Belt and Road Initiative and Possible Impacts on the South China Sea Issue*

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Since China proposed the Belt and Road Initiative (BRI) in late 2013, the impacts of the 21st century Maritime Silk Road (MSR) construction on the South China Sea (SCS) issue become a focal point of both academic research and public concern. There are plenty of divergent opinions on whether the MSR will mean an opportunity for settling the SCS issue, or it will face the challenge of intensified maritime conflicts in this region. This paper first of all analyzes the significance of the BRI in the general picture of China’s foreign policy. To ensure neighborhood diplomacy be in line with the BRI, China adjusts its SCS policy through rebuilding and consolidating political mutual trust with countries which have been involved into conflicts with China on the SCS issue; meanwhile, China promotes pragmatic cooperation under MSR framework to cultivate positive atmosphere and sense of community with a shared destiny. Both MSR construction and the addressing of the SCS issue are long-term issues, while the MSR provides an innovative approach to surpass existing disputes and focus on regional development cooperation. Hence, the MSR could be an opportunity to accelerate the resolving of maritime disputes.

Keywords: Belt and Road Initiative, South China Sea issue, China, Association of Southeast Asian Nations (ASEAN), maritime cooperation

Introduction

In late 2013, Chinese President XI Jinping proposed the Belt and Road Initiative (BRI). Due to weak recovery of global economy and increasing complex regional and international dynamics, the BRI is expected to enable China to deepen its opening-up and strengthen mutually beneficial cooperation with the rest of the world (NDRC, FMPRC, & MOFCOM, 2015). Soon after the proposition of the BRI, President XI convened the Symposium on China’s Neighborhood Diplomacy on October 24, 2013, clearly stating that the objective of China’s neighborhood diplomacy is to foster an amicable, secure, and prosperous neighborhood under the principle of amity, sincerity, mutual benefit, and inclusiveness (XI, 2014). Based on the understandings on the significance of the BRI, some scholars believe that the BRI is a mid-term plan which would guide China’s foreign policy in the next eight to ten years (XUE, 2015).

The 21st century Maritime Silk Road (MSR)—one of the two important legs of the BRI—relies on maritime cooperation including the development of maritime trade, economy and connectivity, the building of a

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number of ports, and the maintenance of a safe and smooth sea passage (Office of the Leading Group for the BRI, 2017). Simultaneously, China has been conducting cooperation with countries along the Belt and Road in the areas of marine science and technology, marine ecological environment protection, marine disaster prevention and reduction, and safeguarding maritime security.

In line with the priorities of the MSR, maritime cooperation will focus on building three economic passages: (1) the China-Indian Ocean-Africa-Mediterranean Blue Economic Passage, by linking the China-Indochina Peninsula Economic Corridor, running westward from the South China Sea (SCS) to the Indian Ocean, and connecting the China-Pakistan Economic Corridor as well as the Bangladesh-China-India-Myanmar Economic Corridor; (2) the blue economic passage of China-Oceania-South Pacific, travelling southward from the South China Sea into the Pacific Ocean; and (3) the blue economic passage leading up to Europe via the Arctic Ocean (NDRC & SOA, 2017). The SCS locates at the intersection of the first two economic passages; hence, the peace and stability of this region is of great significance to MSR construction.

In such circumstances, since late 2013, the relationship between the MSR and the SCS issue has become a focal point of both academic research and public concern. There have been discussions on whether the MSR would mean an opportunity for settling the SCS issue, or whether it would face potential challenges from intensified conflicts in the SCS. Based on this scenario, this paper tries to provide preliminary conclusion based on latest progress in the SCS issue and MSR construction as well as analyses on their interaction.

According to this research, it is more plausible that MSR construction would provide an opportunity for settling the SCS disputes, rather than exacerbating them.

**Dominant Thinking Following Belt and Road Initiative**

China’s fundamental policy goal on the SCS issue has been consistent: safeguarding core national interests and maintaining regional peace and stability. In reality, these two aspects do not always harmoniously coexist with each other. China has to make a balance between the two, based on changing dynamics in external environment and the nation’s overall strategic needs at different stages.

The situation of the SCS issue was intensified from 2009 to the first half of 2014. Within this period, China’s and the Philippines’ vessels were at a stalemate around Huangyan Island for two months. Besides, maritime frictions between China and Vietnam occurred several times, among which the one caused by the disruption of HYSY 981 drilling rig operation was the most intense dispute between these two countries since the 1980s. Chinese government considered the rising tension in the SCS area as an indicator of deteriorating neighboring environment. Before the BRI construction was in full swing, the urgency of safeguarding core national interests was prevailing over the needs of maintaining regional stability.

However, after 2013, along with MSR construction, China gradually prioritizes maintaining regional stability especially through maritime cooperation. The MSR essentially represents China’s mid- and long-term thinking into its relationship with neighboring countries. Its fundamental logic is to focus on boosting maritime economic cooperation and economic interconnectivity between regional countries, so as to build a “community of shared destiny”. The approach of launching MSR, at least at the initial stage, is a top-down one: on the basis of synergies of their national and regional development agendas and strategies, China and these countries jointly boost the interconnectivity of infrastructure, trade, investment, finance, as well as people-to-people exchange.
Understanding the dominant position of the BRI in China’s diplomatic thinking is pivotal. Specifically, in China’s neighborhood diplomacy, such a dominant thinking means that during MSR construction, all policies that do not accommodate well or even conflict with the MSR need to be adjusted (XUE, 2015). This is the fundamental reason why the Chinese government has accelerated its pace in recent years to adjust its SCS policies and to consolidate ties with Association of Southeast Asian Nations (ASEAN) that are key to MSR construction.

The construction of the MSR could not go smoothly without consensus on strengthening maritime cooperation of relevant countries. China regards ASEAN as the most powerful and influential regional organization which plays an irreplaceable role in building consensus among member states and promoting regional integration. Hence, China seeks to strengthen strategic partnership with ASEAN. At the same time, China also makes much endeavor to fix the relationship with countries which involved into intense conflicts with China on the SCS disputes.

There are various examples of such actions. In September 2013, relevant parties held a talk in China’s eastern city of Suzhou, and for the very first time agreed upon holding consultations on the Code of Conduct (COC) in the SCS under the framework of implementing the “Declaration on Conduct of Parties in the South China Sea” (DOC) (FMPRC, 2013). In July 2014, China removed the HYSY 981 drilling rig sooner than planned (XUE, 2015).

Following that, Chinese Foreign Minister WANG Yi (2016) proposed the dual-track approach to solve the SCS issue: Disputes should be resolved peacefully through negotiation between the parties directly concerned, and China and ASEAN countries should work together to maintain peace and stability in the South China Sea. In August 2017, foreign ministers from ASEAN and China approved the framework of COC, which helps improve the situation in the SCS.

Throughout these years, exchange of top leaders’ visits has been frequent, to fix and rebuild the foundation for mutual political trust. After the HYSY 981 drilling rig incident, China’s President XI Jinping and Premier LI Keqiang have met with General Secretary of the Central Committee of the Communist Party of Vietnam Nguyen Phu Trong, Vietnam’s President Tran Dai Quang and Prime Minister Nguyen Tan Dung several times, laying the foundation for cooling down the bilateral disputes (FMPRC, 2015). Similarly, after Philippine’s new President Rodrigo Duterte came into power, China proactively responded to the positive signals of China-Philippine relationship sent by Manila through arranging Duterte a friendly and high-level reception on his state visit to China on October 21, 2016 and strengthening bilateral cooperation on anti-terrorism and drug control (FMPRC, 2016). Such high-level interaction has contributed to warming the relations between China and relevant countries.

In addition, diplomatic consultation mechanisms at various levels between China and these countries have been recovered or been built, so as to re-facilitate bilateral dialogue tracks on the SCS issue. For instance, on January 18, 2017, for the first time China-Philippine Diplomatic Consultation has been restarted since June 2013 (FMPRC, 2017). Both sides agreed on building bilateral consultation mechanism on the SCS issue. All these actions represent the adjustment of China’s SCS approach in the wake of the proposal of the BRI.

Generally speaking, in recent few years, China is endeavoring to boost positive interaction between the construction of the MSR and the settlement of SCS disputes.
On the one hand, Beijing tries to use MSR initiative to strengthen political mutual trust and increase interest interconnectivity, so as to prevent the eruption or upgrading of maritime conflicts. It believes the MSR could serve as a good drive for protecting SCS peace and stability.

On the other hand, Beijing seeks to practice maritime cooperation initiative under the DOC framework, especially joint exploration of oil and gas resources in disputed maritime areas, protection of fishing resources, safety control of sea passages, maritime strikes against cross-border crimes, disaster alleviation, as well as joint maritime search and rescue. Such actions could in turn provide solid support for developing China-ASEAN partnership under the MSR initiative.

These are two simultaneous and interactive goals: the MSR construction and the addressing of the SCS issue. Ideally the two would mutually exert positive effects on each other, and ultimately help build a close China-ASEAN community of shared destiny, which is the fundamental guideline for China’s neighborhood diplomacy in the wake of the proposal of the BRI.

“Spill-over Effect” of Pragmatic Cooperation

Geographically, the SCS is located at the cross of two directions of the MSR respectively going west through Indian Ocean all the way to Africa and going east through Pacific Ocean to South America. Technically the situation in the SCS is closely related to MSR construction. To say the least, exacerbation of related disputes may interrupt MSR cooperation projects and undermine the confidence of investors. In that case, maritime cooperation among MSR countries in this region may also be harmed.

Through the MSR, what China tries to create is a new mentality that surpasses existing political and judicial divergence and focuses on regional common development. In order to bring this into reality, the very first step is to break the vicious circle of interaction among countries following interest conflicts, and foster new mutual trust and common regional security perceptions. MSR construction provides a platform to foster such a new mode of mentality. Since releasing Building the Belt and Road: Concept, Practice and China’s Contribution (Office of the Leading Group for BRI, 2017), China has been emphasizing “joint consultation, joint development and joint benefits”. Such joint efforts are stressed amid China’s maritime cooperation with not just ASEAN, but also specific member countries of the organization.

Through pragmatic cooperation with specific countries, including countries that have maritime disputes with Beijing, China hopes to foster an “example effect” to bring in more countries to participate in cooperation in fields like port construction, fishing, maritime research, and maritime security.

So far, pilot projects under the MSR platform include Jakarta-Bandung High-Speed Railway project in Indonesia, China-Malaysia Kuantan Industrial Park, as well as China and Brunei’s joint exploration of oil and gas resources. Following a top-down approach, such projects have been launched in a relatively efficient way, and some have witnessed early-stage achievements.

In this regard, China-Indonesia cooperation is a good example. In October 2014, Indonesia’s President Joko Widodo proposed the “Global Maritime Fulcrum (GMF)” strategy, aiming at improving connectivity among Indonesian archipelagos and taking a step further, to rebuild Indonesia’s status as a strong maritime power. Due to the correspondence of the GMF and the MSR, synergies of these two initiatives facilitate infrastructure cooperation between two countries. The Jakarta-Bandung High-Speed Railway project is the flagship program of MSR construction cooperation between China and Indonesia. Connecting Indonesia’s national capital and fourth largest city, this railway extends 150 kilometers, with a maximum speed of 350
kilometers per hour. The construction of the first five kilometers kicked off in March 2016, and a tunnel project was officially launched in July 2017 (GUO, 2015). The Jakarta-Bandung High-Speed Railway will help to release the economic development potential of regions along the railway and facilitate the formation of an economic corridor.

Since the year of 2012, China and Malaysia started to jointly construct industrial parks in both countries, setting up a new model of “Sister Industrial Parks jointly built by partner countries”. From January 2013 to September 2017, more than 30 billion MYR ($7.1 billion) investment, mainly from Chinese companies, was introduced into the Kuantan Industrial Park in Malaysia, creating 24,000 job opportunities for locals (Xinhua News Agency, 2017). The Kuantan Industrial Park will accelerate the integration of upstream and downstream industries, facilitate local logistical development, and promote infrastructure construction of the Kuantan Port. China and Malaysia also established a “port alliance” in November 2015 to boost cooperation among port cities (YU, 2017).

It is not plausible that any of such projects would directly help solve the SCS issue, due to the complexity of the maritime disputes. Nonetheless, they do provide opportunities for China and ASEAN countries to quell misunderstanding, broaden communication channels as well as consolidate mutual trust. Increasingly frequent top-level official visit exchange and joint exploration of maritime resources due to such cooperation help break stereotypes and boost regional communication. This makes it possible for countries to adopt more rational attitudes facing the SCS issue.

**Prospects of SCS Issue From MSR Perspective**

In summary of the aforementioned analyses, MSR construction does provide an opportunity to positively affect the resolve of the SCS dispute through effective and pragmatic cooperation. The fact that various regional players have alleviated their attitudes toward the SCS disputes also supported similar argument from other scholars that a developmental plan prioritizing cooperation and mutual respect could promote the resolving of the SCS disputes (Tseng, 2016). Looking into future, three things about MSR construction would be key to create positive conditions to solve the SCS issue.

Firstly, the stimulation and inclusion of more social capital into MSR cooperation would help create a positive peaceful environment for addressing maritime disputes.

One priority of MSR cooperation is people-to-people connectivity, which means mutual trust and mutual benefit at the social level. This helps create a peaceful environment for addressing the SCS issue.

At the initial stage of project launching, MSR construction is largely driven by top-level policy connectivity. Nonetheless, in the middle and long run, it has to be driven by social choices and become market-oriented as stated in government documents.

So far, there have been some initial achievements. For instance, China-ASEAN Marine Product Exchange, founded in March 2015, has become one important platform in MSR construction, boosting marine product trade and providing benefits for fishermen and marine companies from China and ASEAN countries. By the end of 2016, 358 fishery companies have registered as members of this association, and 2,187 trade dealers have conducted business through this platform. In the whole year of 2016, the amount of spot transaction was 16,234 tons and the turnover was 766 million yuan ($116 million) (Sina Finance, 2017). The Sihanoukville Port Special Economy Zone in Cambodia, founded by private Chinese capital and attracting local private companies to station in, is also attracting more private capital and stimulating social vigor from both sides.
In the future, more social participation should be stimulated, which helps eliminate social misunderstandings about China’s so-called strategic ambition and promote the resolving of maritime disputes.

Secondly, the acceleration of maritime security cooperation would help create favorable conditions to cool down maritime disputes.

From the perspective of economic structure, China and SCS claimant countries are strongly complementary to each other and have huge potential for cooperation. In non-traditional security fields like striking maritime terrorism and coping with marine pollution, both sides have made cooperation achievements. Guidelines for Hotline Communications among Senior Officials of the Ministries of Foreign Affairs of China and ASEAN Member States in Response to Maritime Emergencies in the implementation of the Declaration on the Conduct of Parties in the South China Sea has been adopted in 2016. MoUs have been signed by marine police authorities from China, Vietnam, and the Philippines. In July 2017, China-ASEAN Maritime Search and Rescue Coordinators’ Seminar was launched, advancing technical communication and personnel exchange.

Since the end of 2016, cooperation between coast guard departments of China and the Philippines has reached a new stage. In February 2017, the hot line connecting both sides has been established. The two countries have also set up the “China-Philippine Maritime Cooperation Joint Committee”, coordinating joint actions on combating transnational crime, maritime search and rescue, emergency response, information exchange, capacity building, etc.

All such efforts are being well embedded into the MSR construction framework, which helps protect common interest of various regional players in terms of maritime navigation security, humanitarian search and rescue, as well as combating cross-border crime, so as to create favorable conditions for solving maritime disputes. Concrete achievements of maritime security cooperation could prove that MSR construction is in favor of regional peace and stability.

Last but not least, sustainable joint exploration through MSR projects would be pivotal to making breakthrough in solving maritime disputes.

Joint exploration of maritime resources is key to binding the interests of regional players in marine resource development and utilization, so as to promote the resolving of the SCS issue (SUN, 2016).

The integrated marine supply base project in the Pulau mural Besar Island industrial park in Brunei, cooperated by China and Brunei, is a typical example of joint exploration of SCS resources aiming at providing supporting service for oil and gas exploitation. This project is also one within MSR framework. In March 2017, Zhejiang Hengyi Group Co., Ltd, the co-partner of this project, signed the implementation agreement with the Energy Department and Economic Development Bureau of Brunei. It announced that it would invest $3.45 billion in this project (HE, 2017). The joint construction of the industrial park will further facilitate economic diversification of Brunei and strengthen its relationship with China. Similar examples include the West Kalimantan seawater desulphurization and desalination project in Indonesia and the Baleh hydro power project in Malaysia.

In the future, the sustainable joint exploration of maritime resources should be further boosted, which exerts important influence on addressing the SCS issue.

For the MSR itself, there are various problems to address. For instance, the security of maritime transportation interconnectivity is still interrupted by issues like maritime terrorism and pirates. It is also urgent to consolidate the interconnectivity of marine industries between China and ASEAN countries. In this regard,
there is huge potential to bring in private corporations and to create a better soft environment to facilitate implementing treaties that have been signed.

In addition, along with the MSR construction, the issue of “cultural shock” due to large-scale personnel exchange deserves more attention. In the long run, exchange between diversified cultures contributes to regional integration. But in the short term, cultural collision might bring about friction. Misunderstandings brought by ideological and cultural differences, if not quelled timely, might undermine MSR construction, and therefore erode the positive role of the MSR in accelerating the addressing of maritime disputes.

Looking into future, it has to be bear in mind that both MSR construction and the addressing of the SCS issue are long-term issues. The MSR provides an opportunity to accelerate the resolving of maritime disputes. But due to the complexity of both the MSR projects and the SCS disputes, the interaction between the two is set to be a prolonged process.

Conclusions

This paper evaluated MSR construction’s influences on SCS disputes resolving, achieving the preliminary conclusion that the MSR indeed creates a favorable regional environment for promoting the resolving of maritime disputes in the SCS area.

The key of China’s SCS policy is to make a balance between safeguarding core national interests and maintaining regional peace and stability. The priority of these two policy goals changes with adjustment of national overall strategic needs at different stages as well as dynamics of external environment. Hence, the proposition of the BRI, which is based on both domestic and international needs of China’s further development, is a key driving force for China to prioritize regional stability in its neighborhood diplomacy. Specifically speaking, China recovered bilateral political mutual trust with countries that were involved into SCS disputes with China and strengthened strategic partnership with ASEAN. In addition, pragmatic cooperation under MSR framework also contributed to quell misunderstandings, broaden communication channels, and consolidate mutual trust.

The MSR represents China’s endeavor of creating a new mentality surpassing existing political disputes while focusing on regional economic interconnectivity and common development. In terms of prospects of interactions between SCS issues and MSR construction, with the deepening of maritime cooperation, it is highly likely that MSR construction would accelerate the resolving of SCS disputes; however, due to the complexity of both the MSR projects and the SCS disputes, it will be a long-term process.

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