

Defending a Free and Open Indo-Pacific Region

David Arase

ICS OCCASSIONAL PAPER NO. 25

Defending a Free and Open Indo-Pacific Region

Author: David Arase

First published in 2019

© Institute of Chinese Studies, Delhi

Institute of Chinese Studies
8/17 Sri Ram Road, Civil Lines
Delhi 110 054, INDIA
Ph.: +91-11-23938202; Fax: +91-11-23830728
Email: info@icsin.org
Website: www.icsin.org

ABOUT THE AUTHOR

Before joining the Hopkins-Nanjing Center faculty, Dr. Arase was a professor of politics at Pomona College in Claremont, Calif., teaching international relations and East Asian affairs with a focus on Japanese politics and foreign policy. He is a graduate of Cornell University (BA liberal arts, 1977), the Johns Hopkins School of Advanced International Studies (MA, international relations, 1982), and the University of California at Berkeley (PhD, political science, 1989). He has had a Japan Foundation dissertation fellowship and an Abe Foundation research fellowship, and has been a US State Department-sponsored touring speaker in South Korea and China.

Contact: darase1@jhu.edu

Defending a Free and Open Indo-Pacific Region*

Abstract

It is doubtless that a rising China will succeed in promoting its Belt and Road Initiative (BRI) in coming years. The key questions are the degree of success it will have, and how it will change the Indo-Pacific region.

Xi Jinping's Chinese Dream envisions comprehensive China-centered governance within the geographical footprint of BRI in accordance with the norms, institutions, and values of the Communist Party of China (CPC) by 2049. However, the BRI and the larger Chinese Dream agenda of which it is a key component are ever more clearly at odds with liberal governance norms that have prevailed in the Indo-Pacific region since the end of the Cold War.

Whether China will fully realize its ambitions depends on how others react. Liberal stakeholders that wish to preserve this order cannot stop China's rise, but they can act to counter China's geostrategy peacefully before it elbows aside liberal governance to institute a top-down China-centered co-prosperity sphere by 2049.

A simple military-strategic response to BRI would fail to meet the BRI challenge on the ground as well as fail to attract adequate developing country support. To respond effectively, liberal stakeholders need a trade and development initiative specifically designed to counter the BRI. A broad Indo-Pacific governance framework can draw on lessons learned from existing sub-regional forums and institutions. Key stakeholders can draw on existing human and financial resources in governments, international institutions, and the private sector currently devoted to global programs and repurpose them to power the liberal Indo-Pacific initiative.

This defensive strategy can co-exist peacefully with BRI; will attract active developing country cooperation; and will create new opportunity and growth all around. And by preserving economic openness and choice within the region, every country would remain free to pursue whatever dream it wished.

Keywords: *Indo-Pacific, Indian Ocean, Free and Open Indo-Pacific, Freedom of navigation, India-China, China-US, Quad, Belt and Road Initiative*

Introduction

Today there is discussion among liberal stakeholders in the Indo-Pacific, notably among the so-called Quad (India, Japan, the US, and Australia) on the need to resist Chinese ambitions that threaten the foundations of liberal order in the Indo-Pacific region (IPR). An effort to maintain a free and open Indo-Pacific (FOIP) that upholds free trade and

*Originally prepared for the Second India Forum on China at Goa, 7-9 December 2018, organized by the Institute of Chinese Studies, Delhi and Konrad-Adenauer-Stiftung in cooperation with Goa University, Goa

open markets under international legal norms must first clearly grasp China's long-term multi-dimensional Chinese Dream strategy.

The Chinese Dream agenda in the IPR is led by China's Belt and Road Initiative (BRI), which promises developing countries growing prosperity in ever closer association with China's continuing economic rise. The goals of the Chinese Dream relevant to this discussion are to achieve world predominance in all dimensions of national power and construct a China-centered international order within at least the BRI geographical footprint by 2049. This latter agenda implies the replacement of the FOIP rules-based order with China-centered governance according to values, norms, and institutions designed by the Chinese party-state.

An effort to preserve the FOIP must also take full account of the IPR's diversity. The common denominators among its developing countries are a desire to trade freely with both China and the advanced western economies, and an understandable aversion to entanglement in great power strategic competition.

Chinese diplomacy in the Indo-Pacific region (IPR) skillfully plays on these themes to advance a Chinese Dream agenda that systematically undermines the existing liberal order in ways to be detailed below.

To meet this challenge, liberal stakeholders in the FOIP need to devise a long-term, multidimensional cooperative strategy that preserves free trade and open markets in a rules-based order while remaining in peaceful coexistence with China's BRI initiative.

This paper offers a conceptual template to illustrate how this may be done. As explained below, the challenge is daunting, but a successful, sustainable, and non-confrontational defense of the FOIP is possible with only marginal adjustments to existing norms, institutions, and resource commitments. It does not require cold war style divisions or containment strategy. It generates new political support among IPR developing countries for guaranteed trade and investment access to the advanced liberal economies over open international waterways, but it also admits the need for a "strategic backstop" if desired and widely beneficial international norms are challenged by force.

China's strengths

The multi-level Chinese Dream agenda in the IPR is spearheaded by the seductive promise of prosperity through Chinese-financed BRI connectivity to the massive and dynamic Chinese economy. The BRI is marketed as "South-South" and "win-win" economic cooperation. It centers on large-scale official Chinese lending to finance expensive, large-scale Chinese-built infrastructure projects that supposedly will bring China's prosperity to developing countries within the BRI geographical footprint, i.e., the Eurasian landmass and contiguous regions such as Africa and Oceania (National Development and Reform Commission 2015). This vision of easy cash and effortless prosperity across greater Eurasia under Chinese sponsorship has had great success in attracting the participation of developing country leaders and their publics.

Under the BRI initiative, the task of Chinese diplomacy is to induce countries to construct infrastructure projects of strategic importance to China's master plan of infrastructure connectivity (Heath 2013). In the process, Beijing aims to create intimate high-level political relationships with developing country leaders at both the bilateral and sub-regional levels. The longer-term political task is to knit these bilateral and sub-regional multilateral relations into a hierarchical "community of common destiny" united by dependence on China to provide prosperity, peace, and harmony as it metes out rewards and punishments to discipline regional members.

From a military-strategic perspective, China's network of BRI infrastructure, BRI client regimes, and political relationships supports the expansion of PLA military facilities, missions, and operations throughout BRI's greater Eurasian footprint (Defense Intelligence Agency 2019). With China's continuing economic rise, the goal is to achieve unchallenged strategic dominance within this sphere by 2049.

Thus, China's BRI, diplomacy, and military strategies act synergistically as a grand strategy to expand and consolidate the Chinese Dream of national rejuvenation by 2049. The problem is that, as explained below, this leads to Chinese efforts step-by-step to subvert and replace the liberal FOIP regime that up to now has fostered the IPR's economic vitality.

This Chinese grand strategy demands vast economic, organizational, and political resources expended over coming decades to succeed. The BRI infrastructure effort alone was expected to cost some \$900 billion in its first decade when first unveiled in 2013. Other related costs such as diplomatic-political influence operations and military-strategic expansion would be of a similar order of magnitude for a sum of almost two trillion dollars.

How sustainable is this burden for China?

Today's 90-million-member Communist Party of China (CPC) inherits a Leninist party-state apparatus that overthrew KMT rule in 1949 (after the latter had taken Japan's surrender in China in 1945). It then stumbled through an era of Maoist excesses that left it poor and backward. After Deng Xiaoping set the CPC on the path of reform and opening up to the capitalist West, the CPC developed through trial and error a state-managed market economy under Leninist party-state rule. Xi Jinping's mission is to perpetuate CPC rule forever by perfecting a system of pervasive political, economic, and social control inside China with which to unify the thoughts and efforts of 1.4 billion Chinese behind his signature Chinese Dream agenda.

Political legitimacy

The Chinese party-state apparatus has developed vast and intrusive capabilities to screen out foreign influence and values in order to educate, inform, and entertain its 1.4 billion population using only CPC approved content. It deploys a carefully constructed historical narrative to construct a monolithic national and cultural Chinese identity. The one and only "true" story of China nurtures a carefully selected set of

collectivist values as well as patriotic hatreds and ambitions to support the Chinese Dream agenda. It teaches that a “correct” Chinese identity requires loyalty to the CPC, secular values, and submersion in the national collective. It features Chinese cultural superiority and unity since the dawn of civilization; celebrates CPC heroism that alone saved China from western and Japanese imperialism; beatifies CPC leadership that alone was responsible for modernizing China; and today venerates Xi Jinping’s ideological and political leadership. With Xi Jinping at its “core,” the CPC will free China and the rest of Asia from humiliating subservience to alien cultural values and once again introduce China-centered harmony and prosperity to “all under heaven” (Economy 2018).

The Chinese Dream extends this historical narrative well into the future in order to unify the hopes and energies of the Chinese people to perpetuate and expand CPC authority. The BRI, community of common destiny, and maritime great power agendas marshal all elements of party-state power to realize this vision. Because the Chinese Dream’s success or failure is an existential question for Xi Jinping and the CPC, no effort or sacrifice will be spared to achieve this goal.

The Chinese Dream’s strategic horizon is suitably epochal; it extends to 2049, the year that marks the party-state’s first century of existence. By then its power supposedly will have surpassed that of the US and the CPC will preside over a China-centered community of common destiny that encompasses the BRI geo strategic footprint. CPC authority, values, norms, and interests will become the predominant global norm. This will immunize the secretive and unelected CPC from the existential threat posed by liberal values that predominate in the world today (Chinafile 2013).

To fulfill its historical destiny, the Leninist CPC cannot be limited by or be held accountable to static legal norms and institutions. Accordingly, at this year’s National People’s Congress, Xi Jinping eliminated the Constitution’s ten-year presidential term limit. This will permit him to continue indefinitely as president. He also had Xi Jinping Thought and the Chinese Dream agenda written into the CPC charter at the 19th CPC Congress in 2017. These massive ideological and material reorientations of China cannot simply be forgotten because they have become symbols of CPC legitimacy.

Economic capability

The party-state oversees the world’s single largest national economy in real quantitative terms. China’s unique state-managed market economy has quickly raised living standards and brought China to the forefront of industrial and technological capabilities. GDP figures and projections suggest that China’s economy will grow from \$9.6 trillion in 2013 to roughly \$23 trillion in 2022. A total of two trillion dollars spent on the BRI project in this period constitutes only about 1.5 percent of the ten-year GDP total—seemingly a sustainable burden today.

In this hybrid “socialism with Chinese characteristics” economy, the party-state intrusively manipulates all markets, owns dominant enterprises in all strategically important sectors, and exercises arbitrary control over individual property rights. In this

sense, “liberal capitalism” with a “market economy” does not exist in China (Huang 2016; Zheng and Huang 2018).

By design, strategically important economic sectors are dominated by huge state-owned and state-affiliated enterprises to ensure control of the commanding heights of the economy. Otherwise, all large-scale public, private, and foreign-owned firms in all sectors are monitored by CPC party officials employed within them; by state appointed executives in state-affiliated enterprises; and by state bureaucrats (e.g., economic, public security) with intrusive regulatory oversight authority. Thus, the party-state’s ability to marshal economic resources for political purposes is unparalleled.

Next to defending CPC power and state sovereignty, the CPC’s highest priority is an advanced high-income economy. This requires advanced, high-tech Chinese industries to successfully start up and then compete successfully first, against western firms first inside China and then later in global markets. At the same time, less competitive sectors must be phased out and/or moved overseas to lower cost locations. This growth and restructuring agenda is the reason for Made in China 2025 (Congressional Research Service 2018). It is also why and how BRI is designed to facilitate this structural reform agenda by opening new global markets for exports, investment, energy, and natural resource supply.

The employment of China’s high-tech, service-intensive, and capital-intensive industries to provide BRI plant and equipment gives them market presence and subsidizes their activities in economies across greater Eurasia. The Chinese steel, concrete, equipment, and labor services exported to build this infrastructure subsidizes exports that ease the strain of underemployed capacity and resources. These exports include whole plant exports whereby obsolete plant in declining sectors can be moved abroad using BRI investment and construction subsidies. BRI is thus an integral component of a strategically planned and state managed industrial policy to realize the domestic economic aspect of the Chinese Dream agenda, while also sending Chinese enterprises abroad to form influential colonies in the industrial and commercial sectors of developing countries.

Social control

Since Xi Jinping’s rule began in 2012, the party-state has quickly developed a degree of social monitoring and control that is hard for outsiders to appreciate. In the societal sphere, the development of thoroughly intrusive social surveillance and control systems (such as the “social credit” system) aims to enforce strict order and obedience in all spheres (Lam 2017). The party-state has devised internet and public space surveillance systems that monitor and sanction the daily thoughts, speech, and behavior of virtually everyone inside China (Greve 2018). To totalize its control, it uses the concept of “internet sovereignty” to monitor and censor information flows between China and the rest of the world (Tiezzi 2015). All organized social activity must in principle be registered and monitored by the party-state; unregistered and unpermitted churches, NGOs, community organizations, and large public gatherings are forbidden. To be sure, popular anger and frustration over corruption, labor rights, gender rights, religious freedom, wealth inequality, health care, pollution, pensions, etc. exist, but the system

of social control is capable of detecting and quickly de-mobilizing any incipient threat to stability.

Xi Jinping's position atop the CPC pyramid of power means that he has the power and resources to undertake a monumental imperial project reminiscent of the Great Wall of China. Nothing short of a "black swan" event appears likely to destabilize the concerted party-state effort to build BRI. Economic contradictions such as accumulating debt, slowing growth, rising wages, structural adjustment needs, insecure employment, and an aging population suggest that a financial black swan event is possible. However, it is not inevitable. The ability of the party-state to control information, economic transactions, and social behavior in China has no parallel in the West, where similar economic contradictions seem to be at least as likely to produce a black swan event.

Weaknesses in Chinese strategy

Viewing the external context, BRI prospects are not bad, but after an initial period of smooth sailing, troubles are beginning to appear that could make it vulnerable.

The BRI has been uniformly welcomed by developing countries across the IPR, though with varying degrees of enthusiasm. Chinese leaders are able to promise and quickly deliver huge BRI loan financing to government leaders that agree to sign up for BRI. China's quick and "no questions asked" disbursement of Chinese loans, along with quick completion of plant and infrastructure projects by China's state-owned enterprises, make an offer of Chinese economic cooperation very attractive. Developing country leaders need to deliver political favors and symbols of success to supporters and voters. And they may be unaware of the financial, political, and strategic risks implicit in taking huge loans to build big BRI projects. For this reason, BRI since 2013 has gotten off to a quick start, with 60-70 countries having already signed BRI partnership agreements. Today, the ceremonial signing of BRI-related project agreements are commonly featured at meetings between Chinese and IPR country leaders.

China's weaknesses revolve around questions of longer-term recipient benefit and hidden economic, political, and strategic agendas. Such questions are raised by the lengthening list of BRI partners plagued by serious problems that stem from BRI participation. This troubled record is making developing countries increasingly wary of accepting "white elephant" BRI projects

Donors versus recipient needs

China's large and expensive loan-financed infrastructure projects often fail to meet technical and sustainability requirements. It is hard to find a major BRI project celebrated for being transparently negotiated, profitable, environmentally sustainable, and free of conflict with local businesses and communities; but it is not at all difficult to find major project failures on one or more of these points. Why does this regrettable performance standard persist?

One notes that BRI is an infrastructure network designed to serve China's geostrategic needs and interests above all else. Other countries must perform allocated roles and functions for the master plan to succeed. In other words, certain countries must agree

to build certain kinds of infrastructure for BRI to form an infrastructure connectivity network that links all corners of greater Eurasia directly and efficiently to Chinese markets.

For example, Laos agreed early on to borrow \$6 billion to build a high-speed railway from the Chinese border to the Thai border. Never mind that few Laotian businesses or farmers would want this or could even afford to buy a ticket to ride it; nor would they want to repay the \$6 billion loan (equal to 36 percent of Laos GDP in 2017). But China needs this Laotian railway segment to build out its planned Indochina high speed railway network connecting Kunming to Singapore. Despite its poor fit with Lao developmental needs, China evidently found ways to persuade the Lao government to agree to borrow the \$6 billion to build this project.

Put simply, BRI projects are designed to serve China's BRI plan, and projects that do not fit the plan will not be financed by BRI. The task of Chinese diplomacy, therefore, is to persuade governments to build these BRI projects by hook or by crook. The fit of these projects with local economic development circumstances and priorities does not overly concern a donor in a hurry to build out the BRI network before opposition has an opportunity to mature.

With regard to projects that fail to meet recipient country expectations, one problem is that Chinese loan conditions require Chinese firms to design and construct these projects. These Chinese firms may have little or no experience building projects outside of China where costs, social conditions, climate conditions, and technical requirements can be radically different. But the point of tied financing is to subsidize the entry of China's construction, steel, concrete, electric power, machinery, and transportation equipment-making sectors into recipient country markets. BRI loans also allow tens of thousands of Chinese laborers to escape rural poverty and unemployment at home by taking jobs abroad to construct BRI projects.

Recipient country enterprises and workers can and do resent exclusion from project-related contracts as Chinese enterprises, imports, and thousands of Chinese laborers flood into their country to build BRI projects. Thus, recipients may end up with expensive botched projects and angry publics. But from China's perspective, occasional recipient disappointment may be necessary to construct BRI and build the Chinese Dream.

Hidden agendas?

China's eagerness to load up BRI partners with heavy and imprudent official debt obligations has been called "debt-trap diplomacy" (Chellany 2017). Once a recipient government incurs debt obligations that it cannot meet, the creditor is in a position to make onerous claims on the sovereign rights and assets of the debtor. Is this a concern for China's BRI partners?

As an illustration, under the presidency of Mahinda Rajapaksa, Sri Lanka incurred \$1.5 billion debt to build a huge BRI port and industrial zone project at Hambantota. The Hambantota port complex was designed to support a wide variety of large-scale modern

commercial and industrial enterprises that was beyond anything Sri Lanka actually needed or could manage. But China's geostrategic BRI plan for an Indian Ocean port network required its construction by China (Al Habib 2018).

When the project's quick and inevitable financial failure made loan service impossible, China offered to cancel \$1.1 billion of the project loan in exchange for a 99-year leasehold on the massive port complex with new adjacent land for future expansion. Sri Lanka could not but agree.

Having now become a Chinese colony, Hambantota port complex better serves China's geostrategic agendas in the Indian Ocean. China acquired full control over a strategically located port and industrial complex built to Chinese standards for \$1.1 billion, less than the \$1.5 billion that Sri Lanka borrowed for its construction. So, China after taking ownership of the port project, it is still collecting interest income from Sri Lanka at 6.2 percent on the remaining \$400 million project loan balance. Sri Lanka has taken other BRI mega-loans for additional projects, so Sri Lanka remains in a Chinese debt trap even after this deal.

The Hambantota fiasco led to mass political protests against president Rajapaksa that caused him to be voted out of office in 2016. By 2018, his presidential successor dismissed the parliament's prime minister and appointed Rajapaksa in his place. This was done without a constitutionally required parliamentary vote. Despite the dubious legal aspects of this event, the next day the Chinese ambassador met with Rajapaksa to extend China's best wishes (*Financial Times* 2018). The whole affair led to another domestic political uproar.

The case of Hambantota has drawn the attention of other BRI partners that could suffer a similar fate. The new Malaysian government under Mohammad Mahathir elected in May 2018 has sharply scaled back BRI projects the previous government had agreed. The new Pakistan government under Imran Khan elected in August 2018 is attempting the same with the \$62 billion China-Pakistan Economic Corridor plan already underway. And the new government elected in the Maldives in November 2018 has denounced and will scale back Chinese BRI agreements signed by its predecessor.

Rising strategic tension?

Do BRI projects lead to rising strategic tensions? They would if, besides serving advertised civilian trade-related purposes, they served as "trojan horses" meant to stealthily establish Chinese military presence that could threaten others' sovereignty and raise strategic tensions. Ports advertised as commercial ventures but adaptable to military/civilian dual use have been initiated by China at Hambantota, Colombo, Gwadar, and elsewhere across the IPR. These dual use port projects have been called a "string of pearls" distributed in a way that will support PLA Navy power projection missions (Dabas 2017; Drun 2017).

Indian commentators point out that attack submarines have little value except in wartime to sink enemy vessels, but PLA attack submarines are now using BRI ports to support Indian Ocean patrols (Sakhuja 2016). India already has militarized unresolved

land border disputes with China. India must now face a new Chinese military threat on its maritime perimeter. Growing strategic rivalry is raising regional tensions and the Sino-Indian competition for influence is already upsetting political stability in surrounding smaller countries.

This same “string of pearls” effect may be seen in the South China Sea where China’s construction of ports and air strips in the disputed Spratly Islands was advertised as facilities for maritime safety and rescue. After island construction appeared to exceed this requirement, in 2015 Xi Jinping promised Barack Obama that China would not militarize these islands. But today missiles, military radars, fighters, bombers, and naval vessels are deployed there to support Chinese exclusive sovereignty claims in the South China Sea. Thus, “civilian” port construction in the South China Sea along the BRI 21st Century Maritime Silk Road route has led to military deployments to advance a military-strategic purpose.

Putting others’ sovereignty at risk?

BRI partners not only worry about debt trap diplomacy, they also need to consider the consequences of local access given to China’s growing military power. China’s new military facilities in the South China Sea are used to enforce China’s claimed sovereign right to control access to and transit across the South China Sea by the vessels of other states. They are also used by the PLA Navy, the Chinese coast guard, and China’s maritime militia to bully weaker coastal states into abandoning to China their ownership of territories and maritime resources in the South China Sea.

This use of newly deployed military power against weaker neighbors to threaten their sovereignty has been repeated at the China-India-Bhutan tri-border junction area. In 2017, after completing a new system of infrastructure and bases to allow China to project military force to the Tibetan frontier areas, the PLA crossed southward into Bhutan to extend a military road to the Doklam plateau overlooking a long strip of Indian territory called the “Chicken Neck.” This is a narrow land corridor connecting India to its large eastern province of Arunachal Pradesh, which lies east of Bangladesh. China claims sovereignty in these border regions based on historical right. It asserts that these territories once belonged to an ancient Tibetan kingdom—and everything that was once Tibet must now belong to China.

With Bhutan’s permission under a preexisting security agreement, in August 2017 India sent troops into Bhutan to block the PLA’s advance and keep the strategically located Doklam plateau out of China’s hands. The confrontation was successfully de-escalated when both sides retreated a small distance, but the standoff remains unresolved.

China has shown at Doklam and in the South China Sea that once in a position of military dominance, it may unilaterally seize other states’ territories based on Chinese memories of what borders may have existed centuries in the past. Thus, China claims a historical right to disregard international legal norms and violate the sovereign rights of other nations.

A revisionist governance agenda?

In the South China Sea, China seeks to change internationally recognized territorial and governance principles established under the UN Convention on the Law of the Sea (UNCLOS), which all signatories, including China, have agreed to abide by. Nevertheless, we see China sweeping aside these principles and rules of conduct to unilaterally and coercively annex and govern the South China Sea as sovereign territory.

This move was legally challenged by the Philippines when in 2013 it appealed to the Permanent Court of Arbitration (PCA) to effect binding arbitration with China to resolve their South China Sea maritime jurisdictional disputes under UNCLOS provisions. The PCA agreed to do so and in 2016 the PCA judgment established that China's historically based 9-dash line in the South China Sea; its construction of artificial islands in the EEZs of other states; and its unilateral coercive actions to enforce its claimed sovereignty rights lack any legal basis; whereas the Philippine EEZ and other rights claimed under UNCLOS are in conformance with UNCLOS principles (PCA 2016).

Lacking a legal basis for its sovereignty claims, China is acting unilaterally and coercively to create an irreversible *fait accompli* and grind down the will of others to resist until they acknowledge a new regional governance mechanism centered in Beijing. This brazen use of military power to revise territorial boundaries, dictate what rights other states may or may not enjoy and in effect, to nationalize a global common extinguishes the writ of liberal norms and institutions to establish a new sphere of Chinese diktat in the strategically important South China Sea.

This revisionist governance agenda explains why the US, France, and Britain, joined by Japan, India, and Australia, have decided to transit their naval vessels across the South China Sea. This behavior is needed to demonstrate the continuing force of existing legal norms and institutions. More specifically, it demonstrates support for the universal right of states to freedom of navigation on the high seas. If China succeeds in replacing the existing international legal maritime regime with authoritarian national governance in the South China Sea, the intimately related rights of free trade, open market access, and the sovereign equality of states under the international rule of law may also unravel.

In sum, when BRI leaders are first persuaded to sign up, they may not understand or care about the hidden risks of BRI participation relating to debt-traps, political subordination, and strategic domination. With the passage of time, however, these hidden risks are bubbling up to the surface.

On the one hand, this makes the need to hedge and diversify the risk of Chinese "debt-trap diplomacy" increasingly obvious to developing countries. On the other hand, China's generous BRI loans may nonetheless continue to attract short-sighted partners desperate to escape poverty and isolation.

Can China succeed?

Prospects for China's success are not poor. First, assuming that Xi continues to lead China for another five-year term after his present terms as CPC general secretary and

state president expire in 2022-23, China will be devoting attention, economic resources, and organizational capabilities in the coming decade that no single IPR state could match, and so none acting alone will dare to openly challenge China's ambitions.

Second, China's use of bribery, threats, and promises of prosperity under Chinese leadership attracts foolish and unscrupulous developing country leaders in every sub-region. Acting in concert with these partners, China is able to push forward its sub-regional agendas and employ divide-and-rule stratagems to prevent any single sub-region from uniting to resist China's strategic agenda.

Third, the burgeoning power and sophistication of PLA capabilities that follow only a short distance behind the frontier of the expanding BRI infrastructure network adds to China's control over BRI partner countries. Military muscle allows China to shape the strategic environment and pressure countries that fail to respect China's interests and sensibilities.

Fourth, there are few IPR states—perhaps only Japan and India—with capabilities and geographical positions that permit them to consider hard balancing (active independent resistance) against China. Other IPR states simply cannot afford to openly defy China. Though both Japan and India have certain advantages over China and are strongly motivated to defend their sovereignty, security, and autonomy, a variety of factors prevent them from effectively resisting China's desire to dominate them.

This situation helps to explain why China has been advancing its Chinese Dream agendas across the IPR while meeting little organized resistance. If nothing changes, not much appears to impede China's ambitions. However, China's success remains far from assured. Three factors combine to limit China's ambitions.

First, the growing prospect of Chinese domination and control will motivate IPR nations to defend their sovereignty and autonomy in ways that best suit them under prevailing circumstances. Their options include hard balancing (active resistance to Chinese agendas); soft balancing (cooperation with selective resistance and covert sabotage); and hedging (schemes to avoid overdependence on and entrapment by China). The choice will depend on their one's political situation; on one's relations with China; and on what third parties are doing—or not doing—to preserve themselves.

Next, the US is a key external stakeholder in the FOIP and it remains the world's most powerful state. The Asia Reassurance Initiative Act is the start of an active US effort to offset the threat posed by the BRI to vital US interests and the liberal international order (Panda 2018). With its weight and leadership abilities added to the equation, a broad cooperative FOIP strategy to resist Chinese domination becomes feasible, even though organizing it would be neither simple nor straightforward.

Finally, there is the sheer audacity of China's neo-imperial ambition to dominate the world so far beyond its borders. Lacking cosmopolitan soft power resources, China seeks to extend its control over unruly nations scattered across a vast geographic space relying mainly on expensive hard (military and economic) power resources. The Chinese party-state, even in command of 1.4 billion Chinese marching in lock-step, will find this challenging and ultimately, exhausting. Like radiant energy, a nation's power diminishes

at an increasing rate as it progresses outward from its borders. This means governance becomes exponentially more expensive and difficult as it seeks to establish itself in more distant lands.

At the same time, China's ability to generate domestic resources to sustain this agenda is limited by slowing global growth, deepening domestic economic contradictions, and an aging population that will place an inexorably increasing fiscal burden on China. With diminishing domestic surpluses to sustain its external agendas, success can only rest on the capture of foreign markets and the extraction of monopoly rents to pay the mounting costs of this imperial project. But exploitation of this kind would not only incite soft balancing and hedging only among subject peoples. It would also cause advanced liberal trading powers excluded from Chinese dominated markets to deny China free trade access to their home markets and begin to openly resist China's imperial project. A vicious spiral would then ensue in which China's need to exploit subject peoples to compensate for lost western market access and rising governance costs only increases.

The intersection of a natural desire among all IPR nations to preserve national sovereignty and autonomy; US leadership in defending the FOIP; and the questionable premises of China's imperial project will combine to drain Chinese resources and limit Chinese success. The critical question is whether China's limit is reached before it is able to dismantle the FOIP and install China-centered governance in the IPR. The IPR is smaller than the complete BRI footprint, and control of the IPR is central to China's ability to extract wealth to sustain its own rise. Therefore, China will make comprehensive governance of the IPR a core strategic priority. So, the critical question is whether liberal stakeholders can organize a cooperative effort to preserve the FOIP in a timely and effective way.

Properly focusing FOIP strategy

A complex reality in the IPR

The existing FOIP order guarantees the right of all IPR states—including China—to freely engage economic partners from around the globe, under agreed and binding international legal norms. Because this liberal FOIP order has indisputably delivered great value to IPR countries, broadly-based regional support for maintaining the FOIP should be possible.

But at the same time, IPR countries want no part of a military-strategic struggle against Chinese ambitions. Great power strategic competition may be at the heart of China's BRI agenda, but it is well hidden behind the effusive rhetoric of BRI "win-win" development cooperation. BRI diplomacy and propaganda has a demonstrated ability to deceive and entrap unwitting BRI partners in irrevocable economic dependence that, according to the Chinese Dream, inexorably leads toward a China-centered, hierarchically governed region by 2049.

As yet few IPR countries can perceive China's great power hegemonic ambitions, and so most would question any "strategy" to counter China's BRI-led agenda. "Strategy" connotes a zero-sum geopolitical conflict between great powers that could greatly harm

innocent bystanders. IPR countries are mostly poor and developing: they want peace and development. Inevitably, Chinese promises of enhanced trade and investment opportunities under friendly Chinese sponsorship will have great appeal. Moreover, many IPR countries experience few qualms engaging with the Chinese party-state because their governments are neither liberal nor concerned with questions of regional order. It goes without saying that in developing countries, the priority will be economic development as a rule.

The centerpiece of FOIP strategy

To deal with this regional reality, liberal stakeholders need a reinvigorated trade and development focus to serve as the centerpiece of any strategy to offset the appeal of BRI and defend the FOIP. Although FOIP strategy must have a strategic dimension that preserves open global commerce, a traditional balance-of-power or containment focus should not be at the center of attention because it will repel developing countries and make them unwilling to cooperate. In contrast, a trade and development-oriented initiative that promoted growing trade and investment relations between advanced liberal stakeholders and IPR developing countries would appeal to all IPR countries. It would also strengthen political support for freedom of navigation and other liberal governance principles. Military strategic capability is needed as a discreet backstop to this political agenda, and it requires relatively few active FOIP stakeholders to be effective.

As a total package, this FOIP strategy would feature “peaceful development” and “peaceful coexistence.” Enhanced and better coordinated regional connectivity and development assistance under liberal governance principles updated and tailored to match regional circumstances could exist peacefully side-by-side with China’s BRI initiative. The FOIP system would provide an attractive alternative to the BRI pathway of debt-traps and dependence. Parallel and competing IPR economic operating systems—“one FOIP, one BRI”—can ensure developing countries more choice, diversified risk, and freedom to hedge against great power domination. Denied the ability to extract monopoly rents to sustain an imperial project of domination, China could find itself having to settle for a pluralistic order that gives others free economic choice and sovereign independence.

To organize this kind of FOIP strategy, existing liberal governance principles and institutions merely need to be adjusted and upgraded. Because liberal governance is the regional status quo, it would be difficult for China to criticize a liberal trade and development initiative without advertising its hidden illiberal agendas. With only marginal adjustments and upgrades to existing liberal governance, which have to do with crafting a regionally specific agenda as indicated below, a FOIP strategy would be affordable and, because it would attract enough developing country participation and support, it would be sustainable over the long term.

The challenge exists at distinctive economic, political, and strategic levels. Economically, the BRI challenges existing liberal emphases in promoting development assistance, trade, and investment on a global basis that pays insufficient attention to regionally specific challenges. Politically, China’s revisionist agenda undermines and

dismantles liberal FOIP governance norms and institutions incrementally on a sub-regional basis. Strategically, the expanding geographic reach of Chinese military power—demonstrated first of all in the South China Sea and more recently along the Sino-Indian land border—is used coercively in flagrant disregard to the sovereign rights of neighbors and international legal norms. The goal is not military conquest, but psychological warfare to socialize others into reflexively obeying China’s party-state diktat.

This challenge is unfamiliar and daunting. However, the FOIP has the advantage of being the regional status quo, and its defense merely requires adjustments and augmentations of existing liberal governance arrangements in each dimension. Rather than centralized planning, loose informal coordination between parallel efforts in economic, political, and strategic dimensions would best suit the need for adaptability to a complex and changing regional situation. With the most concerned liberal stakeholders in sustained consultation to manage this strategic coordination, FOIP defense on the basis of principled pragmatism becomes possible. Without getting into lengthy detail, the nature of the agenda in each dimension will be indicated below.

Development assistance in the IPR

Having witnessed the East Asian economic miracle of the 1960s-70s, the rise of China after reform and opening up, and today the rise of India, developing countries seek development assistance that promotes industrial, trade, and investment growth. But market-based growth requires public goods such as roads, ports, electricity, digital connectivity, and protection of property rights to happen.

Because markets cannot supply public goods in sufficient amount, and because developing country governments lack fiscal and technical capacity to adequately provide them, foreign aid donors can step in to play a key role. They can help design, finance, and construct connectivity systems that support open market-based growth on an economically, socially, and environmentally sustainable basis. This is what IPR developing countries truly want and need.

In promoting BRI, China purports to serve this desire but in reality, the BRI serves China’s own strategic and commercial interests first and foremost. Liberal stakeholders need to refocus their foreign aid, properly named official development assistance (ODA), to sincerely address existing developing country priorities and meet the challenge posed by BRI. A regional ODA regime designed with these priorities in mind will be indispensable to any successful and sustainable FOIP strategy.

Western ODA versus Chinese foreign aid

Western bilateral aid donors follow ODA norms collectively formulated and agreed under Organization for Economic Cooperation and Development (OECD) auspices (OECD 2019). These ODA norms encourage debt-free aid grants and technical assistance (transferring know-how) programs; require audits of disbursed aid funds; require economically, environmentally, and societally sustainable aid projects; and mandate open transparent international bidding to choose firms best suited to design, build, and operate aid projects.

OECD aid donors dominate multilateral aid providers such as the World Bank and the Asian Development Bank (ADB). These institutions offer large ODA loan packages, but otherwise follow norms that closely parallel OECD bilateral aid norms. Western ODA norms discourage the use of loans by bilateral donors because the loan obligation between the donor and recipient country can become politicized. If loans are offered they should be untied (i.e., recipients are not required to use loans to buy from the donor country) and meet concessionality standards (i.e., interest rates and repayment periods must meet terms far more lenient than market financing (OECD 2018).

China does not practice foreign aid cum ODA. It practices “South-South” cooperation using mostly loans that the West calls “other official flows” (OOF), i.e., official loans and export credits not concessional enough to qualify as ODA and designed to support Chinese exports and investments rather than recipient needs-based development.

Dreher notes that only 21 percent of China’s “South-South” aid in the years 2000-2014 met western ODA criteria. The rest was OOF and OOF-like lending. Though Western and Chinese aid concepts are different and Chinese aid statistics are scarce, a painstaking review of available Chinese development finance data found that the amount of Chinese aid in 2014 that met western ODA criteria was \$4.93 billion (Kitano 2016). This ranked China only ninth among the top 10 western aid donors that year. China’s total aid spending that year (ODA + OOF) was \$38 billion, a considerable amount but still much less than the \$114.4 billion given by the 10 ODA donors in 2014 (Dreher 2018: 43).

If one were to compare Western and Chinese total financial flows (ODA + OOF + private investment) to developing Asia, one would find that the West remains dominant. According to the OECD (2018b: 292), in 2016 western ODA donor countries provided developing Asia with a net amount of \$124.7 billion in ODA, OOF, and private investment. In addition, EU institutions, the World Bank and the Asian Development Bank (ADB) provided an additional \$19.7 billion in development finance for a total of \$144.4 billion.

In comparison, in 2016 the five major Chinese banks financing the BRI (Development Bank of China, the Export-Import Bank of China, the Agricultural Development Bank of China, the Silk Road Fund, and the Asian Infrastructure Investment Bank) lent a total of \$39 billion for BRI, covering not just developing Asia, but also Africa, the Middle East, Central and Eastern Europe (Kim 2017).

Though much smaller than western ODA, Chinese aid has greater political and strategic impact because it is tightly coordinated with trade and investment activities, as well as with political and strategic schemes, to serve the Chinese Dream agenda in the developing world. Western donors pursue uncoordinated separate agendas while China uses its aid to spearhead a strategic effort to subordinate the Global South and roll back the liberal order.

Compared to BRI, western ODA has far more transparency, safeguards to protect recipient sovereignty, multiple stakeholder interests, and public accountability than does Chinese aid. But incredibly, China has won the image of a dominant aid-giver and benevolent friend of developing countries using so-called its “South-South” and “win-win” aid diplomacy. Though China’s loan-financed aid mostly fails to meet western ODA

quality standards; is blatantly tied to Chinese exports of goods and services; creates odious debt; and breeds corruption, many IPR governments find BRI aid more appealing than western ODA simply because the latter has failed to realize that its approach to development assistance is obsolete.

Western ODA today is unconcerned to defend the FOIP, or to meet the broader challenge to the global liberal order posed by the Chinese Dream agenda. Instead, the west is focused on abstract UN sustainable development goals formulated by western aid experts to promote good governance, targeted poverty alleviation, gender justice, rural development, and other humanitarian values. These motivations are laudable, but they originate in a previous era of “The World is Flat” economic globalization, and they fail to directly answer today’s latent demand for aid that supports market-based industrial and trade growth in the IPR, i.e., economic and social infrastructure systems that develop new markets and sustain efficient supply chains. Aid recipients also claim that western ODA entails onerous procedures and delays that overburden their poorly staffed and under resourced governments.

Chinese aid diplomacy is precisely tailored to exploit these shortcomings in western ODA. BRI promises trade and industrial development in association with China, however inappropriate BRI projects may in reality be to actual recipient needs. Ironically, China claims that its aid comes with “no strings attached”, meaning that it will not impose burdensome administrative procedures or financial audits. But Chinese aid opens the door recipient regime capture via hidden corrupt dealings, inescapable debt-traps, and Chinese colonization of the local economy. In fact, this “win-win” Chinese aid is anything but “no strings attached”.

Needed ODA adjustments

To meet the BRI challenge liberal aid donors need to adjust. The OECD Development Assistance Committee that governs the bilateral aid programs of western donors needs to coordinate with multilateral donors such as the World Bank and ADB to identify gaps, bottlenecks, and inefficiencies in IPR infrastructure. This would create a consensus for a regional ODA action agenda to ensure that the existing system of liberally governed connectivity is reviewed and gathers new strength. In doing so, a dialog to engage IPR developing countries must be initiated to attract recipient buy-in and strike a proper balance between donor and recipient objectives.

At the same time, western ODA donors must withdraw from institutions chartered to support the BRI agenda such as the Asian Infrastructure Investment Bank (AIIB). This change is required to focus liberal stakeholders on maintaining the FOIP instead of subsidizing the BRI agenda. Western ODA may selectively cooperate with China on a case-by-case basis, but it should in principle avoid incorporation and subordination under BRI-related institutions. Pooling and strategically coordinating ODA resources, and mobilizing private sector participation using public-private partnerships according to a shared IPR agenda is needed to effectively counter-balance BRI and defend the FOIP.

Among other things, this means that western multilateral ODA will have to revisit the capital-intensive project focus that drove western donors in the 1960s and 1970s before

the 1980s Washington Consensus reoriented ODA toward structural adjustment lending. A return to the development of infrastructure that is directly related to a recipient's broad and sustainable market-based growth is needed. In addition to traditional economic infrastructure, smart urban infrastructure is urgently needed in the IPR to expand growth and development opportunity and would highlight the superior qualities of western ODA. Country-level strategies will then need to be coordinated with a regional vision of efficient and inclusive connectivity to sustain the FOIP.

Among bilateral ODA donors Japan is well-endowed with the organizational capacities, financial resources, and institutional experience for the type of economic infrastructure orientation that is needed to compete effectively with BRI. Under the leadership of Shinzo Abe, Japan has initiated a "quality infrastructure" initiative as well as the "Asia-Africa Growth Corridor" initiative in partnership with India, ASEAN, and East African countries (Chandran 2019; Economic Research Institute for ASEAN and East Asia 2017; Richter 2018). To this may be added the considerable expertise and financial resources of multilateral ODA donors such as the World Bank, the ADB, and the EU, which has a sizeable ODA program and a large stake in maintaining liberal access to Africa and Asia.

In sum, OECD bilateral and multilateral ODA donors in collaboration with private stakeholders need to formulate an IPR-focused development cooperation agenda that is more responsive to hopes and dreams in the IPR. If this is done, the superior quantity and quality of western ODA will assert itself.

The trade and investment agenda

The US and EU can partner with leading liberal IPR nations such as Japan, India, Australia, and Singapore to push new liberally sponsored market-based growth in the IPR. One idea would be to organize a FOIP Trade Association (FOIPTA) to harmonize regional trade, investment, aid, and connectivity agendas in regular consultation with developing countries and private sector interests. FOIPTA organizers would agree on a wide set of principles to govern this agenda and devise appropriate preferential benefits for developing countries that agree to join. The task is especially timely and beneficial as the global WTO framework weakens and disintegrates due in no small part to Chinese economic policies. FOIPTA benefits may include tariff preferences as well as public-private partnerships and trade and investment insurance schemes that blend ODA with market-based cooperation to produce substantial, sustainable, and regionally significant infrastructure enhancements. There is sufficient talent in the western development finance community to manage this effort.

A FOIPTA could thus provide the centerpiece for a reinvigorated open, market-based development agenda that will attract IPR developing country participation. It could address long-term needs and opportunities. These would include, for example, the relocation of western multinational enterprise supply chains from China to emerging IPR economies; and the integration of emerging Sub-Saharan Africa with emerging and developed FOIP economies under liberal norms and institutions. With new guarantees of assistance from and trade access to the US, the EU, and Japan, IPR developing countries

would need little persuasion to associate with a FOIPTA. And nothing in this would prevent developing countries from also associating with China and BRI.

FOIP governance

In principle, virtually all FOIP states abide by norms formulated by the WTO, the UN, and customary international law. New initiative is needed to ensure that these liberal norms continue to govern an open and inclusive IPR. What is needed, therefore, is new institutional initiative at the regional level to make liberal governance norms more relevant to the economic development aspirations of IPR developing countries taken both individually and as a whole. A FOIPTA could be an inclusive multilateral forum operating along ASEAN lines to permit liberal stakeholders to update and refocus liberal norms. A subordinate structure of APEC-like technical working groups can study regional needs in development assistance, connectivity, trade, and investment relations. This technical knowledge production would inform new aid, trade, and investment policy initiatives under liberal governance. Core liberal sponsors joined by others that abide by liberal norms should manage agendas to ensure allegiance to liberal, market economy principles.

This FOIP agenda is fully consistent with China's officially stated aim to promote open globalization and regional trade and development. FOIP merely offers an attractive alternative to the BRI scheme without challenging either China's right to attract followers or the right of IPR states to associate with China however they wish to.

Defending a liberal maritime security regime

Until recently, IPR states generally respected each other's sovereign rights in the maritime domain as established by customary international law and UNCLOS provisions. However, in 2016 China's categorical rejection of the PCA award in the compulsory arbitration brought by the Philippines under UNCLOS provisions marks a watershed event. It means that China is openly flouting the lawful sovereign rights of neighboring coastal states to EEZs as well as the right of all states to freely transit their vessels across international waters for lawful purposes.

This conflict is not just a meaningless abstract legal dispute. The South China Sea is the maritime pivot of the IPR that links the Indian Ocean and the Western Pacific Ocean. Some \$5 trillion of trade passes through it annually. Freedom of navigation and the international rule of law is a fundamental requirement for free trade and unhindered economic access across the IPR. If these are successfully denied, the FOIP cannot continue to exist. Compliance with China's unilaterally dictated boundaries and rules in the South China Sea would establish a new kind of international governance under direct Chinese authority and control.

Because their interests in continuing free access to and free trade with the IPR are so compelling, the US together with other liberal stakeholders in the FOIP will defend the freedom of navigation right and will exercise it persistently to ensure that it remains a norm in the South China Sea and elsewhere in the IPR (Pence 2018; Pompeo 2018). Only

the US has sufficient naval capacity to defy China's unlawful claims and demonstrate the freedom of navigation right with confidence. Other IPR stakeholders in the FOIP who otherwise might shy away from such risky enforcement actions will have a strong incentive to join the US to exercise and enjoy this right. Otherwise, their silence and non-participation acknowledges and respects China's claimed governance authority there.

Coordination and leadership

An effective defense of the FOIP will require coordination across the economic, political, and maritime security dimensions of cooperation. Leadership and coordination roles will inevitably fall to liberal states with sufficient normative commitment, vested interest, and capabilities at hand to be active in all dimensions. The commitment of the US to FOIP will be critical to mobilize other stakeholders to defend the FOIP, but the US need not and should not seek to lead in all areas because it cannot do the job alone. Success will require all stakeholders to play appropriate mutually agreed roles. The US and fellow stakeholders must engage in a multi-dimensional dialog to work out the necessary institutional and policy frameworks with differently postured liberal stakeholders playing suitable roles in each dimension of cooperation. Although they may be united in principle, wrangling over priorities and detailed arrangements is only to be expected.

Using a G-7-Plus framework (i.e., including other liberal stakeholders such as India, Australia, South Korea and Singapore), the FOIPTA initiative will be able to tap IMF, World Bank, ADB, WTO, and OECD expertise and resources. They would also be well advised to include western business and NGO networks in formulating a sustainable initiative. The leading FOIP stakeholders will have to ensure that their efforts enlist where possible existing governance IPR forums such as ASEAN without diluting the emphasis on more effective liberal governance spanning the IPR.

Conclusion

The FOIP is still the status quo in the IPR. This means that liberal stakeholders can organize a successful defensive FOIP strategy with only marginal cost and effort, though institutional innovation would be required. The focus of this strategy would be to give IPR developing countries enhanced opportunities to develop in association with advanced liberal stakeholders in the FOIP. Such an approach is attractive, feasible, peaceful, and sustainable.

Successful maintenance of the liberal FOIP order does not forbid China's BRI initiative. The two merely need to peacefully coexist. Competition in offering value to the IPR can only benefit peaceful prosperity and development. China has the right to pursue great power status, attract political followers, and secure its trade interests—so long as it does not force other states to cede their sovereign rights and privileges. Liberal stakeholders are in a good position to enlist a broad swathe of IPR countries in an effort to maintain a peaceful and pluralistic IPR where each country remains able to avoid imperial domination and manage its own economic destiny.

References:

- Abi-Habib, M. 2018. 'How China got Sri Lanka to cough up a port', *New York Times*. 25 June, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html> (accessed on 2 December 2019).
- Chandra, N. 2019. 'Belt and Road: Japan, not China, may be winning infrastructure contest', *CNBC.com*. 23 January, <https://www.cnbc.com/2019/01/23/belt-and-road-japan-not-china-may-be-winning-investment-contest.html> (accessed on 25 January 2019).
- Chellaney, B. 2017. 'China's Creditor Imperialism'. *Project Syndicate*, 20 December, <https://www.project-syndicate.org/commentary/china-sri-lanka-hambantota-port-debt-by-brahma-chellaney-2017-12> (accessed on 5 December 2018).
- Chinafile. 2013. 'Document No. 9: A Chinafile Translation', 8 November, <http://www.chinafile.com/document-9-chinafile-translation> (accessed on 4 December 2018).
- Congressional Research Service. 2018. 'The Made in China 2025 Initiative: Economic Implications for the United States', 29 August, <https://fas.org/sgp/crs/row/IF10964.pdf> (accessed on 1 December 2018).
- Dabas, M. 2017, 'Here is all you should know about 'string of pearls', China's policy to encircle India', *India Times*. 23 June, <https://www.indiatimes.com/news/india/here-is-all-you-should-know-about-string-of-pearls-china-s-policy-to-encircle-india-324315.html> (accessed on 6 December 2018).
- Defense Intelligence Agency. 2019. *China Military Power*, www.dia.mil/Military-Power-Publications (accessed on 27 January 2019).
- Dreher, A. et al. 2017. 'Aid, China, and Growth: Evidence from a New Global Development Finance Dataset. Aid Data Working Paper 46', October, <https://www.aiddata.org/publications/aid-china-and-growth-evidence-from-a-new-global-development-finance-dataset> (accessed on 4 December 2018).
- Drun, J. 2017. 'China's maritime ambitions: a sinister string of pearls or a benevolent silk road (or both)?', *Party Watch Initiative*, Center for Advanced China Research, Washington, D.C., 5 December, <https://www.ccpwatch.org/single-post/2017/12/05/China%E2%80%99s-Maritime-Ambitions-a-Sinister-String-of-Pearls-or-a-Benevolent-Silk-Road-or-Both> (accessed on 1 December 2018).
- Economic Research Institute for ASEAN and East Asia. 2017. *Asia Africa Growth Corridor: Partnership for Sustainable and Innovative Developmen*, May, www.eria.org/Asia-Africa-Growth-Corridor-Document.pdf (accessed on 1 December 2018).
- Economy, E.C. 2018. *The Third Revolution: Xi Jinping and the New Chinese State*. Oxford University Press, New York.
- Greve, L. 2018. 'China, Model of the Modern Digital Dictatorship', *Lawliberty.org*, 14 January, <https://www.lawliberty.org/2019/01/14/china-model-of-the-modern-digital-dictatorship/> (accessed on 1 December 2018).

Financial Times. 2018. 'The FT View: Sri Lanka turmoil points to China's increasing role', 15 November, <https://www.ft.com/content/ccfb4d06-e807-11e8-8a85-04b8afea6ea3> (accessed on 1 December 2018).

Heath, T. 2013. 'Diplomacy Work Forum: Xi Steps Up Efforts to Shape a China-Centered Regional Order', *China Brief* 13:22, 7 November, <https://jamestown.org/program/diplomacy-work-forum-xi-steps-up-efforts-to-shape-a-china-centered-regional-order/> (accessed on 1 December 2018).

Huang, Y. 2016. 'State capitalism in China' in W.B. Palmer and J. Kodl, eds. *The annual proceedings of the wealth and well-being of nations*, 2015-2016. Beloit: Beloit College Press, pp. 19-49.

Kim, N. 2017. 'Loans Championed Under China's Belt-Road Project Rise 50% in Two Years' *Bloomberg*, 12 May, <https://www.bloomberg.com/news/articles/2017-05-12/china-championed-loans-in-belt-road-plan-rise-50-in-two-years> (accessed on 1 December 2018).

Kitano, N. 2016. *Estimating China's Foreign Aid II: 2014 Update*. JICA-RI Working Paper 131. Tokyo: JICA Research Institute, June, https://www.jica.go.jp/jica-ri/publication/workingpaper/wp_131.html (accessed on 1 December 2018).

Lam, W. 2017. 'Beijing Harnesses Big Data & AI to Perfect the Police State', *China Brief*, 21 July, <https://jamestown.org/program/beijing-harnesses-big-data-ai-to-perfect-the-police-state/> (accessed on 1 December 2018).

National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China 2015, *Vision and actions on jointly building the Silk Road Economic Belt and the 21st-century maritime silk road*, NDRC, Beijing. March 2015.

OECD. 2019. Development Co-operation Directorate, <http://www.oecd.org/dac/>

OECD. 2018a. Official Development Assistance—Definition and Coverage, <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>

OECD. 2018b. *Geographical distribution of financial flows to developing countries: disbursements, commitments, country indicators*. Paris: OECD, Development Assistance Committee.

Richter, F. 2018. The alternative to Chinese debt for Africa from Japan and India. *Nikkei Asian Review*, 23 November, <https://asia.nikkei.com/Opinion/The-alternative-to-Chinese-debt-for-Africa-from-Japan-and-India> (accessed on 1 December 2018).

Panda, A. 2018. 'US, Japan, India, and Australia Hold Senior Official-Level Quadrilateral Meeting in Singapore', *The Diplomat*, 8 June, <https://thediplomat.com/2018/06/us-japan-india-and-australia-hold-senior-official-level-quadrilateral-meeting-in-singapore/> (accessed 20 November 2018).

Pence, M. 2018. Prepared Remarks for Vice President Pence at the East Asia Summit Plenary Session, 15 November, <https://www.whitehouse.gov/briefings-statements/prepared-remarks-vice-president-pence-east-asia-summit-plenary-session/> (accessed on 1 December 2018).

Permanent Court of Arbitration 2016. *The SOUTH CHINA SEA ARBITRATION (THE REPUBLIC OF THE PHILIPPINES V. THE PEOPLE'S REPUBLIC OF CHINA)*, Press Release No. 11. The Hague, 12 July.

Pompeo, M. 2018. Remarks on America's Indo-Pacific Economic Vision. 30 July, <https://www.state.gov/secretary/remarks/2018/07/284722.htm> (accessed on 2 December 2018).

Sakhuja, V. 2016. 'Suspensions Overshadow Indo-Chinese Naval Talks', *Nikkei Asian Review*. 3 March, <https://asia.nikkei.com/Politics/Vijay-Sakhuja-Suspensions-overshadow-Indo-Chinese-naval-talks> (accessed on 2 December 2018).

Tiezzi, S. 2015. China Vows No Compromise on 'Cyber Sovereignty'. *The Diplomat*, 16 December, <https://thediplomat.com/2015/12/china-vows-no-compromise-on-cyber-sovereignty/> (accessed on 1 November 2018).

Zheng, Y. & Huang, Y. 2018. *Market in State: The Political Economy of Domination in China*. New York: Cambridge University Press.

ICS OCCASSIONAL PAPER *Back Issues*

ICS Occasional Papers showcase ongoing research of ICS faculty and associates on aspects of Chinese and East Asian politics, international relations, economy, society, history and culture.

Issue No/ Month	Title	Author
No. 24 Feb 2019	Defending a Free and Open Indo-Pacific Region	David Arase
No. 23 Jun 2018	The Kailash Sacred Landscape Conservation Initiative: Assessment and Potential of Cooperation in the Himalayas	Naina Singh
No. 22 Mar 2018	Financial Markets in India and China	UK Sinha
No. 21 Mar 2018	China in Northeast Asia: Maintaining Order or Upsetting Order?	David Arase
No. 20 Jan 2018	Strategic Underpinnings of China's Foreign Policy	Shivshankar Menon

Principal Contributors to ICS Research Funds

TATA TRUSTS

Development Partner



**MINISTRY OF EXTERNAL AFFAIRS
GOVERNMENT OF INDIA**



**INDIAN COUNCIL OF
SOCIAL SCIENCE RESEARCH**

**GARGI AND VIDYA
PRAKASH DUTT FOUNDATION**



**JAMNALAL BAJAJ
FOUNDATION**

PIROJSHA GODREJ FOUNDATION

ICS PUBLICATIONS



A short brief on a topic of contemporary interest with policy-related inputs.



Platform for ongoing research of the ICS faculty and associates.

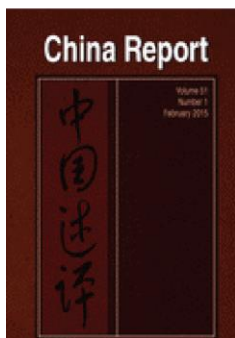


Authored by the faculty, also emerging from research projects and international conferences.



Draft paper of ongoing research

JOURNAL



In its 54th year of publication, *China Report* is a quarterly refereed journal in the field of social sciences and international relations. It welcomes and offers a platform for original research from a multi-disciplinary perspective in new and emerging areas by scholars and research students.



INSTITUTE OF CHINESE STUDIES
8/17, Sri Ram Road, Civil Lines,
Delhi-110054, INDIA
Tel: +91 (0) 11 2393 8202
Fax: +91 (0) 11 2383 0728
<http://www.icsin.org/>
info@icsin.org

twitter.com/ics_delhi
[In.linkedin.com/icsdelhi](https://in.linkedin.com/icsdelhi)
youtube.com/ICSWEB
facebook.com/icsin.delhi
soundcloud.com/ICSIN
instagram.com/icsdelhi