

News from Northeast Asia *continued*

One Belt, One Road strategy and Korean-Chinese cooperation

Tai Hwan Lee

CHINA'S ONE BELT, ONE ROAD (一帶一路, land- and sea-based Silk Road) strategy is part of the country's grand strategy for realizing the Chinese dream of the 'great national rejuvenation'. Achievement of the world's second largest GDP in 2010 boosted China's confidence, and the Xi Jinping administration put forward a new foreign strategy of dimensions completely different from those of the past. Looking ahead to the next 35 years until the hundredth anniversary of New China in 2049, the initiative seeks to create a new growth engine by developing infrastructure and increasing trade along the land- and sea-based Silk Road, linking Asia with Europe and Africa.

The idea of the Silk Road Economic Belt (絲綢之路經濟帶) was first mentioned by Secretary Xi during his visit to Kazakhstan in September 2013 and developed into his proposal, in Indonesia in October of the same year, to jointly build a Maritime Silk Road. On 28 March 2015, China's National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce together released a detailed plan for the strategy implementation, titled "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road".

The strategic intentions behind the initiative are to satisfy the demand of neighboring countries by utilizing China's foreign reserves of 4 trillion USD, to resolve the problem of overproduction of steel and cement in China through trade, and to expand China's global influence in concert with over 60 nations of the Silk Road. The demand in neighboring countries for the construction of infrastructure (social overhead capital) facilities through loans is enormous. It is estimated that in Asia alone the demand for infrastructure development until 2020 will amount to 8 trillion USD and the investment in transportation infrastructure in the regions beyond Asia will total 5 trillion USD. To bring the One Belt, One Road initiative into fruition, China created the 40 billion USD 'Silk Road Fund' in 2014 and led the establishment of the Asian Infrastructure Investment Bank (AIIB). The investment of a large part of China's 4 trillion USD foreign reserves into infrastructure development is expected to facilitate the use of yuan internationally and contribute to its advancement to the rank of one of the key currencies in the world.

Another important strategic objective is energy security. To China, securing energy is crucial for continuous growth. For this reason, "Vision and Actions" clearly states that communication in procuring and transporting energy is a major goal of the One Belt, One Road strategy. It is worth pointing out that the plan calls for increased cooperation in the connectivity of energy infrastructure and sets forth "work in concert to ensure the security of oil and gas pipelines and other transport routes". China's dependence on foreign oil and gas is so high that the document refers to it as "security of oil and gas transport routes". 80 percent of crude oil imports, 50 percent of natural gas imports, and 42.6 percent

of the entire imports and exports of the country are transported through the Strait of Malacca. Therefore, obtaining reliable transport routes and diversifying transport routes by procuring oil and natural gas from the energy-rich Central Asian region through the construction of the land-based Silk Road is of critical importance to China's energy security. From this perspective, the Silk Road Economic Belt and Maritime Silk Road projects can be likened to two wing axes of the rising China.

The success or failure of the initiative will ultimately depend on the progress in China's relations with its neighbors. Although the initiative is welcomed in the Asian and African countries with high demand for infrastructure development, the US and other great powers along with a number of regional players are concerned that China is using this opportunity to expand its sphere of influence. Several nations, including the US, Japan, and India, regard One Belt, One Road as a Chinese solo performance rather than a choral performance and are wary of it.

Especially worthy of observation is the reaction of the US. During her tour of four countries in Central Asia in 2011, then-Secretary of State Hillary Clinton proposed building a New Silk Road economic zone by investing in the countries of the region in order to increase the American influence there. The Chinese strategy can be seen as countering that plan. There is also an opinion that One Belt, One Road is not intended to directly challenge the US policy of rebalancing Asia, but to thwart it indirectly by expanding China's sphere of influence. At the time of establishing the AIIB, the US assessed it as an attempt to build a new financial order led by China and, to foil the plan, took a stand opposing membership in the bank by American allies and countries of Western Europe. The US failed, however, as the UK, Germany, France, South Korea, Australia, and other countries joined the AIIB. The subsequent change in US attitude – the welcoming remarks and promises of cooperation by the Governor of the World Bank and expression of support by Washington – is a positive sign. Nevertheless, we have yet to see how American-Chinese relations over the issue unfold in the future, since building an international political and economic order is a long process and the One Belt, One Road initiative is no more than a step toward it.

Recognizing such concerns, Beijing emphasized in the "Vision and Action" implementation plan (made public at the Boao Forum in March 2015) that One Belt, One Road is not China's version of the Marshall Plan but a strategy of mutually-beneficial regional cooperation evolving through joint efforts of participating nations. In reality, for One Belt, One Road to succeed, it needs support of not only neighboring developing countries but developed countries as well. Given that the number of neighboring nations in the initiative exceeds 60 countries with a total population of 4.4 billion people (63 percent of the world's population) and an economic scale amounting to 29 percent of the global economy, the strategy

can hardly succeed in the format of a Chinese solo performance. Secretary Xi Jinping himself emphasized in his keynote speech at the Boao Forum that the programs of development "will be a real chorus" and "not a solo for China itself."

Korea, too, hopes that the initiative is realized as a chorus. What effect will the joint implementation of One Belt, One Road have on the Korean Peninsula and how will South Korea and China cooperate? There is no doubt that the initiative provides economic opportunities for the Korean Peninsula and Northeast Asia. According to the "Vision and Actions" plan, three northeastern provinces (Liaoning, Jilin, and Jilongjiang) are to become sea-land 'windows' linking Russia, Mongolia, and other areas in the Far East. In this light, there are many points for cooperation with the Eurasia Initiative of the Korean government and ways in which One Belt, One Road can contribute to building a Northeast Asian economic zone.

One of the key projects of the Eurasia Initiative is the construction of the Silk Road Express with a trans-Korea railway and transcontinental railroads as its basic axes, to promote peace on the Korean Peninsula. China is already pushing forward with or examining several business projects related to transportation infrastructure – such as roads and railways – in North Korea, so there is the possibility of South Korea's participation in those projects. However, with the relationship between South and North Korea strained by North Korea's fourth nuclear test, the Silk Road Express remains an unattainable dream.

Nevertheless, both South Korea and China have the will to connect One Belt, One Road and the Eurasia Initiative. Even if the construction of a trans-Korea railway cannot be realized due to the North Korean nuclear development problem, there are many other ways for South Korean-Chinese cooperation. Korea can take part not only in building infrastructure in developing countries but also join efforts with China in distribution, development of resources and new industries. Such cooperation is beneficial to both parties, but it is also desirable for the future of Northeast Asia because it contributes to creating a regional economic zone.

To summarize, One Belt, One Road is China's grand strategy for the next 35 years, which envisions building a Datong (大同, Great Unity) society in Asia. Its success is indispensable for the attainment of the Chinese dream as propagated by Secretary Xi Jinping. China estimates that it will take the strategy at least 8 to 10 years to bear fruit. For One Belt, One Road to be successful in the three northeastern provinces and the Korean Peninsula during that period, the most desirable and necessary task is achieving unification of the peninsula through the joint efforts of Korea and China. I hope the sound of the One Belt, One Road chorus spreads loud and wide across Northeast Asia.

Tai Hwan Lee, Director of Center for Chinese Studies, Sejong Institute (thlee@sejong.org)

One Belt, One Road: a Japanese perspective

Hidehito Fujiwara

THE ASIAN Infrastructure Investment Bank (AIIB) was established under the leadership of China for the purpose of putting into reality the country's economic vision of One Belt, One Road. Prime Minister Shinzo Abe's administration has been consistently skeptical about the AIIB, pointing to the lack of transparency in its management and financing, as well as other issues. Even Vietnam and the Philippines, who are in a harsh territorial conflict with China in the South China Sea, joined the AIIB along with European powers; but Japan, keeping in step with the US, has chosen to stay out.

However, given Japan's position in Asia, its continuous dismissive attitude to the One Belt, One Road initiative may hurt the country's economic interests and even diminish its presence as a major power in the region. In fact, from an economic standpoint, it makes more sense for Japan to welcome One Belt, One Road. The reason why the Japanese government has failed to do so lies in its strained relationship with China.

Japan has been suffering from an economic depression for a long time. In contrast, China, despite the shadows cast on its growth these days, has already grown to become the world's second largest economic superpower, and its military

presence is also increasing. Consequently, the Japanese are starting to doubt the sense of superiority they felt over China for many years after the end of World War II. The antagonism over the perception of history, the Senkaku Islands, and other issues cannot be ignored, either. According to the "Survey of Public Opinion on Foreign Relations" released by the Cabinet Office on 12 March 2016, the percentage of respondents who had "no positive feelings" toward China recorded the highest value since 1978: 83.2 percent.

During the first Abe administration, Prime Minister Abe agreed with his Chinese counterpart on the need to build a mutually beneficial relationship based on common strategic interests between the two countries. At the time, he received high praise from the Chinese. However, after the Liberal Democratic Party's (LDP) landslide victory in the 2012 general election and Abe's return to office, Japanese-Chinese relations froze due to his visits to Yasukuni Shrine and his demonstration of a defiant attitude toward China. Afterward, the Abe administration joined the US-led Trans-Pacific Partnership (TPP) and announced an independent plan to provide 110 billion USD in aid for Asian infrastructure projects – an amount that exceeds the capitalization of the AIIB.

By maintaining a posture of unmasked defiance toward China, the Abe administration is garnering support from many Japanese who feel no affinity toward China. On the other hand, in the aforementioned survey, 73.3 percent of the respondents agreed that "the development of Japanese-Chinese relations is important for the Asia-Pacific region". In other words, they consider relations with China as essential, even if they don't have positive feelings toward the country.

China evaluates positively the leading role that Japan has played in regional economic cooperation in Asia and is requesting Japanese participation and support for the One Belt, One Road initiative and the AIIB. China wants to learn from the expertise Japan has acquired throughout the years. In this situation, Japan should not turn its back on China but start cooperating in feasible areas. That is the way to build a mutually beneficial strategic relationship.

Hidehito Fujiwara (藤原秀人), Journalist, Asahi Shimbun (朝日新聞社国際報道部記者), (fujiwara-h@asahi.com)