



**ONE BELT ONE ROAD:  
A CASE STUDY OF CHINA'S ROLES IN CLMV**

**BY**

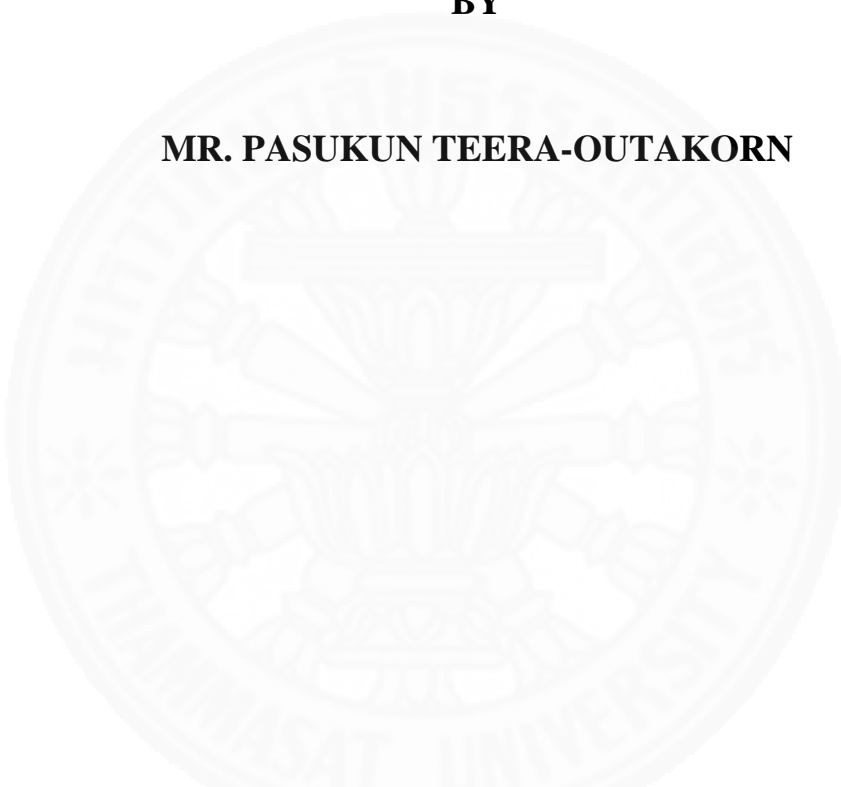
**MR. PASUKUN TEERA-OUTAKORN**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE MASTER OF POLITICAL  
SCIENCE IN POLITICS AND INTERNATIONAL RELATIONS  
FACULTY OF POLITICAL SCIENCE  
THAMMASAT UNIVERSITY  
ACADEMIC YEAR 2018  
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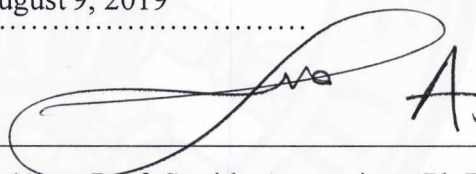
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was approved as partial fulfillment of the requirements for  
the degree of Master of Political Science in International Relations

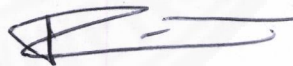
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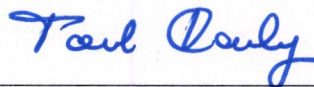
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## ABSTRACT

China has constantly been growing for the past few decades thanks to the policies used by the Chinese leaders in the post-Mao era. Deng Xiaoping had opened the new phase of the country to the global arena which later known as the Rise of China in the 21st century. The Chinese rapid change from has worried the existing superpower like the United States and Japan, Thus, China has introduced the term “Peaceful Rise” to calm other power and thus to re-confirm that the Chinese bold step would not be a threat to others. Chinese leaders came up with the new mega project known as the One Belt One Road initiative that primarily focuses on revitalizing the past legacy of the ancient trade route. China’s leading commitment toward the project is to connect the world with one trade route which promotes the mutual benefits among participating countries with Chinese leadership. CLMV which has always been the significant area of Chinese influence participated in the project to enjoy the share of benefit. However, there are risks and challenges for receiving countries of OBOR that must keep careful track of.

**Keywords:** Rise of China, Chinese peaceful rise, Soft power, Xi Jinping, One Belt One Road, CLMV

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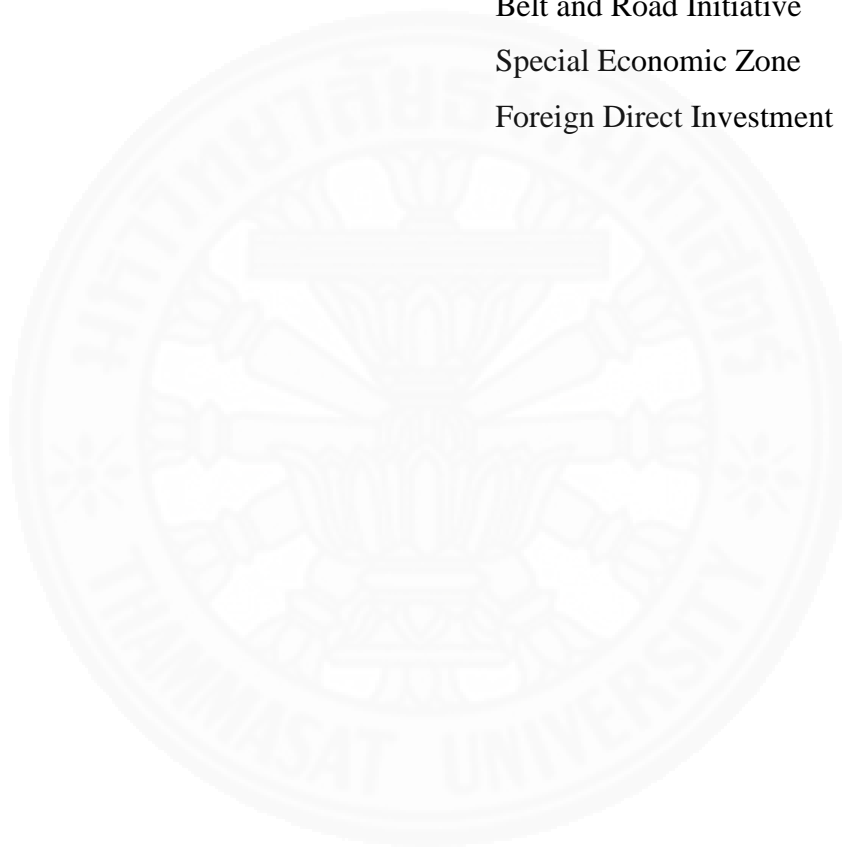
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## LIST OF ABBREVIATIONS

<b>Abbreviations</b>	<b>Terms</b>
ASEAN	Association of Southeast Asian Nations
CLMV	Cambodia, Lao, Myanmar, Vietnam
OBOR	One Belt One Road
BRI	Belt and Road Initiative
SEZ	Special Economic Zone
FDI	Foreign Direct Investment



# CHAPTER 1

## INTRODUCTION

### 1.1 Background

The influence of globalization is now shaping the world into the new phase. A classical style of industrialized economy which had rooted in the West soil now rapidly shifted to the East. The People's Republic of China has transformed itself from a sleeping giant to an awakened dragon.<sup>1</sup> China, the country of 1.3 billion is now the world's fastest growing economy.

In international political stage worldwide, the term "soft power" has been widely discussed among scholars and students as a tool to receive a desired outcomes without using force or military might which normally referred as "hard power". The term was first pointed out by Joseph Nye Jr.<sup>2</sup> in his famous book " Soft Power : The means to success in world politics (2004) then it has broadly used in the focus of the United States as a dominant soft-power player in many regions including Southeast Asia. However, There is no doubt that currently in the global political environment when the People's Republic of China has emerged as a new super power in the early 21st century, it becomes a successful rival in terms of soft-power utilizer to the United States especially around its Southeast Asian neighbors.

After the end of the Cold War in 1989, and the concept of Free and Communist world had collapsed. The world seems to only depend on a single super power called the United States until China has emerged to a part global player and it is performing an effective work. China has recently initiated a considerable mega project in the country's history called One Belt One Road Program. President Xi Jinping announced his grand plan to connect Asia, Africa and Europe which aims to rebuild a modern silk road trail likely what its ancestors did in the past, promote economic growth and political stability both domestically and internationally as well

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<sup>1</sup> Bronson Percival ,*The Dragon Looks South: China and Southeast Asia in the New Century*, (Praeger ,2007)

<sup>2</sup> Joseph S. Nye Jr., University Distinguished Service Professor, Emeritus and former Dean of the Harvard's Kennedy School of Government.

as rebranding Chinese image to the world in 21st century. The Belt is made up to explain the link on the land corridor while a maritime is referred by road of shipping lanes. The program includes over 71 countries that account for a half of world's population and a quarter of world's GDP.<sup>3</sup> Now China is successfully deploying this model as an alternative for a development goal replacing American-style capitalism and governance. The pro-West and American base concept cannot match with what is going in China or in Asia, even though they have shared some common ground of believes.

Southeast Asia has always been considered as China's area of influence, especially in CLMV<sup>4</sup> where they geologically share a great Mekong river and seen as emerging countries in ASEAN and Asia as a whole. A number of projects including infrastructure development, deep-sea ports, and roads have been put to the region.

The thesis explores the approachment of One Belt One Road program from the beginning since China under Xi Jinping has announced to commence the initiative. The thesis brings readers to how the program has developed and implemented. When OBOR as a whole intentionally used to connect the trade routes in many countries across Europe, Asia and Africa. Nevertheless, this thesis only focuses on the presence of this initiative in CLMV and how it has been developed in the region. Moreover, the thesis analyzes the rationale of China to this program as well as the benefits of CLMV from this program as well. Many researches toward OBOR have been conducted in favor of Africa and Latin America, this thesis sees as an alternative for readers who which to extend their studies of OBOR in specific area like CLMV. Additionally, OBOR is obviously a mega project with the budget of trillion dollars implemented by the rising super power, China, thus, it will surely affect both directly and indirectly to the world's economic and political systems. Finally, since CLMV agreed to participate in the program, the thesis looks at how they can be benefited from the program as the part of the initiative.

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<sup>3</sup> Lily Kuno and Niko Kommenda, "What is China's Belt and Road Initiative?" *The Guardian*, access October 17, 2018, <https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

<sup>4</sup> Abbreviation for Cambodia, Laos PDR, Myanmar and Vietnam

## 1.2 Research Questions

1. How has China's One Belt One Road program developed and been implemented toward CLMV?
2. How can China use One Belt One Road program as a tool to exercise its soft power in the CLMV countries?

## 1.3 Objective

1. To investigate how China's One Belt One Road program developed and been implemented toward CLMV.
2. To investigate how Chinese government in 21st century can use One Belt One Road Program as a tool to utilize its soft power in CLMV region.

## 1.4 Hypothesis

Amidst the criticism against China as a aggressively rising power, China initiates One Belt One Road program as its soft power that connects the world with trade and development which display China's image as a peaceful rise, lessen the worry of neighboring countries of its rising status.

## 1.5 Conceptual Framework

The conceptual framework of this thesis is based on these books. In the famous book of Joseph S, Nye Jr.'s **Soft Power : The Means to Success in World Politics**, In his short book, Nye has defined power as an ability to influence the behavior of others to get the outcomes that you want.<sup>5</sup> He states that "You can coerce them with threats, induce them with payment or you can attract and co-opt them to want what you want"<sup>6</sup> Generally speaking, the first approaches are known as the classic hard power when last two is grouped as soft power components. Soft power is

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<sup>5</sup> Joseph S. Nye Jr., *Soft Power: The Means to Success in the World Politics* (New York: Public Affairs, 2004).

<sup>6</sup> Joseph S. Nye Jr., *The Future of Power* (New York: Public Affairs, 2011).

juxtaposed with hard power that has historically been the major realist indicator of national power.<sup>7</sup> Nye separated the military power, economic power and soft power into individual categories which none of them has any overlapping areas with each other. Nye argues that to succeed in the world politics, countries need to exercise both hard power and soft power to meet the ultimate goals of the nation. Thus, he claims that “Hard and soft power are related and can reinforce each other... soft power is not simply the reflection of hard power, both are aspects of the ability to achieve one’s purpose by affecting the behavior of others”<sup>8</sup> He also uses the United States as an example of successful user of hard power as well as playing a significant role of soft power player through American culture, cooperation and ideas. However, Nye’s book has been limited in some aspects. He tends to abide to pro-West or pro-American perspective of viewing soft power as well as belief that soft power is likely to be top-down pattern meaning that states play a significant role in exercising soft power to other states, rather than citizen-to-citizen or people-to-people relations.

Following the book mentioned above, Nye also has a series of books that touch upon the concept of soft power. In **The Paradox of American Power: Why the World’s Only Superpower Can’t Go It Alone**,<sup>9</sup> he explained about the resources of states’ soft power. He pointed out in this book the importance of what are coming the next decades namely the implication of information and technology and the approachment of globalization. The book observed that the information technology somehow leads to knowledge and thus following by power. He added that the sovereign states and state’s military capability are still matter but it will not be in the form that it used to be in the past. The power will be transfer to more power than ever before. He sees that soft power is not merely the same as influence and soft power is more than just a persuasion or power that moves people by argument. Soft power can be described in the behavioral term as an attractive power when soft power resources are the key to asset such attraction. According to Nye, soft power derives from three sources culture, political values and foreign policies.

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<sup>7</sup> Nye Jr., *Soft Power*, p. 1.

<sup>8</sup> Ibid.

<sup>9</sup> Joseph S. Nye Jr., *The Paradox of American Power: Why the World’s only Superpower Can’t Go It Alone* (New York, Public Affairs, 2002).

Alexander L. Vuving<sup>10</sup> addressed at the paper submitted to a panel of “**Soft Power and Smart Power**” presented to American Political Science Association Annual Meeting about how the soft power work. He started by coining the point how soft power is misunderstood and how to fix it. The paper claimed that soft power as well as smart power concepts have been popular among American theorist and the government itself thus it might seems that soft power and smart power concept had been adopted on the basis of American politics and policy makers. However, he argued that the major place where this topic has been widely discussed is in Beijing where the large-scale debates regarding this matter exist. The term “soft power” was also formally adopted by the leader of the country’s leader like President Hu Jintao. He added that among its popularity, the term has been twisted and stretched both narrower and broader. In the narrower sense, most people link their perception toward soft power to cultural influence and most schools that discuss China’s soft power are with the sense. In the broader sense, soft power adheres to the concept of non-military power that plus economic and cultural aspect. He claimed that theses knowing about the concepts are misunderstood both by public and scholars in international field. The sources of this problem according to the author are under-theorized and lack of academic refinement. Public as well as academic mix up the perception of power with power resources. He compared when we weight how powerful someone is, we usually measure how much power resources he/she has. Also, it is a fact that power cannot be exercised under some type of resources; these are why the concepts have been misunderstood by many. He suggested that the key to solve this dilemma is subtle distinction between power currencies and power resources. The slight difference is comparable with structure and its architecture. A power currency is a property that causes power and these currencies are normally properties of activities or resources.

Christopher Hill and Sarah Beadle argue in their book “**The art of Attraction: Soft Power and the UK’s Role in the World**” they state that soft power have been in the spotlight for that last decades due to two main reasons. Firstly, the power has shifted from the West to the East since many western countries including U.S. are recovering from financial crisis and wars abroad i.e. in Iraq and Afghanistan,

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<sup>10</sup> A former professor in the Department of History and Sociology of Science at the University of Pennsylvania



resulting in a search for a better and more cost-effective way to maintain their status-quo. They look for soft power strategy. Secondly, they explain that the transition of power that diffuse from states to private sectors have brought soft power idea to an attention. Thus made an unconventional means of diplomacy became more general to everyone which this idea has embedded in the knowing of soft power.

Joshua Kurlantzick's work in his famous book **Charm Offensive: How China's Soft Power Is Transforming the World** that the economic concept which is kept freely under Nye's assumption can be combined under the category of soft power.<sup>11</sup> Kurlantzick point out that Chinese soft power has its own characteristic. He analyzes that Beijing defines soft power as anything except security and military realm, so that includes more coercive economic and diplomatic level like foreign investment and participation in multilateral organizations.<sup>12</sup> Kurlantzick sees that the method of using the soft power is not newly invented. During the period of Cold War, both the United States of America and former Soviet Union used this method to persuade countries into their camps.

Kurlantzick sees soft power from different view that Nye deploys. He argues that Nye's perception to soft power is merely narrow and cannot reflect the reality of soft power deployed universally. He adds that the parameter of soft power must be broaden to be analyzed in other parts of the global politics since soft power of the country might not be in the same unity. The concept deployed in one certain country or single region might not be in the same form. Kurlantzick thus gives the definition of soft power in the broader sense, the ability of one country to get what it wants in wider arrays, including foreign aid, investment culture as well as foreign policy besides the scope of security and military issues.

The main concept applied in this thesis is abided mainly to Kurlantzick's idea of soft power since he has broader ground of knowing about soft power that matches what China is exercising through its significant program of One Belt One Road. This helps answering the two questions stated above in the research questions topic. First, in CLMV, the least developing countries in the region, China invests

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<sup>11</sup> Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World* (New Haven: Yale University Press, 2007).

<sup>12</sup> Ibid.

heavily in trough OBOR by funding the construction of roads, highways, dams or even schools. Additionally, it provides the governments of those countries to construct what significant to create the logistic network, deep-sea ports. China uses the program to link its mainland to the world in both land connection and maritime trade networks. Obviously, Chinese government uses no military power or the excuses of security to deploy such an investment in CLMV. On the other hand, it aids the countries with economic booster such as infrastructures and job creations that bring more budgets to the receivers. To sum, China uses OBOR as a tool to get what it wants likely the connectivity and network that can expand Chinese trade as well as good perception about China, this will lessen how regional countries are worried about the rise of China in this century. Finally, to answer to the second question of what China's national interest is when using soft power through OBOR. Since China is known as the global leader in infrastructure investment, it has made several mega-projects along the OBOR countries. Switching from export-oriented policy using in mid 1980s'. Thus, resulting in during 2014-2016, the total trade between China and countries along the OBOR had exceeded more than 3 trillion dollars, gained over 1.1 billion revenue and creating over thousands of jobs. Moreover, China designs the investment in the loan-based concept. Recipient countries must return with interest, even in a low rate, this makes China lose nothing but returning interest and channels to trade. The concept of Kurlantzick's soft power explains in gaining more economically and politically from its allies, without using any force or coerces them to join the project.

## **1.6 Research Design**

This thesis will explore the concept of soft power in China's context and the perspective of CLMV countries to China's growing and rising in economic and political super power in the region. Also, it will study the case of One Belt and One Road program which primarily initiated by the Chinese government under Xi Jinping's period as a tool for China's soft-power expansion.

### **1.6.1 Data Collection and Analysis**

This research will be conducted using qualitative method, both primary and secondary sources will be examined in this research. Primary source will be derived from news report mostly official reports regarding the topic from Chinese and non-Chinese sources including English version of the official website [eng.yidaiyilu.gov.cn](http://eng.yidaiyilu.gov.cn) and [www.xinhuanet.com/silkroad/english/index.htm](http://www.xinhuanet.com/silkroad/english/index.htm) published by the Chinese government. The website comprises of a number of official documents and videos regarding OBOR as well as the chart and statistics showing the progress of the program released by both international agencies and Chinese government. A secondary sources could be found in analysis from experts as well as previous thesis namely Foreign Affairs, Time magazine and Newsweek. Additionally, a YouTube channel called Channel News Asia and its website relating to OBOR are also used. Finally, official report from international organizations related to the topic such as World Trade Organization, Asian Development Bank and the United Nations also deployed. For China's infrastructure development projects, sources could be found in Chinese government official reports and the publications released after Belt and Road Forum.

### **1.6.2 Research Structure**

This thesis will be divided into 5 chapters as follows:

Chapter 1: Introduction

Chapter 2: China's relation with CLMV and soft power discussion

Chapter 3: China's peaceful rise and soft power deployment

Chapter 4: Case Study: One Belt and One Road program in CLMV

Chapter 5: Conclusion

### **1.6.3 Limitation and Scope**

The scope of this thesis is limited only to Chinese soft power in CLMV through One Belt One road program only. It does not take the entire ASEAN countries to the account. Nevertheless, books, journals or publications thus specifically mention CLMV are in small number, some information, charts or graphs also include other ASEAN countries. The thesis also scope to only economic and foreign policy factors of soft power used by China in CLMV, so cultural factor is excluded in regard of

limitation of publication of books, papers and researches about CLMV that are few available.

## 1.7 Literature Reviews

The research has studied the three main topics that relate to the research topic of Chinese soft power in Southeast Asia especially in case study of One Belt One Road initiative. The related information includes Chinese foreign policy in the 21st century, soft power and One Belt One Road program, The following literature are useful for giving the fundamental ideas of this thesis, they provide the readers with the starting point of the theory that will be used in this paper as well as the past and current situation among the countries in this work. However, among these books, there are some individual parts or ideas that could be overlapped to explain about the OBOR in the CLMV through soft power that become the theme for this thesis.

### 1.7.1 China's Foreign Policy to Southeast Asia and CLMV

In recent years, Chinese government has successfully improved its relations with the countries in Southeast Asian region.<sup>13</sup> Despite their bitter relations during the Cold War era for example, when the Chinese troops invaded Vietnam to “Give Vietnam a lesson”<sup>14</sup> or when the dispute over South China sparked.

As demonstrated in **An Introduction to Chinese Policy**,<sup>15</sup> the book pointed out that the Chinese “good neighbor” policy was first brought in to action after the Tiananmen Incident which caused damage on both country’s image and policy. As a consequence, the government of Jiang Zemin had sought to restore its relations with the Southeast Asian neighbors by launching a series of initiative which later known as zhoubian or a peripheral diplomacy. This included attempts to improve international connection with bordering nations in the Asia-Pacific region as well as countries which China had non-existent or limited relations with. As a result, China

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<sup>13</sup> There are Thailand, Vietnam, Malaysia, Indonesia, Laos, Myanmar, Vietnam, Cambodia, Brunei, Singapore, and the Philippines

<sup>14</sup> Johannes Dragsbaek Schmidt, “China’s Soft Power Diplomacy in Southeast Asia,” *Copenhagen Journal of Asian Studies* 26, no. 1 (2008): 22-49.

<sup>15</sup> Marc Lanteigne, *Chinese Foreign Policy: An Introduction* (New York: Routledge, 2016), p. 109.

was quite successful in improving its Asian neighbors, tackling several disputes i.e. a border issues and repositioned itself to be more engaged in regional cooperation than competition.

There are a number of reasons why Beijing had launched zhoubian diplomacy. Firstly, China desired to assure its neighbors that the Tiananmen Incident would not make it a step backward into the isolation of the previous Maoist time. Secondly, the Chinese government wanted to prevent a collective attempts by its neighbors, likely from those who both formally and informally aligned to the West, to contain China's growing power in the region by encircling the country with state hostile to Beijing's regional interests. Third, Beijing sought to persuade its smaller neighbors that Beijing did not pursue a hegemonic role in Asia, instead, as the economic power of China is rising and its diplomatic power is growing, Beijing was interested in becoming a good partner and an alternative to American-led Western power in Pacific region. Finally, the priority of Chinese focal point had shifted from participating in regional conflicts likely before 1990s to a creation of a stable, peaceful periphery so it could allow China to concentrate on its internal reform.

In **Chinese Foreign Relations : Power and Policy since the Cold War**<sup>16</sup> by Robert G. Sutter, it analyzed the Chinese policy in Southeast Asia during the period of post-Cold War as an advances in relations with the neighboring nations in the region due to its active diplomacy and China's rising importance in intra-Asian trade. China is emphasizing on mutual interest, development and peace rather than conflicts. China has actively demonstrated as a "good neighbor", the Chinese-Southeast Asian corporation in trade had made Southeast Asia the fifth-largest trading partner after Japan in 1993. The value of the trade between them had reached 41 billion dollars in 2001.

Evelyn Goh, in her editorial, **Rising China's Influence in Developing Asia**, gives a modern view of China's foreign policy today. It provides the perspective of how today's Chinese policy makers and scholars perceive and analyze China's international influence. Also, it presents China's relations with other small developing states in Asia such as Myanmar where China wants to stabilize a shared border under

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<sup>16</sup> Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (Lanham, Maryland: Rowman & Littlefield, 2012), pp. 205-215.

an issue of ethnic conflicts. China's focus is to keep other super power away of this area of interest. The following chapter of this book criticizes China's relations with Vietnam. It shows asymmetrical competitiveness of two countries when Vietnam historically seems to be the only Indochina country who oppose Chinese attempt to prevail this region. The chapter concludes that Vietnam's trend to deal with China is to seek more multinational relationship such as being a part of international organization and talks rather than keeping itself in bilateral frame. Moreover, the book mentions about South China Sea dispute when China wants to settle this disagreement and promotes regional infrastructural development. It offers this through Joint Development Agreement which promotes fair share, mutual benefits and mitigating conflict. The last chapter concludes by presenting the dominant finding in the book as a whole, redefining the concept of influence and power, providing the further research of China's influence in the world.

David C.Kang<sup>17</sup> analyzes in his book **“China Rising: Peace, Power and Order in East Asia”**<sup>18</sup> that people of Southeast Asia share ethnically commonalities with China than those in Northeastern Asia. Even though some countries like the Philippines which historically have a strong tie with the US are taking China into its account. They are balancing the power game in the region when they want to stay under China's shadow in term of economic rising power, on the other hand, they also want to keep a good relation with the US. The game of balancing power begins when the states in Southeast Asia see the potential of doing business with China and want to engage to Chinese mega market while China is also willing to engage itself and reassure this intention from time to time. This result in these states includes China in several bilateral and multilateral agreements for the last few years.

He also notes that China has long history that share with the states in the region for centuries that even continues today because China is holding three main principle to reassure its regional neighbors of peaceful and non-threatening atmosphere. First, the Bandung Conference in 1955's Five Principles of Peaceful Coexistence which includes mutual respect for sovereignty and territorial integrity,

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<sup>17</sup> Professor in International Relations, University of Southern California

<sup>18</sup> David C. Kang, *China Rising: Peace, Power and Order in East Asia* (New York: Columbia University Press, 2007).

non-interference, non-aggression in one's domestic affair, equality and mutual benefits and lastly peaceful and coexistence. These principles go along well the situations in ASEAN especially for sovereignty and non-interference. Second, the economic reform and development of opening up the country that China has been abiding in for the last thirty years. Lastly, the China's position in respecting multipolarity that eradicate the fear of China becoming the single power hegemony. Following the Tiananmen Square Incident in 1989 in which China used the military force to end the protest in the capital; this unsurprisingly brought the global attention to China. Thus, China actively worked to form better relations with the ASEAN neighbors, many Chinese high-ranking officials visits were conducted in many ASEAN countries namely Thailand, Indonesia and Malaysia. Additionally, China participated in several international organizations and multinational talks. In 1997, China officially joined ASEAN Plus 3, and later that year, when countries in the region were struggling with the Financial Crisis , China showed its sympathy to them by not devaluing its currency and granted loans to those in need. In return, China regained its popularity among its neighbors. Writer added that China had changed a lot from the past, the perception viewed by neighbors of exporting revolution idea was gone, only corporations in economic development, political and cultural partnership would be implemented throughout the region, thus included that China's aim in the region is not creating imperialism but cooperation with all the countries.

### **1.7.2 Chinese Peaceful Rise and Its Soft Power**

Chinese soft power is unique and abides to different norm from the West, especially United States. While U.S. and Europe weight the democratic value toward other countries, China, on the contrary, leaves such a value behind the curtain while promoting visible and tangible advancement i.e.in infrastructural development plans, aid and dams.

In **China's Quest for Global Order from Peaceful Rise to Harmonious World**, Rosita Dellios and R. James Ferguson raised the interesting topic regarding the need of China to the peaceful rise. First, they simply describe the peaceful rise as the China's emergence to the global power without any source of war. The term was used to indirectly inform its neighbor and the global players that there was nothing to

fear about the Chinese rising. He referred to Chinese official who firstly used this term as China is rising through development not war. He added that the most reasonable point why China needs a peaceful rise lied upon the theory of threat or the China threat theory. Peaceful Rise became a popular term among Chinese critics. Chinese officials also took this matter seriously; the terminology was widely and publicly used by many Chinese leaders. Hu Jintao, for example, even mentioned this to the Politburo Standing Committee. Later the word rise” was replaced by “development” which sounds less aggressive and threatening. Writer concludes that peaceful rise is not just the communist party slogan but also the promise and commitment of China to the world, the world that is now shifting from the West to East. He also suggests that China is on the long road, need to be more mature to rise in a peaceful manner, cited that the Chinese description of peaceful rise as the absence of war has already been fulfilled but if the peaceful rise refers to the harmonious world, China is on its way and must present it to the world.

In **Building China’s Soft Power for a Peaceful Rise**, Xin Li and Verner Worm<sup>19</sup> state that China has already made the path to peaceful rise in 21st century during Hu Jintao’s era. They point out that Chinese policy makers has chosen a genuine peaceful rise and avoided conflict in term of power shifting. They argue with Nye’s prominent concepts of soft power which shaped in three sources namely culture, political values and foreign policies. The authors argue that Chinese official do not have clear idea or thorough concept of soft power since they measure heavily on Chinese culture as a tool to exercise such power or to convince to other countries. Thus, they also added other two factors to Chinese characteristics of soft power knowing as economic development model and international images. Writers of this book add one factor so called economic temptation suggesting that when country A give undeniable economic opportunities to country B. Country B would be reluctant to provoke any non-economic issues with country A. Thus, country A is in the upper hand and possesses soft power toward country B. They sum up that in this sense China, as a giant economic power has soft power over many countries that tampered with aid or economic support to it. At the end of the article, writer suggests three main

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<sup>19</sup> Professors at Asia Research Centre, Copenhagen Business School, Denmark



solutions for China to tackle with the problem of business relocation and to attract foreign investment and FDI. They suggest that China should firstly should promote its Midwest region to business investment due to its lower wage rate. This would also boost the domestic economy and lessen the gap between inland area and wealthy coastal region. Secondly, they suggest that China should open its restricted sectors namely, oil and steel, stock market or banking sector to foreigners. China should remove the barrier step by step, this will finally make Chinese market to be more competitive and attract more foreign funds. Thirdly, China should upgrade its industrial sector from low-value-adding business to high-value-adding business. This idea does not only persuade more foreign investment but also reshaping Chinese economy to be more sustainable and competitive. Thus would benefit the country in the long run.

Osamu Sayama<sup>20</sup> writes in his article **“China’s Approach to Soft Power: Seeking a Balance between Nationalism, Legitimacy and International Influence”** that China’s interest of soft power strategy is now something new, but the Chinese government had been concerned about this issue since 1993s. The government sees Chinese value is in competition with the American value which promotes legitimacy, freedom of speech and democracy. Clearly, China sees these ideas as threat to its legitimacy of the government. They suggest diverse versions of managing the world, which mean to anti a single polar system led by the U.S. in the globalization age.

In **“The Dragon’s hidden wings : How China rise with its soft power”**, Sheng Ding<sup>21</sup> points out that the prominent change of the world’s politics after post-Cold War era is the growing importance of China in both economic superpower and geopolitical player regionally and globally. This event has been observed closely by both other countries and even Chinese scholars as well as elite Chinese policy makers. Consequently, the newly challenging rising power always yet to raise the concern to status quo power as it is perceived as a potential threat. Classic power focuses mainly on traditional power deployment known hard power as it can be elaborated as the use

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<sup>20</sup> A Visiting Fellow in the International Security Studies group at Royal United Service Institute for Defense and Security Studies, United Kingdom.

<sup>21</sup> Professor of Political Science at Bloomsburg University of Pennsylvania

of coercive power in international relations until Nye introduced a new concept of power known widely as soft power. This term has yet become increasingly mentioned in the world media coverage in world politics. Additionally, the term was widely discussed among scholars, policy makers ranging from East Asian public to some Western scholars in East Asia studies. Not only East Asian political leaders were looking for alternative foreign policy to define their security concerns and conflict of interest but also the concept of soft power has yet enrooted in the notion of Asia for centuries. However, Nye's book is seen as to possess some weakness in explaining soft power without binding to status quo powers likely the United States. This book gives the explanation or answer to the questions for example, Can argument of Nye's soft power be applied to China or does communist China have soft power if so, how they utilize them?

The first part of this book examines the general concept of soft power. It matches the theoretical and empirical connection between China's rise and Nye's concept of soft power. Couple questions have been discussed in this chapter, why is there a contradiction between the perceptions of China's threat and how China's foreign policy really is? And if scholars see soft power as intangible power resource, will China still be regarded as a threat? In chapter two, author provides the overview of China's own soft power resource, from the cultural attractiveness to political values. The third part emphasizes on the set of empirical studies selected from various views of China's foreign relations in its rising process. Author provides a conclusive data of how China possesses and wields its soft power. Also, the limit of soft power usage also be discussed. Ding finally claims that China has yet able to reach the stage where its development model that makes Beijing become active in international affairs makes itself an agenda-setting player in many issues. Author sums up that China's path of soft power to become the global leader is not easy and still a long way to go.

Ding made a conclusion in his article in **Analyzing Rising Power from the Perspective of Soft Power: a new look at China's rise to the status quo power.**<sup>22</sup> The article looks into case studies of China's rise and investigates if the

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<sup>22</sup> Sheng Ding, "Analyzing Rising Power from the Perspective of Soft Power: A New Look at China's Rise to the Status Quo Power," *Journal of Contemporary China* 19, no. 64 (2010): 255-272.

soft power idea gives a new approach in analyzing the rising power. It is firstly discussed on the concept and connection of soft power and China's rise through the idea of Chinese elite and policy makers' perception of soft power. Thus, the second parts offer the examination of how China effectively adopt and deploy the global strategy based on soft power though. Additionally, this part emphasizes how China uses its soft power to status quo power. The article suggests that soft power approach can be applied to analyze the rising power. Furthermore, when the China attempts to develop and adopt its soft power resources and use it, the revisionist policy will be decreasing. Writer adds that China is now on the rise despite some disputes about the speed. Most Chinese-policy studies scholars and observers points to China's territorial issues, its budget spent in military advancement and fast growing economic as proofs that China might be a new challenger in the global stage and the United States. However, the article argues that China has undergone the modernizing process, its rise implement series of charm offensive in its diplomacy. China's wielding of soft power has set the country to the status where it can generate and share its opinion through main international issues. Writer sums up that China will not engage in a global power struggle like other revisionist power in the history. It just portraits itself as a peaceful riser that seek an independent foreign policy of peace.

David Shambaugh<sup>23</sup> writes in his famous book, **China's Future**,<sup>24</sup> that China is in serious trouble which he mentions as "coming crackup". He compares the country as a car that driving around the roundabout. The roundabout that has for exits that the car can opt one of them. The exits are neo-totalitarianism, hard authoritarianism, soft authoritarianism and semi-democracy. Shambaugh is in the favor of the last exit, saying that there will be few economic reform and progress without returning to the path of political reform with a substantial liberalization. He argues that China car wills soon running out of gas. To support his idea, the writer comes up with several evidence showing that China is now on the edge of change, for instance, over 70 percent of China's water resources are contaminated, China is approaching its aging-society in the next fifteen years causing the increment of pensions and healthcare, China's market in real estate property is in decline by 25

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<sup>23</sup> Professor of International Affairs at George Washington University, USA

<sup>24</sup> David Shambaugh, *China's Future* (Cambridge, UK: Polity Press, 2016).

percent and China's shadow banking is growing fast and reaching over fifty percent of the country's GDP. Another concern that worries the government is the growth of middle-class population. Author cites the study of McKinsey that "the upper middle class will swell to 54 percent of the urban population by 2022". Thus he compares the country as the grassland in summer where fire can eradicate it quickly. He sees the government's attempt to solve and intervene in economic will deepen the problem of necessary reform. He urges the country to change toward semi-democracy channel and use competitive coexistence idea among neighbors and US. Finally, he statistically shows that many experts in Chinese affairs still witness China as a threat and will soon surpass the US and remind the country or existing regime that it should learn from the former Soviet Union that warning or advisory from outside should be taken into action.

### **1.7.3 One Belt One Road Program**

The thesis might be too broad without focusing on the specific topic. Thus, I plan to aim on the case of One Belt One Road program. The ancient Silk Road which commenced in China during the period of Han dynasty, even the term might not be well defined but included several routes ranging from China through Central Asia and today's Turkey, where silk fabric trade was the key market motivator.<sup>25</sup> Today, the program has been revitalized by the modern Chinese government under Xi's time but due to its fresh-publicized announcement of February 2015, few researches have been conducted in the favor of this issue. However, several sources can be gathered from Chinese official site of the State Council of the People's Republic of China. The site describes the program as a win-win cooperation that can promote mutual development, road to peace and prosperity through mutual understanding. The program points out People-to-People which ideally carry out the spirit of friendship through promoting cultural and academic exchange, raising number of personnel and media exchange among the countries as well as volunteer

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<sup>25</sup> Richard N. Cooper, "Opinion: China to Confront Financial, Engineering Challenges in 'Belt and Road'," *Caixin*, July 18, 2017, access October 7, 2018, <https://www.caixinglobal.com/2017-07-18/101117767.html>

exchange in order to win a public support for bigger figure of bilateral and multilateral cooperation.<sup>26</sup>

To sum up, literatures agreed that China is preferably uses its soft power tools through its foreign policy to CLMV, especially the One Belt One Road Program. Chinese government does not see it necessary to deploy its military might in the region. Since its effective exercise of soft power via economic and sociological cooperation can replace the presence of war.

To readers, for this thesis, the literature review regarding soft power as well as China's foreign policy is quite comprehensive. All books show their supporting evidence to support their conclusions. In *Charm Offensive*, yet Kurlantzick plays a vital role in this academic study when he proposes the ideas that expand Nye's definition of soft power. Resulting think in the expansion of idea concerning economic aspect rather than Nye's traditional notion of soft power. Also, this thesis places its position toward the notion of soft power introduced by Xin Li and Verner Worm in their article of *Building China's Soft Power for a Peaceful Rise*, it agrees with extended version of soft power introduced by both author especially economic temptation which clearly seen in Chinese investment in OBOR. Such a deployment directly seduce the recipient countries to follow Chinese path in development models as well as to follow the Chinese direction of foreign policy.

Among the literature reviews above, I believe that there are some significant parts that could be fulfilled by this thesis. First, most of the discussions about soft power primarily focus on the use of cultural mean to influence other countries. They mention mostly about the establishment of Confucius institutes by the Chinese government across the world. They see them as a dominant tool for China to spread out idea of peaceful rise. Few researches have talked about the economic temptation as well as other tools of soft power China deploys and this thesis will enlarge the notion of such men that China uses towards other countries. Second, literatures about the relations between the superpower China tend to take side in the military and security issues, thus display China as the hegemony, few have conducted

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<sup>26</sup> The State Council of the People's Republic of China, "Full Text: Action Plan on the Belt and Road Initiative," March 30, 2015, access October 7, 2018, [http://english.gov.cn/archive/publications/2015/03/30/content\\_28147508024\\_9035.htm](http://english.gov.cn/archive/publications/2015/03/30/content_28147508024_9035.htm)

in favor of other tools that China uses in order to both improve and strengthen relations with its neighbor. Finally, when it comes to the topic of OBOR, many articles analyze China's neighbors, apparently, Southeast Asia as a whole region and this is understandable since the region is comprised of many nations. The thesis's focus is on CLMV, the least developed countries in the region, which is to fulfill this gap.

### **1.8 Contribution of the Thesis**

There are few studies about One Belt One Road program, especially in the case of soft power implementation, most of the previous theses focus on Latin and Africa, leaving the fact that the program was worth over a trillion dollars and it is the largest initiative China ever commenced in the history. Readers can learn about how China soft power related to a mega-project that China has already started. Moreover, the thesis may be used as a future reference in the future studies as well.

## CHAPTER 2

### HISTORICAL BACKGROUND: CHINA'S RELATIONS WITH SOUTHEAST ASIA AND CLMV

#### 2.1 China - Southeast Asia and CLMV Relations

Southeast Asia has always been the interesting region for many superpowers. Great power nations had involved in the region from time to time in past. During the period of imperialism, Western powers like France and England were competing to colonize the states in this area. Consequently, France colonized the states along the Mekong River, which are today's Cambodia, Lao and Vietnam while England conquered Burma and Malaya. After World War II, the international community was divided by the political ideology. United States led the free world camp which claimed to abide to the idea of democracy and capitalism while the Soviet Union was the leader of the socialist regime. This period of political tension was known as the Cold War, when the two nations had no direct attack toward each other but the use of proxy allies were done. In Vietnam, the US backed the National Front of Liberalization of South Vietnam to fight with the North Vietnam army which backed by the Communist China. The similar situations also happened in Lao and Cambodia. Later when the US has normalized its relationship with China in 1972 and the Paris Agreement that allows the US to withdraw from Vietnam was signed in 1973. It has revoked its interest from Southeast Asia since the Vietnam War ended and especially when it has moved the focus toward war in terror where the location is in the Middle East for "War on Terror", the military campaign launched by the US after the attack of 9/11, in Iraq and Afghanistan.

Although, Obama administration rolled out a Pivot Asia Program during his term in the office and marked several official visits to many countries in the region,<sup>1</sup> it was meant to establish frameworks to engage with Northeast Asia and

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<sup>1</sup> John Ford, "The Pivot to Asia Was Obama's Biggest Mistake," *The Diplomat*, last modified January 21, 2007, <https://thediplomat.com/2017/01/the-pivot-to-asia-was-obamas-biggest-mistake/>

Southeast Asia. Obama joined the East Asia summit hosted by ASEAN and hosted his own US-ASEAN summit in 2009.<sup>2</sup> Unfortunately when he finished his second-term presidency and left the office, the future of his initiative is still unclear when President Donald Trump came to power in 2017.

China, on the other hand, has seen this vacuum of power in the region, rapidly moves forward to fulfill this space. Even though, the Chinese has established an informal tie between the region and China more than many centuries ago. The first group of Chinese traveled to Southeast Asia was Buddhist monks, merchants and explorers; however, they did not settle the permanent settlements. The main purpose of visit was only to use Southeast Asia as the port to the Maritime Silk road .Until the late 1700s, when immigrants from the Southern part of China, fled oppression at the their mainland and looked for the better opportunities abroad, thus the Chinese communities established in every states in Southeast Asia. In the past, Chinese empire became powerful from time to time, depending mostly on its leadership, trade and military power. States in the region responded to the China on the bilateral basis, the tribute system was conducted as China viewed itself as the center of the world and the countries around it is under its sphere of influence. Southeast Asia states willingly accepted this style of tribute since China at that time was the major trade partner and they also viewed China as the source of prosperity<sup>3</sup> which resulted in the great commercial gain. The system was interrupted by the fall of Chinese empire and the turmoil period of the political uncertainty both domestic and overseas which finally led to Communist party's access to power. From the late 1970s' when China opened the country and began its economic reform, the trade tie resumed. As of today, the relationship between China and Southeast Asia is back on track. The ties are even made stronger under the new China's leader, President Xi Jinping who introduced the One Belt One Road initiative which meant to link China and the world, apparently includes Southeast Asia, with trade and infrastructure development.

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<sup>2</sup> Michel J. Green, "The Legacy of Obama's "Pivot" to Asia," *Foreign Policy*, last modified September 3, 2016, <https://foreignpolicy.com/2016/09/03/the-legacy-of-obamas-pivot-to-asia/>

<sup>3</sup> Martin Stuart-Fox, *The Short History of China and Southeast Asia, Tribute, Trade and Influence* (Crows Nest, NSW: Allen & Unwin, 2003).



China's development of relationship in Southeast Asia is being moved in the vital movement. It has rooted a deeper and closer relationship with its neighbors particularly Southeast Asia since it had revoked from supporting Communist party uprising in many countries, showing its willingness in the period of Asian Financial Crisis in 1997-1998 when China favorably not to devalue its currency that won the heart of Southeast Asian states and the introduction of OBOR is so tempting that many countries are willing to be a part of the initiative made the relationship between China and the Southeast Asia region become closer.

## 2.2 China's Regional Goals

In the post-Cold War period, in Southeast Asia, Chinese government objectives seem to adhere to the overall strategic characteristics. Analysts have commented on this issue and come up with different conclusions. Some has pointed out the Zero Sum approach to rising China's influence and American power in the region. The two nations both have comparative advantages to the region, China's benefit is primarily on economic, diplomatic and regional security<sup>4</sup> when US is more multifaceted. The Obama's administration attempted to raise profile in the region by introducing the Pivot Asia program to rebalance the region since the absence of American presence after Vietnam War. China also expanded its presence and influence as well. This made the two nations locked in the classic power rivalry on the ground of Southeast Asia and the possibility of Zero Sum might occur. However, others commented on the emphasis of China's peaceful rise and take a more benign view of China's objectives, in both the context of Southeast Asia and in the global stage.<sup>5</sup> With its rapid growth after the Cold War ended, experts view that the stability in Asia-Pacific is a significant factor and most relevant to the Chinese national interest. China essentially has to maintain and ensure regional security as the basis of its economic development. Thus, China has promoted cooperation and dialogue among states and peaceful resolution of conflicts to maintain domestic and regional

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<sup>4</sup> David Shambaugh, "U.S.-China Rivalry in Southeast Asia: Power Shift or Competitive Coexistence?," *International Security* 42, no. 4 (Spring 2018): 85-127.

<sup>5</sup> Robert Sutter, "Asia in the Balance: America and China Peaceful Rise," *Current History* 103, no. 674 (2004): 284.

stability which is known as China's good neighbor policy.<sup>6</sup> This means that China will sort to focus on economic development, peacefully settle all disputes with its neighbors and promote the peaceful and coexisting concept in the region.

Starting from the mid-1990s, Chinese government has been actively seeking to develop its relationships with Southeast Asia by approaching to more cooperative means. The evidence became clearer when many countries in Southeast Asia had faced a trauma stage of financial crisis in 1997-1998. China's strategic agenda points out the regional objectives in many issues. First, China must maintain and yet expand trade route with Southeast Asian countries, this make China keep maintaining the existing trade route including border trades with ASEAN nations, and lately China has just commenced the new regional connectivity by employing the infrastructure development known as One Belt One Road initiative. Second, in order to keep the trade growing, China must maintain its political and security environment especially in the China's area of influence. Third, China is the growing economy which makes China become one of the world's biggest energy resources importers, thus China must gain more access both existing energy resources and looking for the new ones at the same time. Fourth, there is always One China Policy, and to isolate Taiwan is one of its goals. China has been assisting several small and less developed countries, previously had diplomatic relations with Taiwan, with aid and financial assistance in the return of formal establishment of diplomatic ties with the People's Republic of China. Fifth, China uses it benefit as the emerging global power with great level of economic growth to develop trade relationships for both political and economic purposes.<sup>7</sup>

In 2002, China has accessed to ASEAN code of conduct on dispute in South China Sea, the shift in emphasis to ASEAN plus three,<sup>8</sup> this showing its opposition toward framework of Asia Pacific Economic Cooperation (APEC) which includes the United States as well as promoting ASEAN-China free trade area. These

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<sup>6</sup> Tsai Tung-Chieh, Hung Ming-Te and Tony Tai-Ting Liu, "China's Foreign Policy in Southeast Asia: Harmonious Worldview and Its Impact on Good Neighbor Diplomacy," *Journal of Contemporary Eastern Asia* 10, no. 1 (2011): 25-42.

<sup>7</sup> Ibid.

<sup>8</sup> ASEAN plus three includes 10 countries in Southeast Asia and China, Japan and South Korea.

mark a fundamental shift in relations between China and Southeast Asia, from past territorial disputes to smooth and stronger diplomatic and economic ties. For instance, when Thailand had suffered from the economic crisis in 1997 and China offered aid to this incident or when the Chinese government had made a decision not to devalue its currency during the time of crisis, begun the regional perspective toward China in the positive way.

### **2.3 Chinese Involvement in the Region : Past and Present**

China's historical interactions with Southeast Asia as well as cultural similarity with the countries in the region have demonstrated how they view China. In the past, China had exerted its influence in Southeast Asia, the obvious evidence shows how Vietnamese culture had been much shaped by Chinese believe and culture<sup>9</sup> and how China's increasing presence in Burma currently. During the era of Ming dynasty, not only the continental Southeast Asia was under the Chinese extended of power but also a mighty vast fleets supervised by Zheng. He was sent off to the sea to seek for tributes for the Ming in mainland China.<sup>10</sup> The Chinese diaspora led Chinese populations in many countries in the region namely Thailand, Malaysia, Indonesia, the Philippines and Burma. However, in the case of Vietnam, there is a different type of relationship. China had ruled Vietnam for a long period of time, thus left the challenging relations between them at the beginning. During the period of the Cold War, China had spread out its idea of Communism through its insurgencies or supports in almost every state in the region besides Singapore and Brunei. Consequently, this was ended in the 1980s.<sup>11</sup>

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<sup>9</sup> Martin Stuart Fox, "Southeast Asia and China: The Role of History and Culture in Shaping Future Relations," *Contemporary Southeast Asia* 26, no. 1 (2004): 116-139.

<sup>10</sup> Louise Levathes, *When China Ruled the Seas: Treasure Fleet of the Dragon Throne* (New York: Oxford University Press, 1994).

<sup>11</sup> Catharin Dalpino and David Steinberg, eds., *Georgetown Southeast Asia Survey, 2002-2003* (Washington DC: Georgetown University, 2003), p. 48.

## 2.4 China's Open Door Policy

To have a clear understanding about this policy, it is better to realize what happened to China before that. Chinese empire was one of the powerful states before collapse of the Qing dynasty. Qing dynasty failed to effectively wield the modernization process as well as the emergence of Western aggression. Domestically, the dying dynasty faced the issue of provincialism that the leading regional warlords formed their own power and the Qing's power was gradually decentralized. Thus the revolutions arose in several regions in the country mostly supported by the underground anti-Qing groups overseas to end the Qing regime. The short civil war which later known as the Xinhai Revolution took place in 1911 led by the republican-minded Sun Yat-sen, who was willing to create the Chinese republic and overthrow the imperial government. The war ended when Sun Yat-sen compromised with the Qing military leader, Yuan Shikai to abdicate the last Chinese emperor, Puyi. Then the Republic of China was found in 1912 and Sun Yat-sen served as the first president for a short period of time before handing it to Yuan Shikai. Yuan later claimed himself as the Emperor of China. After his death, many political groups were competing to seize power such situation made the country struggling in the political divisions and warlordism for years. A decade later, The Kuomintang Party (KMT) led by General Chiang Kai-shek cooperated with the Communist Party of China to overthrow the governing government and they later fought with each other that caused another Chinese civil war. At the end, the KMT was defeated and fled to Taiwan and the mainland China was left to the Communist Party of Mao Zedong. The dynasty was replaced by the republic and then again by the Communist Party led by Mao Zedong. At that time, China literally isolated itself from the West, although it had contact with only few countries which mostly share the same Communist idea i.e. the Soviet Union and North Korea. Consequently, the isolation brought about the poverty and suffering of the people. In late 1978, Deng Xiaoping assumed the office, and thus marked the birth of Chinese open door policy. The Communist Party announced that it would put the ideology aside while introducing market-led economy and foreign capital, however, the country still committed to socialism. The first phase was to restore what had been destroyed during the Cultural Revolution. The government

realized that the quality of life of Chinese people was substandard, Deng thought that something had to be done to improve the Chinese lives via the economic growth. The government thus built several special economic zones to attract foreign investment, and then opened up economic and technology zones and coastal cities.<sup>12</sup> These establishments resulted in massive flow of the foreign investment, especially from international companies registered in Taiwan and Hong Kong. Observers viewed that China had the potential resources, for instance, land and labor that could cooperate with the flood of technological knowhow and foreign capital which boost economic growth in the first half of 1980s. Although, the Tiananmen Square Incident in 1989 halted the economic boom for short period, China could recover its economic success in the first half of the 1990s. The GDP was also rise and could conclude that Deng Xiaoping's goal to open up the country by welcoming the foreign investment, creating special economic zones while keeping the socialist political ideology was accomplished.

## **2.5 China's Relation with CLMV from Cold War to Present**

### **2.5.1 China and Cambodia**

China and Cambodia have been through twist and turns in their diplomatic, political, cultural and economic relations for the past centuries. Cambodia's geographical cultural and economic landscapes have allowed China-Cambodia bilateral relations to take essential position in Chinese government's view of foreign policy. Historically, around 800 years ago, the first Chinese envoy known as Zhou Daguan made the first visit to the Angkor kingdom thus initiated the relationship between two countries<sup>13</sup>. In the modern days, their relationship has grown stronger and has been reaching the peak in many aspects, namely in terms of politics, military, diplomatic, economic and social interaction.

In term of political and diplomatic aspects, Cambodia's relation with China has recently improved when Zhou Enlai and Sihanouk befriended at

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<sup>12</sup> Shigeo Kobayashi, Jia Baobo and Junya Sano, "The 'Three Reforms' in China: Progress and Outlook," *Pacific Business and Industries* 45, no. 3 (1999): 2-41.

<sup>13</sup> Daguan Zhou and Peter Harris, *A Record of Cambodia: The Land and Its People* (Chiang Mai: Silkworm Book, 2007).

Bandung Conference in 1958 thus made Cambodia enjoyed its unique and special position in Chinese foreign policy.<sup>14</sup> This close relation begun in 1958 when the government of Prince Sihanouk recognized the People's Republic of China as well as establishing a good personal relationship with the late Chinese influential political figure at that moment, Premier Zhou Enlai. Chinese leaders was touched of how Cambodia had broken the Chinese isolation in 1960s and helped in campaigning at United Nation to exile Taiwan - Republic of China and claimed its seat for People's Republic of China.<sup>15</sup> However, their relations experienced a bump when Sihanouk, in summer of 1967 found out that the Chinese embassy in Phnom Penh was the real force behind the communist insurgency in Cambodia. Nevertheless, China had shown its mercy when it housed Sihanouk when he was dethroned by General Lon Nol in 1970.<sup>16</sup> On the other hand, with its two facets, China also supported Pol Pot and the Khmer Rouge troops through insurgency, conquest, defeat and peace. At the same time, China continued to maintain a good relationship with Sihanouk and made an attempt to form the country through four-party government when it had no tie with Vietnamese-supported government under Hun Sen.<sup>17</sup>

China returned to Cambodia discreetly initially after the Paris Agreements of October 1991 were signed and in the full force in 1997 after the coup let by Hun Sen. Hun Sen then had informal relationship China and received a warm welcome in mid-1996<sup>18</sup> He left the bitter past of Khmer rouge behind and embracing China as he saw as a way to promote nation's economic development to Cambodia.<sup>19</sup> For the past decades, Hun Sen has grown the ties with Chinese government thus became the main source of foreign aid and investment in the country. China also offered a grant of 6 million US dollars in 1997 in assisting Cambodia to build water

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<sup>14</sup> Paua Marks, "China's Cambodia Strategy," *Parameters* 30, no. 3 (2000): 92-108.

<sup>15</sup> Julio A. Jeldres, "China-Cambodia: More Than Just Friends?," *Asia Time*, September 16, 2003, [http://www.atimes.com/atimes/Southeast\\_Asia/EI16Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/EI16Ae03.html).

<sup>16</sup> John-R Jones, *Guides to Laos and Cambodia* (Buckinghamshire, UK: Bradt Travel Guides, 1995).

<sup>17</sup> MacAlister Brown and Joseph J. Zasloff, *Cambodia Confounds the Peacemaker, 1979-1998* (Ithaca, NY: Cornell University Press, 1998).

<sup>18</sup> Evan Gottesman, *Cambodia after the Khmer Rouge: Inside the Politics of Nation Building* (New Haven: Yale University Press, 2003).

<sup>19</sup> Ibid

reserves. Following by high-ranking official visit to China of Cambodian interior minister thus made Hun Sen, in the few days later, called out publicly to shut down Taiwanese representative office in the capital despite the Taiwanese major support to the nation at that time. The actin wider the door of relationship between the two countries as this favored China's goal to isolate Taiwan. Hun Sen also paid the visit to China when he received millions of dollars assistance from the Chinese government in return. Most of Chinese investments and projects in Cambodia go to technical assistance, construction of public and government building as well as grants of low-interest loan. China, in 2006, offered loan of 17 million dollars for its part internet network connecting Mekong sub region. The ties between the two countries became even closer when Chinese premier Wen Jiabao visited Cambodia on the same year and pledged over 600 million dollars in aid.<sup>20</sup> Cambodia did give China something in return; it announced its support to one-China policy despite significant present of Taiwan in the country. China has never been hesitant to deal with any regimes governing Cambodia as long as its interest is protected and prosperous. It was not concern with any Western standard. China's plan is to take over what the West had supported to the nation, break the multi-donor chain and become a sole donor to Cambodia. China tried to weaken relationship between Hun Sen and Vietnam which it sees as a vital rival in Cambodian ground.

In term of economic, the economic relationship between the two countries started in 1995 after Sihanouk freed Cambodia out of the French Union and adjusted the country to a neutral policy which adhere economic relation to not a single country but in multiple directions. The policy thus attracted the economic assistance from several nations namely US, USSR, France and China.<sup>21</sup> Nevertheless, for the last thirty years, the country's economy had been struggling at least twice. Firstly, when the Khmer Rouge army approached the capital in 1975 and when the Vietnamese troops withdrew from the country as well as during the fall of the Soviet Union, the

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<sup>20</sup> Kong Sotharith, "Chinese Arrives with Millions in Aid," CAAI New Media, December 3, 2008, <https://khemernz.blogspot.com/2008/12/chinese-arrive-with-millions-in-aid.html?m=0>.

<sup>21</sup> Ibid

super power that aided Cambodia both during the civil war.<sup>22</sup> Once the country resumed a normal situation, democracy was installed and opened the door for foreign investors in 1991, Cambodian economy started to grow again. At the beginning of 1992, at its peak, businessmen from Thailand, Malaysia, Hong Kong, Singapore and many other countries seeks the opportunity in service industry which Cambodian at that time still lacked of know-how and managerial skill. Even Though the growth of economy had reached 1995, there were many concerns about the corruption and extremely bad management.

China, once it invested in the country in 1991, it has never stopped. The Chinese investment tripled from 1997 to 1998 in Cambodia and yet it reached 40 percent in the following year. This made China become number one and largest source of foreign assistance to the country today. Many of projects run by Chinese government's investment in Cambodia are those under state-run enterprises which China intentionally spread out the wealth among a range of enterprises. Some of them even sign contract with Asia Development Bank and World Bank to assist Cambodia in development projects.

While China has developed the better relationship with countries in the region, Cambodia is included in the list. The number of trade between the two countries was totaled 732 USD millions in 2006 and the sign of increasing trade is obvious. Cambodia gets donations and aids from China which help constructing better infrastructures that will eventually attract more foreign investment to the country.<sup>23</sup> Statistically, China is the largest investor in Cambodia, while trade between the two countries in 2017 reached 5.8 billion USD and the number is predicted to grow continuously.<sup>24</sup>

### 2.5.2 China and Laos

Even the two countries share a long border and political idea of Communism but relationship between People's Republic of China and Laos People's

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<sup>22</sup> Bronwyn Sloan, "Cambodia: Madness in Their Method," *Far Eastern Economic Review* 167, no. 12 (2004): 21-22.

<sup>23</sup> Sloan, "Cambodia."

<sup>24</sup> Xinhua, "Cambodia-China Trade Volume Jumps to 5.8 Bln USD Last Year: Minister," *Xinhua Asia & Pacific Edition*, June 21, 2008, [http://www.xinhuanet.com/english/2018-06/21/c\\_137270877.htm](http://www.xinhuanet.com/english/2018-06/21/c_137270877.htm)



Democratic Republic (LPDR) seem to be less active than what China has to Cambodia. In the past, China also left the Communist party of Laos under the power periphery of Vietnam while played the prominent role in Cambodian politics. Up until 2011, the two countries exchange their state visit of high ranking officers and eventually head of state when sitting Prime Minister of Laos initiated a state-visit tour to bond the countries together.<sup>25</sup>

Historically, the numbers of Chinese resided in Laos were not in the great number. Chinese population in Laos grew steadily during French and Kingdom periods. However, due to the internal revolution in Laos and Vietnamese-backed Communist party seized power in 1975, the great number of Sino-Chinese fled the country and relationship between China and LPDR went into the Dark Age. Until the restoration of normal relation in 1987, some former immigrants returned Laos especially those who earlier fled. They returned to claim their abundant properties and land mostly in the central part and capital of the country. Some newcomers, on the other hand, enjoyed their privilege of visa-free protocol and resided in the northern land adjacent to Yunnan. Today, the Chinese presence is obvious everywhere in Laos, even official declare to have only 30,000 Chinese populations living in the country. The proofs are varying, starting from Chinese signs of restaurants or shops are spread out across the nation and most of enterprises are in the Chinese hands. Over the last couple years, many young-male merchants settle and trade in Luang Prabang and Vientiane, some of them even move down to deeper south. However, the newcomers have little to share in common with the former Sino-Laos community. They barely speak Lao or know the basic living lifestyle of Lao but Chinese are good at adapting and adjusting to the new community. Thus, the number of intermarriage between new Chinese immigrants and the locals is progressively increasing.

In terms of economic, with China's great demand for natural resources, Laos become its strategic partner in supplying its demands. Large scale of Chinese investment in Laos is now primarily depends on mining, telecommunication, energy production and construction materials besides primarily depends on

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<sup>25</sup> Edgar Pang, "Same-Same but Different": Laos and Cambodia's Political Embrace of China," *ISEAS Perspective* no. 66 (2017): 1-7.

agriculture. In southern Laos, Aluminum Corporation of China holds 51 percent stake while other smaller Chinese company hold over 20 percent in concession to mine in this part of the country. Unsurprisingly, Chinese demands in agricultural supplies and forestry products seem to be in the countless number, domestic supply barely matches with its billion populations. Then, China always seeks alternative resources to feed its people and makes the country's economy grow. Laos, in this sense, is a generous supplier to Chinese needs in rubber product. The rubber plantation in Laos in which invested by Chinese company has been growing in number every year especially in the northern part of Laos, while vast land in central and southern parts tend to be the next points of investment. This great expansion comes in the form of Chinese-led companies, even some smaller companies are attracted by Chinese demand. Teak and agarwood are also grown to sell in Chinese markets. Other food crops including maize, banana, and sesame are too on the land leased to Chinese companies or small-size production for contract-farming agreement with Chinese buyers.

Chinese construction companies are also becoming more active in the Laos. The great numbers of construction projects are unsurprisingly under the Chinese aid contract. When Laos hosted the ASEAN summit in 2004, there was China who won a bid to build Don Chan Palace, the tallest building in the capital. Roads are also under Chinese construction periphery besides dams and buildings, Chinese was successful in bidding many road constructions in the country and it even moved forward to transportation sector when Chinese company successfully bought a stake in Air Lao. In response to high trade demand from China to Laos, China has reduced tariff of imported goods from Laos. However, the trade run strongly in China favor since the number of import and export are imbalanced and China received much more than it lost. China claims that trade ties between two nations are in a good shape, "Now China is the largest foreign investor, the second largest trade partner, and the largest aid provider of Laos, and Laos is the third largest destination of China's investment in ASEAN countries."<sup>26</sup>

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<sup>26</sup> Xinhua, "Economic, Trade Ties between China, Laos Developing Healthily: Report," China Daily, last modified May 2, 2018, <http://www.chinadaily.com.cn/a/201802/05/WS5a78153ea3106e7dcc13adc5.html>

### 2.5.3 China and Myanmar

Sino-Myanmar relations could be traced to the beginning of ancient Myanmar city of Bagan and Tang dynasty of Chinese empire in AD.618-907. Once the core power of China shifted to Yuan dynasty, generally Mongols, the relations turned severe. The Mongols were no longer friendly; they invaded and ruled part of the country until 1330. Myanmar at that time became Chiba's tribute state like many other states in Southeast Asia, there were to guarantee of its security and trade. The status ended when Myanmar became a British colony and Qing dynasty collapsed. Since the foundation of communist-China in 1949, Myanmar was the first non-communist nation which recognized its new era of the country.<sup>27</sup> However, the relations between them have been as smooth as it is supposed to be when there are some border conflict and ethnic Chinese rebel group near the border. In the past, the two countries agreed upon the treaty of nonaggression and started their official diplomatic relation in 1950. Their ties turned bitter when Anti-Chinese riot happen in Yangon that caused the expulsion of Chinese communities from Myanmar (then called Burma) and initiated hostile in both countries. The situation had improved when Deng Xiaoping withdrew the support of Chinese-based communist party in Myanmar and they signed many significant agreements concerning border disputes and legalization of cross-border trade.<sup>28</sup> When Myanmar faced its own domestic violence of pro-democracy protests in 1988, it consequently faced international condemnation regarding its repression of such a protest. Myanmar that formed State Peace and Development Council that later ruled the country as dominant organ instead of the democratic government. China, at that moment, was the sole source of support to Myanmar when it had been internationally banned from countries around the world. Some analysis calls Myanmar as China's client state.<sup>29</sup> Nevertheless both

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<sup>27</sup> Sudha Ramachandran, "Yangon Still under Beijing's Thumb," *Asia Times*, February 11, 2015, [http://www.atimes.com/atimes/southeast\\_Asia/GB11Ae01.html](http://www.atimes.com/atimes/southeast_Asia/GB11Ae01.html).

<sup>28</sup> Lixin Geng, "Sino-Myanmar Relations: Analysis and Prospects," *Culture Mandala* 7, no. 2 (2007): 116-139.

<sup>29</sup> Marvin C. Ott, "From Isolation to Relevance: Policy Considerations," in *Burma: Prospects for a Democratic Future*, ed. Robert I. Rotberg (Washington DC: Brookings Institution Press, 1988), 69-83.

of them, then call each other “Pauk Phaw” that literally mean siblings, the word never been used for many other countries. This shows how close these two countries are.<sup>30</sup>

In term of strategic and political ties, China and Myanmar have enhanced their relationship since 1988. Myanmar’s location is the perfect strategic spots for China’s reach to the Indian Ocean through many islands owned or controlled by the Myanmar government. Both China and Myanmar intentionally show their close-ally status through several high ranking state visit. In 1989, Than Shwe, then the vice-chairman of the ruling regime, together with Khin Nyunt, a high ranking general, paid a visit to Beijing and begun their partnership since then. The consensus was made in many topics namely arm trade and exchange, economic and technical support from China to Myanmar’s military. Years later, Yangon was visited by Lin Peng, former Chinese premier, who accompanied by hundreds of his officers, agreed to affirm China’s partnership with Myanmar’s ruling party led by Than Shwe. The official statement released after the visit included many essential points. They agreed to strengthen relationships and would continue to seek closer ties based on economic, environmental, agricultural, cultural and tourism issues.<sup>31</sup> Currently, China is still the number one weapons supplier to Myanmar.

In terms of economic, China-Myanmar trade relations can be traced back to the 11st century during the reign of Bagan dynasty. Today, the unofficial or people-to-people trades are mostly conducted on the upper part of Myanmar, especially in Kachin and Shan and China’s Yunnan province. Yunnan geographically located itself in the past as the part of Southwest Silk Road trade route which worked as a gate for China to the Southwest Asia periphery. Today, Yunnan, as the landlocked province, seeks the direct access through Myanmar seaports to South Asia which reduces costs of transportation and avoids the conflict in South China Sea around the Malacca strait. Furthermore, it is currently a strategic area of China’s ambition to establish the quadrangle economic zone which includes Yunnan, Myanmar, Thailand and Laos, thus makes China-Myanmar ties become even closer. In 1997, when United States imposed economic sanction to the country due to its political unrest and threat to democracy. Myanmar officially turned toward China as

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<sup>30</sup> Ibid

<sup>31</sup> Ott, “From Isolation.”

its superpower alliance. General than Shwe paid a visit to Beijing and he consequently received over USD 200 million loan and USD 6.25 million grant. When United States in 2003 was giving the harder time to Myanmar by imposing even stricter ban and sanction, it banned all Myanmar-made products. China took this opportunity to offer a helping hand by fulfilling the economic vacuum through cooperation and trade. China's investment focuses on infrastructure development, most of them were hydropower plants that financed and technically supported by the Chinese companies regarding Myanmar's energy shortage since 1990s.<sup>32</sup> China from 1996 to 2005 had built six hydropower plants and one thermal power plant that considered as one-third of the country's energy capacity.<sup>33</sup> As of March 2007, Myanmar had eleven ongoing hydropower projects and yet all of them were contracted with Chinese companies when the government of Myanmar receives the majority of loan from Chinese government at the low and preferable rate. Thus, this is how the business between the two countries look like. In 2018, the trade of this fiscal year reached its peak of 3 billion USD, ranked the second behind Myanmar and ASEAN countries as a whole.

Myanmar is strategically importance to China when it serves as one of the jigsaw to link China and the world in China's great plan of One Belt One Road initiative. When China is also a vital player in Myanmar's for being both supplier and market for Myanmar's goods.

#### **2.5.4 China and Vietnam**

Unlike other its neighboring countries in the region, the relationship between China and Vietnam have demonstrated in the unique formation. For centuries, Vietnam had suffered from its geography where it neighbored with the large and powerful China in the north. In terms of population, Vietnam might be considered as one of China's provinces. Historically, like many other small states, Vietnam received a pass to Chinese market through a tribute system where Chinese monarch viewed itself in the superior status. However, when keeping China as an ally

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<sup>32</sup> Ott, "From Isolation."

<sup>33</sup> Ebashi, Masahiko, "A Note on Myanmar's Situation after Khin Nyunt's Ouster," *SPF Voices from the World*, On-Demand Publication Series, 2-11, Sasakawa Peace Foundation, 2006.

to such a system, Vietnam weighted its dependence at the top priority.<sup>34</sup> The only chance when Vietnam could act like a counterbalance player with China was in the late twenty century when it allied with communist Soviet Union. When the two-camp world exited during the Cold War, Vietnam tended to abide by its foreign policy toward superpower that shared the same political ideology. After the war ended, Vietnam had been in its better position of designing its own strategy and foreign policy toward other countries. However, the Chinese superior must always be brought in to consideration prior to launch any policies due to Vietnamese geopolitical reality.

China became less support to Vietnam's drive for a unification of the country since it had begun its normalization process of Sino-American relations. Vietnam, thus, turned toward a new hegemony then Soviet Union with the commitment of the socialist world. In the final phase, relations between China and Vietnam became worse when Vietnam officially announced its official ties with the USSR and when Vietnam invaded Chinese's ally, Cambodia. China thus could tolerate any longer, it responded with the month-long border disruption and consequently the scale increased to an eight year long border intention between the two. In the late 1980s, their relations had improved and enmity had gradually given way. The main push was Soviet Union's normalization process with China. Thus, Soviet Union urged Vietnam to begin the accommodation as the pre-conditions set by China. In 1993, both countries had improved their relations following Li Peng's visit and many agreements were implemented.<sup>35</sup> For the past years, they have experienced several irritants namely border disputes and a major South China Sea disagreement that both claimed over. However, Vietnam and China managed to overcome these issues through bilateral and multilateral levels.

In term of economic and trade, since they resume their normal relations in 1991, the both countries signed several trade agreements, investment protection, and prevention of double taxing on goods. The trade committee on trade and cooperation was set up to promote fast economic investment. China and Vietnam country-to-country trade had reached the new high in 2011. The trade volume reached

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<sup>34</sup> Carlyle A. Thayer, "Vietnam Coping with China," *Southeast Asian Affairs* 21, no. 1 (1994): 351-367.

<sup>35</sup> Thayer, "Vietnam Coping."

USD 25 billion and yet predicted to surpass trade value with United States by 2030. Due to China's economic power rise in the 21st century, it uses bamboo network strategy<sup>36</sup> to increase overseas investments and Vietnam is also included in the plan.<sup>37</sup> Vietnam exports mainly include agricultural products, coffee, crude oil and coal when it imports mostly motorcycles, industrial machinery, petroleum and pharmaceutical products from China. Thus China becomes Vietnam's largest place to import and the second largest trading partner behind the US.<sup>38</sup> By the end of 2002, China has invested in over 213 projects in Vietnam and this number is predicted to grow gradually. Currently, China-Vietnam cooperates to sign over 2700 contracts that include labor cooperation and contracted projects.<sup>39</sup> In 2018, bilateral trade between the two nations reached 106.71 million USD.<sup>40</sup> Economist criticized that the trade will continue growing in double-digits in 2019.

In political aspect, China and Vietnam had experienced informal ties for centuries, the traditional cross-border relation perfectly fit for their adjacent borders that sometimes cause unpleasant understanding like a border dispute. China and Vietnam officially announced their diplomatic relations after China previously supported Vietnam's revolutionary war against France and later the US even though their relations went odd when China could not stand for Vietnam's attempt that involved in Cambodia's internal affairs. In 1991, their relations had been restored after an invitation of Chinese Prime Minister, Li Peng and Secretary General of the Chinese Communist Party, Jiang Zemin to high-ranking Vietnamese officials including Communist Party Chairman. Since then, the overall relations of both countries had improved. Many contracts and agreement have been signed and several exchange of official visit took place almost annually. They agree upon developing

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<sup>36</sup> The term used for describing Chinese business operating in Southeast Asian countries that host ethnic Chinese who share the same ties and cultural backgrounds.

<sup>37</sup> Joe Quinlan, "Insight: China's Capital Targets Asia's Bamboo Network," *Financial Times*, November 14, 2007, <https://www.ft.com/content/67554d8a-920f-11dc-8981-0000779fd2ac>

<sup>38</sup> Xinhua, "China-Vietnam Bilateral Relations," *Sina English*, last modified October 28, 2005, <http://english.sina.com/1/2005/1028/51407.html>

<sup>39</sup> Ibid

<sup>40</sup> "China Charts Course to Navigate Economic Headwinds," Xinhua Silk Road Information Service, access January 16, 2019, <http://en.silkroad.news.cn/2019/0123/128927.shtml>

traditional friendship and empowering the concept of long-standing stability, facing the future together.

To sum up, the relation between China and CLMV is interdependent and they relate to each other. In terms of security, CLMV is geographically situated at the China's own backyard; any unpleasant circumstances related to security in the region will surely affect China. Moreover, there is some border and territorial disputes between China and countries in CLMV, China has to maintain a good and friendly relationship as well as portraying a good neighbor policy toward these nations to avoid the unpleasant conflict that will finally lead to the nation's economic development downturn. Especially in this region, thus, China needs the peaceful and stable environment as a prerequisite for its development. In terms of economic, CLMV is viewed as a perfect energy and natural resources for growing. Foreign investment from China in region each year is in the considerable amount and the Chinese market is huge, regarding its million citizen, this brings opportunity for CLMV goods to be exported. China also perceives CLMV as the bridge to link to other countries for example the Chinese oil pipeline in Myanmar that helps China reducing the cost of transportation through the Malacca strait from Bengal Sea and the One Belt One Road initiative that China included CLMV in its plan for connecting China with the global community. As CLMV is the fastest growing economy in the ASEAN region, not only China but also superpowers like the US and Japan are taking part of the relationship with these nations. Next section will examine the discussion of power and the soft power respectively to be used as the fundamental knowledge about power in general which will be useful for the perception of Chinese soft power in the next chapter.

## **2.6 What Is the Significance of CLMV?**

After the World War 2 and the consequent Cold War ended in 1991, countries in Southeast Asia formed Association of Southeast Asian Nations and the number of members were rising when CLMV nations joined years later, this was meant to increase the amount of population and resources that could impact on the economic growth. However, gaps between the founding members in terms of economic



development and the four latest countries are still wide. There are still economic challenges in each country. For instance, in Cambodia despite the fact that it is the fastest growing nation in the region, Cambodia is viewed by the United Nations that it is still in the least developing countries in the Asia Pacific region. The country's poverty rate is still high, the gap between the rich and the poor is wide and the lack of export competitiveness is a big issue. For Lao, it expects to remove itself from the least developed country by the end of 2020. Nevertheless, it must face many difficult challenges such as the small number of production base, low foreign investment which is a result of the country's less attractiveness for foreign investment. Infrastructure in the countries like railroads and roads are still under slow development. One of the most important obstacles for Lao is its geography which is the land-locked country and there is no direct access to seaports which could benefit the country's GDP. Myanmar, a country which has been challenging with both domestic and international issues for decades but its tremendous and hidden natural resources and labor force are its keys to boost the country beside economic and financial reform. Vietnam has begun its proactive process in economic reform prior to other nations in the region. It is a fact that Vietnam economic development is in the good rate and much more integrated into the global community compared to other CLM countries. The four countries own huge amount of natural resources which can serve as the primary raw material in the overseas industry, they have new markets which are merely touched thus viewed as the opportunity for entrepreneurs to generate income and finally these countries are eager for economic development which the power of government in each country might not be able to fulfill this need without foreign assistance.

As discussed above, there is still room for CLMV countries to develop and elevate their economic growth. In the present day, CLMV has been more attractive than it was in the past; it has joined several regional cooperation and international situations. Superpower countries like China, the US and Japan view these countries' need as an opportunity to build good cooperation and investment. Several regional institutions or corporations have been joined by not only CLMV countries but other superpower takes this chance to involve in this share. For example, China has played an important role in Greater Mekong Sub region (GMS) since the

beginning while the decade-long Lower Mekong Initiative (LMI) is under the influence of the United States. Ayeyawady-Chao Phraya-Mekong Economic Cooperation (ACMEC) is another good example that shows the potential of CLMV that other ASEAN countries see that they could be developed to match the competitiveness of the founding members. For China itself, I believe that it has included CLMV in OBOR plan by intention firstly is to sort out the potential market for the Chinese goods that could be transported to the new markets. Also, China needs raw material and labor force to supply its economic growth that CLMV could supply it with preferable agreement. Finally, due to the geography, CLMV is situated in the vital strategic area for China since they have shared long borders and served as the gateway to the lower part of the region. China views the area as its own backyard for century in which any activities occurred in the region will affect the mainland China and vice versa.

In the relations between countries, the concept of power seem to be the most fundamental to all nations. Relations between China and Southeast Asia as a big picture or between China and CLMV as the more specific scope also involves the notion of power embedded in their ties. Policy makers as well as the government of two sides seem to have this idea in mind while generating any policies, visits or trade. This section thus describes the concept of power in general, then criticize power as a resource then scope to the general concept of soft power. Chinese soft power will be also discussed in the next chapter.

## **2.7 How Can Power Be Defined?**

Power seems to be difficult to define and can be vary depending which perspective analysis is taking. Scholars in IR field posse their own definition for the word. Bertrand Russell sees the power as the production of intended effects.<sup>41</sup> Joseph Nye Jr. compares power to the weather that we all live among, discuss about it but few really understand what it really is. Some academic studies see the possession of military is the measurement of power that the quantity of weapons, tanks, fighting

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<sup>41</sup> Bertrand Russell, *Power: A New Social Analysis* (London: George Allen & Unwin, 1938).

planes or even the number of nuclear missiles can guarantee how powerful the country is. While many view country's ability to control international market as a source of power in another context. Generally, power can be defined as the ability to get outcome that one wants.<sup>42</sup> There are basically three methods to control the behavior of others such as coercion, inducement and attraction.<sup>43</sup> Coercion is the simple form of power deployment; it can be simply view with use military power. The example is a military threat from one to another, likely when the US used its military power, a navy, to prevent the transportation of missiles to Cuba from Russia so called Cuban Missile Crisis. Another situation that prove the use of coercion when Iraq invaded Kuwait and consequently caused a Gulf War.<sup>44</sup>

Secondly, inducement can be defined as payment or economic power of one country over another to get a desired outcome. The example is when the larger economic power halted financial aid to a less developed country when a political unrest occurred domestically. For instance, the United States in the past halted millions of dollars that was sent to aid Indonesian government once chaos happened in East Timor where Indonesian armed forces initiated a massacre in East Timor's capital.

The last form of power is neither the use of military nor inducement. It is the ability to set an agenda because one country wants to follow other country prosperity that one desires. No use of threat or inducement is used to get the preferred outcomes. This indirect method of influence is as soft power. Nye sees power on the spectrum with the total of different ends, one with command while another is cooperation.<sup>45</sup> To judge where the power lies in the spectrum, it must be used with the context. The use of power by an individual and it is followed does not count as the power that can cause a reaction.

Many scholars including academic researchers, students in International Relations and interested citizens see power as a possession of the resource or

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<sup>42</sup> Joseph S. Nye Jr., *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

<sup>43</sup> Ibid.

<sup>44</sup> Graham Allison and Philip Zelikow, *Essence of Decision, Explaining the Cuban Missile Crisis* (New York: Longman, 1991).

<sup>45</sup> Nye Jr., *Soft Power*.

capability that can influence the desired results due to its concrete, predictable and measurable status.<sup>46</sup> In term of the state's power, Max Weber states that there are two main tools that necessary to control defined territories. There are capital and coercion when these two are literally translated to military capability and money. One state needs full control of coercion in its land and the good flow of capital to maintain its legitimacy over the defined boundaries. However, the translation of power as a resource is the most tangible and solid. The country with the most resources does not always necessarily achieve the desired goals. In history, the United States failed to conquer the communist northern Vietnamese army and finally retrieved its troops even it owned larger military capability as well as the huge amount of capital.

The source of power has been changing. Nye analyzes that the factors such as geography, raw material and population that were once used in assessing the international power would become less importance while the emergence of technology, education and economic growth are replacing them.<sup>47</sup> Thus the source of power is changeable; they keep changing through the different periods. For example, in the sixteenth century, Spanish empire was the leading state in the global stage that a majority source of its power derived from gold mining, colonial trade in Latin America, armies and royal family ties, thus the hegemonic player status was passed through the Dutch, France and Britain consequently. Finally, the United States held this status in twentieth where it gained the power through its large economic scale, technical leadership, liberal international regime, etc.<sup>48</sup>

### 2.7.1 Soft Power

Most of the studies in power relations categorize power broadly into two main concepts. There are hard power and soft power. Both of them are meant to achieve the same outcome that is the control or to affect the behavior of others. Hard power is described as a composition of military and economic might of one country that could show as threat to others while Joseph Nye has defined soft power as the ability to receive the desired outcomes through persuasion, attraction or positive

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<sup>46</sup> Ibid.

<sup>47</sup> Joseph S. Nye Jr., *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990).

<sup>48</sup> Ibid.

images rather than using coercion or payment. Lee Kuan Yew, a former Singapore Prime Minister, saw soft power could be achieved when one nation admire and want to emulate aspects of that nation's civilization<sup>49</sup>. The characteristic of soft power unique, it is based on the specific resource so called the soft attribute of the state, scholars have been debating about this since the term was coined. Thus, soft power primarily rest upon three main resources culture, political values and foreign policy.

Culture is set to be the first resource because of its lack of concrete measurement so it is simply categorized as soft power. However, when academic discuss about the culture they analyze if one culture is possible to create a universal value that so called a power of attraction.<sup>50</sup> One can assume that if one or more countries view and replicate culture that country A performs, country A likely to have cultural influence over them. Critics also distinct culture into two major types, high culture and pop-culture. High culture focuses on books, literatures, education and arts that served a certain group of elites when pop-culture tends to focus on mass entertainment. Nye sees that high culture can produce a great number of soft powers. Many foreign students educated in the US tend to absorb and pick up the American value so that when they return to their countries, they bring with them a better appreciation of the American value that benefit the US since many individual are assumed to take leadership status in their home countries that can contribute to the American objectives. Culture can be transferred from one country through others via several means namely communication or products.<sup>51</sup> Japanese culture like animated cartoon, cuisines, outfits and its products such as cars and electronic equipment are good examples of Japan's soft power resources. Nevertheless, it is argued that Japanese culture mentioned above is lacking of the universal sense that Nye argues that the country was hesitating and not willing to open up the foreign relations in the past and it is considered as an inward form of culture. While Wagner sees Indian culture as more outward due to its spread of Indian movies and film production

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<sup>49</sup> Bates Gill and Yanzhong Huang, "Sources and Limits of Chinese 'Soft Power'," *Survival* 48, no. 2 (2006): 17-36.

<sup>50</sup> Gill and Huang, "Sources and Limits."

<sup>51</sup> Christian Wagner, "India's Soft Power: Prospects and Limitations," *India Quarterly* 66, no. 4 (2010): 333-342.

industry, Indian cuisines and religion. Scholars see it as the intention to use of soft power resources.<sup>52</sup>

Political value is another source of soft power. Country's domestic values that can attract other countries, likely to be followed, posse no resistant toward it and bring about a universal beliefs can generate soft power. Japan is viewed as a global civilian power with a great economic development by other countries and many are likely to follow its footprint.<sup>53</sup> The political value such as democracy and human right issue that one country embrace at home state can also affect other countries in the global stage. Nye also points out that political value can be a powerful source of soft power when country really does what it says or vise-versa .For example, the US as the model of human right idealistic beholder but it failed to tackle with racist problem at home during 1950s to 1960s and it is even happening today in many of its states shows its lack of legitimacy toward the use of soft power in this sense.

Foreign policy is what countries develop and practice in order to encompass its relation toward each other. Foreign policy as a source of soft power as described by Nye can be practical if it is seen by other states as legitimate and having moral authority.<sup>54</sup> One country can benefit from others if it can design the international rules via its political value. Britain and the United States had been benefited from this notion since they share the same norms of liberty, peace and democracy that attract and developed to be part of its foreign policy. European Union, Japan and many particular countries gain respect, trust and admiration from many since they have included aid and assistance to their foreign policy thus they finally become donors that many nations would like to follow this path. India is a good example for this concept which it has donated over USD 1.5 billion and considered as how India developed its soft power in the region.<sup>55</sup>

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<sup>52</sup> Ibid.

<sup>53</sup> Michael J. Norris, "Exploring Japanese Popular Culture as Soft Power Resource," *Inquiries Journal* 2, no. 5 (2010): 1.

<sup>54</sup> Nye Jr., *Soft Power*.

<sup>55</sup> Ibid.

Ding adds that soft power cannot only lie in the country's culture, political values and foreign policy but rest in the structure of the international system as well. It includes international norms, institutions and rules. Nye concludes that in order to make the resource of soft power legitimate and powerful that can cause a preferable outcomes, countries who perform such a practice must not play a double standard game since the action always speak louder than words. Actions are taken rather than what published in the reports. Soft power also has the interactive characteristic, mainly focuses on the perception of the receiver to judge giver's credibility. For instance, audiences who listen to the same song from the same performer will judge how well the show is depending on their taste and perception. Too, soft power has that quality when it shows the interactive relationship between producer and receiver.

Scholars believe that there are advantages of soft power in many areas, Firstly, when we look up at the cost; soft power requires less cost than using hard power. For instance, if country initiates war and invades country B, even if the country A could defeat its enemy, there were still the commitment to such country where it requires more resources and cost. Second, there is the sign of threat when using military force, alienating itself from the international community who view the aggressive act of the military deployment as the potential threat for the weaker states. Lastly, the use of force requires the indefinite resources, it depends on the availability of resources and how well the country can transform it into economic or military power. Thus, many countries have added soft power strategy to their foreign policy both publicly and non-publicly since they view that it is the strategic path to gain the nation's' interest.

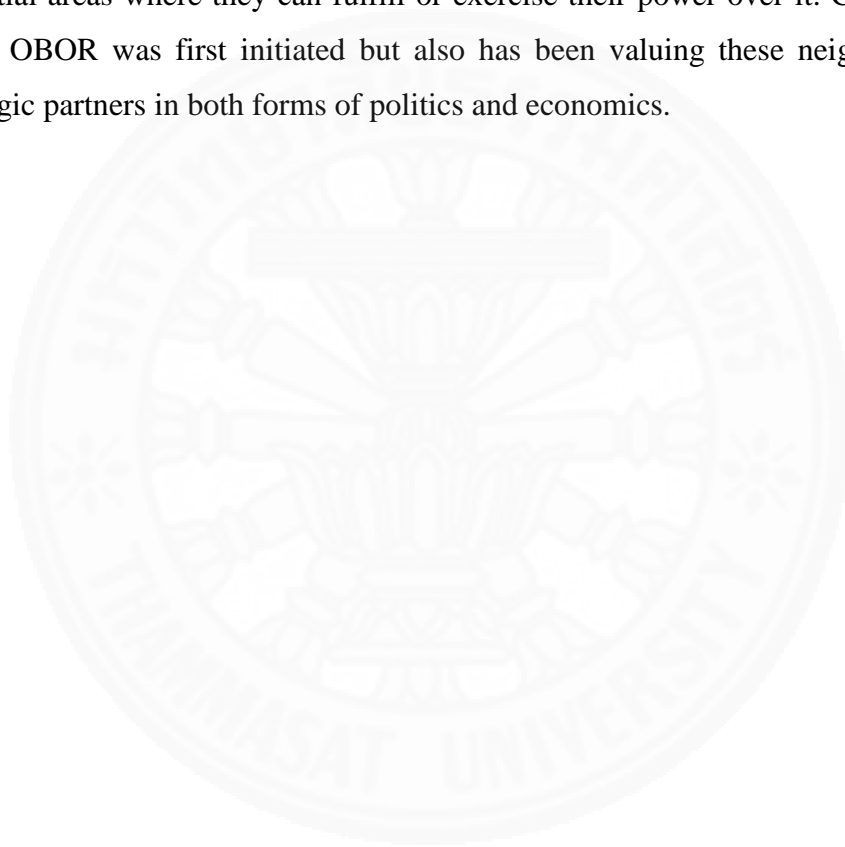
On the other side of the coin, soft power has brought many challenges to the academic discussion. Academics believe that soft power is lacking the sense of controlling over others.<sup>56</sup> While some even comments that soft power is literally not power at all, they believe that there is no guarantee if the receivers of soft

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<sup>56</sup> Jeff Kingston, "The Strength of Japan's 'Soft Power'," review of *Soft Power Superpowers: Cultural and National Assets of Japan and the U.S.*, edited by Yasushi Watanabe and David L. McConnell, *The Japan Time*, January 18, 2009, [https://www.japantimes.co.jp/culture/2009/01/18/books/book-reviews/the-strength-of-japans-soft-power-2/#.XV2\\_-uMzbIU](https://www.japantimes.co.jp/culture/2009/01/18/books/book-reviews/the-strength-of-japans-soft-power-2/#.XV2_-uMzbIU)

power would agree and follow the producer's agenda. Another view trusts that soft power cannot be an effective sole source of country's power unless it is combined with the hard power.

To sum up, the beginning part of this chapter begins with the China and CLMV relation and the following part is related to the power discussion in the general. These two parts are significantly connected when CLMV region has always been the important place where great powers both in the past and present view as the essential areas where they can fulfill or exercise their power over it. China, not only when OBOR was first initiated but also has been valuing these neighbors as vital strategic partners in both forms of politics and economics.





## CHAPTER 3

### THE RISE OF CHINA AND ITS SOFTER POWER DEPLOYMENT

#### 3.1 The Rise of China

The study of the world's politics has shown us the rise and fall of several civilizations in the past, ranging from Greece, Roman, Egypt and China. Some of them could not regain and make a return to great power status, mostly surpassed by other emerging states but that excludes China. China, the country with the status of economic supremacy, millions of soldiers and one of the most populous countries in the world has encountered the bitter pace and await to rise again. This chapter will explore primarily on the fundamental knowledge about China's rise from the ancient time, thus continue to the reform era and the peaceful rise of China in the 21st century. Additionally, there will be a discussion about soft power in Chinese characteristics beside the general view of soft power and also discuss the outcomes of them.

China's great and rapid development made China became a center of attraction to both within Chinese analysts and worldwide experts. Scholars widely discuss about the rise of China since it has expanded its military organs, becoming the prominent global exporter, leading energy supply importer and the A-list top global trader.

However, the rise of China has not just happened in the recent years. Professor Wang Gungwu<sup>1</sup> argues that for a thousand years in its colorful history, China has made the 4 times of rising and became one of the most powerful countries in the world.<sup>2</sup> The first rise began in the Qin-Han dynasties, the unification of the country portrayed the first feudal empire that lasted for centuries. At this era, Chinese emperor was interested in expanding the land to the west and thus the journey of Silk Road was introduced at this time. The emperor wanted to strengthen a relationship

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<sup>1</sup> Professor at the National University of Singapore

<sup>2</sup> Wang Gungwu, *Wang Gungwu: Junzi: Scholar-Gentleman in Conversation with Asad-ul Iqbal Latif* (London: Cambridge University Press, 2010), pp. 77-106.

with Central Asia and the Roman Empire primarily is to protect its territory from a barbarian invasion. The ties grew well and then a maritime Silk Road was started in 1st A.D. The tribute system was emerged during the time of Han dynasty, while the system worked well, states with non-Chinese identities was kept in peace in exchange for the symbolic acceptance from the Chinese monarchy.

Later, the era was known as Sui-Tang unification, the second era, following the fall of the previous dynasty. Sui monarchy reached power, moreover overthrown by its warlord which later found one of the most well-known Chinese dynasties in history perceived as Tang. Tang was greater than former Han, it could halt the territorial tribal invasion at once and developed economic and political dominance over several countries as today's Korea, Japan as well as some part of Vietnam. Tang cultural influence was well accepted throughout the region. During this period, the Chinese monk Xuanzang under the royal decree of the Tang emperor traveled to the west and brought Buddhist inscription to China.

The third era was under a non-Chinese in the eyes of the Hans. The tribal invasion and internal problems brought about the collapse Han-ruled dynasties. The Mongol who was percept as a barbarian to the Han came to power. At this period, Chinese territory was large that included some the parts of Central Asia and Eastern Europe. The period of the Yuan was short yet powerful, it was noticed as the greatest peak in Chinese history. The Mongols rulers known as Khans ensured that the commerce and contact between China and the West was well protected. Christian missionaries were able to freely travel in Chinese territory and spread out their believer, on the other hand, Islamic faith was also well recognized in western part of China where believers converted to Muslim.

The fourth era is known as the weakest rise in the China history. Qing dynasty rose to the status quo power from the late 17th century to the early 18th century. At this time, the country was once unified by the famous historic emperor name Kangxi that his reign was renowned with prosperity and peace. Later, under the reign of Qianlong emperor, the country was noted with land expansion where he could terrorize several nations including Tibet and Xinjiang.

Ancient Chinese owned patriotic believe that their nation was the great country where they named China in Chinese as the Middle Kingdom; they believed

that China is the center of the world surrounded by uncivilized barbarian nations and its subordinates. The less-developed territories were under the Chinese standard. Chinese had always been proud of their dominant status and the record of 5000 years of civilization. This perception of self-centric China was destroyed once the Chinese experienced the greater power from the western periphery. In today's China, Chinese people recognize the period during 1840-1945 or starting from the Opium War to the end of the Second World War as the one hundred year of humiliation. Chinese leaders including Sun Yat Sen and Mao Zedong always called their dream of rising China as the rejuvenation of the country. However, the term of China was coined by the foreign media that see China as a potential superpower following the collapse of Soviet Union.<sup>3</sup>

After the collapse of the Qing dynasty, the founding of the Republic of China and thus the establishment of communist China until the present day, China has passed through several struggling occasions along the way. Xinhai Revolution<sup>4</sup> marked the fall of Chinese monarchy that lasted for thousands of years. During that time, domestic violence happened throughout the country thousands of Chinese suffered and deceased, family separated and consequently brought about the unstable of Chinese politics as well as the fragment of the nation. The country suffered greatly from Japan's invasion and got a control over the country's sovereignty. Later, inspired by the leftist Soviet Union ideology, Mao Zedong founded Communist Party of China that overthrew the government of the Republic of China led by Chiang Kai-shek to Taiwan. After these consequences, China turned itself to the stage that informally known as hibernation for years and waited to rise again. Scholars pointed out that Chinese people perceive their rejuvenation, time to be reborn, that referred directly to the concept enrooted in Chinese perception to gain their previous global status that can be noted in two common affirmations. First, Chinese see time for rising has nothing new, only getting that used to belong to them, regaining the international status. The concept resulted in Chinese would never satisfy with its economic boom

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<sup>3</sup> Sheng Ding, "Soft Power and the Rise of China: An Assessment of China's Soft Power in its Modernization Process," PhD diss., The State University of New Jersey, 2006.

<sup>4</sup> A Chinese Revolution in 1911 led by Sun Yat-sen that caused the end of Chinese imperial dynasty.

until it reaches the superpower status. Second, Chinese does not see the rise as to get the advantage over others, the instead, they see the rise as the restoration of fairness and get what should have been done.<sup>5</sup>

In December 1978, Chinese government led by Deng Xiaoping initiated its economic reform process, so called Socialist with Chinese Characteristics or the concept that known to the west as Opening of China, after the country had suffered for 100 years of humiliation from both internal and external affairs. Deng primarily focused on the agricultural sector, starting from allowing farmers to sell their own products to local markets, then the communist party moved forward by opening up the country to foreign investment and giving permission to the private sector to start up and own a business, the permission that was once forbidden in the early communist revolution according such a political idea. During 1980s to 1990s, the second stage of reform launched, the previous state-owned enterprises have been privatized, contracting out industries, however, leaving some sectors such as petroleum and banking under the government's control. Consequently, the market reached the unsurprisingly growth of 70 percent in 2005 and made its GDP average per year as high as 9 percent.<sup>6</sup>

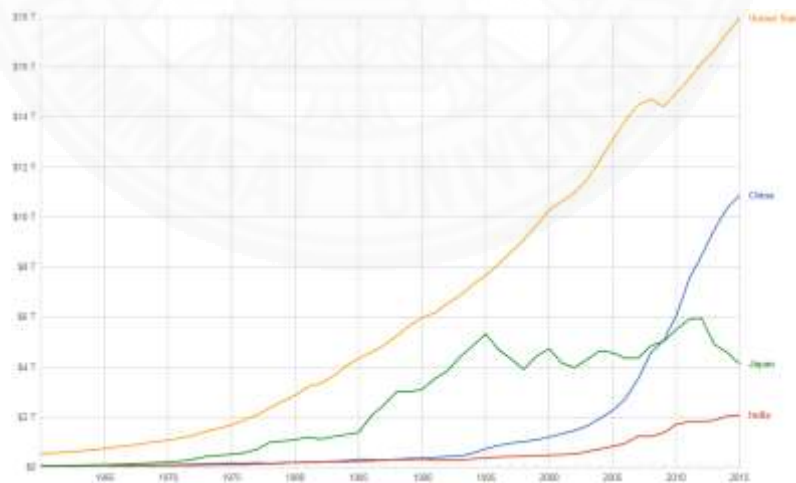


Figure 3.1 Graph shows China's GDP from 1952 to 2015

<sup>5</sup> Yan Xuetong, "The Rise of China in Chinese Eyes," *Journal of Contemporary China* 10, no. 26 (2010): 33-39.

<sup>6</sup> Peter Engardio, "China Is a Private-Sector Economy," *Bloomberg Businessweek*, August 22, 2005, <https://www.bloomberg.com/news/articles/2005-08-21/online-extra-china-is-a-private-sector-economy>.

Deng had also opened up several special economic zones that used as an engine to boost the country's foreign investment since the areas are likely to be free of Chinese bureaucratic system and regulations that drove the increasing national economic interest. During 1984-1993, the reform had been halted from time to time due to corruption, increased inflation rate and the Tiananmen Square protest in 1989. Deng thus continued the process regardless of his oppositions who tended to obstruct the plan since they had the strong belief that the reform could damage special privileges that they have earned as the country's leading elite group. Nevertheless, Deng insisted that the plan must be carried out and thus later he opened up the Shanghai Stock Market which was once closed during the communist revolution nearly half a century ago. This could signal that the reforming process must be continued. During 1993-2005, Deng deceased but the plan was kept running by his reformist successors, Jiang Zemin and Zhu Rongji. At the beginning, the larger scale of industries were privatized thus made the state-owned enterprises decreased to almost 48 percent.<sup>7</sup> The two reformists also decreased the inflation rate, modernized banking system, adjusted some old-fashioned regulations, reduced tax and tariff as well as joined World Trade Organization. These were the strategic choices that China has yet made to integrate itself to the global stage after weighing on advantages and disadvantages. In 2005, China could surpass Japan and became the number one largest economy in Asia. During 2005 to 2012, Hu Jintao seized power; he reversed some reform that had been previously done. Privatization was halted and loose monetary regulation was introduced. The government supported the large national champion, top-class Chinese companies, to compete with other foreign firms. Hu Jintao left the office in 2012 and the country received a new leader named Xi Jinping. Xi and the Communist Party of China urge to dominate state-owned enterprises and several private-sector companies. A great number of company's charters are redrafted to reflect the new introduced law that allow the Communist Party to share the influence over them, this also include the corporates in Hong Kong.<sup>8</sup> The Chinese

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<sup>7</sup> Loren Brandt and Rawski G. Thomas, *China's Great Economic Transformation* (Cambridge: Cambridge University Press, 2008).

economic reform is impressive; economist estimated that during 1978 to 2013 the GDP grew greatly from 9.5 percent to 11.5 percent annually. In 2017 China exported over 2.3 trillion USD and imported 1.8 trillion, leaving China with the trade surplus of over 400 trillion USD, the number calculated as much as 12.4 percent of the global trade.<sup>9</sup> The chart belows show top leading traders in 2017.

Table 3.1

*The World's Top Traders (2017)*

<b>Countries</b>	<b>Import (Millions \$)</b>	<b>% of Global Imports</b>	<b>Export (Millions \$)</b>	<b>% of Global Exports</b>
China	1,843,793	10.93	2,263,371	13.81
US	2,407,390	14.28	1,545,609	9.43
Germany	1,167,753	6.92	1,446,642	8.83

The Chinese economic growth is impressive. However, according to the experts, there are challenges that China still has to face in the road ahead. First China will encounter with the supply shortage problem due to its rapid growth. Second, China is now experiencing the environmental problems, for instance air pollution, industrial wastes as well as the low rate of recycling used materials. Third, the gap between economic and social development is becoming wider.<sup>10</sup>

The rapid growth of China worries the international observers, its neighbors and of courses the West. They are concerned about the rise of China and foresee it as a threat to the global stability which primarily depends on the West to lead. However, Chinese government officials notice this concern and begun its charm

<sup>8</sup> Yu Nakamura, "Chinese Enterprises Write Communist Party's Role into Charters," *Nikkei Asian Review*, August 17, 2017. <https://asia.nikkei.com/Politics/Chinese-enterprises-write-Communist-Party-s-role-into-charters>.

<sup>9</sup> "Is China the World's Top Trader?" *ChinaPower*, last modified March 28, 2019, <http://www.chinapower.csis.org/trade-partner>.

<sup>10</sup> Zheng Bijian, *China's Peaceful Rise to Great Power Status* (Washington DC: Brookings Institution Press, 2005).

offensive strategy in the early 2000s. Beijing high-level leaders emphasized constantly to promote Chinese desires in peace and stability. Chinese Minister of Foreign Affairs once addressed in the official report that “Safeguarding peace, promoting development and enhancing cooperation, which is the common desire of all peoples, represents the irresistible historical trend”.<sup>11</sup> China think-tank and leaders later developed the term Peaceful Rise or heping Jueqi, the term was first used by important government advisor to President Hu Jintao, Zheng Bijian, who served as the powerful assistant to Chinese leadership.<sup>12</sup> Peaceful Rise which eventually informally renamed to Peaceful Development became popular among Chinese critics owns the core meaning that Peaceful Rise will not take the path of any emerging power that could create a shock wave across the world, even if it becomes the superpower, it will not be a threat to any countries. Prime Minister Wen Jiabao once insisted in his speech that “China’s rise will not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country”.<sup>13</sup> China failed to exercise its hard power in the mid-1990s thus it learned from this mistake. China first attempt to use the hard power happened when it sent the warship to guard several unoccupied islands in South China Sea. Also, it aggressively forced other nations in the region to abandon their alliance with the United States. Nevertheless, China miscalculated and was not able to achieve its goal. The country was greatly condemned by surrounded nations and yet made their ties between them and the United States became closer as they viewed China as the major threat. United States deployed more troops in its ally’s lands like the Philippines; this meant that the army was closer to China’s border. The outages went on until Beijing realized that it should have done something to prevent the unfavorable outcome. Thus, the policy was shifted, the Chinese government decided to tone down the troops as well as assisting countries in Southeast Asia during the Financial Crisis in 1997. Thus, Chinese image was improved in the eyes of the neighbors. Robert G. Sutter, Chinese study observer

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<sup>11</sup> Ministry of Foreign Affairs, the People’s Republic of China, *China’s Africa Policy (White Paper)* (Republic of China: Author, 2006).

<sup>12</sup> Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power is Transforming the World* (New Haven: Yale University Press, 2007).

<sup>13</sup> Esther Pan, “The Promise and Pitfalls of China’s ‘Peaceful Rise’,” *Council on Foreign Relations*, April 14, 2006. <https://www.cfr.org/background/promise-and-pitfalls-chinas-peaceful-rise>

and former intelligence officer mentioned that China could avoid a direct confrontation with the United States, the unrivaled global hard power, instead it should seek to weaken American soft power in the longer term”.<sup>14</sup>

### 3.2 Chinese Special Economic Zones

After the end of World War II, the People’s Republic of China had been abided itself to the principle of “self-reliance” that related to the formation of the socialist state.<sup>15</sup> The term self-reliance referred to the country that stands on its own feet without any support from any other foreign state and to exclude overseas investment both direct and indirect. In 1978, the Gang of Four, the prominent political figures composed of four Communist party officials, was removed from the Chinese political stage and the new regime introduced the “four modernizations” concept, the concept that was designed to help China catch up with other developed Western countries. The slogan was divided into four parts such as science and technology, industry, agriculture and national defense. In order to, fulfill the need of four modernizations, the Chinese government realized that it had to increase the cooperation with the capitalist nations and the government thought that it was in need to reform its economic due to the failure of Maoist-style of economy. The Maoist made the Chinese economy become weaker and was being less competitive in the world’s market. China kicked off by importing materials from abroad and thus in 1979 it launched the Joint Venture law which allowed the foreign companies to undertake the joint venture with Chinese nationals,<sup>16</sup> this paved the way to the permission of direct foreign investment in the near future. Another part of the economic readjustment was to transfer the power from the central government to the local authorities especially in the economic matter. Guangdong and Fujian were the first two examples to be provided with this special economic autonomy and in 1980 the Regulation on Special Economic Zone in Guangdong was effective. Special Economic Zone (SEZ) can be

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<sup>14</sup> Sutter, *China’s Rise*.

<sup>15</sup> Sonoko Nishitatenno, “China’s Special Economic Zones: Experimental Units for Economic Reform,” *The International and Comparative Law Quarterly* 12, no. 1 (1983): 175-185.

<sup>16</sup> *Ibid.*



defined as the area where companies are treated by the government more preferably especially in term of the tax rate. The primary idea of founding these zones is to attract foreign investment to the mainland China while the government provides a market-like policy and less governmental control over the companies that invest in this area. The fundamental principles of establishment rely on these economic policies. First, there is the special tax incentive for the companies in these assigned areas. Second, less attached to the central-socialist government which make the investment more competitive in the global market. Third, the areas have their own planning and separate financial plans, local authorities are able to legislative laws using in the responsible territories. Finally, the product produced in these areas should be export-oriented which prevent them from attacking the Chinese domestic market and the trade happened in these are driven primarily on the market force basis. In the present days, China has found approximately 20 Special Economic Zones across the country. Most of them lay on the coastal area which makes them benefited to communication and transportation. It is not necessary that every SEZ must have the same characteristic; some of them depend on industry while others are exporting-industrial process district. China has been quite successful in deploying this concept domestically. In term of international affairs, China's SEZ viewed as the model to other developing countries which need to boost their economy at home. In many OBOR participant countries, China also set up, with the agreement from host country, Special Economic Zones, which mainly used as a tool to facilitate the Chinese enterprises abroad.

### **3.3 China's Peaceful Rise in the 21st Century**

The concept of China's Peaceful Rise was first coined by the Chinese prominent academics, policy makers and state's advisor, Zheng Bijian, in the late 2003 which later caught attention if those in both West and East world. At that time, President Hu Jintao and Prime Minister Wen Jiabao were also interested in this term and added it to Chinese foreign policy. However, for some reason, the idea was not announced publicly but it remained as the academic inquiry, rumor had that there

were some objections from the big names in the standing committee of the Politburo.<sup>17</sup>

The idea of China Peaceful Rise has transformed itself from a speech to theory and then finally to a strategy. At the beginning, Zheng had given a remarkable speech at the Bo'ao Forum for Asia<sup>18</sup> forum and the first time he used the term Peaceful Rise. He acknowledged that "In the 25 years since the inception of its reform and opening up, China has blazed a new strategic path that not only suits its national conditions but also conforms to the tide of the times. This new strategic path is China's peaceful rise through independently building socialism with Chinese characteristics, while participating in rather than detaching from economic globalization".<sup>19</sup> He reassured that China would assume its great power status without threatening the neighbors, creating the peaceful and cooperative environment and it would not destabilize the international order. The main concept of the rise is to lifting the lives of Chinese who live under standard of living environment. Zheng's speech at Bo'ao was powerful enough that Chinese leadership made it as their part of their speech in several occasions. For instance, a month later, Wen Jiabao visited Harvard University in the US and thus he addressed "China today is a country in reform and opening-up and a rising power dedicated to peace. It is neither proper nor possible for us to rely on foreign countries for development. While opening still wider to the outside world, we must more fully and more consciously depend on our own structural innovation, on constantly expanding the domestic market, on converting the huge savings of the citizens into investment, and on improving the quality of the population and scientific and technological progress to solve the problems of resources and the environment. Here lies the essence of China's road of peaceful rise and development."<sup>20</sup> Wen again cited in the press conference stressed out five essential components of the China Peaceful Rise, First, it would involve taking

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<sup>17</sup> Robert L. Suettinger, "The Rise and Descent of Peaceful Rise," *China Leadership Monitor* 12, no. 2 (2004): 1-10.

<sup>18</sup> A non governmental and non profitable forum located in Hainan, China, established under the goals of promoting and deepening the economic exchange, coordination, and cooperation within Asia and between Asia and other parts of the world

<sup>19</sup> Bijian, *China's Peaceful Rise*, pp. 14-19.

<sup>20</sup> Wen Jiabao, "Turning Your Eyes to China" (speech, Harvard University, Boston, December, 10, 2003).

advantage of world peace to promote China's development and safeguarding world peace through China's development.<sup>21</sup> Second, it would base on China's independent hard work and its own strength. Third, it would continue the open-up policy and yet continue the active international trade and exchange, Fourth, it would take several generations to accomplish the ultimate goal and lastly it would not stand in the way of any other country or pose a threat to any other country, or be achieved at the expense of any particular nation.<sup>22</sup> Chinese government has also launched the guiding principles for the active diplomacy in four levels. First, become the strategic partner with the second-tier power. Second, it is promoting the good neighbor policy. Third, be more cooperative with the US. , an avoidance of confrontation at any level is the most preferable aim. Finally, ignore Japan when China is capable of managing the alternative power.<sup>23</sup>

In contrast to what the idea has imposed on the world, some scholars view the establishment of the China Peaceful Rise as a potential threat to the world order, international trade as well as the neighboring nations. Zheng had argued that Peaceful Rise is actually a part of the country's development strategy which the path of China Peaceful Rise has not just happened, it is not something new to the government but it has started out since the Deng Xiaoping era, passed on to Jiang Zemin and Hu Jintao. China's rise is different from what the great power who sought power in the past which normally threatening peace and harming the international order. China Peaceful Rise is truly an integration of peace and rise. He explained that China's ultimate goal is to seek peaceful international development while safeguarding world peace via its own development. China did it by instead of isolating itself from the international order and the wave of economic globalization, it blends itself to it, at the same time it creates the socialism with the Chinese characteristics.

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<sup>21</sup> Ibid.

<sup>22</sup> "Full Text of Chinese Premier's Press Conference," *People's Daily Online*, March 24, 2004, [http://english.people.com.cn/200403/15/eng20040315\\_137493.shtml](http://english.people.com.cn/200403/15/eng20040315_137493.shtml).

<sup>23</sup> Ming Xia, "China Threat or a Peaceful Rise of China?," *New York Times*, December 11, 2003.

### 3.4 China's Go Global Strategy

China under Mao's era was something totally different from how the world views China's today emerging economic power. Under Mao's ideology, China was a self-reliant country where it people collectively produced goods which intentionally meant for domestic consumption. When Deng seized power, the reform era began which marked as the farewell of Maoist economic ideology. Deng has introduced China to the market-led economy while keeping the concept socialism within people by the central government. Initiated in 1999, the main concept of the strategy was to urge Chinese companies to go globally, which meant to invest overseas and take advantage of the economic boom elsewhere outside China. This reflects Chinese intention to the global corporate partner and leadership status.

Scholars believe that the road to China's goal is based on the two initiatives known as Capacity Cooperation- Go Global 2.0 and Belt and Road Initiative. At first, the idea was brought to the practice as Go Global 1.0 and it coincided with China's participation in the World Trade Organization. Under the government of Hu Jintao and Wen Jiabao, whom seen as the vital players to drive this policy, the strategy basically conceptualized for guiding Chinese cooperates to seek for resources abroad while exporting practices that work PRC business world as well. However, the result has not been satisfied due to anti-corruption campaign, rent-seeking root in the cooperates culture and problems with the locals where Chinese invested in. For instance, Chinese firm failed to invest in Poland's railways project even the budget was only half of what primarily planned by the Polish government. China expected that the 450 million USD would have been used as a bypass to enter the European market. Nevertheless, the Chinese firms could not abide with the local regulatory framework and brought about the cancellation of the project.

The new light of the idea was ignited with the ambition of Xi Jinping's vision of global leadership. The Go Global 2.0 was brought into the spotlight with more careful manner by identifying what has been done inappropriately during the Go Global 1.0 campaign and equipping firm with more knowledge to invest in the smarter manner. Xi's plan was to promote Chinese enterprises from traditional industrial-based exporter to a high-tech, innovation and service-based industry,

leaving no room for the country to fall to the middle-income trap. The government urged the state-owned enterprises and companies to merge to build a larger and much stronger corporates to compete in the world's market.

However, there is always another side of the coin, Going Global is also risk. Many of the Chinese firms are lack of going abroad experience. Some Chinese companies already have been overseas without or less knowledge about the business, some might got into the business field where they have not been so keen with and little have been done to evaluate the risk beforehand. This out flow of Chinese currency resulted in a devalue of Chinese currency as well. Moreover, countries that China has been participating with normally have their own geopolitical goals while local law and practice do not work well together the Chinese standards. In addition, Chinese projects supplied by the Chinese firm would likely to cross several disputed political areas. Thus made it is uneasy for the companies to deal political issues while have to work on the business performance at the same time. Lastly, some recipient nations are worry about the Chinese hidden agenda toward the Go Global investment. Issues relating to technology as well as energy are sensitive to many countries' security. China must learn from the mistakes committed from the previous failure and continue the Go Global 2.0 with more strategic vision.

### **3.5 China and Its Soft Power Deployment**

In the 21st century, international communities have been more concern about the approaching of the rise of China. Scholars from different schools of thoughts have regarded this move as either peaceful or threat depending the aspects analyzed. Some pick up the Chinese rapid economic development and political value especially socialist value as a threat to the global community. Chinese soft power has its own style, so it is sometimes called "Soft Power with Chinese Characteristics".<sup>24</sup> Instead of being proactive and aggressive, experts see that Chinese style soft power

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<sup>24</sup> Denise E. Zheng, *China's Use of Soft Power in the Developing World* (Washington DC: Center for Strategic and International Studies, 2009).

remain ad hoc and reactive, the main goal is to fight with the China threat theory and improve Chinese image abroad.<sup>25</sup>

The study of Chinese soft power cannot avoid comparing it with the previous hegemonic icon of soft power user, The United States. However, there are of course similarities and differences. First, for the same objectives, Chinese experts agree with the Nye's pro-West concept of soft power that it bring about the comprehensive national power and the essential mean to get reach the national interest. Meanwhile, they abide to the concept that Chinese soft power has some different aspects. They view that it has a unique nature, regarding to a negative view toward American soft power which they believe that had been exercised as a tool for the American hegemony, Chinese soft power is defense-based concept that promoting the peaceful development at the home front, leveraging the level of engagement in the international community, seducing the global audiences to agree with its peaceful rise. Thus, Beijing has no intention to compete with the existing soft power player, like American, in the international arena or to challenge the American hegemonic status in the world. Chinese scholars also see differences in resources of soft power the countries possess as Lu and Wang describe, "Nye's discussion of American soft power highlights contemporary American pop culture while Chinese discussion of Chinese soft power underscores traditional Chinese culture. Nye stresses the attraction of American political institutions and values, such as democracy and human rights, while Chinese analysts emphasize the attraction of the Chinese economic development model. Furthermore...Chinese analysts attach great importance to the domestic foundation of soft power broadly defined...whereas Nye has focused his attention on improving the substance and style of America's foreign policy to make the US more attractive abroad."<sup>26</sup> Thus the best way to fully understand the concept of Chinese soft power, readers must primarily ignore the concepts that tossed by the Western periphery or to de-westernize the ideas of soft power in the mainstream. To

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<sup>25</sup> Bonnies S. Glaser and Melissa E. Murphy, "Soft Power with Chinese Characteristics: The Ongoing Debate," in *Chinese Soft Power and Its Implication for the United States: Competition and Cooperation in the Developing World*, ed. Carolar McGiffert (Washington, DC: Center for Strategic and International Studies, 2009), pp. 10-26.

<sup>26</sup> Hongying Wang and Yeh-Chung Lu, "The Conception of Soft Power and Its Policy Implication: A Comparative Study of China and Taiwan," *Journal of Contemporary China* 17, no. 56 (2008): 425-447.

conclude, Chinese soft power shows the human authority that incorporated with the superior of morale while American soft power is comprised of hegemonic idea that include compulsion, coercion and force characteristics.

Therefore, this sector will explore what is the main factor that motivates China to develop its soft power strategy; how China views its soft power strategy and what are the sources of its soft power.

### **3.6 What Motivates Chinese Soft Power : The China Threat Perspective**

Over the past 20 years, scholars of international politics and interest groups have widely discussed about the awakening China as the potential threat to the world order. At the beginning, Robert Ross, an American scholar coined the term in the policy report produced by the Heritage Foundation. The report warned the American policy makers that the rise of the new hegemonic power as called the rise of China would result in the clash of the two nations. Furthermore, the report concerned about the inevitable nationalism, organized crimes as well as historical misunderstanding which would be the results of disputes between China and Japan, South Korea and Southeast Asian countries. General Joseph Dunford, the chairman of the Joint Chiefs of Staff (JCS), predicts that China will become a threat to the US by the end of 2025 while the summary of America's 2018 National Defense Strategy claims that China and Russia are "revisionist powers" seeking to "shape a world consistent with their authoritarian model—gaining veto authority over other nations' economic, diplomatic, and security decisions."<sup>27</sup> Realism school sees China as a challenging and emerging power, especially in its own backyard of Southeast Asia and Central Asia where the hegemonic status of the United States and Russia have resided. The concerns toward China rise are based on three main points. First, the Chinese economy, China has practiced the unfair trade practices that undermine the US economy, being eager for the technology transfer and the violation of intellectual properties. Also, the size of Chinese economy is getting bigger every year, this worries the status quo economic power like the US and Japan when there is another

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<sup>27</sup> Kishore Mahbubani, "What China Threat?: How the United States and China Can Avoid War," *Harper's Magazine*, February 25, 2019, <https://harpers.org/archive/2019/02/what-china-threat/>

potential player in the market. They believe that it is just the matter of time for China to become the world's superpower.<sup>28</sup>

Second, observers view that the successful economy does not accompany with the Western style liberal democratic, thus worry other powers that China would be too aggressive in dealing with other countries since the country is still under authoritarian rule. Finally, critical views of Chinese threat is pointed out to its gigantic army and possession of nuclear weapon that analyst China might use them to regain its superpower status quo. Furthermore, Japan is also worried about the rise of its neighbor but with the different reasons. During the war era, China had been suffering severely from the Japanese aggression. At the present day, Japanese close relation with US and even Taiwan make the ties between China and Japan stay at the low degree. No frameworks have been conducted to reduce the territorial disputes and Japan is also suspected one who spread out the fear of “China Rise” besides US. In Southeast Asia, even this is no obvious sign of anti-China detected from any states, but with the tremendous size of economy, the effective capability of export-oriented country and the place where FDI have been heavily invest in make the SEA states feel more competitive with China as the country which possess the perfect combination of unpredictable politics and stunning economic growth.

Realist worry that when a single state greatly gain both military and economic power, such a state is likely to not be able to manage such resources and this reflects Chinese considerable number of soldiers and economic boom. They believe that states' first priority is to survive in the anarchic world system. Thus, sovereignty and national interest should be utmostly protected; this made the rise of China become threatful in its neighbor's point of view. The China threat approach can be seen in the multiple forms, for instance, ideology, economic and military. The realism school does not believe that China could adjust itself to fit what the West see how the global system should look like, for example, to liberalize the political system or to fully engage in the economic partnership. Instead, they view that China economic potential could challenge peace and security and thus to the hegemonic superpower.

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<sup>28</sup> Xia, “China Threat.”



To conclude this motivation, China notices how others view it as the threat, thus the concept of soft power has been developed. It means that the increasing perception of Chinese soft power is to make China look less threatening to the existing power. Li notes that “is primarily utilized to refute the China threat thesis, facilitate a better understanding of China’s domestic socio-economic reality, and persuade the outside world to accept and support China’s rise”.<sup>29</sup> This statement agrees with Nye’s view of Chinese soft power as he mentioned that “soft power is the way to mitigate the risk of regional coalition balancing against China”.<sup>30</sup>

### 3.7 Soft Power with Chinese Characteristics

There are debates among scholars to identify what the Chinese characteristic of soft power is. In short, they have a different view about the nature of Chinese soft power.<sup>31</sup> Some academic suggests that China owns little soft power since China could not become a model for other countries both culturally and politically, they claim that China’s image toward other nations, especially its neighbors is not positive enough to mold other’s ideas about China, despite the Chinese effort in public diplomacy which believed improve China's image. However, there is contrast view about the Chinese soft power. Kurlantzick believes that Chinese broader “charm offensive” to other parts of the world has the effective effect that what Nye had described in his case of Chinese soft power. Others argue that analyzing China’s soft power must go further than the concept of public diplomacy and must take a closer look at the Grand Strategy.<sup>32</sup> Chinese leaders have learned from the past history that China today will not be able to achieve the hegemonic status without being legitimate and embrace hegemonic cause.<sup>33</sup> That refers to three objectives that China is willing to meet. First, creating a peaceful environment, that could benefit China's rise. Second, building the good image of China to the eyes of the world. Finally, working

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<sup>29</sup> Rukmani Gupta, Review of *Soft Power: China's Emerging Strategy in International Politics*, by Mingjiang Li (ed.), *Strategic Analysis* 35, no. 1 (2010): 154-155.

<sup>30</sup> Joseph Nye, *The Future of Power* (New York: Public Affairs, 2011).

<sup>31</sup> Mustafa Yagci, “Rethinking Soft Power in Light of China's Belt and Road Initiative,” *Uluslararası İlişkiler Dergisi* 15, no. 57 (2018): 67-78.

<sup>32</sup> Yiwei Wang, “Public Diplomacy and the Rise of Chinese Soft Power,” *The Annals of American Academy of Political and Social Science*, 616, no. 1 (2008): 257-273.

<sup>33</sup> Ibid.

with Chinese soft power with norms and value<sup>34</sup>. Thus, observers conclude that Chinese improvement and development of soft power rely upon its capacity of using the public diplomacy. China has actively pursue the goal of changing its international image since the early 2000s. China wanted to leave the mindset-trap of the China Threat viewed by others while wanted to expand its concept of the Peaceful Rise and Peaceful Development at the same time. The Chinese leadership anticipated to reach the three international goals by using public diplomacy activities, there is seeking the common understanding toward Chinese unique political system from other nations, the perceptions of others to China as a good economic partner and lastly the perception of China as the historical civilization with long history. Chinese leadership noticed that China need to deploy and being more active about the soft power. In 2007, Hu Jintao himself had embraced the essential of Chinese cultural soft power that could make “China more influential politically, more competitive economically, more appealing to its image, and more inspiring morally”.<sup>35</sup> Cultural and economic diplomacy are both widely used to employ Chinese soft power. Confucius institutes were set up around the world to promote Chinese culture and reshaping the perception toward Chinese through language and other means of Chinese culture. At the same time, China also use the economic diplomacy to portray its soft power in many regions. However, I believe that the Chinese style of win-win goal between China and other countries has different connotation. For China, win-win situation happens when Chinese companies gain money while helping people at the same time, at least China must gain the benefit from its investment and return such surplus gain to the people. This could be viewed as the uniqueness of the Chinese-style soft power.

Beijing is well aware of its rapid economic growth. It sees the stable of politics as well as the peaceful global environment as the key to continue its economic development. China, thus, proposed the soft power strategy as to avoid a confrontation with the existing superpower and especially with its neighbors via the “Good Neighbor Policy” and the promotion of “the Harmonious Worldview” perception. For China, lessen the threatful connotation about its rise can guarantee the

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<sup>34</sup> Ibid.

<sup>35</sup> Wang, “Public Diplomacy.”

preferable outcome for economic development.<sup>36</sup> To China, two main goals are to reduce the impacts of the China threat theory to the national security while improving China's relations with neighboring countries, these goals are believed to reach successfully with the deployment of effective soft power strategy.

### 3.8 What Are Chinese Sources of Soft Power?

Traditional resources of soft power according to Nye who first used the term are based on three components culture, political values and foreign policy. Additionally, when coping up with Chinese soft power, observers add multiple resources depending on their perspectives toward Chinese potential resources namely economic development model, international image and economic temptation. Nevertheless, this section will not mainly explore the cultural factor as per mentioned in the first chapter, this part will focus on political value and emerging source of economic temptation value, international image, investment and multinational institutions.

However, scholars in soft power studies mostly agree that culture is the vital element of soft power. China, at least to the Chinese, believed to have a potential value on this source regarding its traditional culture dwelled within Chinese leadership for thousand years. This idea cooperates with the Chinese ideas of thoughts that could be divided into two schools that seemingly live in different end of the spectrum where there is some part which they intersect with each other<sup>37</sup>. First majority school that praise the culture factor has been vastly embraced by the Chinese elites and policy makers. They believe that the ancient Chinese history holds the position as valuable source that does not attract its neighboring countries who share the faith in Confucian inherent but also international community where China has contact with. Some even suggests that the traditional Chinese value could one day the Western value. Jiang Zemin once concluded that culture play the ever more importance in today's competition for the national power. The other school which

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<sup>36</sup> Tony Tai-Ting Liu and Tung-Chieh Tsai, "Swords into Ploughshares?: China's Soft Power Strategy in Southeast Asia and Its Challenges," *Revista Brasileira de Política Internacional* 57, no. SPE (2014): 28-48.

<sup>37</sup> Tai-Ting Liu and Tsai, "Swords into Ploughshares?"

embraces the political source does not deny the importance of culture, however, it sees the political power or power of manipulation as the essential sources of soft power. Professor Yan Xuetong writes that “to reinforce the soft power of China, the critical issue is to strengthen political power. Starting with politics is not the same thing as starting with culture”<sup>38</sup>.

### 3.8.1 Political Values and Development Model

Chinese political attractiveness is not new, it could be traced back to the Tang dynasty. The Tang dynasty, led by the emperors, began the centralized system of human resource management based on the merit standard. This so attracted the best personnel to serve the government and made the government work more efficiently. In order to oversee farmer and agricultural sector, the dynasty also set up fair and reasonable tax system to ensure the livelihood of the country's majority citizens. The emperor accepted the diversity of religions and beliefs, encouraged the communities to integrate with new society. Tang dynasty also produced a single legal system that yet was effective and updated it frequently. This advancement of Tang dynasty became a model of governance in East Asia. Countries, both under the Tang regime and other free states in the region, adopted the Chinese political value and yet adjusted to their communities.<sup>39</sup> During 979-1279, the Song dynasty came to power, neo-Confucianism, the integration of Buddhism, Taoism and Confucianism, dominated the Chinese government ideology. The belief was well respected by the following rulers, both Han and non-Han minorities. The Mongol and Manchu followed the path of this ideology to integrate with the Chinese instead of forceful means. Korea, Japan and some parts of Southeast Asia were dominated by the neo-Confucianism to both intellectual and daily life.

In the modern days, even though the regime is obviously still an authoritarian but the time for Maoist idea is long gone. The successful combination of socio-economic style had made the national GDP rise in double digits for the past two decades, yet this become the attractive model to several developing countries who

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<sup>38</sup> Yan Xuetong, “Political Application of Cultural Resources,” *Huanqiu Shibao* (2007): 1.

<sup>39</sup> Warren I Cohen, *East Asia at the Center: Four Thousand Years of Engagement with the World* (New York: Columbia University Press, 2000).

which to follow China's path of success. Countries in Latin America, Asia and Africa are impressed with an authoritarian government with market economy known as Beijing Consensus, thus believed to replace the previous platform of Washington Consensus that promote liberal democratic value with the market economy. China knows this strength point so that many foreign investment and aid have been heavily implemented to these regions. Additionally, foreign policy was also adjusted, aggressive China had changed its image toward the world. China's seat in World Trade Organization is one of such a proof. It sent thousands of troops for the peace-keeping operation while being more helpful in the nuclear proliferation issue. China also hosted several talks that help solving the issue in North Korea. In regional issue, it settled territorial disputes with the neighbors and joined a number of regional organizations. This mentioned readjusted diplomacy could welcome more countries to acknowledge China's peaceful rise and lift fear that these nations have toward China massive rise.

In term of development model, which intentionally included in this sector for a reason since Chinese unique characteristic of development model so called Beijing consensus relates to its political ideology. Since 1979, China's status on rapid economic growth has given the country another source of soft power. Scholars point out that Chinese development model inspires other developing to take a Chinese path. It offers the opportunities that established structural power cannot provide<sup>40</sup>. In the past, developing countries or less developed countries did not have many choices, the only alternative available was known as the Washington Consensus, the Western-based reform agenda which often come with unfair conditions that receivers had to accept. When Beijing came up with the alternative model that the conditions seem to be much looser and the aid with no string-attached, thus it receive a warm welcome in the developing south world. For example, in term of term of technological development, even it is believed that China is still fall behind the American or Japanese rivals, the developing nations see China is more sincere and willing to transfer the technology to them<sup>41</sup>. Chinese Premier Wen Jiabao once addressed that

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<sup>40</sup> Terence Wesley-Smith, *China in Oceania: New forces in Pacific politics* (Honolulu: East-West Center, 2007).

<sup>41</sup> Ibid.

“China can offer the developing world a new model for South–South cooperation which is based on ‘peaceful coexistence, equality, and respect for the social systems, sovereignty, and independence of other nations’ and China’s willingness to provide assistance without any political strings attached’.”<sup>42</sup> Scholar view that even though the platform is well accepted in the developing world periphery, Chinese official always keep this model to themselves, no direct campaigns or promotion toward this Beijing Consensus, partly because it does not want to disturb the previously established power according to its peaceful and coexistence concept. Countries along the OBOR project are willingly to join the initiative since they view China’s success in development has brought about the economic growth and improvement to the country’s economy as a whole.

### 3.8.2 Economic Temptation

Economic itself seems like a hard power, The United States is a good example to deploy this specific sort of power to the world through economic sanction in many countries, such as Iran and North Korea<sup>43</sup> whom it views as a threat to its regime. China notices how powerful the economic sources are but it exercises it in the different sense so called the economic temptation. Economic temptation rests under the category of Chinese soft power resources according to many scholars. The term could be described as, if country A offers country B an inevitable economic gain, country B is likely to not oppose what country A propose on the non-economic issue.<sup>44</sup> In this sense, China is the master who can use this effectively due to mega Chinese market and economic emerging power status.

Since the country emerged to the world’s market in 1979 during Deng Xiaoping’s era, China had become a popular destination where attracted business people worldwide according to its vast and freshly-open-up market , untouched natural resources and low-wage labor. Many foreign enterprises set up the business in the Special Economic Zones, using China as the production base for

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<sup>42</sup> Ibid.

<sup>43</sup> John Wong, “China’s Rising Economic Soft Power,” Asia Research Institute, University of Nottingham, last modified March 15, 2016, <https://theasiadialogue.com/2016/03/25/chinas-rising-economic-soft-power/>

<sup>44</sup> Xin Li and Verner Worm, “Building China's Soft Power for a Peaceful Rise,” *Journal of Chinese Political Science* 16, no. 1 (2011): 69-89.

producing low-cost goods. Several companies registered in Hong Kong moved to the mainland for the better tax benefit. At the same time, in the city area, Pudong district in central Shanghai was transformed from the agricultural plantations to skyscrapers, bridges and highways and extended public transport system. Economists predict that China could become the largest economy in the world in 2041.<sup>45</sup> This implies that China will effectively absorb world's excess capital and surplus goods that the international community produces. In the 21st century, the rapid changes in technology especially in communication technology causes China reached the position of the world's factory. The nation is benefited from the decreasing cost of transportation and industrial relocations, leading global producers' eye on China as it poses a cheap labor, friendly investment taxing benefit and governmental supports in building up manufacturing areas. Thus, this could conclude as Chinese economic temptation as the soft power resource.

### 3.8.3 International Image

When it comes to soft power, international image is the essential factors that need to be taken to account. Country's image depends greatly on its behavior and performances.<sup>46</sup> If one country views another nation's image as poor, uncivilized or less attractive in any fields. Such country has low soft power obviously. Generally speaking, international image is basically based on attraction. Country with poor international image generally comes up with being less attractive to others. In the past, during the Cold War period, the perception toward China was bad; the world was full of negative connotation toward the Communist ideology. Therefore, neighboring countries were too sensitive to deal with PRC at any means. Furthermore, China under Mao was likely to keep itself away from the outside international affairs. China, then, paid much of its attention toward domestic production and other internal affairs. Few have been known about China at that moment, so, its international image was consequently low partly because of Mao's neglecting about what was happening outside China, too. The Chinese government later acknowledged this concern and felt that some must have been done to improve this. China under Deng Xioping was

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<sup>45</sup> Dominic Wilson and Roopa Purushothaman, "Dreaming with BRICs: The Path to 2050," *Global Economic* no. 99 (2003): 1-24.

<sup>46</sup> Wilson and Purushothaman, "Dreaming with BRICs."

different, the reform and opening up strategies were put in place and China gradually walked away from the shadow. The country integrated to the world bit by bit. However, the process went slowly since China had to continue its domestic development, thus made its emerging status was low profile. The Tiananmen Square Incident made China image building process went slower; many nations condemned the government of using army force to end the unarmed protest, this situation even lessen the trust toward Beijing.

The game shifted during the Financial Crisis in 1997. China publicly announced not to devalue its currency in order to improve the financial status in the region. Neighboring nations believed that China was willing to help during the time they needed the most. China also landed million USD for some countries to stabilize their currency. The Chinese image was much improved at this time while trust toward the US was in decline. Scholars believed that the situation was a return of Chinese soft power in the region. Additionally, Beijing has implemented new foreign policies such as peace and good neighbor's relationship and was successful in solving border disputes with several nations. China under Hu Jintao and Wen Jiabao released "harmonious society" concept that greatly impacted on the image building both at home and overseas. Currently, under the Go Global strategy, successful Chinese corporations actively invest beyond the border line, this also help improving Chinese international image abroad since investing overseas mean more jobs available, more taxes and more opportunities as well.

### **3.8.4 Investment**

China's strong investment is considered as the vital component of Chinese soft power resource. China is now the world's largest of foreign exchange reserves.<sup>47</sup> The country's gain from trade surplus as well as foreign direct investment has made China capital to pursue overseas direct investment. In order to maintain the country's economic growth this listed as the top priority for the Chinese government, China need to procure raw materials and energy at the great amount to supply its growing economy. Thus make Chinese enterprises invest in many regions including

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<sup>47</sup> Wayne M Morrison, China's Economic Conditions, Report no. RL33534 (Washington, DC: Congressional Research Service, 2008), p. 18.



Africa, Middle East, Latin American and Southeast Asia to maintain the sustainable and stable supply flows. To many developing countries, Chinese money is more attractive than other investors since it does not have to deal with human right issue, environmental concern or good governance like with marked as the prerequisite for the Western style investment. One simple condition for recipient country is there is one China and Taiwan is one of China. Scholars' view that the Chinese-style investment creates the win-win situation for both sides since Chinese investment is greatly concentrated on raw material, energy, infrastructure and technology. Raw material and energy help China's economic growth rate stable while bridges, roads, dams or sea-port are what the developing countries need to get their economic improved. This type of investment is believed that helping China gain favor from these nations and included as part of Chinese soft power. The One Belt One Road initiative is a good example, China has been invest heavily in infrastructure development, Chinese companies, mostly state-owned enterprises, are now taking the vital role to develop this project and countries along the OBOR, most of them are developing countries, are opening the door for Chinese money as the supply to their economic growth. The figure below shows Chinese investment through OBOR project.<sup>48</sup>

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<sup>48</sup> "China's 'One Belt, One Road' Global Investment Plan Mapped Out," *RT News*, last modified November 19, 2018, <https://www.rt.com/business/444288-china-belt-road-investment-map/>



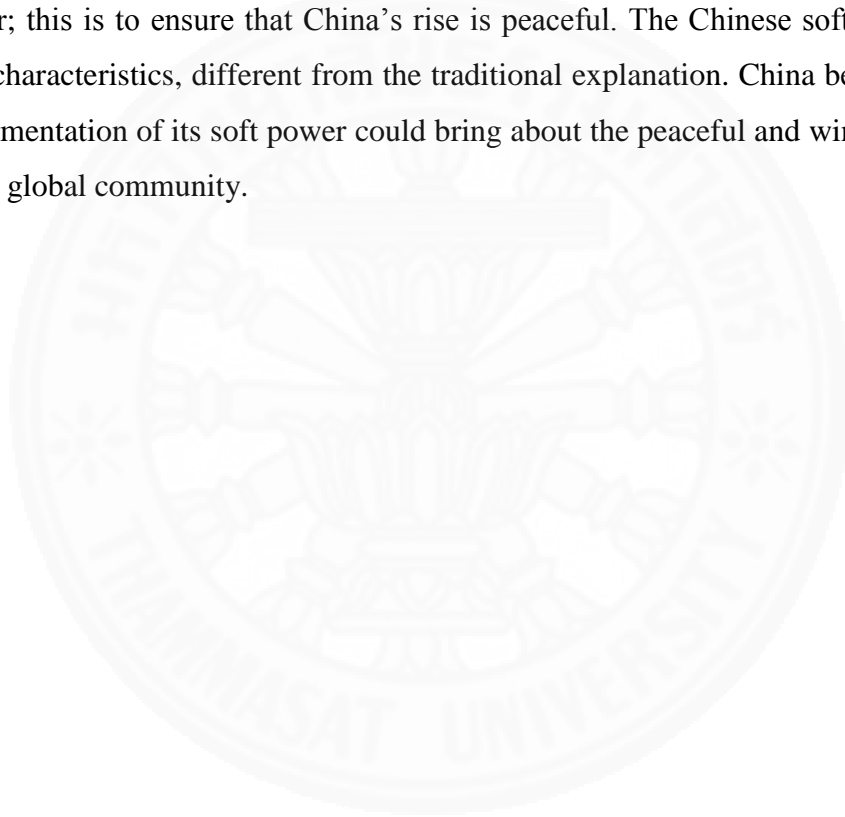
Figure 3.2 *China Belt and Road Investment Map* from Agne Blazyte, “China’s Belt and Road Investment Map,” *Statista*, last modified November 13, 2018, <https://www.statista.com/chart/16075/the-share-of-bri-investment-destinations-for-state-owned-enterprises/>

Chinese investment has another one unique characteristic when line between state and nonstate players are not clear cut, thus Chinese aid and investment always come in the same package. The Communist party and government which basically the same entity, always own partial part of Chinese foreign joint-ventures thus make it easier to do business than those fully private stakeholders, in this way, it benefits China. Moreover, it is quite common that the Chinese government lend developing nations without clear requirement of how money will be used, strict contract or non-flexible return date. Ambiguity and a lack of transparency in China’s concessionary lending make it possible for China to distort its aid flows.<sup>49</sup> Experts view that Chinese soft power activities in investment capability has two aspects. First, it is appealing to countries to dollar diplomacy or second, China is winning allies

<sup>49</sup> “China’s ‘One Belt, One Road’.”

through its non-interference doctrine especially when dealing with the trade partners which are developing countries ruled by fully or quasi authoritarians.

To sum up, China has moved far from what it started, the country that suffered from external invasion and civil war could rise again in the international community with pride. Thanks to the open up policy and modernization of the country's system, China became one of the most threatening nations in the eyes of the existing power. For this reason, the Chinese government has learned from the past conflicts and adjusted itself in softer way when introducing the key policy of soft power; this is to ensure that China's rise is peaceful. The Chinese soft power has its own characteristics, different from the traditional explanation. China believes that the implementation of its soft power could bring about the peaceful and win-win outcome in the global community.



## **CHAPTER 4**

### **CASE STUDY: ONE BELT ONE ROAD IN CLMV AND THE CHINESE SOFT POWER DEVELOPMENT**

Chinese are well-known for their trading skill for thousands of years. They traveled both in caravans and through their gigantic vessels across the global to sell their produces while procure overseas goods from afar. This chapter is meant to explore Chinese ancient trade route which known as Silk Road or Silk Route that inspired the Chinese government under Xi Jinping to revitalize this project. Then, it will investigate the modern days One Belt One Road initiative from the beginning when concluded with answers for the research questions.

#### **4.1 From the Past Civilization to Present-Day Initiative**

To understand Chinese concept that star the mega project in this century, observers must understand what people in the past had done to mold today's leadership minds.

Silk Route is the name given to the historic trade route which started in China through India, Persia, Mediterranean, Greece and Italy. The trade begun in 2nd century B.C. to 14th century A.D. The original route was started by Zhang Quian in Han dynasty, one of the greatest rising power in Chinese history. The route often misunderstood, people believe that it was only a single path that linked between Asia and Europe. However, this Silk Road could be any track of commerce that joint China, Central Asia and Europe depending on travelers' choice. The route did not only on land trade but it also included the sea travel as well.

The Silk route became popular since the Ottoman Empire banned trade with the West and the Chinese seized this opportunity to sell and buy the goods from the West directly. The open of the route brought products that were new to the West while, in China, Chinese also experienced fancy items delivered from the West, too. The main goods imported to China included horses, animal furs and skin, gold, slaves, glassware, fruits and carpet while China exported silk, rice, tea, paper, dye,

gunpowder, spices, perfume, ivory and gunpowder.<sup>1</sup> The figure below shows the trade route used during the first century.

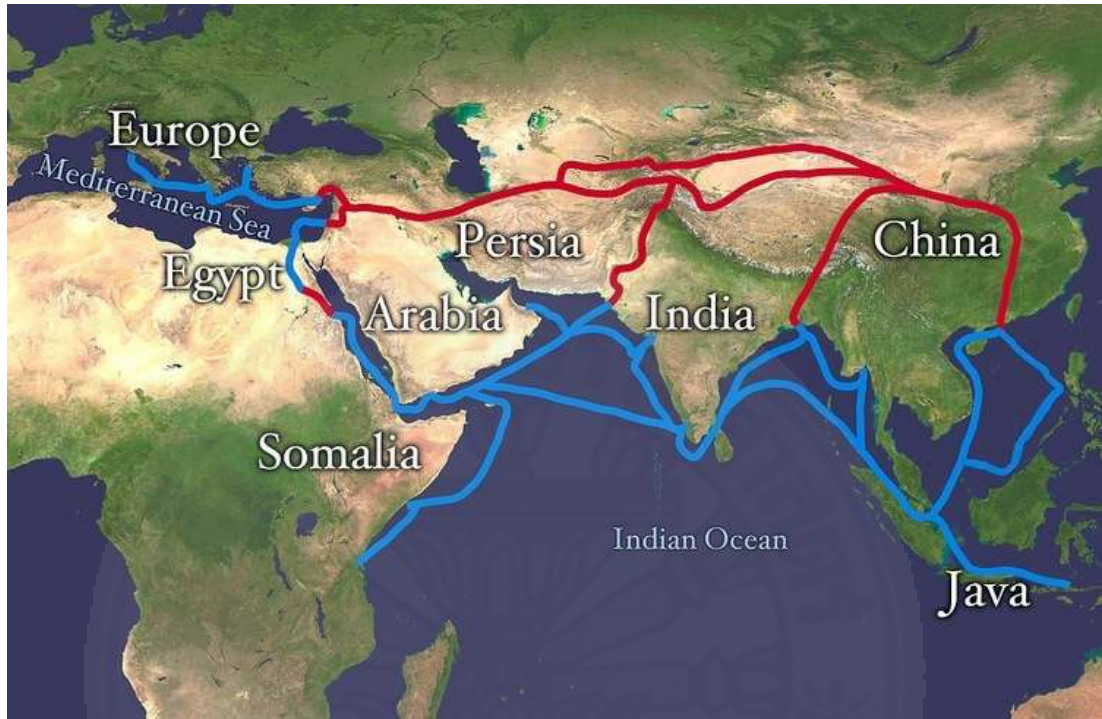


Figure 4.1 *Ancient Silk Road Map*, by Whole World Land and Oceans, “Map of the Silk Road Routes,” Ancient History Encyclopedia, last modified March 15, 2018, <https://www.ancient.eu/image/8327/map-of-the-silk-road-routes/>

Scholar views that the legacy of the Silk Route remains in the history of humanity. The exchange of culture, religions, architecture and science are observed as the great value that the route provided. The closure of the land-route affected heavily on the country-to-country commerce and human’s history. Travelers were forced to take the sea journey instead and thus indirectly urged the European to initiate their Age of Discovery which later caused a great effect to the world’s story.<sup>2</sup>

<sup>1</sup> Joshua J. Mark, “Silk Road,” Ancient History Encyclopedia, last modified May 1, 2018, [https://www.ancient.eu/Silk\\_Road/](https://www.ancient.eu/Silk_Road/)

<sup>2</sup> Ibid.

#### 4.2 21st Century One Belt One Road : The Rejuvenation of the Route

Xi Jinping has assumed office in 2012, a year later he announced “the Project of the Century”, ambitious statement which referred to the Chinese prominent One Belt One Road project. The project is known in several names i.e. One Belt One Road (OBOR), Belt Road Initiative (BRI) and Silk Road Economic Belt and 21-century Maritime Silk Road, thus they all directly refer to the Chinese government’s effort to build a transcontinental connection and improve the regional connectivity through infrastructural development with the total expense of 1.3 trillion by 2027.<sup>3</sup> The word “Belt” resembles the original Silk Road, which run overland to Central Asia. President Xi claims that the project will enhance the brighter future together while he has taken the project to another level when OBOR has been considered as a part of China’s strategic foreign policy and finally added to Communist Party constitution in 2017. At the beginning, at least 157 countries agreed and signed up for the program, later in 2018 the number of participants went up to 160 nations. According to the Chinese government official source, it plans that OBOR will run through many countries that bring together China, Central Asia, Russia and Europe. Additionally, the 21-century is meant to link China and Europe through South China Sea and Indian Ocean on one route while another path goes eastward that connect coastal China cities with other nations via South China Sea to the South Pacific. The plan went publicly after a joint-released statement from Ministry of Commerce, Ministry of Foreign Affairs and National Development and Reform Commission was released.<sup>4</sup> The table below is designed to focus on the major events regarding the OBOR timeline.

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<sup>3</sup> David Tweed, “China’s New Silk Road,” *Bloomberg*, last modified April 16, 2019, <https://www.bloomberg.com/quicktake/china-s-silk-road>.

<sup>4</sup> Xinhua, “Chronology of China’s Belt and Road Initiative,” The State Council, the People’s Republic of China, last modified March 28, 2015, [http://english.gov.cn/news/top\\_news/2015/04/20/content\\_281475092566\\_326.htm](http://english.gov.cn/news/top_news/2015/04/20/content_281475092566_326.htm).

Table 4.1

*China Belt and Road Initiative Timeline*

<b>Year/Month</b>	<b>Event</b>
2013-September	President Xi Jinping visited Kazakhstan and gave a speech at Nazarbayev university. During his speech, he introduced Silk Road Economic Belt intended to link China and Central Asia. This is marked a first time Chinese leader announced the strategic vision plan.
2013-October	The 21st century Maritime Silk Road came to the spotlight when President Xi announced to build the closer relations with ASEAN nations via this project. He added in his official visit to Indonesian Parliament speech that he propose to build Asian Infrastructure Investment Bank (AIIB) that would finance infrastructure development and promote regional connectivity.
2013-November	The Third Plenary Session of the 18th Central Committee of the Communist Party of China called for closer cooperation in building infrastructure link and with China's neighboring countries and
2013-December	At the annual Central Economic Work Conference, President Xi urged strategic planning for the OBOR to promote the community of connectedness and to build a community of common interest.
2014-February	Vladimir Putin and Xi agreed upon the construction of OBOR that linked to Russian Euro-Asia Railways.
2014-March	Chinese Prime Minister Li, urged the government to add the plan to a work report. Also, he asked for the balance of China-Bangladesh-India-Myanmar Economic Corridor and China-Pakistan Economic Corridor.
2014- May	At Jiangsu province, China and Kazakhstan began their first logistic corporation to build a terminal that will be used as a port to transport goods from Central Asia to the East.

Table 4.1

*China Belt and Road Initiative Timeline (Continued)*

<b>Year/Month</b>	<b>Event</b>
2014-October	Twenty-one Asian countries agreed and signed the MOU to establish Asian Infrastructure Investment Bank(AIIB) as the founding members. The organization headquarters will be located in Beijing and the bank is expected to be formally opened at the end of 2015.
2014-November	China contributed over 40 million USD to establish the Silk Road Fund. The fund is meant to support countries along the OBOR to provide investment and financial support infrastructure cooperation and other projects.
2014-December	As the last month of the year, the Central Economic Work Conference prioritizes the implementation of the project. Additionally, Thailand and China signed the MOU upon the railways cooperation.
2015-January	The number of AIIB members raised from 21 to 26. Most of them are important nations along the OBOR route which includes New Zealand, Saudi Arabia, Tajikistan, and Maldives.
2015-February	The special meeting was held to set off the priorities of transportation infrastructure development, financial cooperation and cultural exchange.
2015-March	Chinese Prime Minister claimed in his government report that China would move faster to strengthen the infrastructure with the neighboring nations. He declared that custom clearance between the countries must be simplified. Later on this month, Foreign Minister added that Chinese diplomacy in 2015 would primarily focus on the progress of OBOR.

Source: The State Council, the People's Republic of China

Due to its quick progress, scholars criticized that the Chinese OBOR is the 21st-century Marshall Plan, however, Chinese Foreign Affairs, Wang Yi,



disagrees with the idea and suggested that the two plans should not be compared with each other. He argues that “the OBOR the product of inclusive cooperation, not a tool of geopolitics, and must not be viewed with an outdated Cold War mentality.”<sup>5</sup> Scholars added that the initiative is not only built for the exchange of goods and the flow of the economy but also marks the exchange of learning between countries thus promotes world peace in the bigger picture. Additionally, when Xi signed the deal with Italian Prime Minister on March 2019, it marked that the initiative has traveled to the Western Europe. The agreement made Italy the first European power to join this project. The plan is divided into six land economic corridors.

1. The New Eurasia Land Bridge Economic Corridor (NELB)
2. The China-Mongolia-Russia Economic Corridor (CMR)
3. The China-Central Asia-West Asia Economic Corridor (CAWA)
4. The China-Indo China Economic Corridor (ICP)
5. The China-Pakistan Economic Corridor (CPEC)
6. The Bangladesh-China-Myanmar-India Economic Corridor (BCMI)

and three Maritime Silk Road

1. The China-Southeast Asia Route
2. The China-South Asia Route
3. The China-Middle East-East Africa Route

The initiative aims to meet five priorities which include: policy cooperation, infrastructure connectivity, unimpeded trade, financial integration and connecting people.

Some experts criticize that Chinese OBOR is the mean to manage China’s excess capability like what China had done during the financial crisis. During that time, Beijing exported what seemed to the government as the excess goods to other countries ranging from steel to cement. Thus the policy was successful and lead to the concept of OBOR to transport Chinese products more effectively via the permanent and more connective Belt and Road since China notices that excess capability of its million citizens can result in less corporate profits, increase public debt and harm the country’s financial system. Experts trust that OBOR is the President Xi’s solution to

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<sup>5</sup> Xinhua, “Chronology of China’s.”

manage the excess capability risk. It is believed that moving out the factories to countries along the OBOR line could be double benefit. To China, it helps reduce the surplus supply of industrial goods and to other developing countries; it provides them with economic boost and a capability to set up their own industrial bases. The plan meets Chinese goal of win-win policy that Beijing always praises regarding the establishment of OBOR.

### **4.3 The Motivation of China's One Belt One Road Implementation toward CLMV**

Indo-China region has been the strategic partner of their Chinese counterpart since the ancient times, both in terms of economic and security. Historically, the small cities, in the eye of Chinese authorities, which are today's Cambodia, Laos, Myanmar and Vietnam, had an unequal level of relationship between them. Yet, these countries were viewed and treated as China's tribute states for centuries. In today's world, things get more complicated; tribute system was gone and replaced with other potential dynamic. China has become more important to CLMV and CLMV needs China than ever before. CLMV, as the Chinese sub-region, views the transformation of China into the regional and then world powerhouse from the different context of the Western world. Thus, it is useful to understand some common ground that they both share. First, in the CLMV region, political system is less open, some countries claim that they have the democratic government system, however, in reality, the system is still centralized. From this aspect of this political culture, CLMV has it similar to what China socialist system has. For instance, Myanmar, the nation which has long history of junta-ruled dictatorship for decades. Even Though the country has shown its openness to the world in by hosting the general election in 2015, the power is not likely transfer into the hands of its people or other ethnic groups. The political situation in Vietnam is even clearer, only one dominant Communist Party which led the country, this show no contrast to what China possess. In Cambodia, even the country's profile marks that the country is a constitutional monarchy that the monarchy is the head of the state, and served by the government which elected from the people. However, observers see that the true

power is with only Hun Sen, his family and people around them. Laos has a similar situation to Vietnam, the country is still ruled by Lao People's Revolutionary Party until the current days. This can be concluded that the similarities of their political values make them attract each other politically.

Second, the economic system in the region is not well developed, gaps between the rich and the poor is still wide. They have to seek international assistance from abroad to stabilize their economic system while funds are required to support in building infrastructures. This region is likely to be separated from the other ASEAN members, not geographically but the income rates. People living in CLMV are depending upon the agricultural sector that accounted for approximately one-third of each nation's GDP. As of today, China has become the largest economic partner to them due to its obvious economic success. CLMV countries are the exporters that sell raw materials which meet China's needs. For instance, wood, timber and minerals that China's is considered as the largest destination for these goods.

Related to the previous argument, even CLMV possess abundant natural resources but they lack of know-how knowledge to utilize them. Innovation and Technology seem not to incorporate well in their skills. Thus, it leaves a vacuum for high-tech superpower to get involved. China sees this opportunity; it sees that this area could become the fast-growing economic sub-region in the world if they are properly handled. In the addition, the region is also known for its low-wage workforce. This reason made ties between China and CLMV get closer based on benefits to each country.

#### **4.4 One Belt One Road : The Chinese Package of Soft Power**

The establishment of the current One Belt One Road initiative is obviously based on the legacy of the ancient Silk Road. Most countries or entities perceive it as a peaceful cooperation, mutual learning, exchange of goods and knowledge and openness. So, it was valuable in terms of what it had contributed to the human civilization. The today's OBOR is presenting the same message to the world as Chinese President Xi Jinping always stresses on many occasions about the vitality of the legacy of Silk Road and the OBOR as they both rely on the same

principle as mentioned. Nations in favor of OBOR are expected to understand and respect the concept of national sovereignty of each country, the territorial integrity and interests of each other<sup>6</sup> and avoidance of confrontation is another ultimate goal. Additionally, to President Xi, openness is also another key factor to build progress, thus he pledges that China is working as the open platform by facilitating trade and investment. China believes that at the final stage, it will result in the fair and balanced globalization with an inclusive and win-win development. Beijing also marks that it is necessary in today's situation when the world now is full of the growing protectionism. The principles imposed by the Chinese government toward OBOR imply to soft power as they stand on the persuasion and attraction of others rather than coercion or threatening. As China has plans to make OBOR the biggest project in the human history both in its size and funding. Beijing has pledged to subsidies over 1 trillion USD for the projects that imply to infrastructural development and financial assistance. When there are apparently shortages of infrastructural investment to meet the desire of the developing nations worldwide. Thus, most of the constructions held in those countries are meant to serve the needs of domestic citizen in living in the cities, not intentionally meant to connect regional area or even intercontinental connectivity. China sees this gap as an opportunity to fulfill their needs by introducing the largest project known as OBOR. As a consequent, in order to complete the Chinese dream, it requires tremendous funding. China Development Bank plays a vital role in supplying investment fund, currently it has provided over 890 billion USD for 900 projects in over 60 nations while another OBOR related financial organ known as Industrial and Commercial Bank of China has supported the initiative with 159 billion USD for 130 projects worldwide.<sup>7</sup> The future expense for the project is estimated to reach 4-8 trillion USD. Obviously, China seems not to be able to cover all this huge amount of expense, it must seek assistance from international institutions and other sources of cooperative to make the project run smoothly. Asian

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<sup>6</sup> Gülşen Aydın and Müge Yüce, "China's Hard Power versus Soft Power in Central Asia: An Analysis of the 'One Belt-One Road Initiative' as a Soft Power Instrument," *Caucasus International* 8, no. 2 (2018): 63-76.

<sup>7</sup> Peter Cai, "Understanding China's Belt and Road Initiative," Lowy Institute, last modified March 22, 2017, <https://www.loyyinstitute.org/publications/understanding-belt-and-road-initiative>.

Infrastructure Investment Bank (AIIB) serves this need of funding, when it offers loans and know-how technology to participating countries thus AIIB becomes the main supporting force behind the OBOR initiative. In 2014, twenty-one nations joined China in the establishment of such bank and as of today it consists of 48 members. Institution is described by Nye as one source of soft power, it marks the perfect kick-off to set agenda and strengthen the Chinese model of development. However, scholars estimate that the majority of funding still comes from China which results in Chinese dominant over the initiative. Beijing tries to avoid having the picture of the dominant figure in the views of participating countries, thus, the high-ranking official often refer to terms such as win-win policy, mutual benefits, poverty alleviation and catch-up development. In contrary of which experts have predicted that China would have use the concept of its Socialist value as soft power for the project to replace the Western values. Beijing, on the other hand what praises and being in favor of liberal economic global order.<sup>8</sup> President Xi has given the speech at the World Economic Forum in 2017 that emphasize on Chinese win-win trade, he expressed that “We must remain committed to developing global free trade and investment, promote trade and investment liberalization and facilitation through opening-up and say no to protectionism. Pursuing protectionism is like locking oneself in a dark room. While wind and rain may be kept outside, that dark room will also block light and air. No one will emerge as a winner in a trade war”.<sup>9</sup> OBOR which has been developed rapidly with the few months, many agreements as well as plan were actively conducted to give the general views of the initiative. Chinese government assigned National Development and Reform Commission, Ministry of Commerce and Ministry of Foreign Affairs to be in charge of coordinating the OBOR. They have launched the official action plan and code of conduct to what need to be done to keep the plan moving forward. The paper illustrates the attempts of China’s significant foreign policy to promote mutual development while relying on the Five Principles of Peaceful and Coexistence of OBOR. In addition, the OBOR wants to set up the policy coordination through the infrastructural development channel as well as financial

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<sup>8</sup> Cai, “Understanding China’s.”

<sup>9</sup> Xi Jinping, “Jointly Shoulder Responsibility of Our Times, Promote Global Growth,” keynote speech presented at the opening session of the World Economic Forum annual meeting in Davos, Switzerland, January 17, 2017.

cooperation and people-to-people connectivity between all participating states across the continents.

OBOR is also criticized as the tool to export the Chinese style of development which owns the state-led concept. This points out the great changes in Chinese foreign policy since Chinese investment in other countries is not new, China has an experience in investing the regions like Africa and Latin America but OBOR offers the new step of economic development. China, instead of procuring the raw materials and send them back to the mainland for processing, it moves the whole heavy industries overseas in order to develop industrial demand, save on transportation costs and meet consumer needs abroad. The newly introduced development model is different from the previous Western form which is enthusiastic about the state involvement according to a concern about corruption. Furthermore, Western world is more concerned about improving public health, promoting women's status in the society and exporting of the democratic ideas. So, China uses this opportunity to export its style of development model to countries involved in OBOR.

The engagement of China toward the soft-power economic projects is not new to the Chinese government but OBOR is different in the sense that China today has enjoyed the tremendous amount of monetary reserve due to its foreign reserve benefits. Thus, it has the potential to carry out the OBOR-related in the various 60 foreign countries. Some scholars might argue that the material capacity is not the source of soft power in the traditional concept, especially in the Nye's definition. However, other experts in Chinese affairs, for instance, Xin Li and Verner Worm argue that the Chinese economic competence and increasing credit capability have elevated the level of attraction China has toward other countries. As Nye points out that hard power and soft power can complement each other. It could be summed up that China has the hard power as it has the material capacities which reside in the OBOR, it is also believed that it helps improve Chinese soft power overseas as well. The increment of attractiveness to other nations regarding OBOR assists Beijing in finding the new markets to export its goods too.

Across the OBOR countries, in term of the cultural soft power that China has displayed, it has found over 525 Confucius institutes and 1113 Confucius-related classroom as of 2017. In Asia alone, it consists of 118 Confucius Institutes and 101

Confucius Classrooms currently.<sup>10</sup> China has advanced its cultural soft power through education via another channel. It set up over 245 testing center along the OBOR nations. In CLMV region, Beijing found at least one institute at the leading university in each country and the number keeps rising. Besides teaching Mandarin, Beijing has intentionally added additional activities such as exhibitions, concerts, performances to Confucius Institutes' duty. The numbers of people joining these activities are increasing every year. The Confucius Institutes represent solid Chinese soft power in the region. It promotes not only Chinese language and culture but also demonstrate as the tool for China to strengthen relations with China and host countries. These all meant to meet China's goal of peaceful and favorable environment for development.

To conclude, the feature of OBOR is different from the other Chinese use of soft power because of two factors. First, it has the comprehensive geography with the great amount of money to spend. Second, it occurs in the right timing, when other superpower or ideology such as Washington Consensus or the Neo-liberal development model from the West is in decline. Thus, the state-led development model which is a part of Chinese soft power emerges and gains popularity among those developing countries. In the meantime, the 2008 Financial Crisis represented the failure of the Western-style development agenda while the Chinese-style model with condition-free loan, state-controlled economic and China's success look more appealing. When China has not set any conditions in investment, it could be concluded that China does not perform any threat or coercion yet marks China in the field of soft power instrument. China has vigorously takes parts in economic diplomacy ,especially in CLMV, while displaying its successful development model as well as illustrating the economic temptation value for appealing the potential developing countries by embracing the economic development of the future. Beijing also promises those countries with the win-win cooperative goal without policy-related conditions and fulfilling the development gap in infrastructure in developing countries. In addition, China also appears in the absence of the American obligation in the international stage. OBOR also owns the capability to transform the international

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<sup>10</sup> Confucius Institute, *Annual Development Report* (The Republic of China: Author, 2017), <http://www.han-ban.org/report/2017.pdf>.

system not by confronting with the existing superpower like the United States but through the proactive soft power diplomacy.

#### **4.5 The Chinese Soft Power in CLMV via OBOR through Infrastructure Development**

Scholars have been debating along the Chinese deployment of soft power since the Chinese characteristic is unique, deviate from the mainstream definitions. For China, soft power means anything besides military and security realms.<sup>11</sup> Development model as well as trade, investment and financial aid of the successful Chinese rising economic power has attracted CLMV nations to join the OBOR initiative. The project that was initiated by the Chinese government that has been attractive to the international community since its commencement. Chia describes the OBOR as a cluster of the world's prosperity. It includes the policy coordination, connection facilities, infrastructure development and improvement, fair trade as well as people-to-people connectivity.<sup>12</sup>

This sector will explore the dynamic examples of Chinese soft power in the region through economic channel and will cooperate with the introduction of OBOR in an individual country.

In term of successful foreign policy, nations with the economic power cannot avoid giving assistance or aid to promote their country's image. By doing so, China uses this as a mean to exercise the soft power through assistance. The status quo economic giants like the US, Japan and European Union have enjoyed their donor status for decades before the engagement of China in the circle. However, the Western-style assistance mostly subsidizes the less developed countries with the conditions which seen to be difficult to comply with. For instance, they offers assistance to promote democracy, the equality of right and good governance, the concerns that most of recipients see as they are difficult to follow. China has emerged to the region as a donor twice, first it supported the socialist movement during 1950-1960, after the plan to spread out the communist ideology collapse, China return with

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<sup>11</sup> Confucius Institute, *Annual Development Report*.

<sup>12</sup> Le Hong Hiep, "The Belt and Road Initiative in Vietnam: Challenges and Prospects," *ISEAS*, Yusof Ishak Institute, no. 18 (2018): 1-7.



the new idea, it turned to the commerce nature, supplying smaller countries with Oversea Development Aid, low interest loan or grants. These help improving the Chinese image and emphasize on the Chinese successful development model that portray in the economic growth so it can offer assistance to other countries. The Chinese style foreign aid focuses primarily on the friendly relationship, trade and economic relation between the developing countries. The relation between China and CLMV rely on these basics.

In Cambodia, the country is known as one of the closest Chinese allies in Southeast Asia. Beside the political aspect, China is the biggest donor to the country, the largest economic influencer, the largest foreign investor as well as the largest trading partner. The Chinese initiative of OBOR has sparked the new light in the Cambodian economy. The kingdom was not reluctant to join the project since it was initiated. For Cambodia, “The OBOR could boost trade and connectivity,” and “Connectivity is important; this is the reason we are participating in the OBOR: to benefit from better connectivity.” said the Cambodian Minister of Public Works and Transport.<sup>13</sup>

China has also invested heavily in Cambodia through One Belt One Road initiative, Beijing primarily focuses on the infrastructure development in the country in order to connect mainland China with nations in the region. China has not just developed Sihanoukville, the country’s sole deep sea port where tons of goods arrive and depart every day, it also connect the port and the capital with the expressway that was also funded by the Chinese bank. Experts analyzes that Sihanoukville has dramatically changes over the past few years after it has welcome the Chinese investment. The emergence of Chinese companies means there are more labor requirement, yet, it refers to the increment of the employment rate in Sihanoukville. The Sihanoukville Special Economic Zone (SSEZ), a OBOR-related project, increasing over 20,000 jobs for the Cambodian workers in primarily live in this

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<sup>13</sup> Sok Chan, “Belt and Road Project to Strengthen Cambodia’s Trade Ties,” *Khmer Times*, November 20, 2018, <https://www.khmertimeskh.com/552117/belt-and-road-project-to-strengthen-cambodias-trade-tie>

former fishing village and people from other provinces around it.<sup>14</sup> The SSEZ is the massive industrial park and considered to be the largest special economic zone in Indo-China region. Not only the residential buildings and offices have been built but also over 100 factories have been operating currently in this zone. Both China and Cambodia expect that the area will be transformed into the Shenzhen of Southeast Asia with over 300 factories that house over 100,000 workers. Nowadays, they hire low-skilled Cambodian and female workers to garment and textile industries. China believes that creating jobs and promoting the better income for the locals could help improving the Chinese country's image as well supporting the idea win-win strategy via the economic solution. Besides working the factories, Chinese companies also found number of casino in the region, the international-standardized casinos attract more tourists to the city, which mean they need more labors that offer opportunity for the local to work and improve their economic condition. Additionally ,the initiative also support the vocational training center establishment in the zone, the operation of the centers allow locals to be trained without charge, this indicate the Chinese attempt to exercise its soft power through free education in Sihanoukville. Furthermore, Cambodia is still struggling with the its logistic problem. The country is considered to be far behind its neighbors in infrastructure development issue.<sup>15</sup> Cambodia has insufficient infrastructure capacity as well as the existing logistic channel are not likely to be in a good performance. This issue led to lose in competitiveness to other ASEAN members. Beijing notices that connectivity is the key to successful development. It offers the Cambodian government an expressway that link the capital, Phnom Penh, Sihanoukville as part of its OBOR-linked project to connect China with Cambodia capital with industrial zone and deep-sea port in Sihanoukville. The project is mainly sponsored by AIIB, which China is playing an active and leading role in the institution. From this point, the Chinese behavior meets Nye's assumption of soft power deployment through institution since the bank seems to be a perfect starting point to set an agenda overseas. The new expressway will elevate the livelihood of the two cities and others along the route. The project is under the responsibility of state-

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<sup>14</sup> Sok Kha, "The Belt and Road in Cambodia: Successes and Challenges," *The Diplomat*, April 30, 2019, <https://thediplomat.com/2019/04/the-belt-and-road-in-cambodia-successes-and-challenges/>

<sup>15</sup> Kha, "The Belt and Road."

owned China Communication Construction Company and China Road and Bridge Corporation. The ongoing project is believed to create more jobs for the Cambodian and thus promote the Chinese image to the eyes of the local at the same time.

For Hun Sen, the Cambodian Prime Minister and the country's key man, who actively participated in the Belt and Road Forum twice, both in 2017 and 2019, had praised OBOR that "playing a very important role in providing financial support to developing and facilitating regional connectivity and integration as well as promoting regional stability".<sup>16</sup> The statement implies the soft power of economic temptation that China has over Cambodia and that Cambodia needs China for its economic development.

In Laos, the landlocked country, China sees the most cost-efficient and effective way to connect Laos with China and other countries along the OBOR project can be by rail. Coincidentally with the Laotian government who seek boost the social and economic through trade, production of electricity and tourism. Thus, they both observe this railway construction as the vital part to complete such effort. Beijing claims that the OBOR-related railway project will improve social and economic conditions for the Laotian people. This high-speed railway project is believed to be one of the largest rail projects in Southeast Asia. The project is estimated to be approximately 409 kilometers long that will start from China-Laos border to Vientiane, the capital of Lao, experts estimate that rail will cost over 6 billion USD once it is completed.<sup>17</sup> Scholars believe that the Chinese investment in Laos not only rail but also via telecommunication upgrade, dams and mines can attract this tiny communist state in to the Beijing's periphery.

The project commenced in December 2016, workers who mostly the local Laotian have been working to clear the ground, building tunnels and setting up stations along the northern part of the country. The stations include Luang Namtha, Oudomxay and Luang Prabang. Once the project is done; it will accommodate 33

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<sup>16</sup> Cheunboran Chanborey, "Cambodia Embraces Belt and Road Initiative," *Khmer Times*, April 22, 2019, <https://www.khmertimeskh.com/50596624/cambodia-embraces-belt-and-road-initiative/>

<sup>17</sup> Minh-ha Le, "China's Fast Track to Influence: Building a Railway in Laos," *Radio Free Asia*, access January 18, 2019, <http://silkroadregained.com/rfa/lao-chinas-fast-track-to-influence>

stations that link the northern border with the capital. Academic criticizes the project that Laotian government was willing to engage in this mega project to improve the country's economy, promote sustainable grow and fast development. The Laotian government see Beijing's fast growing economy as a model since they both share the same political ideology of Communism, one is ruling Communist Party. They expect to stimulate the Chinese economic development platform into their own country<sup>18</sup>. This shows the Chinese soft power in terms of economic temptation toward other countries like Laos. The figure below shows the progress of the rail project in the nation.



Figure 4.2 *Chinese OBOR in Lao*, Graph by Radio Free Asia, <http://silkroadregained.com/rfa/lao-chinas-fast-track-to-influence>

However, there are some challenges for the rail development in Laos, China found that the local staff skill is below the average standard line. The small number of Laotian has opportunity to continue their study in higher education. Fewer

<sup>18</sup> Le, "China's Fast Track."

have chance to study abroad like in China. Thus their skill and performance are limited. Most of those who study in the Chinese universities are likely to focus on language learning instead of technical skill. China turns this challenge to the positive soft power deployment for the Chinese. It established the first Confucius Institute that affiliated with Lao National University, its principle is to facilitate the Chinese language learning to the local with all ages and background. However, it faces the problem such as the understaffed issue of Laotian Chinese teachers. The institute must import the native Chinese teacher from China to fulfill the vacancy position. This results in the spread out of indirect Chinese cultural influence towards local students. Scholars see that the Confucius Institute works as a bridge to connect China and the locals and to give the local Laotian more opportunities to work in the Chinese companies.

In Myanmar (Burma), the country under political and economic reform process, just opened up the country for foreigners after decades of isolation. When the country was under a junta government, it had experienced serious economic sanctions from the West especially from the US that made ties between Myanmar and China go closer. China was seen as the sole source of international power that Myanmar had contact with when it was politically banned from the West. After the new Myanmar government came to power, ties between the two nations are believed to be tighter, not only in supplying gas and other natural resources to China but also deepening their relations through merchandise trade, communication and cultural exchanges. During today's political reform process, Myanmar is actively engaged to several international organizations that allow Myanmar to improve its economic turmoil and slow economic development. The country is geographically located between South Asia and Southeast Asia that it could benefit from both regions. China on the northern part of the country has enjoyed its partnership with Myanmar through OBOR since it was first initiated. Chinese government sees Myanmar as the gateway to the Indian Ocean and the West that could bring about the economic boom in the China's southern cities. Myanmar also embraces the project for the sake of country's economic and infrastructure development. Aung San Suu Kyi, the state counselor, stressed that "The Belt and Road Initiative could bring opportunities to Myanmar and

the region and it could promote cooperation in all sectors including infrastructure<sup>19</sup>” Experts also view that the non-efficient economic strategy and non-impressive economic growth rate of the country led by the National League for Democracy, Myanmar’s governing party, see the need to attract more foreign investment as well as more infrastructure development help China’s OBOR fulfill Myanmar’s need. China has the impressive economic development over the past decade, its investment in several sector help improving lives of the Chinese both through domestic infrastructure development and setting up the special economic zones to attract external investment which can lead to more jobs available for the people. Some projects that had been halted in the past due to political unrest on border disputes between the two nations have been revised. Also, the state counselor, Suu Kyi actively participated in the Belt and Road Forum held in China twice. This shows that China has the agenda setting ability that lead to cooperation in OBOR development.

One of the prominent OBOR-linked projects in Myanmar is the Kyaukpyu oil pipeline, deep-sea port and the special economic zone. Kyaukpyu is geographically located on the coast of Myanmar’s Bengal Ocean, Myanmar's most-western part in the Rakhine region. In 2016, the state-owned Chinese enterprise CITIC Group Corporation won the bid for construction of deep-sea port and SEZ. Those construction plans led to the emergence of Chinese workers and facilities in this small town which refer to the economic boost issue. The establishment of the project is on the fundamental principle of mutual benefits and win-win strategy. Since, Myanmar wants to stimulate its economic development while China is bringing more development to its Southern and inland cities like Yunnan Province, where the oil pipeline from Myanmar is being transferred to its Kunming, a capital of the province. China sees the pipeline that pass through this region as a vital tool to minimize the cost of oil transportation from the Indian Ocean. Normally, China relies on the oil that transported via the Malacca strait. The construction in Kyaukpyu helps reducing both cost and time. Moreover, the construction of the deep-sea port is

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<sup>19</sup> Mu Xuequan, “Belt and Road Initiative Brings Opportunity to Myanmar, Region: Myanmar State Counselor,” *Xinhua*, February 19, 2019, [http://www.xinhuanet.com/english/2019-02/19/c\\_137831963.htm](http://www.xinhuanet.com/english/2019-02/19/c_137831963.htm)

believed to hire over 100, 000 local men and expected to build a great number of industrial park in this area.

The development of the project is predicted to elevate the relationship between the two countries. The Chinese investment in the OBOR-linked project will stimulate the economic growth of Myanmar,<sup>20</sup>. Additionally, Chinese image toward the country is changing since a soft power deployment in the area is so powerful.



Figure 4.3 *Chinese OBOR in Myanmar*, Graph by Global New Light of Myanmar.

In Vietnam, the situation is different. Even the two nations share the same Communist ideology but the past dispute in 1979 border war and the ongoing South China sea territorial dispute, make the relation not as smooth as it supposed to be. While other countries in the region have already agreed upon Chinese-led OBOR project, some projects have even been completed or at least some concrete works have been done, Vietnam is still at its starting point. The negotiation between the two nations went slowly because Vietnam is sensitive toward Chinese influence in the country regarding their unpleasant experience in the past. The two took two years for the Memorandum of Understanding (MOU) to be signed. This means that the two members still have some disagreement toward the project. However, with the

<sup>20</sup> Charles Williams, "Myanmar Is Set to Embrace Xi's Belt and Road Initiative," Global Risk Insights (GRI), last modified January 4, 2019, <https://globalriskinsights.com/2019/01/myanmar-set-embrace-xis-belt-road-initiative/>

infrastructure development needs from Vietnam and when other sources of funding namely Official Development Assistance dried up due to Vietnamese capability to become the middle-income country in 2009. The Vietnamese has to find the new sources of budget to boost the economy. The OBOR is the kind of funding that Vietnam is looking for since the need for Vietnamese government to develop the country's infrastructure is estimated at 605 billion USD from 2016- 2040<sup>21</sup> as shown in the figure below.

Then, Vietnam has agreed to the OBOR and the AIIB, China-led Asian Infrastructure Investment Bank, later the Vietnamese high-ranking official attended the Belt and Road Forum in 2017 which marked the welcome of OBOR to the country. President Tran Dai Quang gave the speech at the forum that “the cooperation with the initiative must ensure sustainability, effectiveness and inclusiveness, and be based on the principles of consensus, equality, voluntariness, transparency, openness, mutual respect and benefits, and compliance with the UN Charter And international law”<sup>22</sup>. Experts view that even the economic soft power of China toward Vietnam in OBOR might seem to be low, but at the end, Vietnam still needs China's mega to make its economy grow, despite the security dispute in the South China sea. The sole OBOR-linked development so far in Vietnam is the Cat Linh – Ha Dong metro line in Hanoi, the project started in 2011 and started its first commercial trip at the end of 2018, this urban metro line was developed by China Railways Sixth Group Co, while the cost is around 891 million USD and China Exim Bank is the main sponsor of funding.

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<sup>21</sup> Williams, “Myanmar Is Set to Embrace.”

<sup>22</sup> “President Tran Dai Quang Concludes State Visit to China,” Vietnamnet Bridge, last modified May 16, 2017, <http://english.vietnamnet.vn/fms/government/178416/president-tran-dai-quang-concludes-state-visit-to-china.html>, 2017



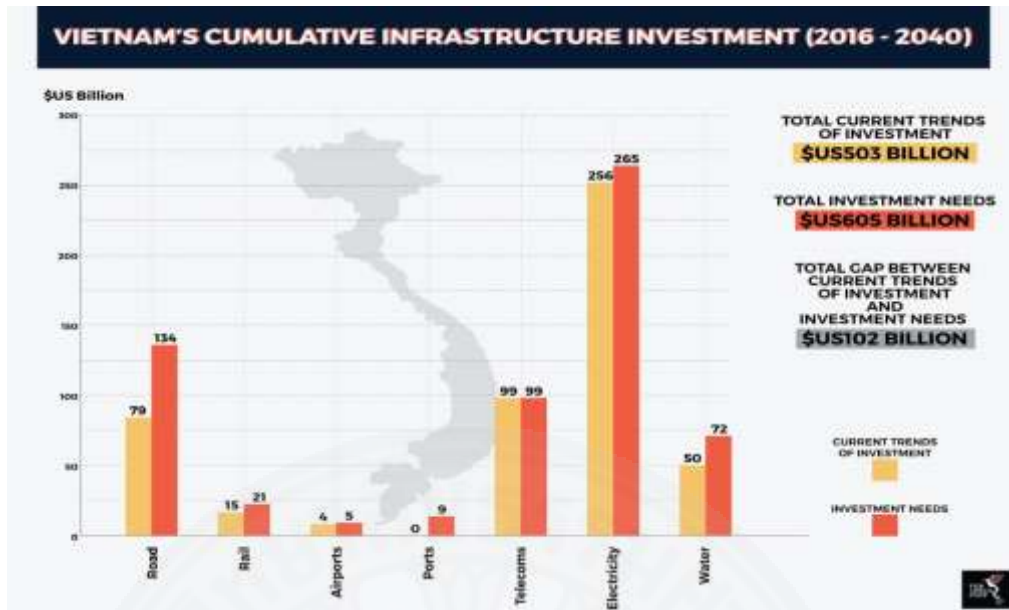


Figure 4.4 *Vietnam Cumulative Infrastructure Investment (2016-2040)*.

Since the beginning of the OBOR initiative China always stresses that the OBOR is not just the infrastructure development that meant to link China with the world community for the mutual benefit but it also emphasizes that the principle of OBOR is also to promote cultural exchanges between people of different beliefs or backgrounds. To meet this goal in Vietnam, Beijing has co-sponsored to build the China-Vietnam Friendship Palace building which has been officially open by the Chinese president Xi Jinping himself when he visited the country in November 2017, at the same visit that he presided over the OBOR's MoU signing ceremony. The 35 million USD building is equipped with the most modern technology and facilities that also support from China. Today, the place is used for cultural exchanges and performances that help spreading out the Chinese culture toward to locals. It is also works as a bridge to improve their ties and make Vietnamese to understand the cultural differences from another side of the border to promote friendship and mutual benefits between the two.

China had held the first Belt and Road Forum for International Cooperation (BRF) in Beijing during May 14-15, 2017. The two-day meeting was presided over by Chinese high ranking officials including President Xi Jinping and Premier Li Keqiang which signaling how important the project is to China.

Representative from 130 were joining the forum and, of course, the head of state from four CLMV all participated. Wang Xiaotao, deputy head of National Defense and Reform Commission stressed the purpose of the forum is to create “a more open and efficient international cooperation platform; a closer, stronger partnership network and to push for a more just, reasonable and balanced international governance system”.<sup>23</sup> The forum was meant to produce the action plans for the initiative implementation in all fields including infrastructure, energy and investment of the projects. In the area of financial cooperation, many agreements were agreed and signed by the participating states and the financial organizations to keep the project moving forward.

Two years later, the second Belt and Road Forum for International Cooperation was held in Beijing again during April 25-27, 2019 with theme of Belt and Road Cooperation: Shaping a Brighter Shared Future”. Xi Jinping, who was who attended the opening ceremony stressed that “hat Belt and Road cooperation has both generated new opportunities for the development of all participating countries and opened up new horizons for China’s development and opening-up. Going ahead, we need to be guided by the principle of extensive consultation, joint contribution and shared benefits. We need to pursue open, green and clean cooperation. We need to pursue high-standard cooperation to improve people’s lives and promote sustainable development. This is how we can jointly promote high-quality Belt and Road cooperation”.<sup>24</sup> He pointed that the first forum was meant to draft the blueprint of the development policy for the joint cooperation but this time the meeting was held to strengthen friendship which meant to create the brighter together with all countries. Besides the opening ceremony, Xi attended the round-table talks with all participating nations. Representative from CLMV all participated, Cambodian Prime Minister Hun Sen met with President Xi Jinping, and both sides praised each other for the strong friendship which was even tighter during the past few years of Chinese investment in

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<sup>23</sup> “China Focus: Belt and Road Forum Agenda Set,” Xinhua, April 18, 2017, [http://www.xinhuanet.com/english/2017-04/18/c\\_136218408.htm](http://www.xinhuanet.com/english/2017-04/18/c_136218408.htm)

<sup>24</sup> “Xi Jinping Attends the Opening Ceremony of the Second Belt and Road Forum for International Cooperation (BRF) and Delivers a Keynote Speech,” the Second Belt and Road Forum for International, last modified April 27, 2019, <http://www.beltandroadforum.org/english/n100/2019/0429/c22-1391.html>

Cambodia through OBOR project. Xi pointed out that the two nations had to deepen cooperation in joint building of the Belt and Road Initiative and well build special economic zones, airports, highways and other key projects. Cambodia is welcome to actively participate in the construction of the New International Land-Sea Trade Corridor.<sup>25</sup>

For the talk with Bounnhang Vorachith, President of Laos and General Secretary of the Central Committee of the Lao People's Revolutionary Party (LPRP), Xi praised the tenth anniversary of the strategic cooperative partnership foundation of the two countries as well as the close relations between the two Communist parties as it works as a core to the two nations. While Bounnhang promised to accelerate cooperation in OBOR project in the country namely China-Laos Railway for the mutual prosperity. China pledged to offer 90 million USD for Cambodia in the defense sector, while it also pledged to expand the second phase development in Sihanoukville. Also, China promised to mitigate the loss in Cambodian economy resulting from the EU ban as well.

Aung San Suu Kyi, met with Xi Jinping as the representative of Myanmar. Xi stressed that China is willing to strengthen the mutual benefit between the two nations under the framework of OBOR and bring the more solid benefits for all, China is also willing to accelerate the work on China-Myanmar Economic Corridor, Suu Kyi pointed out that Myanmar is also willing to cooperate with China in all aspects including border security and economic and is looking forward to the more concrete benefit for two sides

Vietnamese Prime Minister, Nguyen Xuan Phuc, also attended the talk after the opening ceremony. Xi urged the two Communist parties from each side to accelerate their role of exchange mechanism to deepen the relationships. For OBOR, the two nations should also focus on the major task of aligning the Belt and Road Initiative (BRI) with Vietnam's "Two Corridors and One Economic Circle", and vigorously advance cooperation in key areas including infrastructure construction, production capacity and cross-border economic cooperation zones<sup>26</sup>. Vietnamese PM stressed that the two nations have the same development goals with the same socialist

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<sup>25</sup> "Xi Jinping Attends the Opening Ceremony."

<sup>26</sup> Ibid.

cause. He mentioned that the Vietnamese side had supported the OBOR since the very beginning and always stands with China to build in all dimensions to promote the regional development.

Besides the two forums held by Chinese government to enhance cooperation between China and all joining members. For CLMV countries, both sides have paid the state visit to each other from time to time, mainly to support and accelerate the cooperation between them as the chart displaying below.

Table 4.2

*China and CLMV State Visit Statistic*

<b>Date</b>	<b>Visiting country</b>	<b>Host country</b>	<b>Results</b>
October 13, 2016	China, Xi Jinping	Cambodia, PM Hun Sen	<ul style="list-style-type: none"> <li>● Signing of 36 agreements</li> <li>● Cambodia agreed to join China's OBOR</li> <li>● Agreement of development of new airport in Siem Reap</li> </ul>
November 12, 2017	China, Xi Jinping	Vietnam , Nguyen Phu Trong, President of Vietnam	<ul style="list-style-type: none"> <li>● Signing MoU on promoting connection between the "Two Corridors, One Belt" framework and the BRI. The "Two Corridors, One Belt" (TCOB)</li> </ul>
November 14, 2017	China, Xi Jinping	Laos	<ul style="list-style-type: none"> <li>● Agreed to accelerate the synergy of OBOR</li> <li>● Agreed to jointly build China-Laos Economic Corridor</li> </ul>
September 13, 2018	China Chairman of National Development and Reform Commission , He Lifeng	Myanmar, Minister of Planning and Finance, U Soe Win	<ul style="list-style-type: none"> <li>● Signing MoU for China-Myanmar Economic Corridor</li> <li>● Speed up the deep-sea port construction</li> </ul>

Moreover, there are several OBOR-related projects in CLMV which displaying in the table below.

Table 4.3

*OBOR Related Projects in CLMV*

<b>Country</b>	<b>Projects</b>
<b>Cambodia</b>	<ul style="list-style-type: none"> <li>● Kamchay Hydropower dam</li> <li>● Lower Sesan II Hydropower plant</li> <li>● Cambodia-China Friendship Bridge</li> <li>● Special Economic Zone and Deep-sea port in Sihanoukville</li> <li>● Expressway connecting Phnom Penh and Sihanoukville</li> <li>● New Siem Reap International Airport</li> <li>● National Road No.6</li> <li>● New container terminal at Phnom Penh autonomous port</li> </ul>
<b>Laos</b>	<ul style="list-style-type: none"> <li>● Nam Ou Hydropower plant</li> <li>● Lao-China Railway</li> <li>● Expressway from Vientiane to China border</li> </ul>
<b>Myanmar</b>	<ul style="list-style-type: none"> <li>● Kyaukphyu Deep Sea Port</li> <li>● Kyaukphyu Special Economic Zone</li> <li>● Kunming-Kyaukphyu road</li> <li>● Twin gas and oil pipeline project from the port of Kyaukpyu to Guangxi and Yunnan</li> </ul>
<b>Vietnam</b>	<ul style="list-style-type: none"> <li>● Cat-Linh-Ha Dong metro line(light train)</li> <li>● Highway linking the southern provinces of China with Hanoi</li> </ul>

This chapter describes One Belt One Road initiative from the beginning, since the ancient time that it had been a remarkable trade route which heritage to what China is now working on to revitalize it. Consequently, it provides the motivation of China to implement the project toward CLMV and criticizes OBOR as the Chinese package of soft power. At this summary, the section will provide the CLMV perspective toward the program, the negative feedback of OBOR and challenges of soft power deployment.

In CLMV, there are both positive and negative perspectives toward the program. Positive side analysis sees OBOR and other related projects implemented in the countries have brought about the potential benefit to the region. For emerging

economy like CLMV, their governments are benefited from investment in infrastructure which could link the regional nations together thus resulting in trade lifting when it comes to the potential connectivity. Moreover, the OBOR has fulfilled what the participating governments have planned to develop but the budget shortage issue has slowed down the development plans, OBOR speeds up several plans that benefit both China and CLMV with trillion dollar budget. OBOR brings more job opportunities for the locals, the investment in infrastructure like Special Economic Zones attract more foreign investors which believed to boost the local economy; they also view OBOR as a new opportunity to improve the countries' GDP, too.

For negative aspect, experts believe there is always another side of the coin; OBOR is basically a tool for Chinese government to maintain its superpower status in the region. The way China invests and link countries together appears to reflect China's need in exporting goods from its domestic market. Moreover, they believe that more job opportunities in CLMV do not really benefit the local people when China tends to move its own work forces from mainland China. Most companies which won the contracts over the infrastructure development are Chinese-based enterprises when local companies have little share of benefits. In the bigger picture, there are several negative feedbacks toward OBOR as a whole initiative. Experts are worried about the risks that come along with the mega infrastructure projects such as biodiversity loss, environmental pollution or natural contamination especially when most countries participating in the project are relatively less democratic, meaning that the check-and-balance system is weak, thus most of decision made to comply with OBOR may not reflect what people or the society truly need. In addition, one of the major concerns for OBOR is debt burden for smaller countries. Even though, the official paper or exact terms of funding is not publicly available but there are mainly two types of loan, concessional and commercial. Countries which agree to commercial rate that cannot generate the preferable benefit will struggle in debt distress at the end. Consequently, when certain countries fail to repay the national debt by money, thus it will be traded with other forms. For example, when Sri Lanka was not capable of repaying China debt, the Chinese has revised the lease of 99 years of port management. This is concern the country's

sovereignty over its own land and raising the question about strategic security in the region especially with its neighbors.

For the aspect of Chinese soft power deployment, there are also some challenges. China has to maintain its economic growth in the good level to keep the project moving since most of funding that support the infrastructure development is from China by any means. If China fails to maintain this position, the country's attractiveness would be lessened in the eyes of participating countries.

#### **4.6 What are threats of One Belt One Road strategy to CLMV?**

One Belt One Road is proposed as the masterpiece project for Xi's reputation for both in the eyes of domestic and international observers. China has put a lot of effort, fund and labor to make this project happen as planned. However, on the other side or perspective, OBOR is also criticized as a threat to the smaller countries or China's partners.

First, the initiative is perceived as China's tool to become a world dominance, not only in CLMV but also elsewhere that Chinese government has spread its sphere of influence like Africa or Latin America. In CLMV, which is a part of Southeast Asia where major powers have their specific interest in both strategically and economically. China's plan to dominate other poorer countries via OBOR is quite simple. It gives the partner countries loan with the unclear conditions of repayment process. The money was known to assist the smaller countries with infrastructure development such as roads, bridges or deep-sea ports. When the recipient countries are trapped and not be able to repay the loan, China takes property for the long-term lease which the cost of leasing will finally go to China. The highlight case happened in Sri Lanka when China and Sri Lanka on the joint development of seaport in Hambantota, the Chinese state-run company won the bid for constructing the port and China also lent Sri Lanka loan for the project. Consequently, the Sri Lankan government was unable to repay the loan and offered China the 99-year of the port leasing. The money that China will pay for the leasing cost will finally go to China as the repayment of the loan by the Sri Lankan government. However, the Chinese money is still attractive in the views of receiver. China takes business benefit ahead of

other criteria. Unlike, the Western-style assistance where the receiving countries must be democratic and concern about human rights. China is not into these criteria's that make the smaller countries which likely to be less-democratic states in the Western concepts satisfy with the Chinese money.

Second, the OBOR project mainly focuses on the infrastructure development which definitely has the direct concern toward environmental issues. In CLMV, infrastructure development via OBOR can lead to connection and to strengthen the whole region for the economic growth. Nonetheless, infrastructure developments typically take time and tremendous amount of resources that relate to the use of natural resources too. Moreover, most of the OBOR related projects are coal power plant, gas pipeline and hydropower dams. The construction of coal fired power plant might have a direct impact on the boom of the local economy since the sites require a great number of labor and it could benefit the entire country's GDP one it is completed. However, such constructions will pollute and make the country become the high emission country unsurprisingly. The hydro-power dams where mostly located in the Mekong river can cause serious problems even though they are noticed as the low emission. The dams need considerable space for the construction which can cause the loss of biodiversity, rare species in certain area and serious climate change. Next, in Myanmar where China has built the prominent gas pipelines also have the environmental effects that government has to keep a closer look. This project can create a high carbon emission and might consequently end up with the vulnerable greenhouse effect. All in all, there is a looming about the uncertainty of OBOR projects related to environmental issues, recipient must keep the tracking toward each project and have China shares the mutual responsibility; these could help minimizing risk of pollution and contamination to natural resources in each country.

To sum up, China has the legacy of the ancient Silk Road that has been carried on the present generation. When Xi Jinping became the country's president, he viewed the revitalization of the past reputation as the current benefit to all. China has signed agreements with many countries that aim to link China with the world's market through the infrastructure development like bridges, railways and sea ports. CLMV, who has been strategically important to China, has moved closer to its greater neighbors by agreeing on the OBOR initiative. China plays a clever and careful step



toward the region, it has deployed the use of soft power at the same time, thus to prevent the perception of threat from the receiving countries.



## **CHAPTER 5**

### **CONCLUSIONS**

China, the gigantic East dragon, has been an active player in the region since it has woken up from the years of long hibernation. The country under the leadership of Xi Jinping has a plan to connect the world with infrastructure development. Xi's plan is not just to meet the region objectives of mutual understanding that embedded on the peaceful and coexistence basis but it moved beyond that. The present government introduced the outstanding tool known as the One Belt One Road initiative that does not only meant to link the Chinese neighbors with its mega market but also link the world with the transportation of goods and development model from China.

In the past, China has been suffering from the connotation that it is a threat to the world community since its successful in economic reform and development ignited the fear of the status quo power like the US and Japan. Chinese government wisely deploys the concept of soft power along with the Go Global strategy to cope with this problem. The soft power in the perception Chinese policymakers and leadership is special, partly different from those understood in the Western world. The traditional concept of soft power used by Joseph Nye has three dimensions that include culture, political values and foreign policy. On the other hand, China perceives that any sources of power besides the military power can be concluded in the soft power definition, referring to the famous book of Joshua Kurlantzick of charm offensive.

China today uses its soft power in many forms ranging from the establishment of the cultural institutes known as the Confucius Institute that mainly focus on providing the foreigners with Chinese proud culture, way of life, performances and language. Moreover, China has domestically been successful in improving the internal economy and lives of the Chinese with state-led projects like railways, dams, bridges and special economic zones that attract most of the foreign investment to the country. Scholars believe that Chinese successful development that

makes the country's GDP grow to double digits annually is part of the Chinese soft power to other countries.

In Southeast Asia, especially in CLMV where these countries are less developed than their neighbors like Thailand, Singapore or Malaysia. China implements this region with the proposal of OBOR-related projects which believed to a win-win strategy for both giver and receiver. The emergence of OBOR to the region is partly done because China possesses the soft power to pursue the economic success to these countries like what China has done in its own countries. Chinese government has already taken an active step to enhance its idea not only at home front but also with the countries overseas like the CLMV region. First, the government has actively found the cultural institutes that emphasis on the promotion of Chinese culture and traditions. Numbers of institutes have been created through the region and elsewhere like in the US and Europe when Thailand is ranked number one in the numbers of institutes currently. China wishes to resemble British Council or l'Alliance Francaise that used as a tool to promote the cultural diplomacy.<sup>1</sup> This aspect of soft power is decided to strengthen a good perception toward Chinese culture overseas, unlike the promotion of Marxism study which primarily focuses on the citizen at home.

Second, Chinese government is no longer reluctant to promote the Chinese-style development model ,even it sounds similar to the former idea of socialism with Chinese characteristics, however, there are totally different, the socialism with Chinese characteristics was created to comfort the Chinese about a not-too-socialism changes in the country. Experts see the term as just the political tactic to legitimize the regime's reform.<sup>2</sup> On the other hand, the sustain economic growth and the better perception of China's economic development internationally is what make the new development model happened. Even Though, no Chinese official claim the so called Beijing Consensus as the milestone for such a model, since it is believed not to interfere with the existing Washington Consensus, Beijing is willing to promote its development model to the other developing countries who embrace the success of China's economic growth. Scholars witness that the model is working effectively in

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<sup>1</sup> Hongying Wang and Yeh-Chung Lu, "The Conception of Soft Power and Its Policy Implications: a Comparative Study of China and Taiwan," *Journal of Contemporary China* 17, no. 56 (June 19, 2008): 425-447.

<sup>2</sup> Ibid.

Africa, Latin America and Southeast Asia. The by-product of this adoption is the growing Chinese admiration toward other nations. In CLMV, China has deployed such model to the OBOR that respond to the regional connectivity, each nation's economic growth rate as well as the increment of employment rate.

Third, China has the active process to promote its good neighbor policy; this is the part of Chinese attempt to revise its international image and to respond to the international community that China is the responsible emerging power<sup>3</sup>. As mentioned in the previous chapter, China's image was brighter during the Financial Crisis 1997, it persisted to devalue the RMB that resulted in the domestic economic shock for the short period of time but China gained a lot of respect, especially from Southeast Asian countries in return. In CLMV or in ASEAN as a whole, China has been actively settling the disputes between these neighbors, some disputes might not have been completely solved but China has shown its great effort to keep the process moving. ASEAN countries are always visited by the senior high-ranking Chinese official that marks psychological effect toward the Chinese image. The Chinese soft power has already had the impact to the international community; the government has an alternative to exercise its power both at home and abroad.

### **5.1 What Are the Limits of Chinese Soft Power in OBOR in CLMV?**

Although the Chinese promotion of its soft power through the One Belt One Road project in CLMV region seems to be a smooth process, countries along the development line are willing to join in the initiative and several sites have proven in the concrete or complete success, there are some limitations that China has to also be concern about.

First, the budgets used in the project are in the considerable amount, China has to sustain its economic growth to be able to finance the projects in OBOR. China must note that without the impressive economic growth and the ability to support the projects in many regions, China will definitely lose its attractiveness, which means it will lose the soft power to maintain the attractiveness toward the

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<sup>3</sup> Xia Liping, "China: A Responsible Great Power," *Journal of Contemporary China* 10, no. 26 (2010): 17-25.

receiver countries. Second, China must keep the promise of a win-win development and mutual benefit, CLMV is attracted to join OBOR partly because of these conditions. China, if the regime changes in the future, must adhere to these things to keep the projects move on.

The Chinese OBOR is potentially driving the world's economy. In CLMV, region with less developed facilities in ASEAN, China must exercise the soft power wisely not to intervene with the existing regime that might cause disputes or misunderstanding.

To sum, China has developed the One Belt One Road initiative since 2013. It is a Xi Jinping's ambitious project to build a transnational connection through trade and investment. The route is what resembles what the ancient Chinese merchants had done in the past. The project is huge, it is considered to be the biggest project ever done in the 21st century. One of a key motivation behind the project relies on the perception of China threat theory. There is no doubt that China since it has opened the country to the global community changes the perception toward its existence. Country which once viewed as the sleeping giant has now awoken and thus spread out fear that loom the existing power. China has learned from the past history that confrontation and the use of hard power might not be the right answer to assume the great power status. Thus, the government has developed the idea of Peaceful Rise for mutual benefits. The idea attracts other countries notions that China will rise peacefully that would also benefit others. OBOR, thus one of the projects that help China reached this goal. It promotes friendship, win-win outcome and mutual prosperity not only in the region but also the world as a whole. For CLMV, China has implemented several projects as listed that serve China's need to connect the region with mainland China but they also serve as the infrastructure development which each country needs as well. The four countries embrace the idea and welcome Chinese funds and investment to the countries which believed to promote economic growth.

China also uses OBOR as a tool to exercise its soft power in the region. It has set up Confucius Institutes across the region to promote Chinese culture. In some countries, China offers scholarship for the local to study in China or even the technical exchange program which meant to serve the infrastructure sites. According to Nye's concept of soft power, China has successfully attracted these countries

without using force to join the project. Moreover as mentioned by Kurlantzick about the economic power of China that portray a successful economic development for the past few years has also attract CLMV to be part of OBOR. China has experimented with the Special Economic Zones in its own land to attract more FDI which turned out to be a preferable result. Thus, China also deploys this idea in OBOR which participating countries agree to have China own SEZ which is believed to be a tool to boost the economy and increase GDP. China has successfully deploy its economic temptation and good international image, according to Li and Vernom, thus other countries are willing to follow its path to economic success.

Lastly, I believe that China is promoting the harmonious world environment in response to the China threat theory. China and its CLMV counterparts aim to the same goal of peaceful international environment and development that can benefit the economic growth. For China, adjusting and improving relations with CLMV neighbors can also reduce threat to its national security as well. Nevertheless, there are challenges that China has to experience. First, As Nye criticized that the appeal of Chinese soft power fall behind other soft power practitioner like US in the global scale or Japan in the regional scale, which means that China still have room of soft power development that need to be fulfilled. Second, even the soft power and term like Peaceful Rise have been used to lessen fear of Chinese rise, CLMV and other ASEAN members do not completely change their view toward Chinese hegemony, still fear of falling into China's sphere of influence does exist. For example, OBOR, CLMV countries must keep a closer look to the program. The setup of SEZ might concern the country's sovereignty over its own soil. Loan, especially from China to build infrastructures must be procured and used effectively since the country might fall into a debt trap.

When analyzing the involvement of China via OBOR in each country in CLMV comes in different forms. It is partly because of the level of soft power that China has toward each country is unequal. For Cambodia and Lao, Chinese companies and state enterprises have enjoyed the privilege in those countries. Chinese money and soft power have the strong effect toward the governments so that Chinese influence is obvious. In Myanmar, the Chinese influence via OBOR is comparatively strong, elite groups and policy makers have viewed and continued to perceive China

as the good ally since the junta period. While Vietnam has a different scene, the Vietnamese participation in OBOR when late, the government has moved slowly to ensure that the initiative was meant to find the mutual benefit as what China claimed. Due to past conflict between the two, make the process of Vietnamese involvement went long.



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**APPENDIX**



**APPENDIX A**  
**"TURNING YOUR EYES TO CHINA"**  
**SPEECH BY PREMIER WEN JIABAO**  
**AT HARVARD UNIVERSITY**



Mr. President,

Ladies and Gentlemen,

I would like to begin by sincerely thanking President Summers for his kind invitation.

Harvard is a world-famous institution of higher learning, attracting the best minds and bringing them up generation after generation. In its 367 years of history, Harvard has produced seven American presidents and more than 40 Nobel laureates. You have reason to be proud of your school.

It is my great pleasure today to stand on your rostrum and have this face-to-face exchange with you. I am an ordinary Chinese, the son of a school teacher. I experienced hardships in my childhood and for long years worked in areas under harsh conditions in China. I have been to 1,800 Chinese counties out of a total of 2,500. I deeply love my country and my people.

The title of my speech today is "Turning Your Eyes to China".

China and the United States are far apart, and they differ greatly in the level of economic development and cultural background. I hope my speech will help increase our mutual understanding.

In order to understand the true China- a changing society full of promises - it is necessary to get to know her yesterday, her today and her tomorrow.

China yesterday was a big ancient country that created a splendid civilization.

As we all know, in the history of mankind, there appeared the Mesopotamian civilization in West Asia, the ancient Egyptian civilization along the Nile in North Africa, the ancient Greek-Roman civilization along the northern bank of the Mediterranean, the ancient Indian civilization in the Indus River Valley in South Asia, and the Chinese civilization originating in the Yellow and Yangtze river valleys. Owing to earthquake, flood, plague or famine, or to alien invasion or internal turmoil, some of these ancient civilizations withered away, some were destroyed and others became assimilated into other civilizations. Only the Chinese civilization, thanks to its strong cohesive power and inexhaustible appeal, has survived many vicissitudes intact. The 5,000-year-long civilization is the source of pride of every Chinese.

The traditional Chinese culture, both extensive and profound, starts far back and runs a long, long course. More than 2,000 years ago, there emerged in China Confucianism represented by Confucius and Mencius, Taoism represented by Lao Zi and Zhuang Zi, and many other theories and doctrines that figured prominently in the history of Chinese thought, all being covered by the famous term "the masters' hundred schools". From Confucius to Dr. Sun Yat-sen, the traditional Chinese culture

presents many precious ideas and qualities, which are essentially populist and democratic. For example, they lay stress on the importance of kindness and love in human relations, on the interest of the community, on seeking harmony without uniformity and on the idea that the world is for all. Especially, patriotism as embodied in the saying "Everybody is responsible for the rise or fall of the country"; the populist ideas that "people are the foundation of the country" and that "people are more important than the monarch"; the code of conduct of "Don't do to others what you don't want others to do to you"; and the traditional virtues taught from generation to generation: long suffering and hard working, diligence and frugality in household management, and respecting teachers and valuing education. All these have played a great role in binding and regulating the family, the country and the society.

On this year's Teacher's Day which fell on 10<sup>th</sup> of September, I went to see Professor Ji Xianlin of Peking University in his hospital ward. Professor Ji, 92, is a great scholar in both Chinese and western learning, specializing in oriental studies. I enjoy reading his prose. In our tête-à-tête we talked about the movement of "Eastern learning spreading to the West" and "Western learning spreading to the East". In the 17<sup>th</sup> and 18<sup>th</sup> centuries foreign missionaries translated Chinese classics into European languages and introduced them to Europe, and this aroused great interest in some eminent scholars and enlightenment thinkers there. Descartes, Leibniz, Montesquieu, Voltaire, Goethe and Kant all studied the traditional Chinese culture.

In my younger days I read Voltaire's writings. He said that a thinker who wanted to study the history of this planet must first turn his eyes to the East, China included.

Interestingly, one and a half century ago, R.W. Emerson, famous American philosopher and outstanding Harvard graduate, also fell for the traditional Chinese culture. He quoted profusely from Confucius and Mencius in his essays. He placed Confucius on a par with Socrates and Jesus Christ, saying that we read [the moral teachings of the Confucian school] with profit today, though they were "addressed to a state of society unlike ours".

Rereading these words of Voltaire and Emerson today, I cannot but admire their wisdom and far sight.

China today is a country in reform and opening-up and a rising power dedicated to peace.

The late Dr. John King Fairbank used the following words to describe China's over population and land scarcity. On the land owned by one farmer in the US, there might live hundreds of people forming a village in China. He went on to say that although the Americans were mostly farmers in the past, they never felt such pressure of population density.

A large population and underdevelopment are the two facts China has to face. Since China has 1.3 billion people, any small individual shortage, multiplied by 1.3 billion, becomes a big, big problem. And any considerable amount of financial and material resources, divided by 1.3 billion, becomes a very low per capita level. This is a reality the Chinese leaders have to keep firmly in mind at all times.

We can rely on no one except ourselves to resolve the problems facing our 1.3 billion people. Since the founding of the People's Republic, we have achieved much in our national reconstruction; at the same time we have made a few detours and missed some opportunities. By 1978, with the adoption of the reform and opening-up policies, we had ultimately found the right path of development - the Chinese people's path of independently building socialism with Chinese characteristics.

The essence of this path is to mobilize all positive factors, emancipate and develop the productive forces, and respect and protect the freedom of the Chinese people to pursue happiness.

China's reform and opening-up have spread from rural areas to the cities, from the economic field to the political, cultural and social arenas. Each and every step forward is designed, in the final analysis, to release the gushing vitality of labor, knowledge, technology, managerial expertise and capital, and allow all sources of social wealth to flow to the fullest extent.

For quite some time in the past, China had a structure of highly-centralized planned economy. With deepening restructuring toward the socialist market economy and progress in the development of democratic politics, there was gradual lifting of the former improper restrictions, visible and invisible, on people's freedom in choice of occupation, mobility, enterprise, investment, information, travel, faith and lifestyles. This has brought extensive and profound changes never seen before in China's history. On the one hand, the enthusiasm of the work force in both city and countryside has been set free. In particular, hundreds of millions of farmers are now able to leave their old villages and move into towns and cities, especially in the coastal areas, and tens of millions of intellectuals are now able to bring their talent and creativity into full play. On the other hand, the massive assets owned by the state can now be revitalized, the private capital pool in the amount of trillions of Yuan can take shape, and more than 500 billion US dollars worth of overseas capital can flow in. This combination of capital and labor results in a drama of industrialization and urbanization of a size unprecedented in human history being staged on the 9.6 million square kilometers of land called China. Here lies the secret of the 9.4% annual growth rate that China's economy has been able to attain in the past 25 years.

The tremendous wealth created by China in the past quarter of a century has not only enabled our 1.3 billion countrymen to meet their basic needs for food, clothing and shelter, and basically realize a well-off standard of living, but also contributed to world development. China owes all this progress to the policy of reform and opening-up and, in the final analysis, to the freedom-inspired creativity of the Chinese people.

It has become so clear to me that at the current stage China has an abundant supply of labor in proportion to her limited natural resources and short capital. If no effective measures are taken to protect the fundamental rights of our massive labor force, and in particular the farmer-workers coming to the cities, they may end up in a miserable plight as described in the novels by Charles Dickens and Theodore Dreiser. Without effective protection of the citizens' right to property, it will be difficult to attract and accumulate valuable capital.

Therefore, the Chinese Government is committed to protecting (1) the fundamental rights of all workers and (2) the right to property, both public and private. This has been explicitly provided for in China's law and put into practice.

China's reform and opening-up aims at promoting human rights in China. The two are mutually dependent and reinforcing. Reform and opening-up creates conditions for the advancement of human rights, and the latter invigorates the former. If one separates the two and thinks that China only goes after economic growth and ignores the protection of human rights, such a view does not square with the facts. Just as your former President Franklin Roosevelt said, "True individual freedom cannot exist without economic security and independence," and "Necessitous men are not free men."

I am not suggesting that China's human rights situation is impeccable. The Chinese Government has all along been making earnest efforts to correct the malpractices and negative factors of one kind or another in the human rights field. It is extremely important and difficult in China to combine development, reform and stability. Seeing is believing. If our friends come to China and see for themselves, they will be able to judge objectively and appreciate the progress made there in human rights and the Chinese Government's hard work in upholding human rights since the beginning of reform and opening-up.

China is a large developing country. It is neither proper nor possible for us to rely on foreign countries for development. We must, and we can only, rely on our own efforts. In other words, while opening still wider to the outside world, we must more fully and more consciously depend on our own structural innovation, on constantly expanding the domestic market, on converting the huge savings of the citizens into investment, and on improving the quality of the population and scientific and technological progress to solve the problems of resources and the environment. Here lies the essence of China's road of peaceful rise and development.

Of course, China is still a developing country. There is an obvious gap between its urban and rural areas and between its eastern and western regions. If you



travel to the coastal cities in China's southeast, you will see modern sights of skyscrapers, busy traffic and brightly-lit streets. But in rural China, especially in the central and western rural parts, there are still many backward places. In the poor and remote mountain villages, folks still use manual labor and animals to till the land. They live in houses made of sun-dried mud bricks. In times of severe drought, there will be scarcity of drinking water for people and animals. A Chinese poet-magistrate of the 18<sup>th</sup> century wrote:

The rustling of bamboo outside my door.

Sounds like the moaning of the needy poor.

As China's Premier, I am often torn with anxiety and unable to eat or sleep with ease when I think of the fact that there are still 30 million farmers lacking food and clothing, 23 million city-dwellers living on subsistence allowances and 60 million disabled and handicapped people in need of social security aid. For China to reach the level of the developed countries, it will still take the sustained hard work of several generations, a dozen generations or even dozens of generations.

China tomorrow will continue to be a major country that loves peace and has a great deal to look forward to.

Peace-loving has been a time-honored quality of the Chinese nation. The First Emperor of Qin Dynasty commanded the building of the Great Wall two thousand years ago for defensive purposes. The Tang Dynasty opened up the Silk Road one thousand years ago in order to sell silk, tea and porcelain to other parts of the world. Five hundred years ago Zheng He, the famous diplomat-navigator of the Ming Dynasty, led seven maritime expeditions to seek friendly ties with other countries, taking along China's exquisite products, advanced farming and handicraft skills. The great Russian writer Leo Tolstoy was right when he called the Chinese nation "the oldest and largest nation" and "the most peace-loving nation in the world".

As the modern times began, the ignorance, corruption and self-imposed seclusion of the feudal dynasties led China to prolonged social stagnation, declining national strength and repeated invasions by the foreign powers. Despite compounded disasters and humiliation, the Chinese nation never gave up and managed to emerge

from each setback stronger than before. A nation learns a lot more in times of disaster and setback than in normal times.

Now, China has laid down her three-step strategy toward modernization. From now to 2020, China will complete the building of a well-off society in an all-round way. By 2049, the year the People's Republic will celebrate its centenary, we will have reached the level of a medium-developed country. We have no illusions but believe that on our way forward, we shall encounter many foreseeable and unpredictable difficulties and face all kinds of tough challenges. We cannot afford to lose such a sense of crisis. Of course, the Chinese Government and people are confident enough to overcome all the difficulties and achieve our ambitious goals through our vigorous efforts. This is because:

- The overriding trend of the present-day world is towards peace and development. China's development is blessed with a rare period of strategic opportunities. We are determined to secure a peaceful international environment and a stable domestic environment in which to concentrate on our own development and, with it, to help promote world peace and development.

- The socialism China adheres to is brimming with vigor and vitality. Socialism is like an ocean that takes in all the rivers and will never go dry. While planting our feet solidly on our national conditions, we will boldly press ahead with reform and opening-up and boldly absorb all fine achievements of human civilizations. There is no limit to the life and exuberance of a socialism that is good at self-readjustment and self-improvement.

- Twenty-five years of reform and opening-up has given China a considerable material accumulation, and her economy has gained a foothold in the world. The motivation of China's millions to pursue happiness and create wealth is an inexhaustible reservoir of drive for the country's modernization.

- The Chinese nation has rich and profound cultural reserves. "Harmony without uniformity" is a great idea put forth by ancient Chinese thinkers. It means harmony without sameness, and difference without conflict. Harmony entails co-existence and co-prosperity, while difference conduces to mutual complementation

and mutual support. To approach and address issues from such a perspective will not only help enhance relations with friendly countries, but also serve to resolve contradictions in the international community.

Ladies and Gentlemen,

A deeper mutual understanding is a two-way process. I hope American young people will turn their eyes to China. I also trust our young people will turn their eyes more to the US.

The United States is a great country. Since the days of the early settlers, the Americans, with their toughness, frontier spirit, pragmatism, innovation, their respect for knowledge, admission of talents, their scientific tradition and rule of law, have forged the prosperity of their country. The composure, courage and readiness to help one another shown by the American people in face of the 9.11 terrorist attacks are truly admirable.

Entering the 21<sup>st</sup> century, mankind is confronted with more complicated economic and social problems. The cultural element will have a more important role to play in the new century. Different nations may speak different languages, but their hearts and feelings are interlinked. Different cultures present manifold features, yet they often share the same rational core elements that can always be passed on by people. The civilizations of different nations are all fruits of human wisdom and contribution to human progress; they call for mutual respect. Conflicts triggered by ignorance or prejudice are sometimes more dreadful than those caused by contradictory interests. We propose to seek common ground in the spirit of equality and tolerance, and carry on extensive inter-civilization dialogue and closer cultural exchanges.

In his poem, *Malvern Hill*, the famous American poet Herman Melville wrote:

"Wag the world how it will,  
Leaves must be green in Spring."

The youth represents the future of the nation and the world. Faced with the bright prospect of China-US relations in the new century, I hope the young people of China and the US will join their hands more closely.

Ladies and Gentlemen,

Chinese forefathers formulated their goals as follows:

To ordain conscience for Heaven and Earth,

To secure life and fortune for the people,

To continue lost teachings for past sages,

To establish peace for all future generations.

Today, mankind is in the middle of a period of drastic social change. It would be a wise approach for all countries to carry forward their fine cultural heritages by tracing back their origin, passing on the essentials, learning from one another and breaking new grounds. My appeal is that we work together with our wisdom and strength for the progress and development of human civilization. Our success will do credit to our for bears and bring benefit to our posterity. In this way, our children and their children will be able to live in a more peaceful, more tranquil and more prosperous world. I am convinced that such an immensely bright and beautiful tomorrow will arrive!

Thank you.

**BIOGRAPHY**

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