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China's Maritime Silk Road: Emerging Domestic Debates

By Irene Chan

Synopsis

The emerging domestic debates over the Maritime Silk Road (MSR) show that China faces difficult questions in formulating and implementing effective policies, both internal and external.

Commentary

AFTER 18 months of overwhelming enthusiasm for the Maritime Silk Road (MSR), Chinese scholars and policymakers are beginning to realise the arduous task of planning and implementing the MSR policies. They raised crucial questions regarding political and economic risks that the MSR may bring about; implementation issues; and the sustainability of both the MSR and its twin half the Silk Road Economic Belt.

For starters, Chinese analysts are pondering about the sustainability of China's Silk Road diplomacy. Although the revival of the Silk Road is President Xi Jinping's brainchild, there is a limit to what he can accomplish within the remaining eight years in office. Chinese policymakers have acknowledged that the Silk Roads cannot be built overnight.

Winning over neighbours

It would take at least a decade for regional countries to come onboard and negotiate the terms of cooperation. It would take even longer for the subsequent policy implementations to take effect. Moreover, Chinese economic and social planning is based on a five-year timeframe and China's current economy functions on the strategies provided under the Twelfth Five-Year Guideline.

This raises questions regarding the planning model on which both the land and maritime Silk Roads should be based and how the new planning model can be implemented under future Five-Year Guidelines.

A small group of Chinese scholars are warning Beijing not to overlook or downplay the strategic implications of its Silk Road diplomacy, particularly that of the MSR in Southeast Asia. They argue that China has overplayed its economic trump card in the region and regional countries are wary of deepening economic ties with China at the expense of their strategic interests as the MSR routes pass through the disputed South China Sea. Instead of establishing Chinese dominance, the MSR may drive regional countries to hedge further against China with the US and other major players.

Internal and external competition for resources

Meanwhile, other Chinese scholars question if Beijing can continue to maintain China's longstanding foreign policy of non-interference under the MSR as deeper commercial engagement exposes China to greater vulnerabilities. Mindful of China's Libya experience during the initial outbreak of the Arab Spring uprisings, they call for patience and prudence in pursuing infrastructure connectivity development in the MSR.

They urge Beijing to conduct in-depth studies on the regional infrastructure development needs and thorough political and economic risk analysis to be done before committing to large-scale projects overseas. They contend that a large percentage of Chinese infrastructure investments overseas are making losses due to the lack of due diligence. Not only does this put Chinese resources to waste, it also poses risks to the lives of Chinese nationals who are physically working on the ground.

According to Chinese reports, at least 20 provinces have made suggestions and proposals for both the MSR and the Silk Road Economic Belt. Chinese scholars pointed that these provinces are not equally equipped to be efficient points of origin of the MSR. They have different developmental needs which may consume a large portion of funding from both the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF).

This raises new questions regarding the resource allocation and result in domestic and international competition for limited resources. For instance, should Chinese provinces have priority over the other regional countries under the SRF? What should the criteria for assessment be?

On the MSR alone, provinces such as Yunnan, Guangxi, Hainan, Guangzhou, Fujian, Zhejiang and Jiangsu are competing against one another for a share of the ASEAN economic pie. Industrialisation in Guangzhou and its participation in the regional production network have been more successful in comparison with Guangxi and Yunnan.

Difficult questions for China and ASEAN

However, Guangxi has more expertise in understanding and dealing with ASEAN as it has been the official host province for the annual China-ASEAN Expo since 2004. Yunnan is part of the Greater Mekong Subregion (GMS) development plan which falls under ASEAN's Master Plan for Connectivity (MPAC). How should Beijing delegate production and connectivity roles to ensure that minimal provincial competition and duplication of work?

As the dominant economic power in the region and the largest funding source of the MSR and future regional development, Beijing faces difficult questions ahead – will China be able to keep domestic nationalism and its newfound confidence in check to resist dictating terms to regional countries and ignore existing international norms?

Will China continue to value ASEAN as the driver of regional efforts? Can Beijing muster enough political will to address the MSR's strategic implications on regional security and the South China Sea dispute?

In the emerging domestic debate, Chinese scholars pointed out that with or without the MSR, China will continue to strengthen its economic dominance and political influence in Southeast Asia. Therefore, ASEAN should ask itself what role it can play in the MSR, rather than wait passively for information and clarity from China. It should take initiative to help shape China's external MSR policy and remind China of the existing multilateral and bilateral efforts in enhancing regional connectivity.

Yet, while China can justify its move to revive the ancient silk routes, there are many questions of implementation that are waiting to be answered. The most pressing one, and the most fundamental, is whether China's ambition to regain global prominence is outstripping its capacity to execute the big ideas.

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