



The Academic Underpinnings of the Silk Road Economic Belt (SREB): A Report on the Launch of the Collaborative Innovation Centre for SREB Studies

Speaker: Prof. Alka Acharya

Chair: Mr. Ravi Bhoothalingam

4 February 2015

Institute of Chinese Studies

Delhi

Prof. Acharya's presentation was an interesting account of the academic basis of the new and ambitious Chinese Silk Road Economic Belt (SREB) initiative. Among the scores of academic conferences held so far on the grand venture, the recent 'First High-level International Forum of Silk Road Economic Belt (SREB)' and the 'Launch of the Collaborative Innovation Centre for SREB Studies' held on 22 January 2015 in Xi'an, Shaanxi was an important endeavor. Its significance, according to the speaker, lies in providing a fair sense of how the research and academic component underlying the strategy is going to be developed.

At the outset, the speaker stressed how this conference was a huge affair that brought together three ministries of the PRC – the Ministry of Commerce, the Ministry of Foreign Affairs and the National Development Reform Commission as well as international representation from eight countries. Xi'an Jiao tong University (XJTU) was the locus with most of the groundwork having been done by the School of Law. The choice appears to have been determined by historical (Xi'an was the origin of the Silk Road) and academic factors. Universities in Shaanxi have the most extensive multi and interdisciplinary research on the Silk Road; in addition, XJTU had set up the *Silk Road Institution for International and Comparative Law (SRIICL)* and its Law Society is considered a leading centre in China for legal studies.

The speaker pointed out some interesting dimensions that were covered in the conference. The collaborative and innovative focus was maintained throughout. Stress was also laid on getting a variety of sources that would feed into the entire process. What also struck the speaker was the Western style of

naming of participants that was followed in both the Chinese and English versions of the conference programme. Regarding the factual aspect, the speaker identified the primary tasks of the CIC-SREBS as: Innovative Research in the *Wu Tong (Five Connectivities)*, which are vital to the SREB construction: Laws & Policies, Transportation & Communication, Trade & Investment, Currency & Finance and Culture & Education; Talent Cultivation (Short-term training programmes such as ‘Silk Road Advanced Legal Personnel Training Course’); Policy Consultation; Professional Services (for Chinese officials, ministries and foreign companies on matters that fall within the scope of the Centre); Dispute Settlement – A *Chang’an International Arbitration Centre (CIAC)* is to be established for the settlement of international commercial, investment, trade and IPR disputes in the countries along the SREB. Importantly, three MoUs were signed during the launch ceremony with Kazakhstan Foreign Affairs Institute, the Islamabad Policy Research Institute (IPRI) and the Institute of Chinese Studies (ICS), Delhi. The different panels/sessions covered a range of topics – Geopolitics and International Relations; Rule of Law and Institutions; Economic Cooperation and Regional Development and; Dialogue among civilizations and Educational Exchange.

The second part of the presentation was quite an enlightening one as it dealt with the themes and issues that emerged from the conference deliberations. The speaker noted that almost all the Chinese speakers started with a kind of homage-paying component wherein the historical legacy and Xi Jinping’s vision with regard to the SREB were hailed. Implicitly, the new phase of China’s reform and opening up that gets reflected in the SREB strategy was put forward. As an important imperative for the successful implementation of the grandiose strategy, political will came to be stressed invariably. It was thought to be prudent that everyone is taken aboard to induce political commitment.

Another significant theme was the emphasis laid on the win-win interests/benefit perspective. The speaker noted the repetitive stress that interests across the board were clearly being served and all parties were beneficiaries. In fact, the strategy could further promote the developmental aspirations of all the nations. Further, as an interesting dimension emerging out of the proceedings was the issue of provincial competition. There appeared a sense of encouragement on the part of the Chinese government for competition among provinces to connect with countries geographically closer to them. Scholars from Wuhan and Lanzhou made it evident that it is not only Xi’an but their provinces also have certain unique features or capabilities. This, according to the speaker, would be good to keep up the dynamic. Related to this, the issue of centre-province relations also surfaced, given the fact that the Centre is in total control of the strategy. There is need to specify what role the different provinces are going to play in the venture.

The security element, according to the speaker, appeared inevitably. The speaker herself raised the issue of complex security environment in the region. Potential risks to economic investment were acknowledged in the form of extremism, religious conflict, ethnic conflicts, vested interests and inter-country imbalances in terms of level of development. The Chinese speakers acknowledged the diplomatic complications that can arise. Scholars from Kazakhstan pointed towards the Russian sensitivities in the region.

The last part of the presentation covered the legal aspect which was, as the speaker opined, most important in gauging the long-term strategy of the Chinese. Some speakers talked of the new trend where regional groupings are morphing into larger associations or unions. Kazakhstan was identified as a key player in this regard. Interestingly, it was stressed that the success of the SREB would depend on the Shanghai Cooperation Organization (SCO) and the Eurasian Economic Union (EEU) transforming themselves into the SREB. The Chinese presentations were immensely rich in data showcasing their commendable research efforts. One of the objectives put forward was how to institutionalize arbitration in Asia along the SREB.

More importantly, it became clear that China wishes to emerge as a reliable centre for arbitration in the SREB countries. And therefore the need to train legal experts and language experts was stressed. An interesting presentation dwelt on how new norms should be developed to bring in the private sector in a big way. The issue of corruption as a potential disrupter was also touched upon. As a significant feature of the SREB, its potential game-changing nature was highlighted.

Broadly, the speaker concluded that there was an understanding of how the coordinating and linkage-forming phase of SREB needs to be pushed by the scholarly community. The legal dimension permeated the vision of moving in a phased manner from the setting up of economic corridors to establishing inter-regional connectivity. Given the scope of potential disputes, arbitration was identified as highly significant. All in all, the conference was a great stepping stone in initiating the required discourse at different levels.

Discussion

There were a number of questions regarding the status/role of the existing trade and investment mechanisms once the SREB becomes functional. In the context of arbitration and financial systems, scholars wanted to know if any alternate financial system was being proposed, whether the WTO mechanism be given up and how the bilateral trade then benefit the countries linked in the process. The speaker responded by saying that these apprehensions amount to thinking too far ahead. The focus in this phase is on connectivity and smoothening out the potential disputes through arbitration. In any case, the existing mechanisms and the bilateral trade is not going to be supplanted. It could be seen as using a

nation's excess capacity and giving the fill-up to the national economy. A related question was regarding the funding arrangement. The speaker answered that it is going to be a participatory venture looking at each nation as an equal stakeholder.

An insightful query emerged as to without identifying trading hubs, how can connectivity be realized. The speaker responded that one way is to improve connectivity between the existing hubs. Also, new hubs will need to be created to form a chain that will go on its historical path. This aspect, however, needs more thinking. Another scholar pointed out how the Chinese foray into service economy needs more legal back-up and it is no co-incidence that the number of law graduates in China is increasing. The Hong Kong and Macao school of law are not visible at all. The speaker also acknowledged that the stress on arbitration emanates from past experience, the need to legitimize their growing power, make mainland China a legal hub and to bring each nation under a formal system of arbitration with regard to the SREB.

On questions relating to the security dimension and how it will emerge inevitably during the process, the speaker said that these concerns were not highlighted as major issues. The Russian concern in the region and the security matters that would emerge when the trade routes are planned were actually discussed more on the sidelines. It was only stressed that ways and means have to be found to deal with these problems.

Report prepared by Ms. Vaishali Singh, Research Assistant, Institute of Chinese Studies.

Disclaimer

The Wednesday Seminar at the ICS is a forum for presentations and discussions on current affairs as well as ongoing research by scholars, experts, diplomats and journalists, among others. This report is a summary produced for purposes of dissemination and for generating wider discussion. All views expressed here should be understood to be those of the speaker(s) and individual participants, and not necessarily of the Institute of Chinese Studies.