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Understanding the Chinese One-Belt-One-Road

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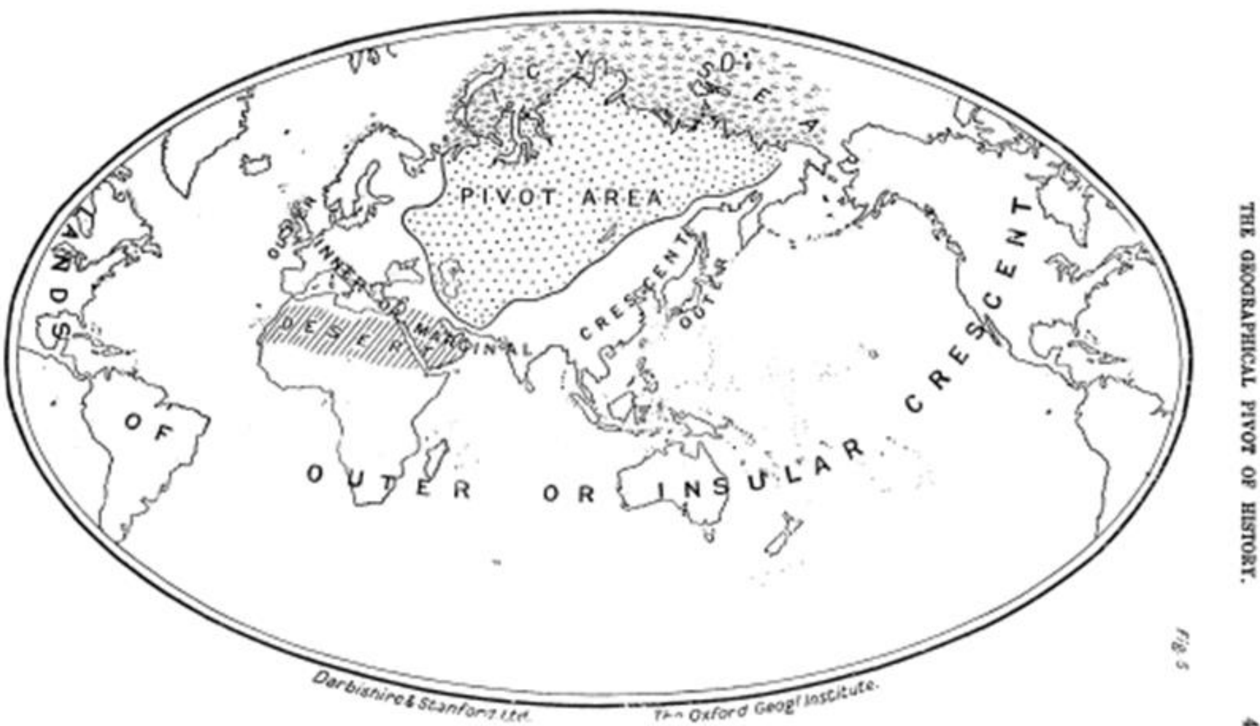

THE NATURAL SEATS OF POWER.

Pivot area—wholly continental. Outer crescent—wholly oceanic. Inner crescent—partly continental, partly oceanic.

About The Author

Prabhat Prakash Shukla was born on 29 March 1951 in New Delhi, where he also went to school and university. A good academic student, he finished his school and college education with honours, and finished his masters at the well-known Delhi School of Economics.

Following his Masters, he joined the Indian Foreign Service in 1974. During a career spanning 37 years, he served in Moscow, Brussels, London and Kathmandu, among other places. He served in Delhi twice, including as the Diplomatic Adviser to the Prime Minister from 1996 to 2000.

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Understanding the Chinese One-Belt-One-Road

Mackinder Redux: Struggle for Eurasia after the Cold War

> *Berlin-Bagdad, Berlin-Herat, Berlin-Pekin -- not heard as mere words, but visualized on the mental relief map -- involve for most Anglo-Saxons a new mode of thought, lately and imperfectly introduced among us by the rough maps of the newspapers. But your Prussian, and his father, and his grandfather have debated such concepts all their lives, pencil in hand.*
>
> *[Mackinder, Democratic Ideals and Reality, London, 1919]*

The aim of this essay is to try and make sense of the developments that we have witnessed since the end of the Cold War, and the implications of the Chinese Belt-and-Road project. The central argument is that the driving force of the upheavals that have taken place is the re-arranging of the global order to take account of the waning of the old Powers, and to accommodate the new ones. The principal force behind the change is the United States, but they are not having an easy time of the re-arrangement. The Chinese proposal is one of the challenges to the US approach.

The primary focus of the re-arrangement of power is Eurasia, and that is where the historical sweep reflected in the Mackinder quote above and current struggle for power is playing itself out. Sir Halford Mackinder, to give his full name and title, was among the first to put forward the proposition that the Eurasian land-mass was controllable by land and by sea, but that in the 20th Century, land powers would prevail over the sea-based ones, thanks to the advent of the Railway on a continental scale. This is the hypothesis that he advanced in 1904, and is what the Chinese strategy of One-Belt-One-Road gives effect to, and will thus be a test for Mackinder.

Off-shore from Eurasia, however, in the Pacific Ocean region, maritime powers still hold sway and look set to continue their dominance. Nonetheless, here as well, the Chinese have a rival strategy, which is the 21st Century Maritime Silk Route.

This essay first looks at the theoretical and historical evidence concerning the land and sea powers. It then looks at the US strategies aimed at preserving the dominance of the maritime strategy, of which it is the guarantor. It then examines both the military and economic means by which this power is sought to be preserved. Next, it looks at the Chinese response, and tries to detail the One-Belt-One-Road plan that they have been promoting as a way of breaking the US global reach, based as it is on its maritime power. Finally, it considers the role of countries like India, Russia and Japan, which are among the countries most actively involved, and most directly affected by the outcome of this power-play.

To begin at the beginning, Mackinder advanced two important hypotheses in his original essay, *The Geographical Pivot of History*, written in 1904. The part that is most quoted is the proposition that the dominant power in East Europe [or Eurasia, or the Pivot Area – these expressions are not coterminous] would dominate the Heartland [or the Euro-Asia continent], and would, in turn, dominate the world. This is clearly wrong, and a hundred years of history after the piece appeared bear witness to this reality: the USSR dominated the pivot area, but did not succeed in dominating the world.

But Mackinder's main point, related, and still relevant, was different. This was that, with the advent of the Railway, the superiority of the maritime powers would gradually be eroded. The maritime powers had held sway over global affairs since the end of the 15th Century, and this would be challenged in the Eurasian region by the land-based transport that the Railways represented. This has never really been tested; but the role of the Berlin-Baghdad Railway in the First World War – it was not completed in time for use by the Germans – was clearly seen as a threat by the British. The territorial arrangement that they fashioned after the War ended provides evidence that they recognised that a land link from the heart of Europe, Berlin, to the heart of West Asia, Baghdad, would seriously undermine their maritime dominance of the area.

Breaking up the Ottoman Empire into mutually antagonistic smaller states meant that it would no longer be possible for the ruler in Istanbul to bring vital territory under the sway of an enemy, as had happened in the years prior to the First World War. For good measure, the Hapsburg empire was also broken up, and a Serb-dominated state - the Kingdom of the Serbs, Croats and Slovenes since 1919, Yugoslavia after 1929 - was established between Germany [and a neutralised Austria] to the north and Turkey to the south to further safeguard against the territory coming under hostile sway – hostile, that is, to the British.

For long, historians have played down the importance of the Berlin-Baghdad Railway in the run-up to the First World War, and the emphasis has been on portraying it as the war that nobody wanted, but drifted into. This was never true, and countries, especially countries with centuries of statecraft behind them, do not simply drift into wars. Material now available corroborates that several of the main actors, Germany in particular, knew what they were doing in seeking to by-pass the Suez Canal, and this was well understood by the British and the French.

The opening quote from Mackinder shows that, once the War was over and the British had won, they could write frankly about it, and express the fears that they had about land links from Berlin to the east.

What has happened since the collapse of the USSR in 1992 is that the Pivot area of Eurasia is now open to power play by outside forces in a way it has not been since the late 19th Century, when the Russian Empire established itself there – to be followed by the Soviet Union playing the same geo-political role. In fact, from a historical perspective, Russia, as the USSR, played two additional important roles since 1945. One was to keep Germany divided, and the military interventions in 1953 [Berlin], 1956 [Hungary], 1968 [Czechoslovakia] and even 1981 [Poland] had this as their aim. And we saw in 1989 how the British and the French sought to persuade the Soviets to continue to play that role, and keep Germany divided, once the Berlin Wall came down. The second was to keep the Balkans stable under an arrangement that made Serbian power the dominant element in the region.

This is the right place to introduce a more recent study on the Berlin-Baghdad Railway. This is the book by Sean McMeekin, *The Berlin Baghdad Express*, which contains the following observation:

> "A special report commissioned by the French army intelligence concluded the new Baghdad concession to be the work of Moltke the Younger at the German General Staff with a view to opening a German line of communication "from Hamburg to the Far East, by way of Berlin, without passing the Suez Canal, that is independent of British influence'."
>
> A footnote adds: "Much as the Germans themselves would have loved this to be true, the Russian and French complaints omitted a crucial fact. The Balkan 'Orient Express' section of the Berlin-to-Baghdad line had a long section winding through Russophile Serbia, as the Central Powers would be reminded to their chagrin in 1914."
>
> [From Sean McMeekin, The Berlin-Baghdad Express, Penguin 2010, p 46]

This brings together the principal geo-strategic elements of the narrative, and describes the elements of the geography of Eurasia that was established after the First World War, and refined after the Second – the principal difference being the physical division of Germany after the latter.

Historically, there have been three countries in Europe that have challenged the German drive for power. These have been the Russians to the East, the British to the West, and the Serbs to the South. The Russians kept Germany's eastern ambitions in check, the British controlled the seas around Germany, and the Serbs prevented the territorial link with Turkey and beyond. This was the territorial arrangement that emerged from the First and Second World Wars, and this is what was shaken up by the emergence of a united Germany in the early 1990's.

What has happened since the fall of the Berlin Wall is illuminating. The most important outcome has been the destruction of the Soviet Union. This has had the effect of un-freezing the geo-strategic space that it was occupying, most importantly the area that makes up the heartland, particularly Central Asia. The China-Europe [Levant] land route was used in medieval times for trade purposes, and has come to be called the Silk Road, because one of the important items of trade was Chinese silk. It was displaced by the sea-borne trade after the major voyages of discovery of Vasco da Gama and Christopher Columbus, and this ended the Silk Road traffic. To be more precise, the land connection was severed by the fall of Constantinople in 1453, and hence began the search for the sea routes to India; even Columbus was searching for a route to India.

It is striking how, almost immediately after the collapse of the Soviet Union, the term Silk Road saw a major revival. The most enthusiastic proponents of this concept have been the Chinese, and they have offered the region not one but two Silk Roads, one on land and one at sea.

Russian power was much diminished, at least as long as Yeltsin was President. And this enabled the destruction of Serbian power in the Balkans, with not just the destruction of Yugoslavia, but the splintering of Serb populations throughout the region, and under alien control, in Croatia and Bosnia-Herzegovina in particular. The role of Russia under Putin is discussed later in this essay, but for now, it is enough to assert that the dictates of geography make it impossible for Russia to play the kind of role the Empire or the USSR could play, with both the European and Central Asian parts lost, and its links with the Balkans broken by the entry of Romania and Bulgaria into NATO.

As for Britain, it is facing problems, economic and political, of a kind it has not had to deal with for centuries. There is the problem of Scottish independence, and there is no certainty that the issue has been settled with the referendum held last year. There is also the pending referendum of its membership in the EU. Since its entry in 1973, the UK has been a reluctant partner. In or out, it does not have any attractive alternatives. As far back as the 1960's, Dean Acheson stated the dilemma – Britain had lost an Empire, and had not found a role. That challenge remains, and it, too, is no longer in a position to check German power.

In other words, the geographic arrangements that have constrained German power since the end of the two World Wars have been whittled away. Austria is in the EU, most of the Balkan countries are now either in the EU, or are candidates, including Serbia itself. Turkey appears to have given up on its European calling, and is focussing more actively on its Ottoman heritage, and on West Asia. This has the potential once again to complete the linkage from Berlin to Baghdad.

It is worth adding that when Mackinder first expounded his views, he focussed on the Railway as the alternative to the sea-based linkages. Since then, roads and pipelines have supplemented land-based linkages. The competition is still tough for land routes, since sea-based communication is much cheaper, especially for goods. As far as passenger traffic is concerned, air travel has trumped both the other modes.

The geo-political unwinding since the end of the Cold War has set off different and rival attempts at a major re-ordering of the global power and linkages. First off the blocks were the Americans. They have, without much fanfare or publicity, begun the task of political, economic, and territorial rearrangement.

The American Strategy

Economic Re-integration East and West

First, the economic: there is a well-known passage from a 1978 speech of Paul Volcker on the "controlled disintegration" of the global economy. He was then the President of the New York Federal Reserve Bank, but was soon to become the Chairman of the Federal Reserve Board in

Washington. The idea of controlled disintegration was not new, and owed to the British economist, Fred Hirsch, who declared that controlled disintegration was a legitimate objective for the world economy in the 1980's. Volcker added his own view that, apart from the controlled disintegration, it was also necessary to bring about a "managed re-integration" of the global economy. This is what he did in his time at the Fed, first breaking up the oil-finance cycle, and the re-cycling of the petro-dollar. The re-integration was initially aimed at consolidating the western hemisphere, and then into turning the US into a Pacific economic anchor. Later – Volcker was gone by this time - in the 1990's, the aim included integrating China into the global economy and encouraging its growth, a process that finally ended in 2008.

The new US strategy, post-2008, is focussed in three directions. The first, and probably the most advanced is the Trans-Pacific Partnership [TPP]. This brings together 12 countries in the Pacific, including Japan, Canada, Mexico and Australia, among others; China and India are out. There is an invitation of sorts for India, which is dithering in its response – nothing new here. As far as China is concerned, even Obama, who is cautious in his choice of words when talking about that country, said recently in an interview to *The Wall Street Journal*, "If we don't write the rules, China will write the rules out in that region. We will be shut out…"

The details of the negotiations are being kept confidential, so there is little certainty as to what a final deal will look like. The integration is intended to be a very tight one, indeed without precedent. It will cover agriculture, services, environment, investment, labour; above all, as currently planned, it will contain a provision to enable foreign investors to take Governments to arbitration, outside national jurisdiction. This is the Investor-State Dispute Settlement [ISDS], and is under challenge from all quarters, including US lawmakers themselves, but the final deal is not done yet. But, if it works out, it will cover some 30% of world trade. President Obama has just got Trade Promotion Authority from Congress, and the expectation is that an agreement will be done by the time he demits office in January 2017.

A similar effort is under way with the EU. This is known as the Trans-Atlantic Trade and Investment Partnership [TTIP], and contains similar provisions as the TPP. This has made less progress than its Pacific counterpart, and it is the same set of problems, especially the ISDS, coupled with some food and cultural items, that are proving to be hurdles. But if it works out, this will cover another 30% of trade and investment flows. And in the case of the EU, there is some economic wobbliness on the part of the major EU countries with all the major ones opting to join the Chinese-sponsored Asian Infrastructure Investment Bank. This has been done even though the US has made its opposition explicit and public. This process will likely not move under President Obama, and much could change in the EU between now and whenever the process moves forward in right earnest. For one thing, the Greek crisis is likely to mark some structural changes in the EU, and that may well play to the advantage of the US. There is also the looming UK referendum on continued membership of the EU.

The upshot is that there is clear evidence here of what the economic aspect of the managed re-integration will look like. The effort is for the US to tie in North America with itself through NAFTA, which is already a few decades old. It will also, if the TPP and TTIP succeed, tie in the better part [minus China] of Asia into another high-quality trade and investment arrangement. And, in similar vein, it will seek to tie in the EU as well. Altogether, this will then pull in close to 70% of the global economic activity with the US as the anchor.

There is a third – or fourth, if we include NAFTA – arm of this strategy. This is the US-sponsored New Silk Road initiative. This consists of linking South and Central Asia, and the most prominent project in this move is the Turkmenistan-Afghanistan-Pakistan-India [TAPI] gas pipeline. This is an old project, and the first of the project agreements was signed in 1995, at the Head of State & Government level. The difficulty with this is that insecurity in Afghanistan and Pakistan has made it impossible to implement. There is also the problem that, so far, Turkmenistan has not shared its seismic data with the rest of the world, so there is no assurance that there is enough gas with the country to meet its commitments to Russia and China, and still have enough to supply to India and other countries – and in quantities that make the project viable. There is, last but not least, the entirely rational unwillingness of India to have Pakistan sitting astride its energy supply lines – and without India as anchor, the project is not bankable.

That, in brief, is the US economic strategy for the coming decades. It is nothing if not bold, but the Americans have done this kind of bold re-structuring in the past, most notably after the Second World War. They have what it takes to pull it off, and most importantly, they have the markets that are deep enough to anchor all the partners. China cannot match this market depth.

Unshackling Germany

And now, a look at the security moves to match the above economic strategy. The first move concerns the revival of the German strategy that opened this essay. The reason for this move consists in two parts. The first is that the US is facing budget limitations on the amount it can spend on defence; under the last budget deal, defence spending is to be reduced by $500 billion over ten years. Even though it is the largest spender, by far, in the world on defence, there is a limit to how much it can spend. Given this ineluctable reality, and the threat of a powerful China in the east, it needs to make some changes in the west. The old NATO partners, led by the UK and France, are no longer able to devote the same resources to military matters. Germany, on the other hand, is still growing reasonably well, and is in a position to shoulder more of the responsibility. This is what President Bush Sr. meant when he addressed the people of Germany on their Unification Day and said that the US and Germany would be "partners in leadership" in the Atlantic Alliance.

This is where the restructuring of Europe fits in. Through the 1990's, it was the US and the Germans that drove the changes in the Balkans to destroy Serb power. It is well-known that Germany led the process in Europe for the dismemberment of Yugoslavia with its recognition of independent Slovenia and Croatia. The choice of forces to implement this approach was also revealing; Tudjman was clearly identified with

Fascist Croatia, and the national emblems, including the flag, bear a close resemblance to the Ustashi emblems. The fighting beyond, in the Middle East, is also linked to lines of communication, among which, supply lines for moving hydrocarbons are prominent.

Another striking fact is that there has been a change of guard, so to speak, along the waterways linking Europe with West Asia. In the Suez Canal zone, we had a Muslim Brotherhood Government for a while, until it was removed by the military, but instability continues. Along the Horn of Africa and the Bab-el-Mandab, similar forces have emerged, and piracy remains a problem, though it is under better control than in previous years.

In brief, we are seeing the land links being strengthened, and the maritime links more vulnerable than hitherto, but not yet seriously affected. The pattern resembles that of the early 20th Century, with a resurgent Germany striking through the Balkans to Turkey and seeking to go beyond, to Baghdad. The strategic rivalry over pipelines only strengthens this pattern. The pressure point is pipelines now, not so much rail links, and the Syrian fighting is as much over the flow of gas along pipelines from the Persian Gulf to Turkey and Europe, as over anything else. Turkey, under the leadership of Erdogan and Davutoglu, is openly boasting about reviving the Ottoman legacy. It is known to be using some of the extremist Islamic groups, specially the Islamic State in Iraq and the Levant [ISIL] to try and establish the land linkage between Qatar and Turkey. In turn, it is known that Qatar is providing funds to ISIL.

Rebalance to the East

As to the Asia-Pacific, and complementing the TPP, is a security approach to the region, the Rebalance, or the Pivot. While the US has had a security arrangement with Europe for decades, NATO, there is nothing matching that in the Asia-Pacific. There are bilateral security arrangements with countries in the region, but that is proving insufficient now. The Rebalance is an effort at exploring a multilateral arrangement, which will allow different degrees of commitments; that is to say, with some countries, presumably India or Vietnam, a formal Treaty arrangement is not possible, and yet, they can and should be persuaded to play a more active role in maintaining the stability of the region. And just as TPP does not explicitly rule out China from joining, but in effect does so, the Rebalance also keeps out China without expressly targeting that country. Of course, the US strategy suffers from a lack of concreteness, and that is probably deliberate for the nonce. But that is also why countries like India have not been as forthcoming as they might otherwise be.

There is also the doubt among several policy-makers in the region as to the driving motive of the Rebalance. It is not that these countries are unwilling to work together to maintain stability in the face of a rising and assertive [not to say aggressive] China. The real problem is the lack of clarity as to where the Obama Administration itself really stands. There are, by way of illustration, some fears about whether the US is attracted to the Chinese idea of a "new kind of Great Power relations" that President Xi has been promoting. This is an undisguised appeal for a G2, and it would be good for the US to define its position on this. That would enable the other countries in the region to clarify their policy responses.

South Asia: New Silk Road

In the South Asian context, the strategy turns on Afghanistan. Here, the US plan is for Pakistan to dominate the smaller country through its proxy, the Taliban, and thus to stabilise the land routes, while ensuring that Russia is kept out. China appears to have been co-opted for the time-being, but the contradictions over the Uighurs and other issues will not go away, and will not be easily resolved. Indeed, this is the strategy the Pakistanis and the Americans tried in the late 1990's too, but keeping Pakistan and the Taliban working to the US plans was frustrated by both those principal actors. It is not clear that things will be different this time, but this is where the US has committed its policy.

A note of caution is in order here. The stakes in these strategies are so high, and the outcome so uncertain, that there is no cohesion within any of the main countries concerned. Therefore, there will be contradictory policies occasionally, as is being witnessed with regard to the Taliban and ISIL from several of the main players, including the US. That is why it becomes important to take a long view, for then the tactical shifts and adjustments get eliminated. What has been given above is precisely such a distillation from the many policy actions that have been on display since the early 1990's.

To recapitulate briefly, the US geopolitical strategy for the future is to integrate the main economies of the Asia-Pacific and Europe in a new and closer economic web; the military concomitants of this are the pre-existing NATO in the West, and the Rebalance to the East; and the pivot area of Mackinder, Central Asia is to be linked to South Asia. This last, in turn, demands better ties between India and Pakistan, and the US has strained every sinew to attain this – but without success. It will fail in this task, and needs to look at other options.

Capping this maritime strategy is a document put out by NATO in June 2011 to give effect to the new Strategic Concept. The sum and substance of this document is that NATO will shed its land commitments after the Afghanistan pull-out, and be free to concentrate on the global level in maintaining maritime dominance, and to remain the arbiter of global affairs.

The Chinese Riposte – One Belt One Road

The most important countervailing force in the face of the above American strategy of re-integrating on a new basis has come from China. In keeping with the scheme of the earlier parts of this essay, it is appropriate to begin with another quote from Mackinder:

> "In conclusion, it may be well expressly to point out that the substitution of some new control of the inland area for that of Russia would not tend to reduce the geographical significance of the pivot position. Were the Chinese, for instance, organized by the Japanese, to overthrow the Russian Empire and conquer its territory, they might constitute the yellow peril to the world's freedom..."

[*Halford J. Mackinder,* The Geographical Pivot of History, The Geographical Journal 1904]

Barring the politically incorrect language – a failing in much of Mackinder's writings - what this implies is that China dominant in the Heartland would be as inimical to western interests as Russia, though he could not imagine China doing this on its own. What the last few years have made clear is that China does have its own understanding of the importance of the Eurasian region, and how it would like to see the communication lines re-structured. This understanding has been converted into policy since the new leaders took power in 2012-13. After some initial efforts on the part of President Xi Jinping to establish a kind of special relationship between China and the US ["a new type of great power relations"], the Chinese have developed the One-Belt-One-Road strategy, to cover both the land and maritime domains. They are also promoting regional economic arrangements, though for the present, their efforts in this regard are confined to the Asia-Pacific only.

To begin with this last, the Chinese were enthusiastic in support of several of the ASEAN proposals on regional preferential trade agreements. They did their FTA with ASEAN before any of the other major partners, and they supported the ASEAN + 3 format, and even the ASEAN + 6, though less gladly. But they were none too excited over the East Asia Summit, as that brought in the US [and Russia, though that was not a negative from their point of view]. Similarly, they were happy to go along with the Regional Comprehensive Economic Partnership, as it excluded the US. But when it became clear that that was not going to deliver the kind of leverage that the Chinese needed, they looked to the APEC forum for the economic leverage they sought.

Understandably, the US and Japan were less enthusiastic, as they already had their TPP discussions going then. Anyhow, using the host's privilege, the Chinese did get some forward movement on the FTA for the Asia-Pacific at the last Summit in November, though it is not likely to move forward quickly. The Chinese media, including the nationalist Global Times, admit that the future is with the TPP, and even at the official level, they have sought membership in the discussions. However, the rules of the TPP, especially with regard to State Owned Enterprises, Intellectual Property Rights, and Labour laws, are so framed as to exclude China, unless it restructures its economy.

The reality is that the US is the only economy [the EU is too, but with more uncertain prospects] whose consumption levels are high enough to serve as an economic anchor, or locomotive. China has been trying – or at least talking about it at the leadership level – for over a decade to build up its own domestic consumption as an anchor for its growth. But the results have been disappointing, as they have been for all other East Asian economies which were export-dependent, and attempted the same re-structuring. The effort to use its huge financial reserves did seem to show some early promise, but the last few months have been sobering ones for the Chinese – with the stock market crash, they have learnt that there are things money cannot fix. Thus, they have launched the Asian Infrastructure Investment Bank with close to 60 members, including the major European economies, even though the US publicly opposed their joining in. But the economic troubles are crowding in for China, and its weaknesses and vulnerability, both domestic and vis-a-vis the global economy are all too evident.

Moving away from the rival economic strategies, China has, in order to counter the US thrust into Eurasia, put forward the Silk Road Economic Belt, and in the Asia-Pacific to counter the US Rebalance, they are promoting the Maritime Silk Road. And to confront the US-sponsored New Silk Road through Afghanistan, they are pushing the China-Pakistan Economic Corridor, which cuts across the Central Asia - South Asia link.

The Economic Belt

The Economic Belt has been much talked about ever since President Xi advanced the idea in 2013, and they have put out a White Paper in March this year to expound the details. It is ambitious, if nothing else: it envisions two land links, one through Mongolia to Russia and possibly on to North Europe, and the other through Central Asia to West Asia and on to West Europe. But it goes well beyond establishing land links. It also asks for coordination of fiscal, transport, and customs policies along the Silk Road – as the White Paper puts it, it should "integrate the development strategies of the countries along the Belt and Road". If this were to happen, it would exclude the US from the area and its economic activity – indeed, all through the Paper, the talk is only of Asia, Africa and Europe, and not a word about the US. There are also references in the White Paper to the need to respect the security concerns of the partner countries, and the import of these requires no elucidation.

The same is also true of the Maritime Silk Road. There are also some maps, which do not lay down clearly what the land links are going to be; these maps, it should be clarified, are not part of the White Paper. There thus appear to be two complementary routes, one involving Russia, and one not. It is the southerly route through Central and West Asia and on to south and western Europe that excludes Russia, which is not, therefore, enthusiastic about these proposals.

China has also set aside a Silk Road Fund for building infrastructure as needed along these routes, of about $ 40 billion. The viability of the route has also been demonstrated by running trains from Xian in China [President Xi's home town] to Spain and to Duisburg in Germany. It is said that the journey takes 7 to 10 days, or something less than half the time a ship takes. This is almost certainly going to improve as infrastructure and customs facilities improve, and both will happen. But the trouble is with the volumes that a train can carry: the highest load so far in any goods train has been some 2300 TEU, and that is exceptional, and very rare. A large ship can carry almost ten times that number, so even if it takes thrice as long, it delivers a cargo-load that is ten times larger.

Furthermore, as mentioned, the Russians have their own reservations about the proposals. The bifurcation of the two land links has already been touched upon; they also are concerned over the economic inroads that China is making in Central Asia. It is already a bigger trade partner for the region than Russia and the latter is conspicuously reluctant about the Silk Road and the AIIB – it was among the last to sign on to the Bank, for instance.

There is also the growing problem of unrest in Xinjiang. This could prove to be a serious hurdle in the implementation of these grand designs, and the 2015

Chinese White Paper on Defence candidly acknowledges the threat from Uighur separatism – as it does that of Tibet, and the drive for Taiwan independence. It acknowledges that the "East Turkistan" [quotation marks in the original] forces have inflicted "serious damage" on China.

And finally, there is the question of the economics of these projects. If the EU is going to sign on to the TTIP, and/or is going to go through a period of slow growth on account of the Euro-related issues, all this investment of political and financial capital may turn out to be less than optimal. And China is entering a stage when it can no longer be profligate with its funds. Even though it has reserves of about $3.7 trillion, it is worth remembering that in just the past month, the stock markets have lost $3 trillion.

The Maritime Silk Road

The Maritime Silk Road is better defined. Much of it is no more than a recognition of the existing shipping routes, particularly so far as the Pacific area is concerned – Australasia and East Asia. But even here, there are problems brewing. Not only are there issues concerning conflicting territorial claims and overflight matters; there are also sharp differences between China on the one hand, and some of the ASEAN countries on the other. What is remarkable is that China has asserted its claim to the entire South China Sea on the basis of absolutely no verifiable claim. Their assertion is that they explored the Sea some two thousand years ago, and it therefore belongs to them. In asserting this, the Chinese have taken over the 11-dash line advanced by the Kuomintang Government, and converted it into a 9-dash line, still claiming the entire Sea.

This claim of the Chinese has been challenged by the Philippines in the International Court of Arbitration, but China has refused to accept its jurisdiction. A reading of the various versions of China's White papers is very revealing. They have gradually moved away from endorsing the UN Convention on the Law of the Sea, between 2008 and 2015.

For example in the 2011 White Paper, it said:

> China takes an active part in dialogue and cooperation in international maritime security. It strictly complies with the UN Charter, the United Nations Convention on the Law of the Sea (UNCLOS) and other universally recognised norms of international relations.

This thought is completely missing in the latest White Paper released on 26 May 2015. It will not be easy for China to sell this idea if this is to be the guiding principle in its handling of maritime cooperation.

There is another interesting twist in the Central Asia – Afghanistan link. As mentioned, the US has adopted a strategy of linking the region with South Asia. This was reflected in their decision in 2008 to merge South Asia and Central Asia into one common Bureau for South and Central Asia. In pursuance of this approach, Afghanistan becomes the link between the two regions. And in establishing this link, we have had four so-called "Heart of Asia" meetings, which are also known as the Istanbul Process. The motivating idea here is that Afghanistan is to become the link between the two regions for trade, energy cooperation, and for cultural contacts. In US calculations, this serves the purpose of keeping out both the Russians and the Chinese from Central Asia. Among the more visible symbols of this strategy is the project for evacuating Turkmen gas through Afghanistan to Pakistan and India, the TAPI gas pipeline. And here is the striking thing: when China hosted the last meeting, in late October 2014, of the "Heart of Asia", the reference to TAPI was missing.

No surprise here: if the US has a certain strategy for linking Central Asia with South Asia, China is having none of it. It sees itself as the primary potential partner for Central Asia, at least in economic terms – out of deference to Russian sensitivities, it would not like to go further for the present – and is not interested in the US linking plans either, but has its own strategies for the region.

The China-Pakistan Economic Corridor

We have recently seen the announcement of the China-Pakistan Economic Corridor [CPEC] and this actually cuts across the links that TAPI would establish. In short, Afghanistan is not to be the heart of Asia in the sense of linking South and Central Asia, but to be part of the joint China-Pakistan condominium, to be linked also to Pakistan-Occupied Kashmir, so as to form one continuum. Not only would this put China in a position to try and dominate South Asia, but would also, with Pakistan's cooperation, enable them to pacify Xinjiang, and cut it off from all hostile outside forces. There is much scepticism in India and elsewhere about the viability of CPEC, but the Chinese have shown that where their strategic interests are concerned, they can deliver on projects that many would consider unworkable.

Other Influences – Japan and Russia

- Russia

There are several other countries that will be affected by the inter-play of the rival strategies for Eurasia. But two, in particular, are worth examining. The first of these is Russia. It is coming under pressure and having to make difficult choices under both approaches. The US strategy is aimed at isolating it from its European partners, economically and politically. If TTIP and NATO enlargement go ahead, it will be a very negative outcome for Russia. Because of the pressures it is facing from the west – sanctions, isolation, low oil prices – Russia is being forced to draw closer to China.

But China also offers cold comfort. The Silk Road overland appears to have two distinct branches, as already mentioned, one that includes Russia, one that does not. This is why it has been unenthusiastic about the proposals. As recently as January, the Russian paper, *Nezavisimaya Gazeta*, noted that Russia was not just sceptical about the Infrastructure Bank [AIIB], but about the entire Silk Road business. The argument of the paper was that this proposal dented the Russian-sponsored Eurasian Economic Union, implying, in turn, Russian worries about its standing in the region. But because of the pressure from the west, Russia is unable to confront China. Many Russians believe that China is the real long-term threat to itself, but they have to bide their time, and hope for better days to come.

The Russians are nothing if not thorough in their strategic planning, and this applies in spades to President Putin. They, too, have a security complement to the Economic Union, the Collective Security Treaty Organisation. But again, the Russian military is not what it once was, and there is less to CSTO than meets the eye. There is neither the heft, nor the cohesion that would make it a factor to reckon with.

In the absence of substantive benefits it can offer, the Russians have been seeking to revive another approach to Eurasia that has been tried in the past – an accommodation with Germany. Since the Russian Revolution of 1917, this bilateral relationship has caused much trouble to the western powers, through Rapallo and the Molotov-Ribbentrop Pact. But the Germans, especially under the leadership of the CDU, are not responding positively. The dispute over Ukraine serves to further isolate Russia from its western neighbours. In turn, Russia is seeking to re-enter the Balkans through the Serbs, and there has been quite a lot of activity in recent months between the two countries. But the results so far have been limited.

- Japan

The other country is Japan. Under Prime Minister Abe, it has been up-front about its commitment to the maritime strategy as opposed to the Silk Roads. Not just opposed, it has also taken important steps to back up its assessment of the threat from the Chinese strategies. In the maritime domain, it has enforced its claim to the Senkakus, and has gradually loosened the constraints on its defence cooperation and sales of dual-use equipment. It has also openly backed ASEAN countries like the Philippines in their face-off with China. Japan was one of several East Asian countries that sent observers to the ICA hearings on the Philippines' plaint against China over the South China Sea.

Prime Minister Abe's focus on maritime issues shows clearly in his Joint Statement of September 2014 with the President of Sri Lanka. The sub-title of the statement is telling: "A New Partnership between Maritime Countries". Faithful to this charge, the two countries have set up a Dialogue on Maritime Security and Oceanic Issues, with the intention of safeguarding the shipping lines in the region and to enhance connectivity. Obviously, the Chinese are not the only ones driving this idea of maritime links.

Prime Minister Abe has been open about his intention to make Japan a "normal" country. This principally means one that can play a role in Defence and Security matters as it sees fit. In pursuit, he has introduced changes in the legal framework that allow the country to sell dual-use technology to foreign partners, and to take part in collective defensive operations. To nobody's surprise, China has denounced all these moves.

The Indian Position

For some decades now, India and the US Pacific Command have been in dialogue with regard to maritime issues in the Asia Pacific. As a result of the growing trade and other linkages between India and the region – since 2006, India's economic links with the East have overtaken its links with the West – it has done two things by way of policy changes. The first is what was once called "Look East", and is now called "Act East" – reflecting the changed reality. The second is a growing emphasis on the Navy.

On the first, India has increasingly shed its inhibitions with regard to its aims and motivations for looking east. Especially with Japan and the US, India has been open about preserving the freedom of navigation and over-flights, as reflected in the Joint Statements issued after summit meetings between Prime Minister Modi and the leaders of the other two countries. With President Obama, Modi has even gone to the extent of linking Act East with the Rebalance.

With regard to the seconf aspect, there has been a clear effort in the last few years to concentrate on strengthening the Navy. In the last few years, the Navy has acquired new platforms, including a Carrier, and a nuclear-powered submarine. More are under construction. The Prime Minister and Navy Chiefs have made robust statements with regard to freedom of navigation. India also now conducts Navy-to-Navy talks with a number of countries in the Pacific, while the scope and frequency of multilateral exercises is growing. Budgetary outlays, though far from adequate, are focusing on the maritime dimension.

But there are some important issues that need to be addressed with regard to the Rebalance. On the one hand, the precise details of this, and its policy implications for partner countries are far from clear. Former US Defence Secretary Panetta described India as the "lynch-pin" of the Rebalance, but the whole thing has slowed down since Obama's second term as President. As a result, there is no real clarity on this, although, as mentioned, Indian and American leaders are drawing parallels between the Rebalance and India's Act East policy.

The other issue is that China has clearly placed itself in opposition to the Rebalance, seeing it as a means of countries ganging up on it, to prevent its "peaceful development". For most countries in the region, it is essential that the US clearly define its position on China. And that is not happening. In fact, there are missed signals of US intent, occasionally placing China in the position of arbiter in South Asia, occasionally suggesting that the idea of a G2 has some appeal.

And that is not all: it is easy to foresee that there will be one danger that India will be faced with in the event that it takes a more active role in the US-led Asia-Pacific strategy. That will be coercive military action on our land borders. What is more, with the *de facto* alliance between China and Pakistan, we shall face a two-front situation on our land borders. It would be important for our putative partners to address this contingency, before India can take the hard decisions required. The US has already recognised the McMahon Line, which it did in 1962, at the height of the 1962 War. There remains the question of the unsettled lines in our western sector, in Jammu & Kashmir. There are easy steps that our partners could take, such as depicting the Line of Control with Pakistan as per the ground situation, instead of extending the Line to the Karakoram Pass.

As to TPP, here is a bit from the speech delivered by US Vice President Biden at the Mumbai Stock Exchange in 2013:

> There's no reason, if our countries make the right choices, that we can't grow together and more rapidly. The United States is negotiating major new trade agreements across both the Atlantic and the Pacific -- so called TTIP in the Pacific (sic) -- and here in the Pacific, an agreement that would encompass not only the Pacific Basin all the way to the Indian Ocean…

It could be read as an invitation to India to join TPP, and several commentaries in the Chinese media did just that. By contrast, the Indian media more or less ignored the remarks, and continue to ignore the issue. There is little merit in the argument that TPP is a high-quality agreement, with demands on IPR, labour and environmental standards; these standards will feed into our bilateral discussions anyway. The Americans have made it clear that the final agreement will be the template for future agreements. Moreover, if the TPP and the TTIP succeed, it will mean the India's most important trade and investment partners will have joined in one huge free trade zone. India will be deprived, in that case, of export markets for its goods and services which today account for over half its total exports.

But there is a fly in the ointment, and this concerns the land routes. As the western withdrawal from Afghanistan draws near, the power play around that country is causing concern in India. Not only does America remain inexplicably indulgent towards Pakistan, it is also actively helping to prod Afghanistan into the Sino-Pakistan orbit. There have been warning signs of this since the "Peace Process Road Map to 2015" first became public towards the end of 2012, and placed Pakistan in the position of determining the extent and role of its proxy Taliban in future Afghan affairs.

Since then, the Afghan Presidential election of 2014 was virtually stolen, in order to put Ashraf Ghani in charge, and, through him, to drive Afghanistan and Pakistan into finding a settlement that would accommodate the Taliban. China has also been co-opted, so that the Murree Process now involves only these four countries. And yet, there are obvious contradictions between the US and Chinese approaches – as pointed out above, the Chinese CPEC negates the idea of the South-and-Central Asia link. Perhaps the Americans are waiting for time to clear up these differences, but meanwhile India is also making its moves. It has become clear during Modi's current visit to Turkmenistan that its preferred option is to by-pass Pakistan and to use Iran as the vital link to Central Asia. In the process, the Indian Government has made a public commitment to the Chabahar option, and has even posed the alternative for Turkmen gas to come via land and sea, through Iran and the Persian Gulf.

Concluding Observations

In conclusion, it would be well to make some general points by way of *obiter dicta.*

First, what have been described above are the rival strategies. As with all strategies, none is predestined to succeed or fail. What is more, it is quite likely that neither strategy will achieve its aims in full. There may be some compromises depending on the way the different countries involved promote and defend their interests. It is said of military plans, that none survives first contact with the enemy; it is the same with strategies, though these two rival approaches have now been in contention for some time.

Second, although it appears at this point of time that the US and China are locked in a struggle for power in this vital region, it is not to be ruled out that they may find it worth their while, at some stage and in some places, to work together. The case of Afghanistan has been touched upon already, and the two countries appear to be working together to stabilise the country.

One of the crucial factors that will determine which strategies are likely to succeed is going to be the economic strength that countries can bring to bear. Recent developments have shown that China is facing serious problems with its growth model, and it is not at all certain that it will emerge as the top economy in the near future, despite several prognoses to this effect. Some of the more optimistic forecasts will need to be constantly re-examined in the light of emerging data and trends.

Fourth, the above survey is conducted on the basis of the existing geography. It takes as given for now that the countries and the territorial boundaries will remain as they are. This is, in fact, unlikely. Already, some of the key areas are under strain, and nowhere is this more obvious than in West Asia. Iraq, Libya, Syria and Yemen no longer exist as functional entities. Several others are facing like challenges to their integrity. This territorial re-arrangement will also have important implications for the success or failure of the contending plans.

Fifth, and while still on the geography of the area, there are two possible changes that will need to be factored in if they happen. The first is the opening of the so-called Northern Route, across the Arctic. This will have significant impact on the geo-politics if it should indeed open on a permanent as a result of global warming. And the second would be changes in the Korean Peninsula. There are intimations of instability beginning to emerge, but at this stage all that can be said is that a change here, should it come to pass, will also affect the nature of the geo-politics in Eurasia.

A sixth point concerns the recent agreement between Iran and the E3+3. Since the end of the Cold War, the US has been following a double-exclusion strategy: Russia on the one hand, Iran on the other. The consequence of this has been a debilitating dependence of the US on Pakistan and Turkey. Events since the late 1990’s seem to have demonstrated that these two countries are not amenable to US interests beyond a point, and in some cases, are actually working against American interests. Should the Iran agreement overcome the internal and external opposition to it, it would end the double-exclusion and open Iran as a factor in the power-play in the region. This will also have long-term consequences for the outcome of the struggle described above.

And lastly, it would be wrong to over-emphasise the rivalry between maritime and land-based alternatives – it is not clear-cut, because maritime powers need land-based assets, and vice-versa for the land powers. As an illustration, the US needs an Army to do the fighting in Afghanistan, and needs some shore-based assets to deploy the Army. Similarly, China will need a strong Navy, as its latest Defence White Paper makes clear. It has interests and ambitions that require it to be able to confront the adversary at sea, and for its own outreach beyond the Heartland, into South America and Africa. This is why the Maritime Silk Road is an integral part of its thinking and planning.

The purpose of this exercise has been to place the Chinese project of the One-Belt-One-Road in some kind of larger strategic purpose. The facts show that there is purpose and thought behind the project, and it carries implications for the entire Eurasian region. The objective is to alter the global balance of power, no less. The outcome will affect the lives of billions for a generation or more.

A glance at the history of the last few centuries, since at least the seventeenth, indicates that the opening decades of all centuries are times of upheaval. New forces frequently emerge, new ideologies, or technologies. These take time to play themselves out. Without being deterministic about such historical cycles, it seems hard to escape the conclusion that we are witnessing one more turn, and that it will be a while before stability will return. The rival strategies described in the foregoing face India with unprecedented challenges, something we have not really had to deal with for centuries. All the same, it is now essential for the country to define its interests and work for the outcomes that are in our best interests.

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The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media fields have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organization to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelize fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

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