

Dr. László Gulyás, PhD

The 21st Century Maritime Silk Road

A Brief Introduction to the Belt and Road Initiative

This teaching material has been made at the University of Szeged, and supported by the European Union. Project identity number: EFOP-3.4.3-16-2016-00014

SZÉCHENYI 2020 

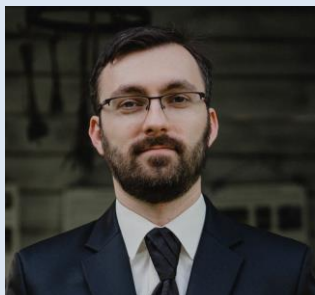


HUNGARIAN
GOVERNMENT

European Union
European Social
Fund



INVESTING IN YOUR FUTURE



Dr. László Gulyás, PhD

Estimated reading time:

12-15 minutes

Estimated learning time:

20-25 minutes

Class III: The Maritime Silk Road

Summary

This class gives a general overview about the core attributes of China's foreign policy and its main focus especially from the early 2000s to the start of the Belt and Road Initiative.

Topics of the class include:

- Historical overview of the origins of the Maritime Silk Road
- The key elements of China's strategy regarding BRI
- The description and the properties of the New MRS

History - and why the historical roots is important to this day

Sea trade routes have been always very important for the advancement of a civilization simply because oceans provide the most important resources and means of travel for both peacetime and wartime activities. It is important for trade and for questions of security. Therefore, it is very significant for both global and regional stability and through those, eventually global peace. As with the case of many other nations long-distance trade through sea routes and generally travelling through the oceans were a significant factor for the development of historic China.

Around the middle of the first century CE (Common Era) there were two separate but simultaneous expansions of communities.

One tribe of the Greater Yuezhi people, the Kushans had moved from the East to the West, from the steppe on China's northwest frontier to a region that was northwest of the Indian subcontinent in present-day Afghanistan. Then, they crossed the Hindu Kush Mountains and expanded towards the southeast, extending their rule over a large part of the Indian subcontinent. This is important because they played a major part for the development of the Silk Road (and had a major impact on the spreading of Buddhism in China).

Although the „classical“ Silk Road is more famous and more widely known some scholars argue that the maritime spice trade (that is the „Maritime Silk Road“) with the Indian subcontinent and the Arabian Peninsula was far more important and meaningful for the economy of Rome than the silk trade with China (which obviously did not trade only in silk). The spice trade was mostly conducted at sea especially with India.

On land although China was the starting point for caravans, numerous intermediaries were used from the East to the West. Basically, there was no interconnected trade system until the conquests of the Mongolian Empire - and that connected trade network was only formed because half of the world were under Mongolian rule for a few short decades. Thus, it was safer and more predictable to use the sea for trading on a large scale rather than using land.

The other expansion, which was basically only commercial in nature, was carried out by the conquering and subsequently the eastern expansion of the Roman Empire. In the middle of the first century CE they went eastward from Egypt to India by sea. The people involved in these two expansions usually met at seaports of the Persian Gulf, located on the Indian subcontinent's western coast.

But the truth is, it is very hard to pinpoint an exact date to when did trading between East and West have begun on a major extent. We can safely say however that sea trading in a bigger scale have started around the 1st century CE along with the Roman expansion.

Note that the overland Silk Road has been in usage for hundreds of years after the Roman expansion, but the trade volume rarely exceeded or even come close to that of the sea trade routes. And finally the Silk Road begun to lose its importance during the Tang Dynasty (8-9th century CE) and again after the Mongolian Invasion has ended and soon after their Empire itself dissolved. Although we must remark that the importance of the Silk Road was fluctuating even before: there were periods of time when the Road has seen high usage and then the trade lessened via the famous land route.

Whenever there was a decline of trading via the Silk Road whether because of wars or draught or any other reason, Chinese merchants and their trading partners have turned to the seas for an alternative way of exchanging goods. As was mentioned before the Roman Empire traded with the Arabian Peninsula (and Iran) and India by sea, simply because the profit was almost ten times compared to land routes. It was faster, it was oftentimes safer and the cargo could be multiple to that of caravans'.

So it was an obvious choice for China as well, especially since foreign powers could take over parts of the Silk Road trade therefore decreasing the actual income of the Chinese Empire (via taxation and so on), not to mention the risks of raids, banditry and such made Rome pay more for the goods. Therefore, a direct sea route was beneficial for both parties.

This „Maritime Silk Road” had reached its maximum extent, linking the Persian Gulf and the Red Sea to China by the end of the first century. At the same time many coastal areas and large cities inside Europe (and South Asia) witnessed remarkable prosperity and cultural progress at this time.

Chinese silk was a unique commodity and always drawn great attraction, so it was only logical that many countries wanted to establish good relations with the one country that produced it: China. This obviously granted a huge amount of influence to China. Interestingly Chinese Silk not just became the symbol of prosperity and wealth but also peace: wartime caused serious hurdles in silk trade. This aspect here is key, namely the silk trade has given indirect influence to China over states which were very far from it.

Thus, the value of silk rose, becoming in some cases equal to or greater than that of gold. The MSR developed into a route for envoys of friendship, with far greater significance than a purely mercantile road.

What is really remarkable about the Silk Road, however, is the fact that throughout the centuries, it remained a peaceful way of interstate connection and commercial activity but also was very important for ethnic and cultural exchange as well.

Do we start to see why the 21st Century Maritime Silk Road is called the way it is called?



1. picture: The ancient Maritime Silk Road. (source for the black and white map: https://en.wikipedia.org/wiki/File:Afro-Eurasia_location_map_with_borders.svg; the route and coloring is done by the author of this paper)

What are the key elements of China's strategy regarding the „New Silk Road“?

We have stated in the previous class that **BRI aims to reorient China's domestic economic structure by enhancing connectivity and cooperation between China and the rest of Eurasia. It is also a useful tool for China to shape international rules and norms, as well as influence the global economic order.**

Out of these important factors there is one goal that trumps them all: to **gain access to global natural resources, raw materials, and overseas markets to sustain China's economic expansion.**

One might say that in order for China to be able to make sure it has access to those things it needs a military presence around the sea trade routes. And now we have returned to the question of the South China Sea and its strategic importance. **In a way it is needed from Beijing to have a strong military to be able to secure its position not just strategically but economically as well.**

On the other hand, however, the People's Republic of China aims to build a network of friends and if it is possible allies worldwide through its soft power diplomacy.

Furthermore, its goal is to create economic and trade dependencies across the globe. For this free trade agreements are the most preferred way, but mutual security and/or defense pacts can be mentioned too. As part of the latter intelligence cooperation is usually formed that is often followed by arms deals

Thus China is creating countries that are dependent on their strength and power – be it military or economic. The reason for this is basically China needs raw materials and resources and it needs those to be able to be transported to mainland China in order to maintain its economic growth. So, this kind of expansion is one of its most important national interest. As part of this strategy, Beijing is developing roads, railways, ports, and energy corridors through its western region, across South Asia and around the South China Sea in the Middle East and so on.

The main increment of infrastructural advancement has dual-usage: on the one hand it can increase economic development for both the affected countries and China and it can also serve as means to achieve internal security or even external defense - depending on the locations and specifications of the infrastructural project.

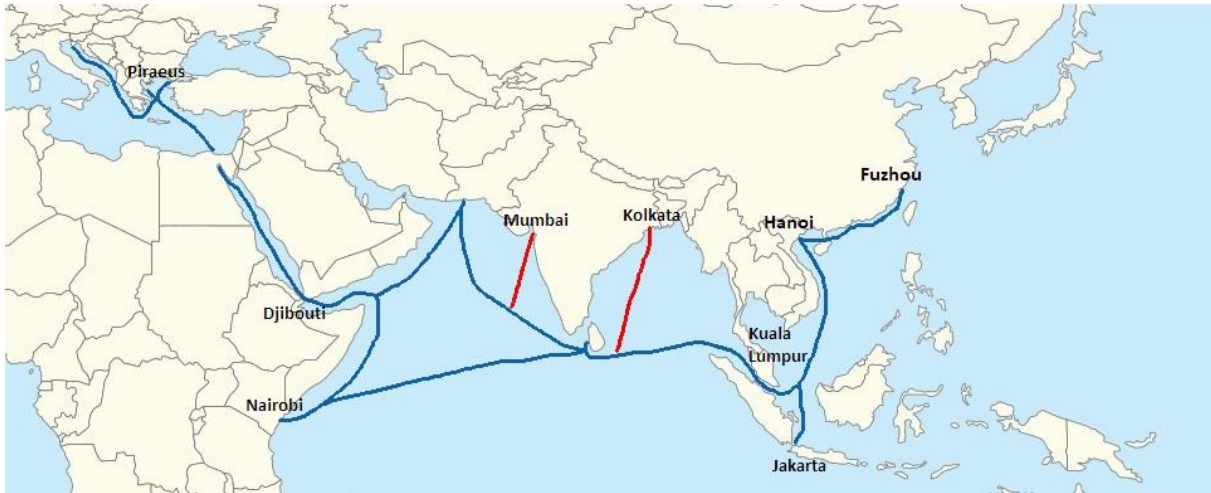
Basically, the same can be said regarding maritime access to the regions affected by the Belt and Road Initiative: it plays a significant role in the formation of strategic alliances and security ties as well.

21st Century Maritime Silk Road

In the 21st Century one of China's main aims is to change the way people from around the world sees it. It tries to reshape the country's global posture and what it embodies -for example China is no longer the manufacturer of cheap and low-quality goods, as it has reached peak technological advancement in a few short years.

One key element of this is **image change** is to build an economic system with ties to as many countries as possible and to form as many external cooperation as possible. The plan for the 21st Century Maritime Silkroad is to begin in Fujian province, and pass by Guangdong, Guangxi, and Hainan before heading south to the Malacca Strait. The Strait is very important strategically as most of the international trade routes goes through there, and almost every type of ship is using that passage, including huge container ships and tankers.

Then from Kuala Lumpur, the Maritime Silk Road was planned to head to Kolkata, then crosses the rest of the Indian Ocean to Nairobi, which is important because of the East African Railway – we will be talking about it in one of the upcoming courses . From Nairobi, it goes north around the Horn of Africa and moves through the Red Sea into the Mediterranean where it ends in Greece, Italy (and there are some plans regarding Spain).



2. picture: The 21st Century Maritime Silk Road. See the similarities between the ancient sea routes and the modern maritime routes. The red line indicates that the planned participation of India is no longer the case. (source for the black and white map: https://en.wikipedia.org/wiki/File:Afro-Eurasia_location_map_with_borders.svg; the route and coloring is done by the author of this paper)

For the Maritime Silkroad to be a success – and especially for it to be profitable – **China needs to increase its marine**. Granted, first and foremost the number of its trade ships but consequently it needs military ships to protect its trade interest across the seas by patrolling certain unsecure regions – for example the waters around Somalia. However, **it also leads to increasing tensions with other countries**: the states involved in the South China Sea Dispute and most importantly India. India is also vying to be a regional power and considers China a rival.

This is good for China’s economy again as it will grow its shipbuilding industry (and to some degree the global shipbuilding market) and will lead to increased technological advancement and focuses research and development. For example: Chinese experts needed to learn how to build and manage offshore platforms, ports and other certain port facilities. This will create highly educated professionals in the long run – it is an important thing to note that many infrastructural developments and constructions abroad China are done by Chinese companies, planned by Chinese experts and build by Chinese workers. They only employ local workforce to a certain degree. Again, this is good for the economic development of China: it exports the surplus workforce, especially in the field of construction, but it does not mean necessarily that it is good for the local population looking for work.

Other than its historic roots the New Maritime Silkroad was born from emphasizing stronger economic relations, closer cooperation on joint infrastructure projects, the enhancement of security cooperation, and the strengthening of maritime economy, environment technical, cultural and scientific cooperation with the ASEAN countries.

This initiative is aimed to boost infrastructure development and structural innovation, to accelerate development of landlocked countries and the remote areas, to lower costs and barriers of trade and investment, and to drive greater reform and opening-up by regional countries.

By promoting international trade, port constructions and other forms of infrastructure cooperation, China seeks to ease the tensions caused by the territorial disputes regarding the South China Sea with ASEAN states, and strengthen mutual trust. As planned, this will narrow the huge infrastructure development gap between ASEAN members. However, this is not a complete success so far to say the least.

Another important factor is that it also **provides a huge opportunity of overseas investment for Chinese companies and capital**, either in infrastructure construction, or in manufacturing and foreign commodity trade and service sectors thus invigorating the Chinese economy at home, addressing its domestic production overcapacity.

So in summary the 21st Century Maritime Silkroad, in fact, is an attempt to create a favorable international environment conducive to China's continuing development, and thus, it manifests an important element of Chinese grand strategy: by helping others develop, it tries to ensure its own longtime and sustainable development.

But the contradiction still stands: China's declared goodwill and intention and rivalry with the South East Asian states regarding the question of hydrocarbons under the South China Sea.

With the 21st Century Maritime Silkroad the situation becomes somewhat less complicated once we look past South East Asia but does not get that much simpler. Although the upgrading of maritime connectivity between the Indian Ocean, the Pacific Ocean and extending it further to East Africa and on to Mediterranean should be beneficiary for everyone and it is basically roughly the same as India's own maritime economic plan and therefore it would be in India's interest to respond positively to the Chinese invitation to join the Initiative, in reality, however, this is not the case. India always had a problem with joining the BRI because it considers China a rival as a regional power (and on the way to becoming a global power), but the past few months' tension and border incidents locked out New Delhi from the Initiative for good.

India badly needs infrastructure development and connectivity on a much larger scale than it has currently and through the BRI China would have been able to provide that. However, India did not want to risk the growing Chinese influence inside its borders. So eventually New Delhi started to see the BRI as a challenge to its power and growth in the

Indian Ocean region. There are not just economic reasons for this but political as well – in the course about Pakistan we will look behind the scenes in that regard.

For many East African countries, the 21st Century Maritime Silk Road currently is the only chance for improvement and development. Right now although many scholars warn about the danger of overdependence on China these countries does not receive any substantial amount of investment from other countries so they are - to a certain degree - forced to accept the conditions that come with the BRI.

All in all, there are numerous factors about the new Maritime Silk Road that makes it to be seen as a very positive project, however there are also problems. Many constructions and infrastructural development in general (such as telecommunications) are done by Chinese companies using the money the PRC lent to the East Africa countries. However, those countries are starting to fall behind with the payment of their loans. This could lead to economic recession or in some cases losing the newly built complexes to China for 50 or more years (as a concessions) experts warn.

Questions for Self-Checking

1. Summarize why is the Maritime Silk Road historically important?
2. What are the key elements of China's strategy regarding the 21st Century Maritime Silkroad (and of course the BRI)
3. Describe why the new MRS proves to be problematic in the South East Asian region. Why is it problematic regarding India?