

One Belt and One Road and Infrastructure Economic Initiative and China's Military base in Djibouti and its implications for the region

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On March 28, China's top economic planning agency, the National Development and Reform Commission (NDRC), released a new action plan outlining key details of Beijing's "One Belt, One Road" initiative. Chinese president Xi Jinping has made the program a centerpiece of both his foreign policy and domestic economic strategy. Initially billed as a network of regional infrastructure projects, this latest release indicates that the scope of the "Belt and Road" initiative has continued to expand and will now include promotion of enhanced policy coordination across the Asian continent, financial integration, trade liberalization, and people-to-people connectivity. China's efforts to implement this initiative will likely have an important effect on the region's economic architecture—patterns of regional trade, investment, infrastructure development—and in turn have strategic implications for China, the United States, and other major powers.

Implementing the Belt and Road will entail significant risks and challenges for China and its neighbors. Beijing's past difficulties investing in infrastructure abroad, especially through bilateral arrangements, suggest that many of the proposed projects could well end up as little more than a series of expensive boondoggles. Given Chinese construction companies' poor track record operating in foreign countries (including frequent mistreatment of local workers), a major increase in the scale of their external activities increases the risk of damaging political blowback that could harm Beijing's image or lead to instability in host countries—particularly if the efforts do not generate lasting benefits for local economies. Enhanced regional connectivity might also increase the likelihood of the consequences of poor conduct abroad finding their way back to China.

The 'One Belt, One Road' (OBOR) initiatives form the centerpiece of the Chinese leadership's new foreign policy. The OBOR initiatives are a reflection of China's ascendance in the global arena, economically, politically, and strategically. Developing inter-connectivity of infrastructure

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development forms a central part of China's OBOR initiatives. The Asian Infrastructure Investment Bank (AIIB) aims to facilitate and accelerate infrastructure improvement in the region by providing capital loans and technical services. The AIIB will serve as the spearhead of China's OBOR initiatives. The AIIB and OBOR initiatives have put China at the center of geo-economics and geopolitics in the region and beyond, a position from which it hopes to strengthen its economic ties with other Asian countries. The new Silk Road initiatives also provide a channel for Chinese companies and capital to invest in other countries by leveraging China's strengths in infrastructure development, financial power and manufacturing capacity. The OBOR initiatives and the AIIB could change the economic and political landscape of Asia, the most dynamic and economically vibrant region of the twenty-first century. However, China faces serious challenges, both internally and externally, in implementing these initiatives.

China's Belt and Road initiative came from the combined pressure of slowing down of Chinese economy, US pivot to Asia and deterioration of the relations with neighboring countries after weathering the storm of the Global Financial Crisis of 2008. It also symbolizes a more proactive approach of Chinese new leader Xi Jinping in meeting the expectation on China's international obligation and leadership. Aimed to link Asia, Europe, Africa and Oceania, the initiative provides tremendous opportunities of international economic cooperation. The paper argues that as China's contribution to international public goods, it is in the line of economic liberalism; as China's grand strategy, it is more of defensive than offensive by nature. Despite risks and uncertainties exist, the enforcement will boost China's influence and position in regional and international institutions. US should consider making more strategic space to the rising China, and a better coordinated China-US relations will make Asia Pacific a safer and more promising region.

Another risk is that many countries in Asia and abroad (including the United States) are concerned about the geopolitical impact of the Belt and Road. Although Beijing has sought to allay these concerns in its latest plan, stressing the "win-win" potential of the initiative, its efforts will have important foreign policy implications for a number of key regional players, including Japan, India, and Russia. Moscow is particularly concerned about the initiative translating into increased Chinese influence in Central Asia, an area it has long viewed as within its sphere of influence and where Sino-Russia competition has been noticeably intensifying of late. Meanwhile, India has been

especially alarmed by Chinese investments in Sri Lanka, which New Delhi likewise views as part of its backyard.

Hence, there is a clear risk that Beijing's efforts—well-intentioned or not—will heighten geopolitical tensions in an already tense region. There are also direct security implications of the project. The Maritime Silk Road in particular will likely expand China's capacity to project its growing naval power abroad, while increased Chinese involvement in building regional information technology infrastructure could create new channels for Beijing to exert its influence in the region.

Alternatively, there is a substantial chance that these lofty plans will not come to fruition. China's development strategy of "build it and they will come" has already run into difficulty at home. Should the same thing happen abroad, it could generate not only political backlash against China, but borrowers' failure to pay back their loans, or businesses' inability to recoup their investments could end up placing additional stress on the Chinese economy rather helping to marginally ease a deepening slowdown.

Military Base in Djibouti

As China looks to Djibouti, it may be apparent that Beijing's "peaceful rise" is showing its claws. Last autumn, a Namibian newspaper leaked a story that sent ripples across the world. In a November article, the *Namibian Times* presented an unofficial Chinese report outlining steps for the building of 18 military naval bases (including one in Namibia, at Walvis Bay). In addition, Chinese ambitions extended to Pakistan, Sri Lanka and Myanmar in the northern Indian Ocean; Djibouti, Yemen, Oman, Kenya, Tanzania and Mozambique in the western Indian Ocean; and Seychelles and Madagascar in the central South Indian Ocean. These bases together would frame China's three strategic lines for "maintaining the safety of international maritime routes" and, ultimately "world stability."

Djibouti's most important asset is its geostrategic location. Blessed with a deep natural harbour, its strategic location gives it access to the Gulf of Aden and the Gulf of Arabia, significant economic routes through which 20 per cent of global exports and 10 per cent of total oil export transits annually. Djibouti's reputation as the most politically stable country (two presidents since independence in 1977) in a volatile region comprising of Yemen, South Sudan, Somalia and Kenya

makes it an attractive destination for foreign strategic interests with France, United States (US) and Japan already having established military bases there. China has important economic interests in Africa and the Middle East. A significant percentage of China's trade with the European Union, valued at over US\$ one billion a day, passes through the Gulf of Aden and 40 per cent of China's total oil import passes through the Indian Ocean. Additionally Beijing's Maritime Silk Road initiative aimed at enhancing regional connectivity between China, the Indian Ocean, the Gulf of Aden and the Mediterranean Sea, requires security infrastructure to shield it at critical points on the trade routes.

On July 11, Beijing dispatched Chinese troops from the port of Zhanjiang in Guangdong province with orders to begin "constructing the base at Djibouti." The announcement follows on a previous January 21 announcement of an agreement with Djibouti to host what the Chinese Foreign Ministry termed a "logistics and fast evacuation base." Widely described in the western media as China's first overseas base, the facility, still in the process of being constructed, stops short of being a full-fledged military base, but is widely interpreted as the first step in a significant build-up of Chinese military power in the Indian Ocean .

Under the agreement with Djibouti, China can station up to 10,000 troops in its facility there, although the initial deployment will fall far short of that number. The new base comes on the heel of a \$14 billion, Chinese financed railroad project, which links the Ethiopian capital of Addis Ababa with Djibouti, as well as an expansion of port facilities in Djibouti. The rail line represents Ethiopia's only direct transportation link to the Indian Ocean.

The Chinese facility is only a few miles away from the U.S. base at Camp Lemonnier. Although the U.S. maintains a range of small outposts and air facilities in Africa, Camp Lemonnier is the only fully operational American base on the African continent. The Chinese facility joins bases operated by Italy, France, Spain and Japan. In addition, Saudi Arabia has announced that it too will build a military base in Djibouti.

Djibouti sits at a strategic location on the horn of Africa overlooking the Straits of Mandeb. Roughly 10 percent of the world's petroleum traffic and 20 percent of global trade traverse those straits. The Straits of Mandeb connect the Red Sea with the Indian Ocean and along with the Suez Canal is an important maritime route linking the Mediterranean Sea with the Indian Ocean.

China's base in Djibouti is part of a broader dual strategy described by Beijing as "String of Pearls" and the "One Belt, One Road" (OBOR) that is at the heart of Beijing's aims in the Indian Ocean. The "String of Pearls" relates to China's plans to construct or expand port facilities in Pakistan, Sri Lanka, Maldives, Seychelles, Bangladesh and Myanmar.

The Pakistani port of Gwadar in Pakistan's Baluchistan province, for example, has been largely built and is controlled by Chinese interests. In 2015, Islamabad agreed to lease the port facilities until 2059 to the state-owned China Overseas Port Holding Company.

The port sits on the Arabian Sea, astride the sea lanes that bring oil from the Persian Gulf to China. It is the most visible element of a broader, Chinese financed, \$54 billion, China-Pakistan Economic Corridor designed to create transportation infrastructure and promote industrial development in Pakistan and especially in the province of Baluchistan.

Although both Islamabad and Beijing have announced that there will not be a Chinese military presence in Gwadar, Chinese investment in port facilities in Sri Lanka, Greece, and now Djibouti, have been followed by regular visits of People's Liberation Army Navy (PLAN) vessels and in the latter case, a long-term military facility.

China has been following the same template elsewhere in the Indian Ocean. In fact, Beijing's String of Pearls is expanding beyond the Indian Ocean to include port development and infrastructure projects in Wavis Bay, Namibia, Sao Tome and Principe in the Gulf of Guinea, Darwin, Australia and Piraeus, Greece. Piraeus is one of Europe's largest container ports. In August 2016, the China Ocean Shipping Company (COSCO) acquired a 51 percent interest in the Piraeus Port Authority.

In addition, Chinese companies have invested heavily in the expansion of port facilities in Singapore. The three, giant new berths, being financed by Chinese interests, will maintain Singapore's status as the world's second busiest container port after Shanghai.

China's Infrastructure Development Initiative:

In 2016, Chinese companies handled 18 percent of all worldwide container traffic, more than any other country. In addition, Chinese companies had varying degrees of ownership interests in 30 of

the world's 50 largest container ports. Roughly 65 percent of the world's container traffic moves through ports that are either controlled or have significant investment by Chinese companies.

Beijing's String of Pearls strategy is paralleled by its "One Belt, One Road" strategy. The strategy consists of the "Silk Road Economic Belt" and the "New Maritime Silk Road." The two titles refer to the network of overland trade routes, termed the Silk Road, that once crisscrossed central Asia and the maritime trade routes that historically connected China with the Middle East and Europe. The One Belt, One Road strategy is a multi-trillion-dollar infrastructure development program to build roads, railways, pipelines and ports to connect Eurasia and create a seamless transportation corridor between China's cities and their markets in Asia and Europe. China has already tested the feasibility of rail shipments, via Russia, from China to a variety of European cities.

The OBOR initiative would encompass 60 nations that collectively have more than 4.4 billion people and that economically represent about 40 percent of global Gross Domestic Product. In 2016, the China Development Bank extended loans amounting to 160 billion dollars to countries involved in OBOR related infrastructure projects. On May 13 and 14, 2017 Beijing hosted a two-day summit, "The Belt and Road Forum for International Cooperation."

This was the first multilateral meeting on the OBOR initiative organized by China. Over 130 countries and 1,500 delegates, including 29 heads of states, attended the conference. There is also a significant military aspect to the OBOR initiative. There is no question that the infrastructure development, especially the expansion and creation of new port facilities in the Indian Ocean, will enhance Beijing's ability to project its military power in the region. Moreover, the trillions of dollars that China claims it will ultimately invest in the OBOR initiative will also underscore's Beijing's determination to protect its new investments.

Hong Kong (CNN)Spanning more than 68 countries and encompassing 4.4 billion people and up to 40% of the global GDP, China's One Belt, One Road project is not short on ambition. Its boosters tout its massive economic promise and claim it could benefit the entire world and lift millions out of poverty. But no one can say for sure what exactly the plan encompasses, and detractors warn it could be an expensive boondoggle at best or a massive expansion of Chinese imperial power at worst.

So what is One Belt, One Road?

No one is totally sure. At the most basic level, One Belt, One Road (OBOR) is a collection of interlinking trade deals and infrastructure projects throughout Eurasia and the Pacific, but the definition of what exactly qualifies as an OBOR project or which countries are even involved in the initiative is incredibly fuzzy.

"It means everything and it means nothing at the same time," said Christopher Balding, a professor of economics at Peking University. "One Belt, One Road" includes a number of hugely ambitious projects, including a train line stretching from eastern China to London.

According to the Chinese Ministry of Foreign Affairs, the summit produced "270 signed deliverables for policy coordination, infrastructure, trade, investment and people to people exchanges." At the Summit, Chinese President Xi Jinping announced an additional \$124 billion in funding for the OBOR initiative, including loans, grants and \$8.7 billion in assistance to developing countries. Beijing claims that approximately one trillion dollars has already been invested or committed to the OBOR program, with several trillion additional dollars planned to be invested over the next decade.

The Silk Road Economic Belt and the Maritime Silk Road are designed to both complement one another and potentially serve as alternative routes for Chinese goods to world markets. By developing transportation infrastructure between Asia's interior and various Chinese funded ports along the Indian Ocean littoral, Beijing will be better able to funnel its trade, both exports and imports, to central Asia as well as to European and Middle Eastern markets.

Alternatively, if China's maritime trade routes are interdicted, the overland trade routes can still serve as an alternative transportation corridor. It has been compared to the Marshall Plan -- the huge redevelopment initiative undertaken by the US to rebuild Western Europe in the wake of World War II, after which it emerged as a global superpower -- though Chinese state media has vociferously rejected this analogy.

According to Tom Miller, author of "China's Asian Dream: Empire Building Along the New Silk Road," OBOR is part of a plan by China focused on "restoring its historical status as Asia's

dominant power." "China's new 'empire' will be an informal and largely economic one, posited on cash and held together by hard infrastructure," Miller writes.

Balding said the project is "more like a diplomatic effort for China to win friends and influence people," rather than a strictly economic program.

There has also been a wave of fundraising and institution-building. China's sovereign wealth fund announced a \$40bn Silk Road Fund in 2014. With other countries it launched the Asian Infrastructure Investment Bank (AIIB) in 2015, and has \$100bn of initial capital that is expected to be spent chiefly in Obor countries. That year China transferred \$82bn to three state-owned banks for Obor projects. The all-embracing nature of Obor has been aided by Chinese officials, eager to curry favour with President Xi Jinping, the most powerful Chinese leader in decades. In China, "If you want to get projects or programmes approved, you say it's Obor, so everything becomes Obor," Mr Parton says. Security forces patrol at Gwadar port © Bloomberg Some are optimistic that results will be achieved after decades of infrastructure-driven growth within China. "It's doing what the Chinese do best, state-backed infrastructure projects," says Jane Golley of the Australian National University. "I think it has the potential to succeed as an economic strategy."

As China's foreign policy becomes more assertive, Obor is also a geopolitical gambit, analysts say. China's main rivals, the US and Japan, are not listed among the Obor countries, drawing comparisons with what Edward Luttwak, the military strategist, has called "geo-economics" — when the "logic of conflict" is pursued through "methods of commerce". "It's a serious long-term geo-economic strategy that will potentially shift the global economic centre of gravity," Ms Golley adds. The geopolitical nature of many of the planned projects, including in regions plagued by corruption and instability, has observers in China and abroad worrying that the scheme could simply add to China's fast-growing debt burden, now standing at more than 250 per cent of GDP. "The lack of commercial imperatives behind Obor projects means that it is highly uncertain whether future project returns will be sufficient to fully cover repayments to Chinese creditors," rating agency Fitch said in January.

The biggest challenge to OBOR in Africa is the state of perpetual warfare experienced throughout the continent. War and conflicts have exacted a heavy burden to Africa's development since time immemorial. Zeleza (2008) as quoted by Ndlovu-Gatsheni (2012) highlighted the five different

types of conflicts that have plagued Africa; anticolonial, imperial, international, intra-state and inter-state conflicts. At present, many countries in Africa are experiencing wars of „regime change“ with the Democratic Republic of Congo being a perfect example, while the Greater Sudan „War of Devolution“ led to splitting into North and South. In time though, South Sudan has also started experiencing it“s own war, what can be called „inter-communal insurrection“. 17Conflicts are not limited to these, with Somalia, Uganda, Rwanda, Burundi, Congo Brazaville, Angola, Nigeria, Liberia, Kenya, Libya, Central African Republic, just a few of the African states to get into war and violence within the last decade or so. Greig, Mason and Hamner (2016) have identified and geo-referenced over 73 different civil conflicts in Africa. In their paper, they argue that, conflicts begin, continue and end from depending on the logic behind the war.18 The potential gain from these wars is mostly control of massive natural resources which motivates parties to engage in long and drawn out wars. These wars have come with massive economic and infrastructural damage to the countries affected. In South Sudan alone, China imports 5% of it“s oil when operations are at full capacity. 19However, the civil war within South Sudan itself, and conflict with the neighboring Sudan, has disrupted oil production from the oil fields, and subsequent shipping of this oil to China.

Historically, the People's Liberation Army, has been, in terms of manpower, the world's largest army. It represented a significant force and allowed China to project considerable military power along its periphery. A capability underscored by America's experience during the Korean War and by Vietnam several decades later. China's ability to project military power beyond its landward periphery, even across the roughly 100-mile-wide Taiwan straits, was limited however.

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In the long run, Chinese naval expansion will prove to be a strategic challenge for the United States as well. China has recently deployed its first aircraft carrier and has a second one under construction. Currently, there are 17 aircraft carriers deployed among the world's navies. The United States has 10 of those carriers, with an additional one in reserve. Italy is the only other

country that has more than one carrier deployed, two smallish carriers -- the Cavour and the Garibaldi. Both Russia and China have second carriers that they are building as does Great Britain. India has two carriers under construction to add to its existing carrier.

Conclusion:

China continues to be an important ally for the African continent to date. The One Belt One Road Initiative offers an opportunity to deepen Sino-Africa Relations and should be explored further by the leadership of both China and Africa. The current status of OBOR in Africa is minute. As it is, OBOR in Africa, when looked at in terms of the importance that China puts in Africa does not mirror the optimism that Sino-African relationship has attracted in the recent past. It shows a discord between the rhetoric about the significance and growth in the relationship, vis a vis the reality, which is that Africa remains a footnote in China's plans globally.

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