrast, was promoting “assertive cooperation”, whereas China was primarily interested in “economic penetration.”

**From Economic Integration to Political Cooperation?**

Several participants stressed that Central Asia’s location meant that it was well placed to act as a site of enhanced economic cooperation between China, Russia, and Europe due to the shared economic interests of these countries.

Beijing was viewed as particularly interested in the region’s natural resources. At the same time, the region acted as a market for Chinese exports, especially due to its location “on China’s doorstep.” The region also offered promising investment opportunities, and large-scale projects in Central Asia could partly absorb the overcapacity of China’s infrastructure sector. In addition, the participants argued that China was using the new Silk Road to develop poorer regions of Western China with the aim of furthering political stabilization. Furthermore, China sought to counter rebalancing by the US towards the Asia-Pacific by orienting itself more strongly to the West. Finally, the participants maintained that China’s attempts to connect East and West underscored its character as zhong guo (“the Middle Land”).

Given Russia’s fraught (economic) relations with the EU, Russian participants viewed the new Silk Road as a welcome alternative. They also underscored the Eurasian Economic Union (EEU) as a complementary institution to the initiative and emphasized possibilities...
for cooperation in infrastructure, transport, energy, and investment. However, one participant pointed out that Russia, Belarus, and Kazakhstan, as members of the EEU, were responsible for about one third of global protectionist measures. This point was said to demonstrate the challenges that Russia would have to overcome if it were to move towards China in terms of economic openness.

Several participants called on the EU to more clearly define its (economic) policy objectives regarding the new Silk Road. They argued that if the EU wanted to be viewed as a more attractive and serious partner in the region, then it needed a Central Asia strategy that went beyond soft policy issues. Moreover, in terms of cooperation with China, the EU would have to change its strategy and become a “first mover” instead of a “fast follower” to ensure the initiative reflected its interests.

So far, cooperation between the countries along the new Silk Road was said to have been restricted to technical questions, such as harmonizing standards, developing more flexible rules of origin, and improving cooperation on customs regulations and access to public procurement. In the long-term, however, new perspectives were developing and this was particularly the case for Central Asia. The construction of value chains of geopolitical relevance was highlighted as an example. The participants stressed that these developments could lead Central Asia to establish itself as a competitive alternative to the East Asian boom regions. Some participants even believed that cooperation on technical issues might result in deeper cooperation on other issues and even lead to the development of free trade areas. However, this seemed unlikely in the near future.

The Shanghai Cooperation Organization (SCO) was viewed as the most useful existing format for current economic cooperation and integration in Central Asia. Nevertheless, its role was in need of clarification to avoid competition with other organizations, as this would be counterproductive. Some participants were concerned that the founding of the New Development Bank by the BRICS states, and the Asian Infrastructure Investment Bank (AIIB), would result in increased competitive pressure – even though a number of Western states had decided to participate in the AIIB against the position of the United States.
The Conflict in Ukraine: An Obstacle to Cooperation?

What are the implications of the conflict in Ukraine for cooperation between Russia, China, and European states in terms of the new Silk Road? Some participants feared that in the long term the conflict would have a negative effect on cooperation between these countries. Other participants pointed out that Russia and Europe had maneuvered themselves into a dead end during the course of the conflict in Ukraine and that it was time to begin a dialogue that went “beyond the crisis.” They pointed out that cooperation was needed on issues associated with low politics, as these could build confidence and hence pave the way to rapprochement between Russia and Europe. Other participants disagreed vehemently with this view, arguing that progress in the Ukraine conflict was indispensable for improved relations between Russia and the EU.

The participants pointed out that Russia was orienting itself increasingly towards the East to compensate for the economic impact of Western sanctions. However, the Chinese and Russian partnership was viewed as little more than an alliance of convenience. According to some, the fact that the Chinese government had abstained on the UN Security Council’s resolution on the Russian annexation of Crimea on March 15, 2014 could be understood as China signaling tacit support for Russia, without exposing itself to Western criticism.

Russian and European participants accused each other of lacking predictability and transparency regarding their respective goals and interests in the Ukraine conflict. One participant maintained that although President Putin had proven himself a competent tactician, he could hardly be considered a foresighted strategist, as his acts were barely calculable to outsiders. This was also reflected in the current situation in eastern Ukraine where President Putin was said to be treating the separatists as useful instruments that could be deployed at will. The support of the Kremlin, however, was neither boundless nor unconditional and Moscow was seen as having made no previous attempts to establish coherence between the largely uncoordinated separatist groups.

Challenges in Security Policy

One participant argued that the Chinese proverb “If you open the window, flies come into the house,” emphasized the security risks that China faced through the increased economic and infrastructural integration associated with the new Silk Road. More connectivity, the participant argued, not only facilitated freight, it also increased the mobility of terrorist groups and organized criminals. Therefore, the construction of transport corridors in China’s western neighborhood would have to be accompanied by options for action on security policy challenges, particularly on jihadist terrorism. The majority of participants agreed that the causes of the security threats along the new Silk Road were mainly rooted in the various conflicts in the Middle East. Instability within the arc of crisis stretching from the Levant to the Hindu Kush, as well as the growing threat posed by Islamist terrorism, posed serious hazards to
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Beijing had expanded its bilateral cooperation in military and security policy issues with Afghanistan and Pakistan. However, multilateral forums such as the SCO, the Organization for Security and Co-operation in Europe (OSCE) and the Collective Security Treaty Organization (CSTO) had been not used enough. Trilateral cooperation between China, Russia and Europe on security-related issues, it was argued, was unlikely for the moment.

Chinese participants stressed that Beijing was reacting to the frequently expressed criticism that it was not accepting enough responsibility in security policy. They pointed out that China was conducting an internal debate on “creative involvement,” but that this constituted a more pragmatic interpretation of non-interference, rather than a departure from this principle. Furthermore, they stressed that China had to strengthen its capacity to act on elementary security interests and strategic goals, but ruled out the use of military force. Examples that were said to be illustrative of China’s “creative involvement” included the evacuation of Chinese citizens from southern Kyrgyzstan, Libya and Syria, and investment and the development of infrastructural projects in regions that Beijing considered strategically important.

Geostrategic Implications and the Role of the United States

One participant compared the role of the US in the new Silk Road to China’s participation in the Trans-Pacific Partnership (TPP). Although the new Silk Road was not directed at Washington, the American approach was still said to be significant, albeit indirectly. One participant explained that it was unlikely that the US would view the expansion of Chinese soft power along the new Silk Road as a threat to its own role. Instead, the participant underscored Washington’s low-level presence in Central Asia, and reminded that the US was concentrating on its own “New Silk Road” via the promotion of energy projects in Afghanistan and Pakistan.

Several participants argued that it was not enough to analyze Beijing’s initiative through the prism of economic and geo-economic factors, as geostrategic aspects also had to be taken into account. It was conceivable that

“Washington has a low-level presence in Central Asia.”
geopolitical blocks could emerge that would compete with one other. One possible constellation included deepening rivalries between the EU and the Eurasian Economic Union – with the conditional support of China. An alternate scenario focused on EU-Russian rapprochement, as this could thwart the economic and increasing political dominance of China. In the third scenario, the EU, Russia and China formed a “Eurasian bloc” as a counterweight to the US; this was the only scenario that took Washington’s role into consideration. One participant reminded that as Beijing had begun the initiative, it enjoyed the strategic advantage of being the first mover. Finally, the extent to which the new Silk Road might develop geopolitical relevance beyond the region stretching from China to Russia and the EU was said to depend largely on the evolution of its maritime corridor, which also included the Middle East and Africa.
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