

The BRI and Its Rivals

The Building and Rebuilding of Eurasia in the 21st Century

By Anoushiravan Ehteshami

China's re-emergence as a global power after 400 years raises profound questions about not only China's place in the truly new world order in which no superpower can reign supreme but also the international system itself, as well as the ways in which China's policies may be reorientating Eurasia's regions in the direction of China. For much of the post-World War II period, China was a minor actor on the world stage, and from the 1960s onward it was Japan's meteoric rise as a major emerging economic power that posed a geopolitical challenge to the Euro-American domination of the world economy.

With an unprecedented economic growth rate of around 10 percent from 1953 to when the oil crisis hit in 1973, Japan created an industrial miracle. Racist terminology invoking the rise of the "yellow peril" notwithstanding, Japan's position as Asia's leading economy was recognized by its addition to the G-4 club of the most advanced economies of the world in 1973 and its firm place in the successor G-7 group of such economies in 1976. Japan's industrial might, technological prowess, and innovative management techniques took the world by storm, virtually rewriting the rules of capitalist development. Its success was such that even at the height of an oil price shock, which took oil prices to over \$100 per barrel in the early 1980s, the country's trade balance grew from \$2.1 billion in 1980 to nearly \$90 billion in 1986.¹

In addition, Japan's corporate brands were directly competing with their Western counterparts, and as concerns about its domination of manufacturing and its trade surplus grew in the West, Japanese corporations responded by opening manufacturing branches in the West and investing directly in those increasingly stagnant economies. Japan also transferred technology to the West, invested its trade surpluses in Western companies, and bought assets and securities in the United States and Europe. This was, as Herman Kahn would have it, the story of the "emerging Japanese superstate," a country that "almost inevitably will achieve

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giant economic, technological, and financial stature; that very likely it will become financially and politically powerful in international affairs; and that eventually it is likely to strive to become a military superpower as well.² It is soon going to be increasingly clear, declared Kahn boldly, “that Japan, not China, is the big power of Asia.”³

The tale of Japan’s rise and the West’s projections of Japan as rival, as well as anxieties about its economic power, should be a cautionary one for the same about China. Japan, as the record shows, suffered a long period of stagnation following its meteoric rise in the second half of the 20th century, has seen its place as Asia’s largest economy taken by China, and still eschews becoming a serious military superpower. Unquestionably, China is the big power of Asia today, but exclusive focus on China misses the wider geopolitical drivers of change in Asia and Eurasia and, as a result, can overlook inter-Asian forces at play.

Conceptually, this article draws on regionalism debates that contend states drive cross-border cooperation and facilitate economic and other exchanges with proximate countries. Furthermore, Asia’s complex geopolitical landscape—overlapping theaters and the role of interconnected regions in shaping inter-Asian exchanges—provides the basic rubric of analysis for this article and sets the starting point for an assessment of the wider responses to China’s re-emergence on the Eurasian stage. Efforts in the supercontinent to establish a collaborative modus operandi disguise what some consider “a prolonged period of strategic contestation” in Eurasia and the wider Indo-Pacific region.⁴

Asia on the Move

The origins of modern inter-Asian encounters lie in Japan’s great post–World War II economic leap that subsequently resulted in a rapid rise in its energy (crude oil) consumption. Within a decade, Japan’s dynamism extended to the Persian Gulf.

Japan was Asia’s trailblazer and set the model of export-substitution industrialization for others in Asia and elsewhere (e.g., Latin America) to follow. Asia’s emerging economies in the 1970s followed the Japanese industrialization model and quickly integrated into the dynamism of the larger neighboring economies, marking the first phase of Asia’s “Asianization,” which began in the 1960s.⁵ A key path of the growth of Asian economic and political ties was with West Asia, and to understand the roots of this growth, one must consider the first oil boom of the 1970s when the foundations of cross-continental Asianization were built.

The newly industrializing countries (NICs) of East and Southeast Asia (the Republic of Korea, Singapore, Taiwan, and Thailand, in particular) were the first-generation of so-called Asian Tigers and from the mid-1960s began to open up to foreign direct investment, build on Japan’s economic success, and emulate Japan’s export drive in their own right.⁶ The critically important role that this emerging layer of the international capitalist order came to play in the rise of developing economies as manufacturers must be emphasized.⁷ Their rapid rise directly relied on oil as the primary source of energy.

But the rise of the NICs pole was soon followed by another pole from the Global South—namely the Persian Gulf oil states—that formed because of rapidly rising oil prices. Unprecedented rises in oil prices from the early 1970s gave birth to a new and unique category, what the World Bank labeled a unique group of “capital-surplus” countries. For the first time in the history of modern capitalism, the exporters of a natural resource became cash rich very quickly on the back of their exploration and export of a strategic commodity, which was found in abundance in the Persian Gulf and wider Middle East and North Africa region. This made the expansion of capitalist industrialization in the 20th century possible and fueled the rise of emerging capitalist economies from the Global South, particularly in

East/Southeast Asia.

India and China were absent from the Asian economic landscape, and it was Japan and the Tigers that formed the industrial edge of Asia, and the Persian Gulf states provided its energy hub.⁸ The industrial growth and prosperity of the former became increasingly dependent on the supply of hydrocarbons as a major source of power from the other. Oil trade led to wider trade, investment, and a growing role in the development of West Asian NIC economies and their corporations. Major construction projects were soon won by Asian NICs over a decade before China and India made any inroads into West and Southeast Asian markets. China was nowhere to be seen during this historic period of Asian transformation as measured against the export performance of the other Asian economies.⁹

China Emergent

However, Japan's economic stagnation in the 1990s, the end of the Cold War that had accelerated the pace of globalization, and the intensity of and growth in the rate of foreign direct investment flows into Asia (including China) created the perfect conditions for China to reimagine itself as an emerging economic power on the world stage.

To be precise, we can in fact locate the spark for China's economic revival to 1990. Analysis of cumulative World Bank data underlines the jump in China's annual gross domestic product (GDP) growth rate from a respectable 4 percent in 1990 to a heady 15 percent just 2 years later.¹⁰ An annual growth rate of over 10 percent became the norm, and China's joining the World Trade Organization in 2001 arguably accelerated China's economic growth rate and development. The world became accustomed to double-digit annual growth rates in China's economy and came to accept China's central place as the new manufacturing hub of the planet and the consumer of much of the world's raw materials. At the turn of the 21st century, China was

already consuming 40 percent of the world's cement, 31 percent of its coal, 30 percent of its iron, 27 percent of its steel, 20 percent of its copper, 19 percent of its aluminum, and 10 percent of its electricity.¹¹ China's economic success had come at a great cost and had at the same time created many vulnerabilities in China's political economy.

Unquestionably, the massive expansion of its economy from 1980 to 2010 gave China a historic lead over all others, and China soon became the sun around which orbited Asia's other successful industrializers. Thus, Japan, the Republic of Korea, and much of the Association of Southeast Asian Nations (ASEAN) all count China as their top, or at least among their top three, trading partners. China's meteoric rise as a major global economy is an unprecedented historical event in which the rest of the world deliberately or inadvertently invested and from which China lifted the curtain on its economy and chose to embrace capitalism as the driver of its rapid modernization efforts in its Four Modernizations strategy. Direction of Trade Statistics shows that between 1978 and 1988 China's total foreign trade more than tripled, reaching \$167 billion in 1993, up from an already impressive figure of \$70 billion in 1985. By the early 1990s, China became the second largest source of U.S. imports. As its economy ballooned, China sucked in resources from across the planet, creating extensive extractive, processing, and manufacturing supply chains that crisscrossed the continents. By the mid-2000s China became the largest importer of minerals and energy on the planet. Mirroring this, before the end of the first decade of the 21st century, China also became the world's largest exporter and its largest manufacturer. By the second decade of the 21st century, China overtook Japan to become Asia's largest economy and is now second only to the United States as the world's largest economy.

China's economic success also generated the largest foreign exchange reserves on the planet,

which by the beginning of the 2010s had reached a staggering \$3 trillion—a level sustained ever since. At the end of 2019, China was taking the largest share of global merchandise trade of any single country in the world, some 12 percent. By the end of the decade China was the primary trading partner of nearly 40 countries and was the main economic partner of the bulk of Asian economies. Thus, within 30 years of the end of the Cold War, China's economy had grown into the second largest in the world and had come to dominate Asia's political economy. COVID-19 pandemic conditions notwithstanding, China remained poised to overtake the United States as the world's largest economy by the end of the 2030s. China's economic presence and its massive footprint is today a global reality, marking the definitive shift in the weight of the world economy away from the North Atlantic space and toward a vibrant and dynamic Asian space. Systemic shift, thus, has manifested itself in a China-led Asian economic expansion.

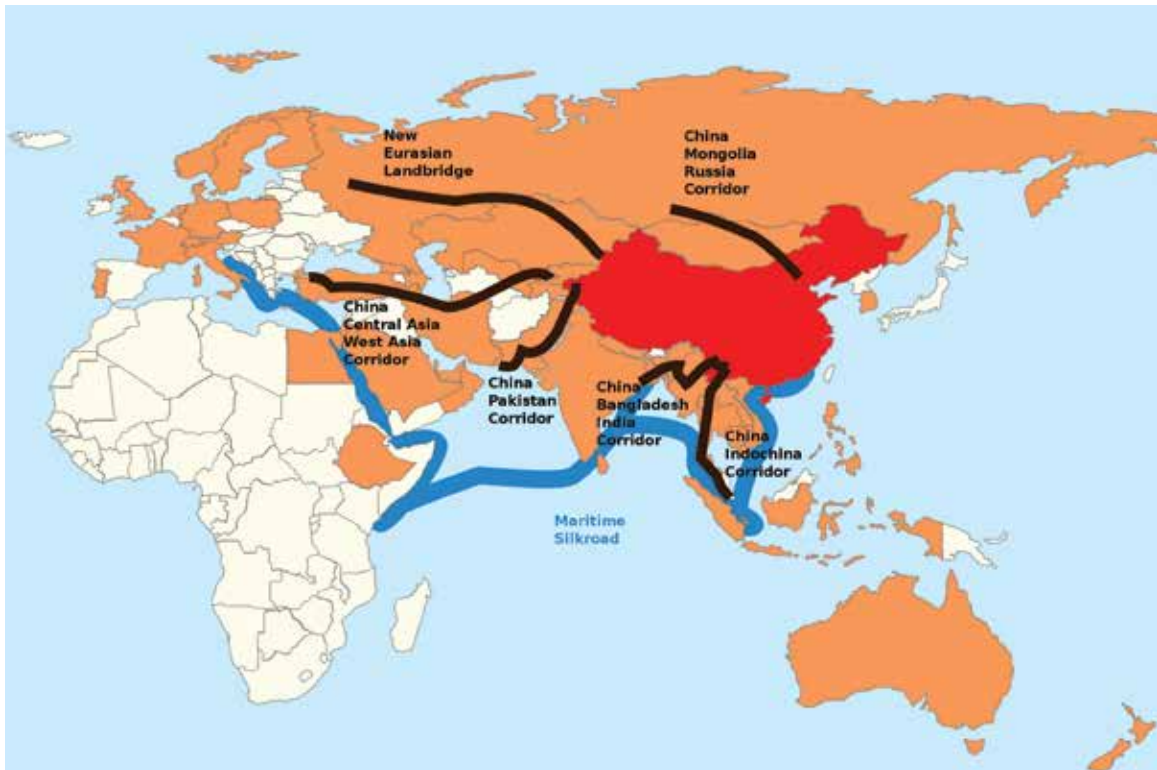
China's (re)emergence, however, is different in significant ways when compared with its Japanese predecessor. First, unlike Japan, the Republic of Korea, or Taiwan, China has never depended on the United States for its security and therefore foreign policy choices. China stands alone as a powerful and nonaligned Asian country. It is a bruised giant that is nevertheless keen to build pragmatic and often "strategic" partnerships, particularly with countries of the Global South. Second, while China's economic prosperity depends on exporting its goods to the United States and major Western markets, it has at the same time created substantial and profitable economic networks with countries from across the Eurasian supercontinent. All major economies there increasingly rely on China and its economic prosperity and on its markets for their own prosperity. Strains on global supply chains, arguably, will reinforce the broader Asianization trends that China and its regional projects have championed,

tightening the networks that China has built around itself. Third, unlike other Asian economies, China is cash-rich and awash with hard currency. Fourth, China deliberately stands aside from the West, presenting itself as an alternative to the Western model of development and interstate relations, not shying away from being portrayed as a strategic rival.

While China has significant financial and structural problems to address, if not crises to manage at home (in terms of massive deficits carried by its local authorities), an over-reliance on construction to drive its economy, mismanagement and waste, an ageing population, and the huge bad debts that its banks carry, Beijing still deploys its cash reserves in support of its corporate entities' investments everywhere. China's cash pile is also playing a central role in the delivery of its strategic Belt and Road Initiative (BRI), which is rolling across Asian and African landmasses as well the waterways of the Indian Ocean and the Mediterranean to extend Beijing's soft power diplomacy and its domination of Eurasian economic relations.

Finally, China has created a strong war machine of its own. Its armed forces have flexed their muscles in the South and East China seas, acquired a permanent presence in the Indian Ocean, regularly exercised and cooperated with the militaries of the West's allies and foes, and increasingly seen their mission as the defense of China's interests in Asia and Africa in particular. While China is a power to be reckoned with in Asia, however, it is not by any means dominant; there are other Asianizers in the frame, with their own distinctive policies, tools, and agendas.

By 2013, when the BRI was formalized into a comprehensive plan of action by President Xi Jinping, China was emerging as the world's top trading country. On the eve of the 2020s, China was the top destination of exports for 25 countries, including many leading economies, and the main source of imports for 35. In neighboring Asian regions



Proposed Belt and Road Initiative, with China in red, members of the Asian Infrastructure Investment Bank in orange, and proposed corridors in black (Land Silk Road), and blue (Maritime Silk Road) (Courtesy Lommes)

of concern to the BRI, in 2019, 22 percent of the 5 Central Asian countries' exports went east to China, and they brought in 37 percent of their total imports from China. This occurred while these countries made up less than 1 percent of China's total trade, and in 2021, China emerged for the first time as the top trading partner to the European Union (EU). China's actions and its economic choices are now shaping the world, and we begin to see this trend emerge as China starts to turn west and push through its ambitious BRI across Asian regions and into Europe and Africa.

China's policies and approach have taken (Eur) Asian regionalism to a new level, flattening Asian differences and accelerating inter-Asian integration. China has not only encouraged formal regionalism through the BRI but also enabled informal

regionalism by encouraging countries without formal links to the BRI to contribute to Asia's China-driven regionalism, consciously and deliberately investing in pluralism.

BRI Leads . . .

The BRI, therefore, is arguably the most dynamic economic force now shaping continental Asia's economies. While countries such as Japan, the Republic of Korea, Taiwan, and the larger ASEAN countries depend less on China's BRI as an engine of growth and economic development, the smaller ASEAN countries, Central Asia, and huge parts of South Asia and West Asia are not only increasingly dependent on trade with and investment from China but are also banking on BRI success to help build national infrastructure and create profitable

and sustainable connectivities across their borders. The ambition of the BRI is to be seen in the broadness of the six integrated economic corridors that crisscross Asia:

- China-Mongolia-Russia
- China-Indochina Peninsula
- China-Pakistan
- Bangladesh-China-India-Myanmar
- China-Central Asia-West Asia
- New Eurasian Land Bridge.¹²

These networks will collectively expose much of Asia to China as well as to its commercial, industrial, manufacturing, technical, digital, and financial power. By the same token, the delivery of BRI projects will propel China's growth and development. It needs to be underlined that "from the perspective of Chinese interests, BRI is not only about power relations in terms of geostrategic interests, but also about concrete economic benefits [and...how to make use of the accumulated reserves."¹³ The scale of the BRI is massive. It is worth billions of dollars in Chinese investments that are supported by a centralized bureaucracy and a dedicated financial arm in the shape of the well-endowed Asian Infrastructure Investment Bank with over \$100 billion in reserves. This demonstrates the viability as well as the audacity of China's plan, which has led many countries to trust in the feasibility of BRI pathways out of China and into Eurasia, the Indian Ocean, and beyond. These countries hope that these pathways will lift their economies and improve their prospects.

But the BRI has become much bigger than what this Eurasian geography might suggest, and mapping its growth since the late-2010s shows that the project has become truly global, with 139 countries now involved in the initiative, from the shores of the EU to the Latin American subcontinent.¹⁴ Moreover, while China has scaled back its BRI investments since the pandemic and has changed its strategy to

focus on smaller, greener, and more manageable projects, its commitments remain above the \$40 billion per year mark (\$59.5 billion and \$60.5 billion, respectively, in 2020 and 2021), even though clearly well below the peak of \$130 billion in 2015 and even \$110 billion in 2019.¹⁵

From China's perspective, BRI success is contingent on the successful integration of partners in the critical regions of Central, West, and South Asia. In each regional theater, however, China faces structural and geopolitical challenges, as well as economic hurdles, to succeed and for the country to establish itself as a—if not *the*—dominant Eurasian force. In Central Asia, South Asia, and West Asia, China faces formidable structural, geopolitical, institutional, and of course geographical challenges. In each of these regions, China also must balance its behavior against such other powerful actors as Russia, India, and the United States. Furthermore, Russia has its own economic zone that encompasses large parts of Central Asia. India has formed a partnership of "Asian democracies" with Japan. The Republic of Korea, which also has the United States and Australia as interested parties, is pushing ahead with its own Eurasian corridor to compete with China's. The United States remains the dominant external power in West Asia and the energy-rich Persian Gulf subregion. China does not have its own way in Eurasia.

... but BRI is Not the Only Game in Town

China is now facing pushback from several quarters, the most talked about of which are the United States, EU, and other European countries, such as the United Kingdom. But in Asia, too, China is meeting resistance to its strategy. Japan's efforts to create "East-West" networks that would align ASEAN more closely with the Organisation for Economic Co-operation and Development (OECD) is one example. Another is India's International

North-South Transportation Corridor, which aims to connect the Indian Ocean economic zone with Europe through the Persian Gulf and the Caspian Sea, making China's economic allies Iran and Russia strategic linchpins. This project has been enhanced by New Delhi's new Arabian-Mediterranean (Arab-Med) Corridor between the subcontinent and Europe. Resulting from the opportunities presented by the normalization of relations between the United Arab Emirates (UAE) and Israel, both with whom India has warm and favorable relations, Michaël Tanchum argues that:

*India's . . . Arab-Med Corridor to Europe is an emerging multi-modal, commercial corridor that could radically reconfigure trade patterns between the Indian Ocean Region, the Middle East and Europe by creating an arc of commercial connectivity spanning Eurasia's southern rim from India's Arabian Sea coast to Greece's eastern Mediterranean coast. For India, this new connectivity constitutes a strategic paradigm shift of enormous geopolitical consequence that could reshape its role in the Eurasian economic order.*¹⁶

Finally, there is Russia's own economic community of states that the BRI overlaps in crucial ways and at critical spatial junctures.¹⁷ None of these alternatives is likely to derail the BRI, but each will possibly interact with BRI projects in Asian zones in less friendly ways. Furthermore, where the pivotal countries and others along the BRI have close links with other major powers, these countries will feel the pressure to maintain a distance between themselves and China. Israel, Kazakhstan, Saudi Arabia, and the UAE fall into this category. Returning to India's new Arab-Med initiative, which has been warmly received by several Gulf Cooperation Council and Mediterranean countries, this project will not only set India up as a direct competitor to China's BRI but

also make transit across Asia more competitive and thus create numerous opportunities for India and its trading partners to serve Eurasian markets more easily and quickly. To quote Tanchum again:

*India has a new strategic map. A new multi-modal, India-to-Europe commercial corridor is emerging from the interlinkage of the Arabian Sea and the Eastern Mediterranean that could radically reconfigure trade patterns between the Indian Ocean Region, the Middle East, and Europe. One of the early fruits of the 2020 diplomatic normalisation between the UAE and Israel is the rail connection being established from the UAE via Saudi Arabia and Jordan to the Port of Haifa on Israel's Mediterranean coast. Combined with the trans-Mediterranean maritime link from Haifa to the European mainland at the massive transshipment port in Piraeus, Greece, India's maritime connectivity with the UAE will soon form part of a larger arc of commercial connectivity that extends from India to Greece. Freight rail service from Piraeus through the Balkans and Central Europe means that Indian goods can reach Austria, the Czech Republic, and Germany—connecting India to major markets and manufacturing centres of Europe. Linking India's Arabian Sea coast to Greece's Eastern Mediterranean coast along Eurasia's southern rim, India's Arab-Med Corridor to Europe carries the potential to transform the connectivity architecture of Eurasia and India's place in the global economic order.*¹⁸

Warm relations between Greece and Israel (now energy partners in the Eastern Mediterranean as well), on the one hand, and ever closer strategic ties between Israel and the UAE, on the other,

have for the first time created the opportunities for India to change gears and directly compete with China in shaping Eurasian interactions. As the UAE and Israel build connectivity through Saudi and Jordanian territories, and develop a rail link and port facilities in Dubai as well as Haifa, so the prospects of India's access to European markets, and vice versa, through Dubai (near India) and Haifa (near Europe) become an ever-closer strategic reality. The Middle East, therefore, sits at the heart of this potentially powerful network of relationships between the Indian Ocean and Europe. Another advantage of India's initiative is that the partner countries will not risk incurring the wrath of the United States and its allies for forging close ties with an adversary. India, as a member of the so-called Quad (Quadrilateral Security Dialogue) of democracies, can count on the support of the West as well as its Asian partners in making the Arab-Med project a reality.

For the Gulf Arab countries, the prospects of a "food corridor" between them and India is an added attraction of this Indian initiative, providing investment for Indian agriculture in return for securing access to food products and farmland for these countries' growing but food insecure populations. The best part of the Arab-Med project is that as most of the connectivity projects are already under way, and facilities such as ports are already in place, it does not require huge quantities of investment capital to secure the infrastructural underpinnings of this corridor. Connections can be made quickly, and agreements made between countries that already have favorable views of each other, despite close relations with China in many cases. Thus, potentially, the Indian Arab-Med Corridor initiative could circumvent the BRI's geographic spread to the western edges of Asia and the West's core region of influence. Andrew Korybko sums up the potential of the Arab-Med project rather well when he states that:

It's impossible for India to economically compete with China in Iran, but it might

have the edge over the People's Republic when it comes to the transit states along with the AMC [Arab-Med Corridor] for simple geographic reasons. It's much easier to carry out Indian-EU trade across the AMC than it is for the EU to trade with China across any land-based route. India wants to market itself as an alternative of sorts to China even though it can never fully replace the People's Republic's role in the global economy over the past few decades. Some EU countries also have political motivations to diversify their trade ties with China by expanding economic connectivity with India. This can be achieved through the AMC, especially since all those others whose territories it'll transit through are also on good terms with the bloc. If successful, then the AMC could become a serious economic force in Eurasia. It could also present an economic alternative to China's . . . BRI. BRI's primary corridors transit through Russia, Central Asia, Iran, and Pakistan [who] are very close with China. HOWEVER, the AMC's transit states pursue much more balanced policies between East (China) and West (EU/U.S.), which makes them more politically appealing to some economic actors. Therefore, India could present the AMC as a form of "competitive connectivity" in Eurasia that pursues mutually beneficial and balanced outcomes for all stakeholders alongside BRI. Its grand strategic aim would be to give countries an alternative to BRI when it comes to East-West trade.¹⁹

The final point also captures the essence of the EU's and Japan's approaches, of course.

But how committed might India be to such strategic undertakings? In the past, India has vacillated so wildly between cooperation with the West and convergence with Russia and China as to raise

questions about its reliability as a partner. Indeed, as Ralph Cossa states:

it is not an exaggeration to observe that on Monday, Wednesday, and Friday, India seems intent on cooperating with the United States and being part of an emerging alliance of democracies, promoting multilateral cooperation . . . while on Tuesday, Thursday, and Saturday, New Delhi further enhances its strategic relations with Beijing and Moscow, aimed at preventing a unipolar world.²⁰

With that said, India is beginning to display a greater sense of urgency in its policies; closer cooperation with Japan, the United States and its

European allies; and deeper engagement with other Asian countries (including Iran) sufficiently as to raise concern in Beijing.

As if India's initiative was not enough of a challenge for China to manage, the EU too has been developing plans for Eurasian connectivity traversing the Middle East and continental Asia. The EU's interest in building Eurasian networks began at the end of the Cold War, when Russia was weak and China was still a decade away from the BRI and had not yet emerged as the Asian economic magnet it has become. The intergovernmental Transport Corridor Europe-Caucasus-Asia (TRACECA) was launched in 1993, with Europe's promise of financing the technical assistance needed for developing



The East Coast Economic Corridor is envisaged to be India's first coastal corridor. This corridor aligns with the national objectives of expanding the domestic market, supports port-led industrialization (Sagarmala initiative) and the Act East Policy, and inserts domestic companies into the vibrant GVCs of East and Southeast Asia (Asian Development Bank)

east-west transport corridors from Central Asia all the way to the North Sea.²¹ The initial allocation of €15 million to TRACECA was perhaps indicative of the EU's rather modest ambitions, and while the organization's membership has expanded to 39 members, the fact that 15 years later only 70 projects have been financed speaks to the limited scope of this initiative.

Europe launched a grander initiative, entitled the EU-Asia Connectivity Strategy, in 2018.²² The strategy has land, rail, sea, air, and digital networks at its heart, all aiming to provide sustainable and efficient access across Eurasian economies. Though trying to interact with China's BRI efforts, the EU's initiative put the Union in the driving seat of such networks. As the EU's highest body made clear: The European Commission's vision for its initiative:

provides the basis for an EU strategy on connecting Europe and Asia. The principles of sustainable, comprehensive, and international rules-based connectivity inform this strategy. Through this approach, the EU will enhance regulatory quality and level [the] playing field of connectivity, drawing inspiration from its internal market. It will contribute to the development of transport, energy, and digital networks since it [is] experience[d] with cross-border connectivity. It will seek to strengthen its partnerships with third countries, regions, and international organisations. It will increase cooperation in education, research, innovation, culture, sport, and tourism, helping to promote diversity and the free flow of ideas. To support these different policies and actions, the EU should use all levers and tools in its financial framework to mobilise public and private investment in sustainable connectivity. A joint effort of the EU and its Member States for better communicating, branding, and marketing connectivity projects

*and programmes with Asian partners will also play a crucial part in the success of the strategy.*²³

The purpose of the European initiative and its mission were clear from the outset, but to emphasize its intent on December 1, 2021, the EU announced the launch of a much greater project, namely the €300 billion Global Gateway strategy (GGS).²⁴ The GGS is planned as a public- and private-sector-funded project to invest in "global infrastructure." This "roadmap for investment in the developing world" is the EU's follow up response to China's westward Eurasian march and it purposefully centers European values as the GGS driving force.

The European Commission made this announcement in terms of the GGS "increasing investments promoting democratic values and high standards; good governance and transparency; equal partnerships; [and] green and clean secure infrastructures . . . that catalyse private sector investment." Furthermore, the EU aims to:

*offer not only solid financial conditions for partners, bringing grants, favourable loans, and budgetary guarantees to de-risk investments and improve debt sustainability—but also promote the highest environmental, social, and strategic management standards. The EU will provide technical assistance to partners to enhance their capacity to prepare credible projects ensuring value for money in infrastructure. Global Gateway will invest in international stability and cooperation and demonstrate how democratic values offer certainty and fairness for investors, sustainability for partners, and long-term benefits for people around the world.*²⁵

Not surprisingly, Beijing saw the Global Gateway as a predatory agenda and one likely to result in European interference in the partner countries' internal affairs.²⁶ At the strategic level, Beijing

was clear that the GGS should define its boundaries with reference to the BRI, warning against competition with China. The two sides should not aim to replace “each other,” China warned, but China has not seen EU forays into Asia as a strategic threat, given the clear structural, financial, and governance and management limitations of the GGS.²⁷ The fact that nearly half of EU members have signed memorandums of understanding with BRI has also weakened the Europeans’ hand, arguably, dividing European strategic perspectives on China. Clearly the EU’s efforts recognize the importance of Asia to Europe, but do not correspond with the scale of the undertaking to create a meaningful presence in Asia. Despite the European Commission’s citing of China as a “systemic rival” and “economic competitor” in 2019, the close economic relations between the two will mean that for the foreseeable future the EU will not pose a strategic challenge to China’s Eurasian role.²⁸ For China, it is developments in Asia itself which are of greater interest.

We now turn to Japan, which has also displayed ambitions regarding continental connectivity. It has done so with emphasis on cooperation with partners India and the EU, without of course neglecting China. With Japan’s endemic economic problems in the 1990s and beyond, it became fashionable to write it off as a heavyweight Asian power that was a passive actor and a dependent power on the strategic plain. But the unrelenting rise of China, compounded by concerns about U.S. intentions in the Pacific region, have led to Tokyo stepping up its diplomatic, economic, and security engagements in the Indo-Pacific region.²⁹ Thus, it is no coincidence that Japan’s defense budget has been rising rapidly relative to that of China, albeit on a lower scale, and no surprise also that it has vowed to step up its defense cooperation with such key countries as Australia and India.³⁰

At the same time, Tokyo has tried to maintain good relations with China and ensured minimum disruption in its rich economic partnership, which

has turned Japan into the single largest investor in China and made the latter Japan’s largest trading partner. Reinforcing these economic ties, Japan played a central role in the negotiations and ratification of the 15-member Regional Comprehensive Economic Partnership designed to weave Asia’s Pacific economies closer together.³¹ Furthermore, Japan has been pressing the United States to bolster its military and economic presence in the area and has welcomed AUKUS (Australia-UK-U.S. security partnership) as a clear sign of the United States and the United Kingdom strengthening their security engagement in the Indo-Pacific region.³²

How do we account for Japan’s efforts to push its own connectivity initiative? While there are clear domestic drivers for Japan’s efforts to build and strengthen regional and global networks, there is also evidence that Japan is on the front foot at least in part in response to China’s BRI.³³ In this regard, Kensuke Yanagida provides a clear analysis of Japan’s connectivity initiative and its political context:

*Japan’s Free and Open Indo-Pacific (FOIP) initiative guides its vision for the region. Based on the new Japanese diplomatic paradigms established in the 2000s, namely the Arc of Freedom and Prosperity and the Asia’s Democratic Security Diamond, the FOIP has evolved into a comprehensive regional cooperation framework with a geographic coverage spanning from Asia to Africa and including the Pacific and Indian oceans. The FOIP seeks to bolster economic and security cooperation, and Japan in particular aims to ensure a rules-based international order.*³⁴

Yanagida further notes that in addition to this important function:

The Japanese government has stated clearly that it will cooperate with any country that

meets the basic principles of FOIP. One of the three pillars of FOIP is pursuit of economic prosperity by improving regional connectivity, including physical infrastructure development. Therefore, as part of Japan's broader regional vision, connectivity is one potential area that can promote greater multilateral cooperation and regional prosperity in the Indo-Pacific.

Japan has played a key role in regional infrastructure investment and connectivity through the establishment of its "quality infrastructure investment" (QII) principles. QII aims to ensure commonly accepted norms and standards for infrastructure investment based on the principles that had been agreed to by the G-20: openness, transparency, economic efficiency (including life-cycle costs), and fiscal soundness. Japan has made diplomatic efforts to put QII on the agenda in the international arena. The basic principles of QII were first recognized at the G7 Ise-Shima Summit hosted by Japan in 2016. Subsequently, they have been promoted through the G-20 and . . . OECD. At the 2019 G-20 Osaka Summit, the G20 Principles for Quality Infrastructure Investment were endorsed by leaders, including major donors to emerging economies. QII principles have also expanded through bilateral and multilateral partnerships that have included the EU, India, and Africa. Furthermore, the United States, Japan, and Australia launched the multi-stakeholder Blue Dot Network, led by the U.S. International Development Finance Corporation and established under the bipartisan Better Utilization of Investments Leading to Development (BUILD) Act of 2018. The Blue Dot Network aims to

evaluate and certify infrastructure projects based on the G20 Principles for Quality Infrastructure Investment.³⁵

This detailed account of Japan's activities and initiatives underlines the important and growing role that Japan is playing in the Indo-Pacific, further reinforcing its multilateral approach as a counter to the Sino-driven BRI and is underpinning it by the promise of substantial funding and technical and governance support. Thus, in the year before the pandemic (2019), Japan invested \$367 billion in infrastructure projects of the six biggest ASEAN economies, far exceeding China's \$255 billion. In cooperation with the Asian Development Bank, it has further committed to dispersing \$200 billion in infrastructure projects in Asia and beyond.³⁶

In this initiative, the aims are clear as well as the way forward, placing Japan in the driving seat of a further connectivity project, but one based on close coordination with partners, including the United States. This major initiative, of course, was built on the joint Asia-Africa Growth Corridor (AAGC) launched in 2017 to help Africa's development in a "liberal and value-based order"—partly to compete with China's strong presence in Africa and partly to ensure that they are not left out of Africa's anticipated economic boom this century.³⁷ In the context of AAGC, Japan's significant official development assistance (ODA) funds to Africa (\$2.1 billion in 2019) could now be channelled in a structured way and India (itself the largest recipient of Japanese ODA in Asia) could be engaged at the strategic level, and with the active participation of sub-Saharan African states themselves.

Japan's visibility thus rises, its partnership with India raises its credibility further, and Japan can also compete with China in Africa within an alternative multilateral platform. Japan, in East Asian strategic calculations, is far from a spent force. As it modernizes its military and develops and strengthens its diplomatic and economic engagements, it can act as

an effective arbiter in the West's dealings with China as well as serving as an effective tripwire against China's expansionist policies. Japan is providing competitive alternatives to China's BRI in many parts of the world now, thus reinforcing its alliance structures, but it is doing so without alienating China.

Conclusion

China's bold BRI project, aimed to create pathways for trade across Eurasia, is driving change and arguably transforming Eurasia's landscape.³⁸ Conceptually and materially, Asian regions are being redrawn and their geographies integrated along new pathways. Despite the BRI's transformative potential, this initiative is based largely on China's own economic calculations and its domestic strategies for growth and development in the 21st century. At the same time, the BRI feeds into China's ambitions as a Eurasian, if not global, power. China sees the current period as a golden opportunity to shape Eurasia and, in the process, also reshape the international system to its own advantage.

Unquestionably, China has made massive inroads in the delivery of the BRI. In Southeast Asia, Central Asia, South Asia, West Asia, sub-Saharan Africa, and even the Eastern Mediterranean and South America, the BRI's footprint is not only visible but also growing. The geostrategic instabilities of Asia, however, have stirred others into action to compete again, if not to counter China's Asianization strategy. In the absence of the United States driving Indo-Pacific connectivity, it has been the EU, India, Japan, and to a lesser extent Russia that have responded to the Chinese challenge. Almost all these connectivity initiatives aim to realize the geopolitical and geographical importance of continental Asia. At face value, then, Asian countries individually, and Asian regions collectively, should stand to benefit from all this international attention.

Questions remain, however, most critically as to whether these different initiatives will further cooperation in the Indo-Pacific region or lead to the reinforcement of cleavages and the creation of new points of confrontation. The answer hinges on our assessment of China as a global power. China's rise, arguably, is inevitable. It has been argued that:

as China's influence continues to grow, Beijing's strength is likely to reshape the international arena. One of the major changes will be a wider margin of manoeuvre for countries that oppose the U.S., which has long been accustomed to its status as the sole superpower. Iran is only one example, and it will not be a surprise if other states that oppose American hegemony also receive support from China, even if they have no specific resources or obvious strategic advantage to offer Beijing. This "take-all-comers" approach from China marks an epochal shift in international affairs. In the aftermath of the Soviet Union's collapse, few if any countries could afford to risk exclusion from the emerging Liberal world order by balking at American demands for democratization, financial liberalization, or disarmament. Since the early 2010s, a new superpower has been rising and from its partners—countries as diverse and mutually antagonistic as Israel and Iran—it demands only one thing: profit. Many other countries might take this bargain, as the one thing that China demands it also offers. The more these two superpowers develop into isolated systems, the more the world must worry about escalation. Today, these two superpowers depend on one another, but if at some point this changes, escalation will be rapid.³⁹

Despite the country's many structural problems and domestic economic weaknesses, China has

already accumulated sufficient resources and made deep relationships to sustain its upward trajectory. Indeed, many observers of the international system assume that China will eclipse the United States to become the world's greatest power before the middle of the 21st century. Lawrence Freedman is only one in a long line of analysts who believe that:

China is seen as the natural successor to the United States as the dominant power. Its dramatic economic growth has propelled it from an also-ran into the front rank of powers. It also has size. Its territory is vast and its population large. In addition, after downplaying its great power ambitions, it has recently become more open and assertive.⁴⁰

But this does not go far enough to help take stock of China's emergence as a strategic competitor. There are those who variously argue that China will be dominant irrespective of Beijing's policy choices⁴¹ or that denying China what it sees as its rightful place in the post-unipolar order "could push Chinese foreign policy toward protesting, delegitimizing, or overthrowing the liberal order."⁴² Neither line of analysis will make happy reading in Washington, DC, particularly as the premise of such arguments appears to be that the West has lost the race for global dominance. Moreover, if we accept that China's rise is systemic and unlikely to be peaceful, then, as John Mearsheimer has argued:

what matters is the balance of power. And the fact is China has become so powerful over the past 20 years.

There is a serious chance that (China) could become a regional hegemon in Asia. And the United States does not tolerate peer competitors. The idea that China is going to become a regional hegemon is unacceptable to the United States.

So, it's this clash of interests that are generated by this fundamental change that's taking place in the balance of power. It is driving the competition. And I would note that you'll hear a lot of talk about the fact that the United States is a liberal democracy, and that China is a communist state. And, therefore, this is an ideological clash.⁴³

But China's rise, in the context of superseding the United States as the world's greatest power, is not inevitable and perhaps is even unlikely. Michael Cox makes a strong case that the sheer size of the U.S. economy, the global reach of its financial power, and of course its world-beating military capabilities and global military presence will ensure that the United States will continue to stay ahead of its competitors.⁴⁴ This is underpinned by the country's resourcefulness, its corporate muscle, its creativity, and its ability to renew and regenerate itself.

Given continental Asia's complex geopolitics, inter-Asian and Eurasian rivalries, on top of its diverse, fragmented, and economically and demographically unequal regional systems, China's bid for Eurasian supremacy has inevitably generated strategic responses by other powers. Balancing and bandwagoning are on display in equal measure in this vast geography precisely because multipolarity is an enduring and often destabilizing strategic feature of this supercontinent. Furthermore, if China feels more compelled to extend its "strategic periphery," world reactions will also increase.⁴⁵ This is the strategic dilemma that international relations literature sees as power transition. However, it would be a mistake to take the purported power transition from the United States to the People's Republic of China at face value or as the endgame. If the future of the world system is to be found in Eurasia, then there must be a focus on that supercontinent. To understand China going forward, we will need to understand its changing relations with its continental neighbors. A more nuanced understanding

of China's position in Eurasia's complex geopolitics and the ways in which the multipolarity of Asia, in terms of subregions and the interaction between the Asian major powers and Asian regional powers, shapes this supercontinent will be a significant step forward.⁴⁶ At a time when major economies are consolidating and looking for ways to shorten their supply chains and reduce their exposure, we should be examining the BRI's response to this new reality and China's broader response to BRI's Eurasian rivals, for it is here that Asia's new geopolitical map is being redrawn. **PRISM**

Notes

¹ See Michiya Matsukawa, *The Japanese Trade Surplus and Capital Outflow*, Occasional Papers 22 (New York: Group of Thirty, 1987); Bela Balassa and Marcus Noland, *Japan in the World Economy* (Washington, DC: Institute for International Economics, 1988).

² Herman Kahn, *The Emerging Japanese Superstate: Challenge and Response* (Hoboken, NJ: Prentice Hall, 1971), xi.

³ *Ibid.*, 171.

⁴ Desmond Ball et al., *Asia's New Geopolitics: Military Power and Regional Order* (New York: Routledge, 2021), 165.

⁵ See Anoushiravan Ehteshami, "Asianisation of Asia: Chinese-Iranian Relations in Perspective," *Asian Affairs*, January 2022, available at <<https://www.tandfonline.com/doi/pdf/10.1080/03068374.2022.2029037?needAccess=true>>.

⁶ See Frederic C. Deyo, ed., *The Political Economy of the New Asian Industrialism* (Ithaca: Cornell University Press, 1987); Nigel Harris, *The End of the Third World: Newly Industrializing Countries and the Decline of an Ideology* (London: Penguin, 1987).

⁷ See Anoushiravan Ehteshami, "The Rise and Convergence of the 'Middle' in the World Economy: The Case of the NICs and the Gulf States," in *Global Interests in the Arab Gulf*, ed. Charles E. Davies (Exeter: University of Exeter Press, 1992), 132–168.

⁸ In the 1900–1987 period, the annual average gross domestic product growth rates of Japan (4.3 percent), the Republic of Korea (4.2 percent), and Taiwan (5.1 percent) overshadowed those of China (2.9 percent) and India (2.1 percent). See Angus Maddison, *The World Economy in the 20th Century* (Paris: Organisation for Co-operation and Development [OECD], 1989).

⁹ In terms of export volume annual growth rate averages from 1900 to 1986, Japan's stood at 7.5 percent, Republic of Korea's at 7.9 percent, and Taiwan's at 8.2 percent, compared with India's 1 percent and China's 3.4 percent. In terms of exports per capita, China's moved from 33 cents in 1900 to \$30 in 1986, India's from \$1.25 to \$12, but Japan's from \$2.31 to \$1,603, Republic of Korea's from 38 cents to \$835, and Taiwan's from \$2.37 to \$2,056 in the same 1900 to 1986 period. See *Ibid.*

¹⁰ See World Bank, "GDP Growth (Annual %)—China," available at <<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN>>.

¹¹ Wenran Jiang, "China's Economic Growth and Its Global Quest for Energy," in *China, India and the United States: Competition for Energy Resources* (Abu Dhabi: Emirates Center for Strategic Studies and Research, 2008), 279–309.

¹² "China's Belt and Road Initiative in the Global Trade, Investment and Financial Landscape," in *OECD Business and Financial Outlook 2018* (Paris: OECD, 2018), available at <<https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>>.

¹³ Werner Pascha, "The Political Economy of New Multilateral Development Bank and Reserve Arrangements in East Asia," in *China's New Silk Road: An Emerging World Order*, ed. Carmen Amado Mendes (New York: Routledge, 2019), 78.

¹⁴ David Sacks, "Countries in China's Belt and Road Initiative: Who's In and Who's Out," *Council on Foreign Relations*, March 24, 2021, available at <<https://www.cfr.org/blog/countries-chinas-belt-and-road-initiative-whos-and-whos-out>>.

¹⁵ Christopher Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report H1 2021* (Beijing: International Institute of Green Finance Green BRI Center, July 2021), available at <https://greenfdc.org/wp-content/uploads/2021/07/21_07_22_BRI-Investment-Report-H1-2021.pdf>.

¹⁶ Michaël Tanchum, *India's Arab-Mediterranean Corridor: A Paradigm Shift in Strategic Connectivity to Europe*, South Asia Scan No. 14 (Singapore: Institute of South Asian Studies, August 2021), 4.

¹⁷ Russia's six-member Eurasian Economic Union (EEU) was launched within a year of the launch of the BRI to consolidate its own position in Asia. But in terms of financial commitments and scale and scope, the EEU offers no real competition to the BRI or its real rivals in Eurasia.

¹⁸ Tanchum, *India's Arab-Mediterranean Corridor*, 7.

¹⁹ Andrew Korybko, "The Geo-Economic Consequences of India's Planned Arab-Mediterranean Corridor," *Frontier India*, October 11, 2021.

²⁰ Ralph A. Cossa, “Security Dynamics in Asia,” in *International Relations of Asia*, ed. David Shambaugh and Michael Yahuda (New York: Rowman and Littlefield, 2014), 373.

²¹ Transport Corridor Europe-Caucasus-Asia, “History of TRACECA,” available at <<http://www.traceca-org.org/en/about-traceca/history-of-traceca/>>. It was interesting that the phrase *TRACECA: Restoration of the Historic Silk Route* was incorporated into the vocabulary from early on—and without a single reference to China.

²² European Commission, *Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: Connecting Europe and Asia—Building Blocks for an EU Strategy* (Brussels: High Representation of the Union for Foreign Affairs and Security Policy, September 19, 2018), available at <https://eeas.europa.eu/sites/default/files/joint_communication_-_connecting_europe_and_asia_-_building_blocks_for_an_eu_strategy_2018-09-19.pdf>.

²³ *Ibid.*, 13.

²⁴ European Commission, “Global Gateway: Up to €300 Billion for the European Union’s Strategy to Boost Sustainable Links Around the World,” press release, December 1, 2021, available at <https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6433, December 1, 2021>.

²⁵ *Ibid.*

²⁶ “China Slams EU’s €300 Billion Gateway Project, Will It Actually Counter Xi Jinping’s BRI?” *Crux*, December 2, 2021, available at <<https://www.youtube.com/watch?v=CI0gvfr6V8k>>.

²⁷ “Wary of EU’s Global Gateway to Rival BRI, China Says They Can Complement Each Other,” *Devdiscourse*, December 2, 2021, available at <<https://www.devdiscourse.com/article/business/1831616-wary-of-eus-global-gateway-to-rival-bri-china-says-they-can-complement-each-other>>.

²⁸ Pepijn Bergsen, *The EU’s Unsustainable China Strategy* (London: Royal Institute of International Affairs, July 2021), available at <<https://www.chathamhouse.org/sites/default/files/2021-07/2021-07-07-eu-unsustainable-china-strategy-bergsen.pdf>>.

²⁹ Kei Koga, “Japan’s ‘Indo-Pacific’ Question: Countering China or Shaping a New Regional Order,” *International Affairs* 96, no. 1 (January 2020), 49–73.

³⁰ Yoshifumi Takemoto and Kiyoshi Takenaka, “Japan Plans Record Extra Defence Spending as China Threat Eyed,” Reuters, November 19, 2021, available at <<https://www.reuters.com/world/asia-pacific/japan-plans-record-67-bln-plus-defence-spending-extra-budget-kyodo-2021-11-18/>>.

³¹ This large free trade agreement came into force on January 1, 2022, making this the largest trading bloc in the world and binding more closely East Asia’s “big three” economies.

³² “Press Conference by Foreign Minister Motegi Toshimitsu,” *Ministry of Foreign Affairs of Japan*, September 21, 2021, available at <https://www.mofa.go.jp/press/kaiken/kaiken25e_000038.html#topic1>.

³³ Kai Neagle, “Why Is China’s Belt and Road Initiative Being Questioned by Japan and India?” *E-International Relations*, May 2, 2020, available at <<https://www.e-ir.info/2020/05/02/why-is-chinas-belt-and-road-initiative-being-questioned-by-japan-and-india/>>.

³⁴ Kensuke Yanagida, “Japan’s Connectivity Initiatives in the Indo-Pacific,” *National Bureau of Asian Research*, September 11, 2021, available at <<https://www.nbr.org/publication/japans-connectivity-initiatives-in-the-indo-pacific/>>.

³⁵ *Ibid.*

³⁶ Jakob Ranglin Grissler and Lars Vargö, *The BRI vs. FOIP: Japan’s Countering of China’s Global Ambitions*, Issue Brief (Stockholm: Institute for Security and Development Policy, February 8, 2021), available at <<https://www.isdp.eu/content/uploads/2021/02/The-BRI-vs-FOIP-IB-08.02.21.pdf>>.

³⁷ Jagannath Panda, *The Asia-Africa Growth Corridor: An India-Japan Arch in the Making?* Focus Asia No. 21 (Stockholm: Institute for Security and Development Policy, August 2017), available at <<https://isdp.eu/content/uploads/2017/08/2017-focus-asia-jagannath-panda.pdf>>.

³⁸ Faisal Ahmed and Alexandre Lambert, *The Belt and Road Initiative: Geopolitical and Geoeconomic Aspects* (New York: Routledge, 2022).

³⁹ Role Yellinek, “How Can China Maintain Good Relations with Both Israel and Iran?,” *Middle East Institute*, September 29, 2020, available at <<https://www.mei.edu/publications/how-can-china-maintain-good-relationships-both-israel-and-iran>>.

⁴⁰ Lawrence Freedman, “Who Wants to Be a Great Power?” *PRISM* 8, no. 4 (2020), 11, <https://ndupress.ndu.edu/Portals/68/Documents/prism/prism_8-4/prism_8-4_3-14_Freedman.pdf?ver=2020-06-12-101118-297>.

⁴¹ Oliver Stuenkel, *Post-Western World* (Cambridge: Polity Press, 2016).

⁴² Steven Ward, *Status and the Challenge of Rising Powers* (Cambridge: Cambridge University Press, 2017), 213.

⁴³Kenji Minemura, “John Mearsheimer: U.S.-China Rift Runs Real Risk of Escalating into a Nuclear War,” *The Asahi Shimbun*, August 17, 2020, available at <<http://www.asahi.com/ajw/articles/13629071?s=09>>.

⁴⁴Michael Cox, “Power Shift, Economic Change and Decline of the West?” *International Relations* 26, no. 4 (2012), 369–388.

⁴⁵See Joshua Eisenman and Eric Heginbotham, eds., *China Steps Out: Beijing’s Major Power Engagement with the Developing World* (New York: Routledge, 2018).

⁴⁶Mehdi Parvizi Amineh, ed., *The China-Led Belt and Road Initiative and Its Reflections: The Crisis of Hegemony and Changing Global Orders* (New York: Routledge, 2022).