Title of the Master's Thesis

"The Belt and Road Initiative and its implications for China's global aspirations in the 21st century"

submitted by

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## Table of contents

Abstract ........................................................................................................................................... 2  
Zusammenfassung auf Deutsch ........................................................................................................ 3  
List of abbreviations ......................................................................................................................... 4  
List of figures .................................................................................................................................. 5  
1. Introduction ................................................................................................................................. 6  
   1.1 The research question .............................................................................................................. 7  
   1.2 The scope of the research ........................................................................................................ 8  
   1.3 Theoretical framework ........................................................................................................... 9  
   1.4 The structure and methodology of the thesis ......................................................................... 12  
   1.5 Literature review .................................................................................................................. 14  
2. The old and new Silk Road – a historical comparison ............................................................... 17  
   2.1 The old Silk Road ................................................................................................................... 17  
   2.2 The new Silk Road ................................................................................................................ 20  
   2.3 Comparing the two Silk Roads .............................................................................................. 23  
3. China’s goals with the Belt and Road Initiative ......................................................................... 26  
   3.1 Beijing’s standpoint, and what lies behind it ......................................................................... 26  
   3.2 Intentions of global hegemony – a Western point of view ....................................................... 31  
4. Case study: the EU and the Belt and Road Initiative ................................................................. 35  
5. What happens after the Belt and Road: A new world order? .................................................... 40  
   5.1 Global order and relations with the United States .................................................................. 40  
   5.2 A potential threat to Russian presence in Central Asia .......................................................... 43  
   5.3 Other implications of the Belt and Road Initiative ................................................................. 45  
6. Conclusion ..................................................................................................................................... 49  
Referenced works ............................................................................................................................. 52
Abstract

The Belt and Road Initiative is one of the most important foreign policy priorities of the Peoples’ Republic of China. Through the project, China is trying to revive the ancient Silk Road, and to create an extended economic and commercial belt stretching between China and Western Europe. In the framework of this economic belt, China aims to invest in the infrastructure of participating states, increase its trade volume with its partners and strengthen cultural cooperation in the form of scholarships for foreign students to study in China. A key element of the initiative is that China does not consider itself its main element and beneficiary, merely the initiator. Thus, the thesis examines whether the Belt and Road Initiative mainly serves Chinese interests, and what effect this project will have on China’s increasing globalization in the 21st century. Through analysis of China’s relations with the United States, the European Union and the Russian Federation, among other actors, the thesis seeks to uncover whether China is trying to change the current US-dominated world order and if it is seeking regional and global hegemony. The thesis thus analyzes the classic tributary system, a China-centered international structure that existed in East Asia throughout the history of the region. The thesis will contrast the Belt and Road Initiative as an economic initiative with the tributary system as a historical-political structure, and will underline similar and different features between the two. Thus, the thesis will make assumptions about what the political spillovers of this economic initiative could be and whether China intends to achieve political goals with the Belt and Road Initiative, apart from economic benefits, especially with regards to the country’s increasing globalization in the 21st century. The thesis concludes that a hegemonic takeover of China in global politics is not likely, although the Belt and Road Initiative has the capacity to bring about profound changes in the international political scene.
Zusammenfassung auf Deutsch

List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFCA</td>
<td>Asian Financial Cooperation Association</td>
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<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China and South Africa</td>
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<tr>
<td>CEE</td>
<td>Central and Eastern European</td>
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<tr>
<td>CPC</td>
<td>Communist Party of China</td>
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<td>EEU</td>
<td>Eurasian Economic Union</td>
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<td>EP</td>
<td>European Parliament</td>
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<td>ESPO</td>
<td>Eastern Siberia Pacific Ocean</td>
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<td>EU</td>
<td>European Union</td>
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<td>G7</td>
<td>Group of Seven</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>OBOR</td>
<td>One Belt One Road</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<td>US</td>
<td>United States of America</td>
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<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>WWII</td>
<td>Second World War</td>
</tr>
</tbody>
</table>
## List of figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1</td>
<td>The map of the Silk Road</td>
<td>15</td>
</tr>
<tr>
<td>Figure 2</td>
<td>The map of the OBOR project</td>
<td>17</td>
</tr>
</tbody>
</table>
1. Introduction

The People’s Republic of China (PRC) is undoubtedly one of the main political actors of our time, and as the new century moves forward, it becomes more and more evident that this country is on the path to becoming one of the biggest global powers, having a significant influence on world politics. With regard to Purchasing Power Parity, China\(^1\) has already overtaken the United States and is now number one globally.\(^2\) Although its Gross Domestic Product (GDP) per capita still puts the PRC among developing countries, the sheer size of its economy and its double-digit annual GDP growth not only make it a global economic giant, but also a very quickly rising political power.

Maybe the most significant of China’s projects for the 21\(^{st}\) century is the ‘Silk Road Economic Belt and the 21\(^{st}\)-century Maritime Silk Road’, or as it is commonly referred to, the ‘Belt and Road Initiative’. The project envisages a network of land and maritime trade routes leading from China to Europe through the Eurasian continent and the neighboring oceans. Since its conception in 2013, the project has undergone rapid development, and by now has become a very frequently discussed topic in academia and international politics.\(^3\)

The author of this thesis believes that the Belt and Road Initiative is the next step in a series of economic reforms and initiatives by Chinese leaders starting with the opening of China by Deng Xiaoping in the 70s. Since then, the country has been continuously liberalizing its economy, transforming its socialist regime into quasi-capitalism under the name of “Socialism with Chinese Characteristics”.\(^4\) It would seem that according to the Chinese mindset, this system is suitable for a global China in the 21\(^{st}\) century. Having reached a relatively liberal market, and an immense economic growth, but also maintaining political stability, the PRC is now looking for global economic expansion. The Belt and Road Initiative is the current flagship project aiming to extend China’s economic impact, and

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\(^1\) For the purposes of this thesis, I use the terms People’s Republic of China, PRC and China interchangeably


\(^3\) For examples on literature concerning the Belt and Road Initiative, see Chapter 1.5 (Literature review)

firmly embed the country into global trade. Thus, the project is currently one of the top foreign policy priorities for Beijing. Closely following the developments of the project is crucial for scholars and policymakers working with China, as on the one hand it indicates the global foreign policy directions of the Chinese administration and on the other hand the stages of the Belt and Road Initiative greatly affect the PRC’s bilateral relations with the countries participating in the project.

1.1 The research question

The main research question this thesis analyzes is “What are the effects of China’s economic expansion in the Eurasian region through the Belt and Road Initiative on the international political order?”. The first main objective of the thesis is to uncover the global economic aspirations of the PRC for the 21st century, and to examine how the Belt and Road project contributes to these aspirations. The second main objective is to analyze how these economic aspirations might change the existing political order, in particular with regard to China’s relations with the United States of America (US), the European Union (EU) and Russia. The author of the present thesis suspects that one of the most characteristic features of the new century will be a further increasing rise in Chinese economy and a shifting political direction, aiming to further integrate China into global economy and trade, leading to an increasing globalism of the country. Initially called the ‘One Belt One Road’ and still commonly referred to as OBOR, the Belt and Road Initiative was immediately dismissed by the United States of America. In relation to the program, Secretary of Defense Jim Mattis said: “In a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating ‘one belt, one road’.” With the intention of avoiding misinterpretations, the Chinese government has officially changed the name of the project

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5 For the purposes of this thesis, I use the terms One Belt One Road, OBOR, Belt and Road Initiative and BRI interchangeably. Although the official name of the project has been changed from ‘One Belt One Road’ to ‘Belt and Road Initiative’, the acronym OBOR is still more widespread than BRI.
from ‘One Belt One Road’ to ‘Belt and Road Initiative’. With this step, they were trying to clarify that firstly the project is not a single belt and a single road, but rather several different trade routes and even more importantly that the country does not aspire for regional and global economic exclusivity. However, the American response clearly showed that they interpret the project as a step toward Chinese globalism. This supports the hypothesis of the present work that through the Belt and Road Initiative, China not only wishes to improve its bilateral trade relations with other nations in the region, but indeed is aspiring for the status of a global economic and trade leader. The thesis will examine the elements of the OBOR project and analyze how they might contribute to China’s regional and global rise and desired supremacy.

1.2 The scope of the research

Although China has undergone immense economic development in the last few decades and a quasi-market economy has developed in the country, there are some red lines that clearly no economic development can affect. Although more and more liberal in terms of domestic economy and international trade relations, Beijing constantly makes it clear that the political situation in the country is solid and will not be changed. The ‘Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era’, included in the constitution by the 19th National Congress of the Communist Party of China, makes reference to the core governing political principles of the country. These include the supremacy of the Communist Party of China (CPC) over all kinds of work, the cultivation of socialist core values and the Party’s authority over the military. The proposition of the CPC to amend the constitution of the country, allowing President Xi to extend his rule beyond two consecutive terms has also shown that the internal structure of the state is strong and is not likely to

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undergo rapid democratization. The Xi Jinping Thought also enshrines the ‘One Country, Two Systems’ principle, providing autonomy to Hong Kong and Macau, but affirming political control over the two territories; and the ‘One China’ principle, governing its relations with Taiwan. Thus, it is highly unlikely that the foundations of the Chinese political system will change, despite the economic development and continuous economic reforms. In this light, the thesis will not examine the effect of the OBOR project on Chinese party politics and domestic affairs, but instead will concentrate on the international relations of the country.

1.3 Theoretical framework

There are various theories that explain China’s behavior on the international scene. The thesis will contrast two theories, the hegemonic rise/hegemonic stability theory, and the global integration theory.

According to the hegemonic stability theory, the international system can achieve more stability if a single state acts as a hegemon over the others, effectively controlling or at least having a very considerable influence over them. It is arguable that in the post-Cold War era the United States of America can be considered such a hegemon, possessing a highly advanced military and an enormous economy, enjoying geopolitical security, general welfare and technological development. Moreover, its political will, diplomatic capabilities and huge soft power provide the United States with a significant leverage in forming international politics. However, it is debatable whether China will soon overtake or in fact has already overtaken the United States in certain aspects of hegemonic power. The Asian superpower is already a global leader in terms of GDP, and its economy is growing at a much higher rate than that of the US. Apart from its naval force, China’s military power is also comparable to

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12 Calculated using Purchasing Power Parity.
the United States, however, unlike the American military, it is concentrated in the country and much less dispersed abroad.\textsuperscript{13} It is thus open to debate whether China will take on the role of the US as a global hegemon, or whether – due to economic interdependence – the fate of the two powers are intertwined, and the fall of the US would also bring with itself the fall of China. According to one of the key developers of the hegemonic rise theory, Robert Gilpin, the only event that can cause a change in the global hegemon is war.\textsuperscript{14} The thesis will examine the role of the OBOR project and whether it could contribute to China eventually assuming a hegemonic position.

The global integration theory is introduced by Wang Yiwei in his book \textit{The Belt and Road Initiative: What Will China Offer the World in its Rise}. The theory explains in detail the opportunities a quickly developing China has in integrating into the global economy, and the Chinese view how the Belt and Road Initiative can contribute to globalization. According to Wang, the main objectives of the Belt and Road Initiative are regional cooperation and community construction. As Wang writes, “The proposal of the Silk Road Economic Belt at this point has precisely demonstrated China’s sincerity: China will never seek hegemony, rather, it will share its achievements with other countries in real earnest, in order to remove the doubt that China will finally seek dominance once it becomes a great power.”\textsuperscript{15} In terms of regional and global integration, Wang uses the terms ‘open inclusiveness’ and ‘comprehensive integration’.\textsuperscript{16} His main argument is that with regard to regional integration in the framework of the OBOR project, “China will never seek hegemony, nor will it allow others to dominate. It will not pursue regional dominance; rather, it will adhere to the path of a peaceful rise, and shoulder its due global responsibilities.”\textsuperscript{17} An important part of his theory


\textsuperscript{15} Wang, Yiwei: \textit{The Belt and Road Initiative: What Will China Offer the World in its Rise}, 2016, New World Press, Beijing, p. 146

\textsuperscript{16} Ibid, p. 148

\textsuperscript{17} Ibid, p. 160
is that “China is not the dominator or leader of the Belt and Road construction.”¹⁸ He argues that China is the one initiating this project, the one mobilizing other participating countries, but not the sole, moreover not even the main benefactor of the project. This theory portrays China as an initiator of regional and global integration through trade synergies and economic cooperation, for the mutual benefit of all participating countries. On a global level, he stresses that through the OBOR project, a global ‘community of global interest’ could be constructed, leading to peaceful globalization.¹⁹ This theory is very much in line with the main ideology of the CPC, as expressed by Xi Jinping, promoting a ‘common human destiny’, a peaceful international environment and a stable international order.²⁰

The two theories provide two entirely different viewpoints on China’s global role in the post-OBOR world. Wang’s theory, coming from a Chinese academic, suggests that the completion of the Belt and Road Initiative will provide a peaceful integration of China into the global economy. The hegemonic rise theory, obviously more popular among Western and especially American academics depicts an alarming picture of a change in the global world order with the OBOR project in place. Opinions differ whether such a change is possible and if it can take place in a peaceful way. In his address to the 19th National Congress of the Communist Party of China, Xi Jinping has stated that “The dream of the Chinese people is closely connected with the dreams of other peoples of the world. Realizing the Chinese dream is inseparable from a peaceful international environment and a stable international order. [We must] always be the builder of world peace, the contributor to global development and the defender of the international order.”²¹ However, little is known about what kind of international order Xi envisions, apart from it being peaceful. The thesis will compare and contrast these two theories and examine what changes the completion of the Belt and Road initiative can bring to the current global Westphalian world order, and whether such changes are likely or not.

¹⁸ Ibid
¹⁹ Ibid, pp. 162
²¹ Ibid.
1.4 The structure and methodology of the thesis

The thesis will combine the two academic disciplines of international relations and history in the pursuit of uncovering the significance of the OBOR project from a Chinese perspective. The *first empirical chapter* of the thesis will focus on the historical Silk Road, and provide a basic understanding of imperial China’s relations with nations along this famous trade route. The section will explore the significance of trade using the Silk Road for China and how the country became connected with the West through trade along the route. In light of the OBOR project also being frequently referred to as the ‘New Silk Road’, the author of the thesis believes that knowledge of the original Silk Road is essential in understanding the significance of the new one for China. Through understanding the historical contact between China and other nations, one can make assumptions about China’s contemporary view of itself in a globalized world and about its foreign policies. Moreover, the section will introduce the main concept of the New Silk Road and will try to draw parallels with the old one. It will examine whether the OBOR project indeed serves as the continuation of this ancient network of trade routes, or if it merely borrowed the name as a publicity stunt. It will try to uncover the connections between the two Silk Roads and compare the significance of the old Silk Road for Imperial China and that of the new Silk Road to the PRC.

The *second empirical chapter* will analyze in detail the strategic implications of the OBOR project for China, and examine how the economic and trade-related aspects to the initiative could spill over to politics. Through the project, China seeks to extend its markets and to invest in countries along the new Silk Road in order to provide expansion opportunities for its own companies. As a consequence of these extended markets, China hopes to internationalize its currency, the Renminbi, further extending its regional and global economic influence. Investment in, and trade with the countries participating in the OBOR project will also increase economic interdependence between China and its partners and improve general diplomatic relations, as participation of smaller countries in such a project requires considerable political will, and trust in the Chinese partner.
The third empirical chapter will provide a case study about the participation of the European Union and its Member States in the OBOR initiative. As one of the biggest economic actors in the world, the participation of the EU is a crucial aspect of the project. This part will elaborate on the position of the EU concerning the Chinese initiative, and on the participation of individual Member States vis-à-vis the participation of the EU as a whole. It will uncover the fault lines, disagreements, and differing opinions between the European Commission and the Member States concerning the OBOR project.

The fourth empirical chapter will make predictions about China’s extended regional and global role with the new Silk Road in place. It will consider the possible changes in global trade patterns and how China can benefit from these changes. It will also make assumptions about possible Chinese intentions to change the global order through the project, and how the United States, as the global leader in many aspects would react to the growing significance of its Chinese adversary. The question whether a more globalized China could indeed be considered a political adversary to the US will also be addressed. The section will also analyze possible Russian responses to the OBOR project, as the Russian Federation is the main regional power in Central Asia. Russia traditionally views the Central Asian region as its ‘near abroad’, i.e. a group of countries that should consider Russian foreign policy the greatest factor in shaping domestic policies. The extension of the OBOR project to Central Asia might pose a threat to Russia’s perceived regional hegemony. The thesis will examine whether through this project, China not only seeks global hegemony but also absolute regional hegemony, and how Russia might react to this endeavor.

The thesis will conduct qualitative research. It will heavily draw on existing literature on both China’s global rise and the Belt and Road Initiative. However, as the latter is a fairly recent topic, academic literature might prove to be less helpful than political statements and official communication from the CPC and also from US, EU and Russian leaders. The thesis will analyze both types of sources and will continuously focus on the Chinese perspective, and whether and how China wants to assume the role of global hegemon through the OBOR project. The thesis will also attribute great significance to the historical aspect, connecting the Belt and Road Initiative with the ancient Silk Road. This is a less discussed topic in both
academia and politics, and the thesis aims to make connections between the two great Silk Roads of two different eras. The thesis uses a deductive approach: the preliminary assumption it makes is that through the OBOR project, China seeks to achieve global, or at least regional economic and political hegemony. In the endeavor to find out China’s aims and perspectives with regard to the project, the thesis will examine official government communication emanating from Beijing, but also that of the US, the EU and Russia. The thesis will also draw heavily on existing academic literature, both from Western and Chinese authors and compare and contrast them, especially when it comes to the differences between the two main theories, the hegemonic rise theory and the global integration theory.

1.5 Literature review

As the OBOR project is a relatively new initiative, literature on the topic does not have a long history, but is limited to the last five years. However, being such a grandiose initiative, and a national priority for China, many academics and policy analysts have dealt with the topic extensively, so this thesis can draw on a relatively broad literature. Moreover, another main topic of this thesis, China’s globalization, goes back for decades and extensive literature is available on the subject.

In order to get a clear picture of the OBOR project, one must understand the rising China’s foreign policy directives, and China’s foreign policy goals. In pursuing this goal, it is particularly useful to read the works of Yong Deng from the United States Naval Academy, in particular China’s Struggle for Status: The Realignment of International Relations, and China Rising: Power and Motivation in Chinese Foreign Policy. These books provide an excellent overview of post-Cold War China’s policies on the international scene, and have acted as a starting point for the thesis. Another useful work is China Turns to Multilateralism: Foreign Policy and Regional Security, edited by Guoguang Wu and Helen Lansdowne. This compilation of essays by various authors gives a good insight into various aspects of the rising PRC’s foreign and security policy that help understand the foundations of the OBOR project. The book China: The Balance Sheet by C. Fred Bergsten and others provides a good overview of the global challenges posed by a quickly rising China. This work was
particularly useful in analyzing US-China relations, and also gave a good oversight in dealing with the main research question. The book *China’s Foreign Political and Economic Relations: An Unconventional Global Power* by Sebastian Heilmann and Dirk H. Schmidt is particularly interesting because of its actuality. Published in 2014, the book provides a very current insight into Chinese foreign relations. The authors also argue that China is on the verge of economic globalism, which is closely connected to the research question this paper poses. The book *China Goes Global: The Partial Power* by David Shambaugh further analyzes China’s global influence and what makes the book particularly interesting is that it also deals with China’s ever increasing soft power. The book *China’s Ascent: Power, Security and the Future of International Politics* by Robert S. Ross and Zhu Feng provides an assessment on how China views the current global order and what the implications of this worldview are for the future of international relations. The book *The coming conflict with China*, by Richard Bernstein and Ross H. Munro provides an excellent insight into American fears over the economic and political growth of the PRC. The book *China and the European Union* edited by Lisheng Dong and others provides a good overview of China-EU relations. The book *Return of the Dragon: US-China Relations in the 21st Century* edited by Danny Paau and others engages with China-US relations. The book *China-Russia Relations in Central Asia: Energy Policy, Beijing’s New Assertiveness and 21st Century Geopolitics* by Thomas Stephan Eder analyzes China-Russia relations, through the lenses of Central Asian countries. With Central Asia being a key element in the OBOR project, with both Russia and China trying to establish and maintain hegemony over the region, it is crucial to understand China-Russia relations to predict the future of the OBOR project.

As mentioned, the OBOR project itself can already boast with extensive literature. The two works of particular interest are *China’s One Belt One Road Initiative* by Tai Wei Lim et al., and *The Belt and Road Initiative: What Will China Offer the World in its Rise*, by Wang Yiwei. This latter book is especially relevant for the purposes of this thesis, as the author is closely connected to the Chinese administration, so it can be considered an authentic source of information. The book covers many topics the thesis deals with, namely the significance of the old Silk Road and parallels with the Belt and Road Initiative, the Chinese view on the benefits of the project for China and Europe, the theory of China’s global integration, and the
challenges presented by the US for the project.\textsuperscript{22} Thus, this book was a major source of information for the thesis.

2. The old and new Silk Road – a historical comparison

The Belt and Road Initiative is often referred to as the New Silk Road, and the comparison of the OBOR project to this ancient trading route is not likely to be a mere coincidence. The Silk Road has provided China with a connection with Europe through Central Asia, providing both the Chinese and European civilizations with opportunities to purchase exotic goods, while developing the Central Asian region along the way. The concept of the OBOR project is strikingly similar. The trading route aims to connect the developed littoral cities in Eastern China with Western European countries, through Central Asia and various other Asian regions, much like the ancient Silk Road. This section of the thesis will examine the historical significance of the old Silk Road and compare it to the trading routes envisioned in the framework of the Belt and Road Initiative, uncovering the similarities and differences between the Silk Roads of the two eras.

2.1 The old Silk Road

The classical Silk Road (or for the sake of precision, the Silk Roads) was a network of trade routes connecting China with the Mediterranean. The routes served as the main connection between Europe and East Asia, bringing about economic and cultural exchange between Eurasian civilizations. From a Chinese point of view, the Silk Road was established in the 2nd century BC, when China started to engage in diplomatic relations with Central Asian countries, and has survived for almost two thousand years. As can be seen on Figure 1, the old Silk Road has connected the city of Suzhou on the East China Sea with the Mediterranean. Multiple lesser trading routes have connected the Silk Road with countless cities in Central Asia, the Middle East and Asia Minor, and a maritime route has complemented the land route, incorporating all major ports on the South China Sea, the Indian Ocean, the Red Sea and the Mediterranean into the network.

When talking about the Chinese perspectives concerning the Silk Road, one has to mention the traveler Zhang Qian. The leader of the Han dynasty’s diplomatic missions to the ‘Western Regions’ (i.e. Central Asia) in 139 BC, he is widely regarded in Chinese literature as the founder of the Silk Road. Chinese historiography hails Zhang Qian as a pioneer who has established relations between China and the rest of the world, giving birth to a trade route that has given prosperity to the Chinese Empire through the trade of tea, ceramics, and obviously silk. A maritime Silk Road has also complemented the land trading routes, connecting China with Southeast Asia, India and Europe. In the Chinese mindset, the Silk Road was thus a grandiose trading and diplomatic concept, that has reinforced China’s position in the region and the world as an exporter of delicate luxury goods and high culture, but also as an open country engaging with the rest of the world. This mysterious empire boasting with highly developed culture and statecraft has gained the attention of the Western world through the travels of Marco Polo in the 13th century. The interest in oriental goods made known to Europe by Marco Polo has reinforced the Silk Road’s importance and goods have continued to make their way between Europe and China for centuries to come.

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26 Wang, p. 30
However, it is important to underline that according to Western historians, the Silk Road was not a clear-cut concept in international trade. As Valerie Hanson writes: “the ‘road’ was not an actual ‘road’ but a stretch of shifting, unmarked paths across massive expanses of deserts and mountains. In fact, the quantity of cargo transported along these treacherous routes was small.” It would seem that the Silk Road is rather a romantic image by historians than an actual trading strategy. Tamara Chin explains that the term ‘Silk Road’ was invented by German geographer Baron Ferdinand von Richthofen in 1877. Chin argues that European colonialism of the 19th century has also played a great role in popularizing the concept of the Silk Road among European nations, emphasizing the historical significance of trade between the West and China, trying to justify European intervention in the region. It would thus seem that the historical significance attributed today to the Silk Road is much greater than the actual gains it had brought to merchants trading along the route. For China, the Silk Road meant interaction with lesser nations, export of its most precious goods like tea or silk that have become signature Chinese products, and civilizing neighboring peoples through exposing them to the high culture of the ‘Middle Kingdom’. This has obviously increased China’s sense of superiority and regional significance, and as such, is still a source of national pride. For the West, the Silk Road is an artificially created concept by a Westerner, aiming to provide historical justification to European extension in the region.

However, with regards to contemporary foreign policy, it has little significance whether the Silk Road was indeed a dense network of trade routes providing lucrative trade, or merely an imaginary line on a map. It matters even less whether the route has existed for thousands of years, or was coined a few centuries ago. The Silk Road’s true significance regarding today’s international politics lies in the romantic image it has created. Visions of caravans transporting luxurious goods between the two opposite corners of civilization, to and from

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28 Chin, p. 196
29 The Chinese name for China, 中国 (Zhongguo) literally means ‘Middle Kingdom’, or ‘Central Country’. This name reflects well the attitudes of the Chinese emperors vis-à-vis surrounding nations. Historically China has considered itself the center of the world and the cradle of civilization. Relations between Imperial China and neighboring countries through the tributary system, and the implications of these relations on contemporary China’s foreign policy will be discussed later in the thesis.
mysterious lands, contributing to the prosperity of all nations involved is a strong image indeed, and serves as the inspiration for the Belt and Road Initiative. In the following, the thesis will briefly introduce the core concept of the OBOR project, and compare it to the historical silk road in terms of geography, moreover economic and cultural significance.

2.2 The new Silk Road

The New Silk Road, as the Belt and Road Initiative is sometimes referred to is made up of two different trade projects, the ‘Silk Road Economic Belt’ and the ‘21st-century Maritime Silk Road’, representing the land and sea trade routes, respectively. The Silk Road Economic Belt comprises six interconnected land corridors, connecting China with the rest of the Eurasian continent and ultimately leading to Western Europe. Some of these routes provide a trade connection between China and Mongolia, Central Asia, Russia and Europe, while others serve Iran and Turkey, Pakistan, India and the Southeast Asian region. In addition to the six land trade routes, the 21st-century Maritime Silk Road provides sea connection between the two ends of the Eurasian continent. With one end in the East China Sea and the other in the Mediterranean, the Greek port of Piraeus being the main European hub, this maritime trade route complements the land trade routes, completing the OBOR project. Figure 2 shows the six land corridors and the maritime trade route in more detail.
The concept of a new Silk Road was unveiled by Xi Jinping during a state visit to Kazakhstan in 2013. In a speech given by him in Astana’s Nazarbayev University, Xi has explicitly mentioned the necessity to build a ‘Silk Road Economic Belt’, in order to “forge closer economic ties, deepen cooperation and expand development in the Eurasian region”. A month later, he has noted the historical importance of the old Maritime Silk Road in the development of China and Southeast Asia, and expressed his intention to strengthen cooperation between the PRC and the Association of Southeast Asian Nations (ASEAN) by jointly building the ‘21st-Century Maritime Silk Road’. This was the birth of the idea leading to the Belt and Road Initiative, and the last five years have seen a rapid development of the project. Since then, the construction of numerous subprojects has begun, most notably the rapid development of the port of Piraeus in Greece, or the construction of the Budapest-Belgrade railway. According to the Chinese government, through the OBOR project, the Eurasian region will achieve “coordination, facilities connectivity, unimpeded trade, financial

Figure 2 - The map of the OBOR project.\(^{30}\)


\(^{31}\) Wang, p. 22

\(^{32}\) Wang, p. 23
integration and people-to-people bonds to make complementary use of participating countries’ unique resource advantages through multilateral mechanisms and multilevel platforms”.

The Chinese administration focuses on these five major goals as the primary aims of the OBOR project. The official action plan on the Belt and Road Initiative published by Beijing believes firmly that “accelerating the building of the Belt and Road can help promote the economic prosperity of the countries along the Belt and Road and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations, and promote world peace and development.”

The following will briefly introduce these policy priorities, through which the Chinese administration aims to turn the PRC into a more significant regional and global actor.

*The first of the five cooperation priorities* Beijing set out in its official action plan regarding the OBOR project is *policy coordination*. Through this policy priority, China wishes to establish a high-level communication mechanism between participating countries, enabling them to share policy plans with each other. According to the action plan, this would enable states participating in the initiative to coordinate their development policies in the framework of the OBOR project, and provide mutual policy support in order to enhance cooperation and the implementation of common projects. *The second main priority is facilities connectivity.*

This policy area encompasses the improvement of infrastructure in the participating countries, with special emphasis on harmonizing infrastructure standards and creating one immense infrastructure network connecting all countries participating in the initiative. Apart from improving and harmonizing transportation channels, the policy area includes cooperation in developing energy infrastructure and construction of communications networks, creating an ‘Information Silk Road’. *The third area is unimpeded trade.* This comprehensive point...

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35 To analyze these policy priorities in more detail, see Ibid.

36 For a list of the countries participating in the initiative, see the official website of the Belt and Road Initiative: https://eng.yidaiyilu.gov.cn/info/iList.jsp?cat_id=10076 (accessed: 04.05.2018). Note that there are various countries on the list that in reality do not have significant cooperation with the PRC in the framework of the project and might not even be on the Eurasian continent (e.g. Panama).
includes removing investment and trade barriers along with the creation of free trade zones, enhancing customs cooperation and enforcement authorities. It also mentions lowering non-tariff barriers, facilitating and protecting bilateral investment, and developing closer cooperation in exploiting natural resources. Finally it envisions a comprehensive attitude to industrial development, with the countries along the Belt and Road working together to develop Research and Development (R&D) facilities and build industrial parks, while also keeping in mind the ecological aspects of development. The fourth priority is financial integration. Beijing wants to achieve a deepened financial cooperation and the building of an Asian currency stability system, investment and financing system and credit information system. Moreover, it mentions the establishment of very specific institutions, like the Asian Infrastructure Investment Bank (AIIB), the BRICS (i.e. Brazil, Russia, India, China and South Africa) New Development Bank, and the Silk Road Fund. Indeed, all three of these financial institutions have been established since then. 37 Strengthening of financial cooperation with the ASEAN and the Shanghai Cooperation Organization (SCO) is also highly desired by the Chinese party, as is the strengthening of regional financial regulation cooperation. The fifth and last area is people-to-people bond. As a means for providing public support for the Belt and Road Initiative, China is proposing cultural and academic exchanges, media cooperation and volunteer services with the participating countries. Organizing cultural events in these countries and promoting tourism are also part of this area, as is scientific and political cooperation, including non-governmental organizations.

2.3 Comparing the two Silk Roads

By comparing Figure 1 and 2 one can get a comparative overview of the geographical scope of the two Silk Roads. Just by taking a quick glance, one can observe the similarities between the two: apart from the inclusion of the economically developed Western Europe, Russia, and the quickly developing Kazakhstan in the Belt and Road, although not a part of the classic

Silk Road, the land trading routes are roughly the same. With regards to the maritime routes, one can conclude that they have not changed over the centuries either. The new Silk Road utilizes the same opportunities as the old one in taking goods from Eastern China to Europe. Southeast Asia, India, the Red Sea and the Mediterranean play a crucial role in maritime trade in both eras. It can thus be concluded that geographically, the old and new Silk Roads more or less match each other. However, there are some very significant differences, to be discussed below.

The most obvious of these differences is that while the old Silk Road was an informal network of cities along a trade route that has developed quasi naturally, following the flow of goods through the land, the Belt and Road Initiative is a meticulously planned and designed intergovernmental project, originating from the Chinese administration and supported by various countries in the Eurasian region. The project has been one of the cornerstones of Chinese foreign policy since 2013 and it requires support from neighboring and other countries for it to be successful. It can thus be said that the key to the success of the OBOR project lies in intergovernmental cooperation, especially between China and other countries along the Belt and Road. Although in official discourses and related academic works, China is portrayed as the mere coordinator of the project, it is clear that it is a primarily Chinese-run initiative, that will mostly benefit China’s economic and political interests. In this light, unlike the old trade route that had little to do with state interest and was a means for individual merchants to gain wealth, the new project serves as a policy tool for the rise and increasing globalization of China. As such, the project includes infrastructure development, mostly financed through loans from Chinese banks. As transportation networks, especially in Central Asia might not be prepared for the amount of traffic the Belt and Road Initiative encompasses, this infrastructure development is crucial for the project’s success. The extent of financial resources Beijing puts into the Belt and Road Initiative, especially through the Asian Infrastructure Investment Bank, specifically created for supporting the initiative clearly shows the importance of this project for China. This raises the question whether

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38 See Wang and the official action plan
39 China contributes to more than 30% of the AIIB’s assets. For more information, see https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html (accessed: 17.04.2018)
China is indeed merely the coordinator of the project, or the main beneficiary, aiming to acquire an increased global presence.

Moreover, as opposed to the original Silk Road that merely acted as a trade route, the Belt and Road Initiative has a significant cultural aspect. In its action plan acting as the foundation of the project, Beijing states that 10,000 scholarships are offered yearly by the Chinese government to scholars from countries participating in the initiative.\textsuperscript{40} Indeed, if one merely searches for a few keywords on the Internet, one can find countless scholarships granting education in universities all around the PRC, in all major academic disciplines.\textsuperscript{41} Interestingly enough, scholarships by other participating countries, granted to scholars from OBOR partner countries, including China are hard to find. On the other hand, the PRC provides a huge number of scholarships for Chinese students to study in other Belt and Road countries.\textsuperscript{42} This further reinforces the theory that China is the main benefactor of the OBOR project, and also the country considers the initiative a much bigger priority than other Belt and Road countries do. The huge number of scholarships (both in absolute and comparative terms) is also a good indicator of the PRC’s economic prowess, and also serves as food for thought on how much China can benefit from this all-encompassing pan-Eurasian trade project vis-à-vis how much smaller participating states can.

3. China’s goals with the Belt and Road Initiative

The previous chapter has introduced in detail the concept and geographical scope of the Belt and Road Initiative and has contrasted it with the classical Silk Road, which the Chinese administration regards as the direct ancestor of the OBOR project. This chapter, in turn will conduct an analysis on China’s possible intentions with the project. It will directly reference the two theories of international relations mentioned in the introduction, the hegemonic stability theory, and the global integration theory. It will compare and contrast the two theories, analyze China’s plans and actions in the framework of the Belt and Road Initiative, and make claims as whether China’s regional economic expansion will bring about its political hegemony, or if not, how does the OBOR project intend to alter the regional and global political landscape. A factor that makes analysis of China’s intentions about the Belt and Road Initiative difficult is the fact that due to the project being fairly recent, information about it is still relatively scarce. One can rely on official government discourses and news on ongoing sub-project in the framework of the Belt and Road, official facts and figures, however are hard to find. In this regard, often one can merely speculate about the intentions of Beijing, and what the long-term effects of the OBOR project will be.

3.1 Beijing’s standpoint, and what lies behind it

The main starting point, already mentioned multiple times in this thesis, and upon which all official and non-official Chinese communication is based, is that China will never assume global hegemony and is committed to a peaceful rise and the safeguarding of the international order. Time and time again, China reaffirms its commitment to defending the current global order, and the multipolar world. The official action plan of the OBOR project starts with emphasizing the significance of multipolarism and free trade: “The initiative to jointly build the Belt and Road, embracing the trend toward a multipolar world, economic globalization, cultural diversity and greater IT application, is designed to uphold the global

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43 For more information on the sub-projects comprising the Belt and Road Initiative, see: https://beltandroad.hktdc.com/en/project-database (accessed: 02.05.2018)
44 See the Xi Jinping Thought and Wang
free trade regime and the open world economy in the spirit of open regional cooperation."  
This aspiration for a multipolar world is also reflected in the five main goals set out by the action plan. The argument is that free and unimpeded trade on a pan-Eurasian scale would contribute to the strengthening of multipolarity on the continent. According to Wang’s global integration theory, which is very much in accordance with the official governmental standpoint and in particularly with the Xi Jinping Thought, China will act as a safeguard of the current international order, never intending to cause armed conflict. From this standpoint, the growing global economic influence of China will never lead to usurping hegemony, or in any way interfering with the existing global order.

In order to understand in more detail the motivations of China in maintaining the multipolar world order, it is useful to analyze the classical tributary system that had existed in East Asia for centuries. This system was the core foundation of international relations between imperial China and neighboring states, and although the 19th century has seen the downfall of the tributary regime, elements of this system can still be traced in the PRC’s conduct of its diplomatic relations. It is important to begin with underlining that historically China has never been part of the Westphalian system that today’s global world order is based on, but has developed its own China-centered worldview, and based its relations with other states on it. Historically, the notion of diplomacy conducted with equals is a thought not to be found in Chinese political thinking. Considering itself the center of the civilized world, classical Chinese diplomacy consisted of neighboring states paying tribute to the Chinese emperor, who in turn has sent them gifts matching precisely the value of their tribute. This system has several implications that also have relevance in terms of modern Chinese diplomacy.

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45 Action plan on the Belt and Road Initiative
46 This part of the thesis makes good use of the notes taken at Professor Susanne Weigelin-Schwiedrzik’s lecture, titled ‘The Tributary System in East Asia – an alternative model of international relations’, along with the presentation slides. The lecture was held at the Diplomatic Academy of Vienna on 15.02.2018.
48 As the East Asian international system was not based on the notion of nation states, unlike the Westphalian order, the terms ‘state’ and ‘country’ used in this section do not denote clear-cut states, but rather small kingdoms with no clear concept of a nation. It is exactly the arrival of the notion of the ‘nation’ in East Asia through Western interference that will be the demise of the tributary system, as Japan tries to reinvent itself to be part of the Westphalian order.
Firstly, the tributary system has established a clear hierarchy between China (the center of the system), and states having diplomatic relations with it (the periphery of the system). Countries on the periphery were characterized by a certain submission to the center of the system, and the acceptance of a subordinate status. Interaction between countries on the periphery was limited, the system was based on interaction between the center and the periphery. Thus, countries on the periphery recognized China’s central position and did not question the hierarchy that is a characteristic of the system, and in return, China did not aim at economically exploiting or politically subjugating these countries. Although China counted on ‘voluntary’ gifts from these tributary nations, it has always given back the value of their tribute in gifts. Also, although these countries have voluntarily positioned themselves under China in the hierarchy of the tributary system, their sovereignty was safe. This way, the system has ensured the economic and political security of its members. Secondly, the system has provided participating states with ample trading opportunities. Due to the geographical distribution of the East and Southeast Asian countries over a vast territory, every country had certain goods in excess that others did not. Through the tributary system, countries could engage in inter-system trade with each other, particularly with China, who through the tributes received and gifts given, acted as a sort of redistributor of goods within the system. This was a win-win situation for all states concerned, which made it desirable for smaller states to join the tributary system. In sum, every country engaging in diplomatic relations with Imperial China was obliged to do it through the tributary system, which in turn has ensured peace and prosperity in East Asia until the Western intervention. With China being at the center of the system, it has acquired considerable wealth and power, but other states also found it desirable to be part of the system, as it meant recognition and trade opportunities. It is of great importance to notice that through the system, Imperial China has possessed regional hegemony. By acting as a political, economic and cultural superior to tributary states, it had both considerable hard and soft power, that made it a hegemon in the tributary system.

Of course, the tributary system does not exist anymore, and the equality of sovereign nations as per the Westphalian system has been accepted as the ruling principle of the international order.\textsuperscript{50} However some of the elements of this tributary system harmonize well with the Belt and Road Initiative, and especially the Xi Jinping Thought. Already quoted in the thesis before, let us again remind ourselves of a particular part of Xi Jinping’s three hour long speech at the 19\textsuperscript{th} National Congress of the Communist Party of China: “The dream of the Chinese people is closely connected with the dreams of other peoples of the world. Realizing the Chinese dream is inseparable from a peaceful international environment and a stable international order. [We must] always be the builder of world peace, the contributor to global development and the defender of the international order.”\textsuperscript{51} Xi’s statement unequivocally means that he does not intend to change the current Westphalian political order. However, through the Belt and Road Initiative, China could incorporate elements of the tributary system into its relations with other countries on the Eurasian continent, as it will be further demonstrated – particularly through the case of Hungary. Although the Belt and Road Initiative is obviously not an attempt to overthrow the Westphalian order, extension of China’s economic influence over such an amount of countries on the Eurasian continent can bring about a political spillover, and the extension of Beijing’s political influence over other countries on the Eurasian continent. A prominent example of this political spillover is the construction of the Budapest-Belgrade high-speed railway. The railway, providing a connection for goods coming from Greece’s Piraeus port (a Chinese-owned enterprise, another key element of the Belt and Road on the European continent) is an essential link in the trade route connecting Western Europe with China. It is clear that construction of this railway segment is crucial in the route of Chinese goods reaching Europe and as such is a policy priority for China. However, construction of the railway is a Hungarian endeavor, implemented by the Hungarian state and Hungarian companies, financed by Chinese loans. Being on the table for quite some years, construction of the railway remains highly


controversial in Hungary. Not only has the project been blocked due to an EU investigation aiming to uncover if the tender was in accordance with EU public tender regulations, but there have been doubts about whether the project will be beneficial for the Hungarian economy. “Although obviously a key element in the Chinese vision, the Budapest-Belgrade railway is not an essential trade route for the Central European country. Moreover, according to most analyses, the transfer fees that Hungary can hope to gain from the project will not cover the costs of the railway construction. According to the most extreme calculations, it might take the railway up to 2400(!) years to even the costs of the project, and the interests on the loans provided by China. It would seem that this particular endeavor is more of a diplomatic bow to the Chinese side in order to encourage further investment in Hungary.”

Considering Hungary’s eagerness to build this railway that would not bring any tangible profit to the country, one can draw interesting parallels between the Belt and Road Initiative and the tributary system. Firstly, just as in the tributary system, where China has been recognized as the center, participating countries in the Belt and Road Initiative recognize China’s leading role in the project, and facilitate its investment and trade plans and in return they get recognition and economic benefits from the Chinese side. Secondly, as in the tributary system, not every investment project is necessarily a mutually beneficial, two-way channel. Building the Budapest-Belgrade railway is not necessarily beneficial for Hungary, but is rather a gift to China, expecting a gift in return, much like in the tributary system. Hungary will not benefit from this railway, but will benefit from other forms of Chinese investment in the country. Indeed, according to Chinese Ambassador to Hungary Duan Jielong, Chinese investment in the country has reached 4.1 billion USD, which makes up for

52 Hungary has signed a Memorandum of Understanding with China on the OBOR project in June 2015, becoming the first European country to officially participate in the initiative.
55 Szczepanek, Péter: Europe and the Belt and Road Initiative, Diplomatic Academy of Vienna, 31 Jan 2018, p. 10, available upon request
about half of China’s total investment in Central and Eastern Europe. (CEE). This not only makes Hungary a giver and receiver of gifts – albeit in a modern investment framework – but also makes it the first of China’s partners in the CEE region. This also bears resemblance to the tributary system, which established not only a clear hierarchy between China and its vassals, but also between the vassals. With its ‘Eastern opening’ policy and active participation in the OBOR project, Hungary’s actions can be assessed as trying to secure itself a prestigious position in the Belt and Road, and this quasi-tributary system. The conclusion of the agreement between the Asian Financial Cooperation Association (AFCA) and the Hungarian Banking Association further supports this relationship. Hungarian Minister for National Economy Mihály Varga has noted that “AFCA has decided to use Hungary as a bridge for fortifying relations with Europe, and the Memorandum of Understanding signed by the China Banking Association and the Hungarian Banking Association will hopefully prove to be as successful an initiative as the Budapest clearing house of the Bank of China is”. This underlines Hungary’s intentions to act as the main point of contact between China and Europe in the framework of the Belt and Road Initiative, which can be understood as being the primary European member of the new quasi-tributary system initiated by the OBOR project. This neo-tributary vision of the international system would surely bring about the regional economic and political hegemony of China on the Eurasian continent, but would not result in China’s global hegemony, as the United States of America, China’s principal global partner (or adversary, depending on the point of view) would not be affected at all by the system.

3.2 Intentions of global hegemony – a Western point of view

The fears that the West, especially the United States has about the hegemonic rise of China are in stark contrast with the principle of the peaceful rise that Beijing is so keen on promoting. Concerns about a changing political order by China usurping global hegemony from the United States exist among American policymakers, and an ever more globalizing China taking on the United States as an adversary is not a scenario that the West, particularly the US itself likes to envision. Even the original name of the Belt and Road Initiative, the One Belt One Road was regarded as a threat to the global order by American policymakers, and have resulted in a huge political uproar, with – as already mentioned in the introduction – Secretary of Defense Jim Mattis saying: “In a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating ‘one belt, one road’.”

Following this comment, Beijing has changed the name of the project to the Belt and Road Initiative that is used today. This however clearly shows the American attitudes about the Chinese initiative, and the fears and concerns Washington has over China’s increasing globalization and whether the much talked about peaceful rise of China will indeed be peaceful. Indeed, a school of thought has emerged a few decades ago in the United States, commonly referred to as the ‘China threat’ school, predicting that “a rising China, with its rapid economic growth, increasing military build-up, revived irredentist demands and residual authoritarian domestic political system, will be increasingly assertive and confrontational, and in due course will challenge the status quo and upset the global and regional balance of power.”

This school explicitly believes that the rise of China will be a non-peaceful one, with the rising Asian power usurping hegemony from the United States, and forcefully changing the global order. These fears by the West of a too-quickly rising China who is not content with the current international setting and is trying to extend its influence within the East Asian region, including through military means is not a new phenomenon. However, since the initiation of the OBOR project, concerns over military expansion have at least partially shifted towards concerns over economic expansion and

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62 See the Taiwan issue, or the case of the Senkaku/Diaoyu islands.
political spillovers. American presence in the East Asian region, most notably in Taiwan and South Korea is still enough of a deterrence for China from engaging in military activities against its neighbors, however it is not in the power of the United States to deter economic expansion, especially when it is perceived by partner countries as a mutually beneficial situation.

Not even two decades have passed since China joined the World Trade Organization (WTO) in 2001. A relative latecomer to the organization and thus to regulated global trade, China often engages in trade disputes in the framework of the WTO. Considering the immense extent of trade between the United States and the PRC, it is no wonder that the US is concerned about China playing according to the rules, i.e. complying with its WTO obligations. It is not only because of normative reasons, that is the ideological importance of democracy and market economy that the US is interested in China fulfilling its commitments.

As the major trading partner of the country but also a potential political adversary, the United States keeps a close watch on the PRC’s economic development. It is arguable that economic rise of a country necessarily leads to its political and military rise, which the US is very cautious about. No wonder that “the United States will monitor China’s WTO compliance through unilateral action, intergovernmental coordination and multilateral arrangements”.

With the announcement of the Belt and Road Initiative, and China’s intentions to deepen commercial cooperation and intensify trade with participating countries, American worries that the PRC will not abide by its WTO commitments are increasing. Granting of mutual benefits, like lowering customs duty rates for certain products between Belt and Road countries in order to enhance trade would create great opportunities for participants of the OBOR project, and at the same time would further widen the gap between the countries participating in the initiative and those who do not. This however is in stark contrast with WTO principles, namely the so-called most-favored-nation treatment. This principle

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64 Although in absolute terms, the United States or the EU have participated in much more disputes than China, the dispute record of the the latter is much more impressive considering that the country has only been a WTO member for 17 years. See: Disputes by member, World Trade Organization, available at: https://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm (accessed: 30.04.2018)
stipulates that any special treatment granted to any WTO member by a state must be granted to all WTO members, thus a country cannot establish special rules in its trade relations with certain partners, as it would be deemed discriminatory.\textsuperscript{66} The attractiveness of granting special favors in order to enhance the Belt and Road construction and facilitate China’s rise to economic hegemony is of great concern to the United States, and it is without a doubt that the already strong American monitoring of Chinese business will further increase with the further development of the OBOR project.

However, according to the official standpoint, China does not want to exclude the United States from the construction of the Belt and Road Initiative. As Wang notices, “the initiative should accommodate actors outside the region, and never seek to exclude powers such as Russia, the United States, Europe and Japan. The United States’ comparative advantage is its military alliance system, while China’s are personnel, skills, experience and geography […] the United States still plays a prominent role, and the thought of circumventing the US must be abandoned”.\textsuperscript{67} In this regard, Beijing is welcoming to American engagement with the Belt and Road Initiative, but fears of China’s rise and what it can bring with itself, along with the general distrust of the US when it comes to Chinese policies render it very unlikely that Washington would engage meaningfully with the project. Possible American policy options regarding the Belt and Road Initiative will be discussed more in detail in Chapter 5.

\textsuperscript{67} Wang, pp. 85,86
4. Case study: the EU and the Belt and Road Initiative

Having introduced the Belt and Road Initiative in detail, this chapter will conduct a case study on the participation of the European Union and its Member States in the project. Being one of the world’s biggest economies, and one of the most developed regions on the Eurasian continent, participation of the EU in the initiative is of key importance to China. The very concept of the Belt and Road Initiative itself is based on the flourishing Silk Road that ultimately connected China with Europe. Connection with Europe and the EU is thus crucial in the OBOR project. China is not only actively seeking to increase trade with EU Member States, but is also very interested in technology transfer from developed Western European countries, which could be facilitated in the framework of the Belt and Road Initiative. As have already been mentioned through the example of Hungary, China is also very actively investing in Central and Eastern European countries, particularly in the framework of the 16+1 cooperation, to be discussed in detail later. This chapter will thus elaborate on the views and attitudes of the EU concerning the OBOR project and will contrast this with the views and attitudes of individual Member States. This chapter draws heavily on an earlier academic piece submitted to the course ‘L’union européenne post-crise: les perspectives d’une relance politique’ of the Diplomatic Academy of Vienna, given by Prof. Christian Lequesne. The paper, entitled ‘Europe and the Belt and Road Initiative’ has already been referenced in the thesis.

The first observation one can make when analyzing European participation in the Belt and Road Initiative, is that EU organs and EU Member States have drastically differing opinions when it comes to the project. Trade is an exclusive competence of the European Union, meaning that “the European Commission has the right to act exclusively in policy-making in the field of trade, and to represent Member States in the World Trade Organization, conducting negotiations and concluding treaties with third countries”. The European Commission, following the authorization of the Council of the European Union (thus, the Member States), and consultations with the European Parliament (EP) and a special

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committee appointed by the Council, can conclude trade agreements with third countries and implement these agreements.\textsuperscript{69} It can be thus noted that even though the Commission has exclusive competences over the field of trade, Member States have a significant say in the matter through the Council and especially its special committee, the Trade Policy Committee. Thus, in order to get a picture of European attitudes and European participation in the OBOR project, one has to examine the communication of the European Commission but also cannot neglect the opinions of individual Member States.\textsuperscript{70}

The second observation one can make is that as the Belt and Road Initiative encompasses much more than trade, Member States have the possibility to directly engage with China in the framework of the project in various fields. As there is no EU-China investment treaty, moreover there exists no limitation on foreign investment, Chinese investment is continuously flowing into Central and Eastern Europe. Significant projects in Member States are also being undertaken as part of the Belt and Road Initiative, like the already mentioned construction of the Budapest-Belgrade high speed railway, or the extension of the port of Piraeus in Greece, that is now in Chinese hands. As Member States are free to accept foreign investment, China is quickly establishing infrastructure in order to facilitate the OBOR project. Apart from investment and infrastructural development, the Belt and Road Initiative also includes cultural cooperation between China and other participating countries, including EU Member States. Cultural matters are also in the hands of individual Member States, which further underlines the significance of not only examining the EU standpoint, but also that of Member States.

The first impression that one can get when analyzing EU level communication about the Belt and Road Initiative, is that there is no single official position. “According to Richard Ghiasy of the Stockholm International Peace Research Institute, on the one hand, the EU has more pressing current issues to deal with, most notably Brexit and the migration crisis, and on the

\textsuperscript{69} Articles 207 and 2018 of the Treaty on the Functioning of the European Union provide an explanation of the exact rules and procedures to be followed by the Commission when conducting trade negotiations with third countries.

\textsuperscript{70} For a very comprehensive overview of cooperation of individual Member States with China in the framework of the Belt and Road Initiative, see: van der Putten, Frans-Paul et al. (ed.): Europe and China’s New Silk Roads, A report by the European Think-tank Network on China, December 2016, available at: http://www.iai.it/sites/default/files/2016_etnc_report.pdf (accessed: 24.04.2018)
other hand, the OBOR itself is “perceived as an insufficiently articulated concept”.\textsuperscript{71} It is thus to a great extent up to the Member States how and to what extent they wish to participate. As one can read in the excellent comparative work edited by van der Putten and others, some Member States have deep cooperation with China in the framework of the OBOR project, and some do not participate at all. One of the most notable forms of European participation in the project is through the Asian Infrastructure Investment Bank. Numerous Western European countries are members of the AIIB, showcasing a general interest in the Belt and Road from EU Member States.\textsuperscript{72} Regarding Central and Eastern European Countries, the only members are Hungary and Poland.\textsuperscript{73} On the one hand, this shows that the less developed CEE countries expect to gain investment from participation in the OBOR project, and on the other hand, further reinforces the parallels with the tributary system introduced in the previous chapter. By participating in the AIIB, and contributing to infrastructural development (although Hungarian and Polish contributions are a mere quarter of German or French contributions), these countries intend to “give” to China, and in return, receive a prestigious status in the system set in place by the Belt and Road Initiative compared to other countries in Europe.

However, not only is there disagreement between EU Member States on what Europe can expect from the Belt and Road Initiative, but there are differences on a municipal level too. Many local governments in Western European cities consider the Belt and Road Initiative an opportunity to boost their own trade relations, regardless of the national position on the project. These cities, most notably Hamburg, Lyon, Amsterdam and Rotterdam are particularly interested in increasing trade with China in the framework of the project, even though their respective countries are not very active in the Belt and Road Initiative on a national level.\textsuperscript{74} In the infrastructurally less developed Southern, Central and Eastern

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\textsuperscript{73} Romania is Prospective Member
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European Member States, participation in the OBOR project is rather coordinated on a national level. As for these countries, participation brings with itself prospects of valuable economic investment from the Chinese side, there is considerable political will from the central governments to participate. For their Western European counterparts already boasting with generally more developed infrastructure, the attractiveness of the Belt and Road Initiative lies rather in the trade opportunities that individual cities can benefit from. In this light, the OBOR project generally benefits municipal governments in Western Europe and national governments in Southern and CEE Member States.  

Indeed, political will for cooperation with China is much stronger in Central and Eastern Europe, and this can also be seen in political institutions. One cannot overlook the 16+1 cooperation framework, which encompasses 16 CEE countries (both EU Member States and third countries), and China. The members of the 16+1 group, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia and Slovakia are more keen on cooperating with the PRC and expect to receive investment in their countries.  

Established in 2012 and centering around the OBOR project since its conception in 2013, the 16+1 framework is the main cooperation institution of China and European countries, however it does not include developed Western European states, or the EU as a whole. Indeed, “both the European Parliament and the European Council have expressed their concerns over the 16+1 format, worried about the unity of the EU vis-à-vis China. The EP has adopted a resolution in 2015, urging Member States to speak with one voice with their Asian partner. Recently, Chinese Premier Li Keqiang has assured the President of the European Council Donald Tusk that “cooperation between China and Central and Eastern European countries is conducive to the

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75 The highly developed and from a commercial point of view quite badly located Nordic countries generally are not interested in the Belt and Road Initiative.
comprehensive and balanced development of China-EU relations and to European integration as well. The China-CEEC cooperation adheres to an open and transparent principle, and China welcomes the EU’s continuous participation.” However, the existence of such a sub-faction within the EU further strengthens China’s intentions to conduct business with individual Member States and not with the EU as a whole.

In sum, even though there are more and more high level visits and strategic documents from the EU regarding the Belt and Road Initiative, there is still no clear EU position. “Measures have been taken, such as the formulation of an EU-level China strategy through the drafting of a joint communication of the Commission and the European External Action Service, along with a strategic document by the Council. The establishment of the EU-China connectivity platform, “an important policy forum established between the EU and China that aims to create synergies between EU policies and projects and China's "Belt & Road" initiative”, is also a key element in EU-China relations, specifically within the framework of the OBOR project.” However, it is still the Member States, specifically the CEE countries, in particular in the framework of the 16+1 cooperation that shape the EU’s relations with China regarding the initiative.

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5. What happens after the Belt and Road: A new world order?

Until this point, the thesis has introduced the concept of the Belt and Road Initiative, analyzed the different narratives concerning the project and has outlined the EU’s participation in the initiative. This final chapter will elaborate on the possible changes in the international political order with the Belt and Road in place. Despite China’s claims of not having intentions of changing the global order, such a grandiose project obviously brings with its profound changes on the international scene, intended or unintended. The chapter will set out some of these possible political changes and challenges, and examine what effects the OBOR project can possibly have regarding the international order.

5.1 Global order and relations with the United States

The United States of America is today’s greatest political power and arguably a global hegemon from a political, military and cultural point of view.\(^{82}\) Naturally, it is concerned about the rise of China, that it sees as a potential contender for this hegemonic position, as explained in Chapter 3.2. This thesis argues that regardless of whether the PRC indeed aims on assuming political hegemony and changing the global political order, the current global hegemony of the United States will not change as a result of the Belt and Road Initiative. In its official communications, Beijing always underlines its intentions to strengthen the multipolar world order, moreover that it considers all the participating countries of the OBOR project equal, China being the mere coordinator and initiator of the project. Even if China indeed intends to construct a 21\(^{st}\) century version of the classic East Asian tributary system encompassing the whole of the Eurasian continent through the Belt and Road Initiative, even a regional (in this sense, pan-Eurasian) political hegemony would be hard to achieve. Firstly, not all countries on the continent are participating in the project, and it is exactly the ones China wants to attract on board the most that are the most reluctant – highly developed Western European states. As long as France, Germany and the United Kingdom, who are all members of the Group of Seven (G7), do not participate in the initiative on a

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82 See Chapter 1.3: Theoretical Framework
national level, Europe and the EU will not be fully integrated into the Belt and Road. Moreover, without the support of these countries, the initiative also cannot achieve its full potential envisioned by the Chinese administration, thus Chinese hegemony will be impossible. *Secondly*, although the vast Chinese economy is a great asset for the country in constructing the Belt and Road, the PRC is still lagging behind when it comes to technology. Without the participation of more developed countries – who, despite their lesser economies in absolute terms, enjoy a much higher level of GDP per capita, welfare and level of technology – the much sought technology transfer to China is impossible. As set out before, possession of technology, in particular military technology is a key component of global political hegemony. Without the necessary technology, the PRC would not be able to ascend to the position of a global or even regional hegemon. *Thirdly*, any kind of hegemony includes a cultural dimension. Imperial China’s hegemonic role in the tributary system was to a great extent due to the fact that it had established a sense of Chinese cultural superiority not only in China itself, but also among the tributary nations. Their assimilation to Chinese culture was visible in the adoption of the Chinese writing system, Confucianist values and various other aspects of Chinese culture. Just as much, the assimilation of the post-WWII Western world to American culture, through the supremacy of the English language and the mass export of various cultural products, like popular music or Hollywood movies has greatly contributed to the rise of the United States as a global hegemon. This thesis argues that the cultural differences between Europe and China, and on the other hand, the cultural similarities and the historical links between the United States and Europe make a European cultural shift from the West to the East impossible and thus Chinese hegemony cannot be realized, even on the Eurasian continent.

Taking the previous points into consideration, China’s global hegemony is highly unlikely, especially given the fact that the Western hemisphere does not participate in the OBOR project at all. However, the successful completion of the Belt and Road is highly likely to give rise to even more negative sentiments from the American side regarding the global rise of China. Even if a hegemonic overtake was possible from the Chinese side, the United States would surely do everything in its power to keep Beijing from assuming a hegemonic role even in the region, and especially on a global level. As argued by Robert Ross, if the
United States truly believes that the PRC is on the path of assuming global hegemony. Washington has four choices of policy.83 Firstly, it could try to stop China’s rise and use its political and military power to obstruct Beijing from reaching great power status. As this would lead to open conflict between two nuclear powers, the likelihood of this scenario is negligible. The second option would be for Washington to sit idly and watch China become a global economic and political leader and an absolute hegemon in the East Asian region. As this would result in the United States losing its prestigious political position on the international scene, this scenario is also quite negligible. As Yee puts it: “Between these two extremes are the policy options of containment and engagement. Both are premised on the assumption that should China become more powerful, it will inevitably challenge US supremacy in Asia, but their policy preferences are premised on diametrically opposed understandings of Chinese intentions.” 84 The strategy of containment would include strengthening military and political alliances with traditional US allies in the region – Japan, South Korea and especially Taiwan – in order to stop China from expansionist moves.85 The strategy of engagement would include an amicable American policy towards the PRC, moreover the promotion of democratic values and full and compliant participation in international economic and political institutions, like the WTO.86 These policy choices are not new, they have been on the table for decades, since China’s double digit yearly economic growth began. However, with the start of the implementation of the Belt and Road Initiative, these policy choices are more relevant than ever. With the United States perceiving the PRC as not only a quickly rising global actor but a threat to the regional and global order and possibly even a usurper of US hegemony, the choice between containment and engagement is a very current issue. The author of this thesis suspects that as a result of Chinese economic expansion through the Belt and Road Initiative, US foreign policy will shift more and more in the direction of containment, as the initiative is perceived as a direct threat not only to American interests in the region, but also to the global position of the United States. However the question arises how the US can influence China’s investment and trade

84 Ross, p. 182, referenced in: Yee p. 117
85 Yee p. 117
86 Yee, p. 118
agreements with third parties. American influence in East Asia is generally exercised through the classic US allies: Japan, Taiwan and South Korea. This territorial presence gives the United States leverage when it comes to geopolitical issues, like conflicts in the South China Sea, however cannot influence China’s economic and commercial policies to a great extent. An answer to this problem could be a middle way policy, combining elements of containment and engagement, a policy option referred to as ‘congagement’ in American policy circles. This option would result in the US seeking to engage with China in economic, political and cultural issues, seeking to integrate it into global institutions, however also increasing its presence in the region, deepening its military cooperation with its allies, and strengthening its relations with potential new allies, especially within ASEAN. Chinese hegemony in East Asia is a grave concern for the United States, as it would lose its strategic allies in the region, through which it can exert its political influence. As such, China seeking even regional hegemony is unacceptable in the eyes of Washington, and it is likely that the White House will do everything in its power to keep Beijing from assuming a hegemonic position in East Asia.

5.2 A potential threat to Russian presence in Central Asia

Apart from the reaction of the United States to the perceived change of the global order through the Belt and Road Initiative, it is also important to examine the reactions of important regional actors on the Eurasian continent, most notably the Russian Federation. The country is a major regional power in the post-Soviet space, including the Central Asian region that is a crucial hub in the plans of the Belt and Road. However, Russia does not participate in the initiative to such an extent as other countries in the region. Considering its economic and political influence over countries in Central Asia, the attitudes of the Russian Federation towards the OBOR project cannot be neglected.

Russia’s cooperation with China is mainly in the field of energy. Various joint initiatives have been undertaken by Chinese and Russian companies. The joint exploration of natural

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resources on Russia’s Sakhalin island or the Eastern Siberia Pacific Ocean (ESPO) pipeline connecting Eastern Siberia and China’s Daqing are good examples of the two countries’ energy cooperation in East Asia. In 2014, the Beijing and the Kremlin has signed a natural gas supply deal for the next 30 years. Cooperation between the two countries is also institutionalized, most notably through the Shanghai Cooperation Organization, providing the two countries with a forum that facilitates security-related, economic and cultural cooperation. President Putin has also expressed hopes about mutually beneficial cooperation between Beijing and Moscow in the framework of the Belt and Road Initiative. “I hope that it [the Belt and Road Initiative] has paved the way for a new stage of cooperation in Eurasia,” President Vladimir Putin told journalists after a nationally televised appearance on June 15 [2017], adding, “I have no doubt that we will work together...[to] benefit both the Chinese and Russian peoples.” However, Russia puts much more political emphasis on the Eurasian Economic Union (EEU), an economic integration initiative by five post-Soviet countries, namely Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan. As trade within the CEE remains a political priority for Moscow, Russia’s participation in the Belt and Road is still limited, especially compared to other countries in the post-Soviet space, particularly Central Asia. In this regard, if the Belt and Road is fully built without Russia’s active participation, or at least with significantly less participation of the Russian Federation than that of Central Asian countries, this could lead to political tensions within the region.

Having been a hegemon in Central Asia and the South Caucasus for centuries, Russia still considers the region its sphere of influence. Having been submitted to Russian rule first under the Russian empire, and then under the Soviet Union, these countries have developed very significant economic ties with Moscow. Moreover, although they have preserved many aspects of their national culture and identity, they have also undergone very serious russification, resulting in close cultural proximity between Russia and these nations. Russia however is not only interested in economic and cultural cooperation with these states, but is

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89 Wang, p. 149
also actively trying to maintain its status as the main foreign policy actor in the region. Russia’s participation in ongoing territorial conflicts in Moldova, Ukraine or Georgia is a clear indicator of the country’s intentions to weaken other states in the region and thus remain the most important regional actor, a veritable regional hegemon. However, the participation of Kazakhstan, Georgia, Azerbaijan and other countries in the post-Soviet space in the Belt and Road Initiative can pose a threat to Russia’s geopolitical position, and thus – as it is in Russia’s power to fuel interstate and intrastate conflicts, see Abkhazia, South Ossetia and Nagorno-Karabakh – the security situation in the entire region. As it is obviously in the interest of Beijing to conduct business with and invest in countries with a stable political situation, China cannot neglect Russia in building the Belt and Road, and cannot go too far in trying to build hegemony in Central Asia and especially in the South Caucasus.

5.3 Other implications of the Belt and Road Initiative

The previous sub-chapters have outlined the implications of a completed Belt and Road on China’s relations with the United States, and to a lesser extent, the Russian Federation. They have also alluded to possible changes, or lack of changes in the global order. This sub-chapter will briefly elaborate on some other political aspects of an increased Chinese globalization through a completed Belt and Road.

Firstly, on the margins of China’s relations with the aforementioned two countries, one has to mention Beijing’s ambiguous connection to Tokyo. As the most economically and technologically advanced country in East Asia, and the region’s powerhouse since the end of WWII, Japan plays a very significant role in shaping the politics of the Asia-Pacific. A strong ally of the United States, and a key pillar of American influence in the region, Japan follows the US in condemning the Belt and Road Initiative and expressing its fears about China trying to change the current US-led world order. However recently there seems to be a shift in Japanese attitudes vis-à-vis the project. According to the Chairman of the Japan Business Federation (the Keidanren), “Japan would join other nations in cooperating actively with the One Belt One Road initiative, provided that the two sides could reach agreement on principles including openness, transparency, and economic viability. For Japan, these are the
fundamental guiding principles in dealing with One Belt, One Road.” 92 Last year, Tokyo has provided one trillion USD to the project and is visibly more and more interested in participating in the initiative.93 It would seem that Japan has recognized the significance of the project for the region and wants to exploit the trading opportunities provided by it. This is a great challenge for the United States, whose position regarding the Belt and Road Initiative would be greatly undermined by its closest ally in the East Asian region. In case the completed Belt and Road involves a strongly supportive Japan, the US might feel threatened in its geopolitical environment, and act more aggressively against what it perceives as a ‘global Chinese economic and political expansion’.

Secondly, if the Belt and Road is put in place, the role of regional organizations with Chinese participation will increase. The most important of these is the Shanghai Cooperation Organization, gathering China, various states of the post-Soviet space, namely Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, and since 2017, India and Pakistan.94 As mentioned before, through the organization, China seeks to deepen security-related, economic and cultural cooperation with its neighbors, and as these countries are all involved in the Belt and Road Initiative, this cooperation could become even more emphasized, creating a regional economic hub that – as a number of members to the organization are also members of the Eurasian Economic Union – could complement and even rival with the EEU. The other regional organization that could increase its significance through the Belt and Road Initiative is ASEAN. Although China is not a member of the organization, it maintains a free trade area with the Southeast Asian countries, and ASEAN as a whole is already China’s third biggest trading partner.95 Moreover, political and cultural relations between the two

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partners are also excellent, showcased by the ASEAN-China Centre, established in 2011.96 The Belt and Road Initiative could enhance Southeast Asia’s role as a regional economic actor, and contribute to the China’s stronger presence in the region. This underlines the Chinese narrative of multipolarity, but when considering that ASEAN is made up of ten countries, none of which can individually be compared to China’s vast economy, it also reinforces the theory of China trying to construct a new form of tributary system in the region. In any case, both the example of the Shanghai Cooperation Organization and ASEAN shows that the Belt and Road will contribute to the strengthening of regional organizations in Asia, not only in economic but also in political terms.

_Thirdly_, if the EU fails to devise a common strategy regarding the Belt and Road Initiative, it would further contribute to fault lines within the Union, and could create tensions between Member States from the former Eastern Bloc and the rest. As discussed in Chapter 4, as Member States in Central and Eastern Europe are welcoming towards Chinese investment, they are generally much more interested in the OBOR project on a national level than their Western European counterparts. Lack of a comprehensive EU-level strategy regarding the initiative has already led to tensions within the EU, and a finished Belt and Road would further strengthen these tensions. As such, this thesis envisions two possible scenarios regarding the political spillover of China’s economic expansion in Europe. The first scenario is that European Union as a whole forms an OBOR-strategy regulating its participation in the project, taking into account the national strategies of Member States. This would result in the strengthening of the EU, and would change China’s perception that business with individual Member States is more lucrative than addressing the EU itself. This would also contribute to the strengthening of real global multipolarity, as it would bring about the development of both the EU and China. However, the EU is cautious of the project, so such a strategy would require considerable political will from the side of European decision-makers. The second scenario is that the European Union does not form an OBOR-strategy, and individual Member States are left to participate in the OBOR according to their national strategies. This would have a significant negative effect on the EU. Firstly it would create discord within the

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Union itself, with Central and Eastern European Member States having greatly different foreign policy priorities than the others. In the case of the completion of such an immense trading zone as the Belt and Road intends to be, this could prove to be extremely detrimental to the European Union, especially at a time when Member States already have major disagreements, for example on the issue of migration. Secondly, this would mean that some EU Member States would engage in a sort of tributary relationship with China, based on Chinese investment in and trade with the countries, while some others would not. It is highly likely that such a division within the EU and this dual role of some Member States would undermine the European political and security framework, and while Chinese investment and trade with the PRC can be and should be mutually beneficial for the EU and China, it must be done based on a single European OBOR-strategy.
6. Conclusion

Through its four chapters, this thesis sought to answer the question of what the political spillovers of the PRC’s economic expansion will be in East Asia, on the Eurasian continent and on a global level. Starting from the hypothesis that the 21st century will see an increasingly globalized China, and that the Belt and Road Initiative is not merely a network of trade routes, but the key to the PRC’s globalization and political rise, the thesis has analyzed the possible intentions behind the project and also the possible consequences of building the Belt and Road. Through this, the research has proved that there are indeed far-reaching political effects of such a commercial initiative, and the 21st century will indeed be the century of a globalizing China. As such, it is crucial for the global community to count with the OBOR project in the future, and further academic research should be dedicated to the comparison of the tributary system and the Belt and Road Initiative.

The thesis has thus introduced in detail China’s new flagship project, the Belt and Road Initiative, through which the country aims to become one of the most important global actors of the 21st century, and extend its regional and global influence economically and politically. The thesis has elaborated on the geographical and politico-economic extent of the project, and has also compared it to the historical Silk Road, of which Beijing considers the Belt and Road a direct successor. More importantly, the thesis has compared and contrasted the Chinese vision of the country’s peaceful rise through the initiative that will result in China taking its place among the main global actors in a multipolar globalized 21st century world, and the fears of the West, most notably the United States, that China will aim for global hegemony. In exploring the possible political spillovers of China’s economic expansion, including, maybe most importantly, a contemporary version of the East Asian tributary system, the ruling international order in China-centered East Asia before European intervention and the introduction of the Westphalian system in the region. The thesis has explored how the Belt and Road project could modify the existing regional political order in creating such a system on the Eurasian continent, and what effects this could have on the current US-led global political order. The thesis has also discussed the effects of China’s
globalization on its relations with the United States of America, the European Union, the Russian Federation, and other regional actors.

It is clear from the results of this research that there is no real chance of China assuming global political hegemony from the United States in the nearest future. While the 21st century is sometimes branded as the ‘century of China’, and the country is definitely on a path of unprecedented growth, there is no political reality of China threatening the global position of the US. This is due to the United States’ military and technological superiority, the presence of the US army basically all over the world, the political prestige Washington has accumulated globally in the post-WWII world, and last but not least, the immense American soft power, the global expansion of American popular culture. Although China is likely to overtake (or, in some aspects has already overtaken) the United States in the economic dimension, global hegemony requires a very significant global politico-military and cultural superiority. In the military sphere, one can only guess about China’s real progress, however the United States’ global military presence and system of alliances is not likely to be superseded by Beijing. In the cultural sphere, China would never be able to overtake the US, at least in the West. The cultural proximity between Europe and the United States, but also the effect of American culture on the greater part of the globe would make it an immensely arduous task for China to extend its soft power towards the West as a means of achieving hegemony. Although cultural exchanges are frequent between China and other parts of the world, with a continuously growing number of Confucius Institutes globally and with an ever bigger number of foreigners learning Mandarin, China would never have such an effect on global culture as the United States. This is also due to the incredible complexity of the Chinese language, the characteristics of which include thousands of unique characters, quasi-musical tones changing the meaning of a word, and various grammatical structures unknown to Western languages. Thus, the author believes that China’s intention of creating a multipolar world is not a cover for trying to assume global hegemony, but rather to create a counterweight in the US-dominated unipolar world.

97 The precise number of Confucius Institutes worldwide can be found under: http://english.hanban.org/node_10971.htm (accessed: 03.05.2018)
However, in order to be able to rise as a counterbalance of the United States, China definitely has to extend its influence on the Eurasian continent, which it aims to achieve through the Belt and Road Initiative. In this regard, although Chinese hegemony on the entire Eurasian continent is highly unlikely due to the above mentioned American cultural influence, economic and political hegemony could be achieved by China in Southeast Asia, and to a lesser extent, depending on Russia’s cooperation, Central Asia. The construction of such an area where China plays a hegemonic role could establish the PRC as one of the major poles of a multipolar world in the 21st century, with the United States acting as another major pole, and the EU, Russia, and perhaps some sort of Arab union as minor intermediate poles, providing a balance between these two. Indeed, it is of great importance what the consequences of the Belt and Road Initiative will be for the Arab world, a topic this thesis has not dealt with. Remaining on the path of analyzing the PRC’s intentions for regional hegemony through trade networks, future research could be dedicated to the effects of the Belt and Road – particularly its maritime part – on the Middle East, or the contribution of India to the OBOR project. Also, extensive further research could be conducted on the effects on China’s globalization on the internal political system of the PRC, and prospects of democratization following its economic globalization. In relation to the previous question, it is interesting to think about cultural exchanges within the framework of the Belt and Road Initiative. Intensified economic and cultural exchange might not only bring Chinese investment and cultural goods to the West, but also ideals of Western democratic culture to China. In this regard, the ‘political feedback’, i.e. the spread of Western ideals in China thanks to the OBOR project would be a worthy topic of future research. As a final conclusion, the thesis has proven that China’s economic and political rise is unavoidable, however, there will be no global Chinese hegemony. How the United States reacts to this rise, whether it will try to protect all aspects of its global hegemony, or whether it will accommodate a rising China is one of the greatest questions of the 21st century, the answers to which will fundamentally shape global order and the face of the world in the new millennium.

On my honour as a student of the Diplomatic Academy of Vienna, I submit this work in good faith and pledge that I have neither given nor received unauthorized assistance on it.

Péter Sczigel
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