

China's strategy for national rejuvenation, new silkroads and consequences for Europe

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Open vs Closed China



Belt and Road initiative 一帶一路

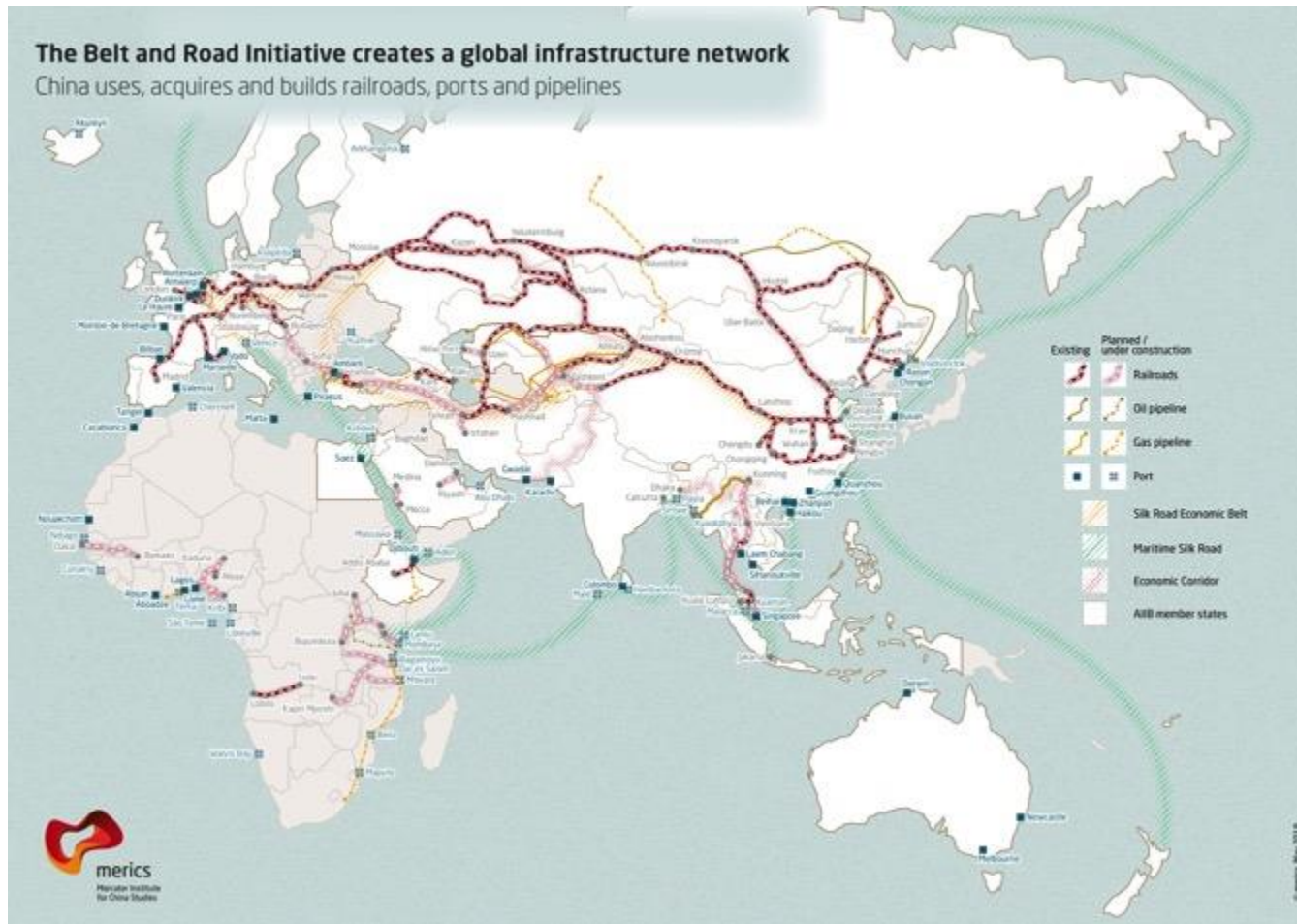
- Xi Jinping: a new Chinese led era of globalization (*Globalization 2.0*). Launched 2013.
- 65+ countries in Africa, Asia And Europe linked by trade, infrastructure and investments. Representing a third of the world's total economy and more than half the global population.

"Huge opportunities for Eurasia and its ability to build much-needed infrastructure, could assist in the development of some of the world's poorest countries. Yet Chinas rise also threatens to reduce its neighbours to the status of exploited vassals."

- A new world order and alternative to the post WWII US-led model of economic integration via trade and agreement based on a shared liberal value system.
- **New China-led financial international institutions:** Asian Infrastructure Investment Bank (AIIB), Silk Road infrastructure fund, China Development Bank China and The Export-Import Bank of China (EXIM)

Replacing trans Atlantic/Pacific

Roads on water and belt on land



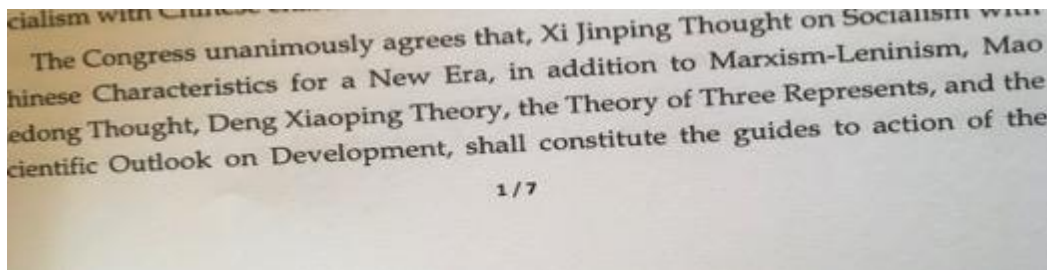
So many roads

- "21-st Century Martime Silk Road" China to markets across Pacific, Indian and Atlantic Oceans and the Arctic.
- "Silk Road Economic Belt" linking China and Eurasia.

Communist party 19:th congress 2017

- "Xi Jinping Thought on Socialism with Chinese characteristics for a new era"
- Xi will have the last word in politics for the rest of his life.

A new Mao and Lenin.



What does China want

- 2049: The Chinese dream – the great rejuvenation of the Chinese nation.
- One people, one party united around the vision of one strong leader.
- China's goal is global leadership – Military Economy, Science – and take back Taiwan.
- Self-reliance – food security, tech and manufacturing

中国智慧 No “Wandel durch Handel”

Generations of Western politicians believed that China by being exposed to the Western system and the advantages of globalisation would adapt to democratic institutions and values. That did not happen. The Communist party is now offering the rest of the world an alternative to democracy and market economy, a “Chinese solution” 中国方案, and “Chinese wisdom”

综合 comprehensive

- Business, politics, military – integrating under the leadership of the party.
- Every company, even private, are requested to support the “four consciousnesses” - to put primary consideration to the communist party political priorities when addressing issues.
- National Intelligence Law – citizens and organisations must collaborate with China’s intelligence services if required.
- Xi Jinping: “Chinese foreign investments is a question about national security and national interest. ”
- The latest five year plan encourages Chinese companies to go out and obtain supply-chains, advanced technology and brands.

Every member swear to obey the communist party

Xiongan – the model city of the Xi era



Message for foreigners

- Xi's world vision: A community of common destiny
- Image: Xi Jinping visionary world leader in a time of rising anti-globalisation.
- Win-win cooperation and the Belt and Road Initiative to better connect the world.
- A more reasonable and just world order (i.e. not dominated by the US)
- "(China) offers a new option for other countries and nations who want to speed up their development while preserving their independence"

- "It is essential that we uphold the basic principles of multilateralism and free trade,"

Li Keqiang at World Economic Forum conference in Tianjin, China 2018-09-19

A Chinese win-win situation

- Expands China's strategic political and economic influence among participating states.
- Creating new markets for exports of steel, cement and other heavy industries that are grappling with overcapacity after years of expansion owing to a massive state stimulus.
- Finding new use for Chinese capital surpluses: Lending money to buy Chinese goods and services and hiring Chinese workers.
- Internationalizing the renminbi (RMB) as a world currency.

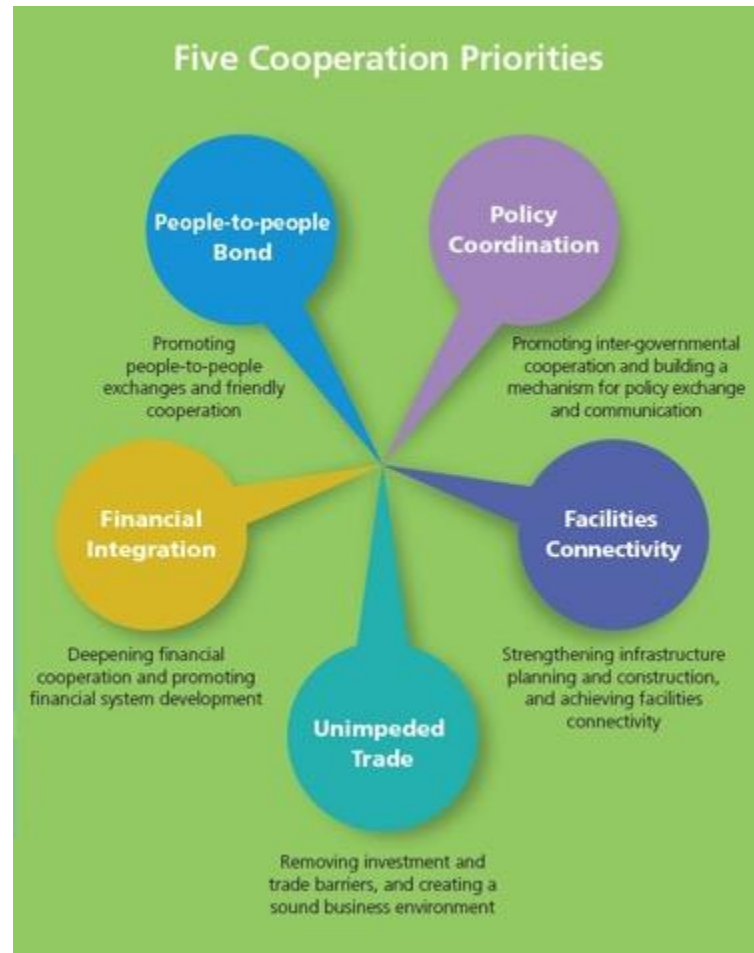
BRI: Flexible and vague

- An evolving concept. No limitations on actors, methods or norms. Great deal of flexibility.
- Different from traditional multilateral rule-based world order. BRI is held together by physical infrastructure and governed by China's bilateral relations with its partners, where China's size always gives it the upper-hand.

"More slogan than roadmap" The officials is under pressure to create more BRI-projects. An umbrella for many of the projects and investments under the latest phase of China's "going out" policy.

- Believe the hype? It is hard to quantify "how big" Belt and Road is difficult because the scope is always changing.

Five goals "Five connectivities"



White paper 2015 Visions and actions on jointly building silk road economic belt and 21st century maritime silk road

Strategic goals for the Belt

- Safeguarding China's national economic security
- Promoting energy security through alternative shipping routes
- Border security through Development of China's western region
- Combating the "three evils" inside and outside

Consequenses

- China will set more standards.
- China do not wish to overthrow the established world order, WTO, UN. But they want to reshape the institutions from the inside and create alternative structures.

Debt colonies

- Montenegro highway: less than halfway built, risks incurring debt of more than 80 percent of its GDP
- Sri Lanka forced to give China the new port in Hambantota.
- Expensive new harbour in Pakistan Gwadar is almost empty on traffic, but is used by Chinese navy. Chinese-only community is reportedly being built.
- Many of the BVI-projects does not make sense economically, but they do geopolitically.

Czech Republic was one of the countries that watered down EU measures to agree on new screening rules for investments.

- Pushing deeper in debt: China is requiring countries to award it contracts for additional projects, thereby making their debt crises interminable. China canceled \$90 million of Cambodia's debt, only to secure major new contracts

Strategies for Europe.

- 2016 Chinese investment in EU jumped to 36bn€. Over 60% of deals are made by state-backed firms and investment funds.
- Target the regionalised political system with naive and cheerful local politicians.
- Engineer environments favourable to CCP policies by repeating the narrative: China is the future, China is peaceful, China is angry and unpredictable if you provoke it.
- Elite capture. Tantrum politics. Shape public opinion.
- A friend in need for autocrats. Divide EU: Visegrad countries 16+1. Making sure that it is always bilateral settings, where each gov deals with China on its own terms.

- EU is the world's biggest market. No one can afford not to be there.
- Widen concept of security. Safeguard national economic security and protect strategic national assets.
- Stay open, but not naive.
- Use and develop China knowledge and competence.

The real reason for China's success

- Work hard, study hard and tech friendly.
- China produces more people with university exams than US and India combined.
- Urbanisation
- China's policy response to the international financial crisis was far more effective than that of other major economies.

Thanks!



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