



The Conference „Economic and strategic impacts of the Belt and Road Initiative (BRI) on Central Eastern Europe, Central and Southeast Asia: Similarities and Differences” in Olomouc in March 2019 – A Brief Review

On 20/21 March 2019 a two-day conference on “Economic and strategic impacts of the Belt and Road Initiative (BRI) on Central Eastern Europe, Central and Southeast Asia: Similarities and Differences” took place at Palacký University in Olomouc (Czech Republic). The aim was to examine the plans and implementation of the BRI in these three regions to create a stronger empirical base for comparisons. More than 40 academics and diplomats from 20 nations, including Austria, Brunei, Bulgaria, Canada, China, Czech Republic, Belgium, France, Germany, Kazakhstan, Singapore, Slovakia, Taiwan, the United Kingdom and Uzbekistan, attended the conference. It was held in a workshop format to guarantee extensive frank and critical, but always respectful discussions. The conference was organized by the team of the project “Sinophone Borderlands – Interaction at the Edges”, notably Tereza Motalová, Mária Strašáková and Alfred Gerstl. During a public discussion on the impacts of the BRI on the second day, the new Central European Institute of Asian Studies (CEIAS), a transnational think tank, was officially launched.

The first conference day started with a welcome speech by Jaroslav Miller, Rector of Palacký University Olomouc. Afterwards Ondřej Kučera introduced the EU-funded project Sinophone Borderlands, lasting from July 2018 until December 2022, which he heads. In a nutshell, he described the project as “being about China without China”. This means that the main aim of the project is to analyze the relations of China’s neighbor countries and regions with the People’s Republic of China from the point of view of its neighbors and from different disciplinary perspectives, inter alia, social and cultural anthropology, cultural studies, linguistics, economics, political geography and International Relations. Dozens of researchers from Europe, Asia and North America are involved in this ambitious project.

Ondřej Kučera’s presentation was followed by the thought provoking keynote speech “The Fragility of the BRI” given by Yuan Horng Chu from National Chiao Tung University in Taiwan. In his interdisciplinary talk he utilized various classical geopolitical theories such as the Sea Power theory, developed by Alfred Thayer Mahan, the Heartland theory, coined by Halford John Mackinder, and the Rim Land theory of Nicholas John Spykman. He also pointed out the problem of the “institutionally built-

in corruption” along the New Silk Roads. Another issue of concern is that some recipients of BRI projects struggle to pay back the loans. In general, due to failures of the financing of the BRI China’s reputation also suffers. Yuan Horng Chu highlighted China’s relative economic slowdown, fast growing debt, its dangerous real estate bubble, the pension crisis and a possible fiscal crisis. He concluded that the China Model has exhausted its potential. This presentation triggered, similar to all other talks, a lively debate.

Subsequently, the conference participants split into two separate panels to discuss the specific and general regional impacts of the BRI on two regions, namely Southeast Asia and Central Asia. Both panels were conducted in a pleasant and inspiring atmosphere. In the Southeast Asia panel, Tanguy Struye de Swielande from the Université Catholique de Louvain in Belgium presented on “The BRI: At the Service of the Chinese Grand Strategy?” He discussed the BRI as Beijing’s grand strategy to assert and legitimate its national role conception of becoming a world leader by 2049. He argued that realpolitik factors informed and drove the project, as China reinforces its exports, increases its sphere of influence, and increasingly sets tomorrow’s norms. In this view, the BRI is a way how to get back control over China’s neighbouring countries. Tanguy Struye de Swielande pointed out that Chinese usually have long-term strategies, are more flexible than Westerners and do not see the world only in black and white. In the future we will hear more and more about Green Silk Road and Digital Silk Road, he predicted. In his conclusion, he labelled Beijing’s behavior as Octopus Strategy, i.e. similar to the smart animal that is well known for its camouflage tactics China disturbs and seduces, advances in an intelligent, cunning and subtle way, he argued. Joyce C.H. Liu (National Chiao Tung University, Taiwan) built on this presentation, looking at the risks associated with the implementation of the BRI in Southeast Asia. She clearly showed how building economic infrastructure triggered a variety of problems, hence intensifying various forms of frictions in local societies. Recently an anti-Chinese rhetoric style was being used during pre-election campaigns in Vietnam, Malaysia and Indonesia.

Jérémy Jammes (University Brunei Darussalam) and Irene Chan (Nanyang Technological University, Singapore) then presented two case studies: the implementation of BRI in Brunei and Singapore. Jérémy Jammes highlighted how the BRI has been implemented in Brunei through various actors, institutions and mechanisms, with special emphasis on the role of the ethnic Chinese community living in the country. Irene Chan emphasized that Singapore stands out in Southeast Asia, as the city-state does not require or receive Chinese infrastructure development assistance. However, Singapore’s leaders have repeatedly endorsed the BRI, showing that Singapore has been funding BRI projects inside China, as it is able to benefit from the economic environment in the country.

In the discussions, the participants agreed that the PRC has no cohesive BRI approach towards Southeast Asia. There is no clear strategy towards the region as a whole, as every country has different relations with China and different needs. Hence, many projects are discussed on a bilateral basis, the

main emphasis being on building infrastructure, which is a key weakness of many local economies. One strategic Chinese aim, however, seems the mitigation of the Malacca Straits dilemma, i.e. establishing inland transport corridors in Southeast Asia to circumvent the South China Sea. The various country case studies also showed that Southeast Asia at present is experiencing a significant slowdown in the implementation of BRI projects. Beijing's investment commitments and construction contracts fell according to an analysis by Citi Economics by 49.7 per cent to only US\$19.2 billion in Southeast Asia in 2018. In 2018, only 12 projects worth US\$3.9 billion have been recorded (in comparison with 33 projects worth US\$22 billion the preceding year). Chinese investments were also lower in Europe in 2017 and 2018. This can be attributed to the fact that after almost seven years of its launching, the implementation of the BRI has faced a few bumps on the road. In the discussions the most often mentioned challenges were:

- Political and security risks associated with China's growing influence in Southeast
- Economic risks; the most prominent were the terms and conditions of Chinese loans also seem unattractive and difficult to manage. It must be noted that since the case of the Hambantota port in Sri Lanka and Djibouti, the fear of falling into a debt trap has been resonating among most countries in Southeast Asia and has led a few governments to downscale the projects
- Strategic implications of the Initiative in the context of the South China Sea dispute
- Growing anti-Chinese sentiments among the populations of Southeast Asia, while the political elites have been maintaining functional and pragmatic relations with China.

During the panel discussion, it was further emphasized that, while being critical of the shortcomings of the BRI, one should keep in mind that many negative impacts of the New Silk Roads are not caused by China. Among the reasons why projects run into trouble are the lack of experience and expertise in assessing the sustainability and profitability of infrastructure projects (the cases of Laos and Cambodia); the incapacity to negotiate terms and conditions of the projects (Myanmar); and gluttony and corruption (e.g. the case of Prime Minister Najib Razak in Malaysia and similar, but less prominent examples in Laos, Cambodia and Vietnam).

The discussions in the panel "BRI and Its Impact in Central Asia" built on four presentations, which focused on BRI as a Central Asian component of the much larger Eurasian Silk Roads. The case studies dealt with Uzbekistan, presented by Timur Dadabaev (University of Tsukuba, Japan), and from Turkmenistan, given by Slavomir Horak (Institute of International Studies Faculty of Social Sciences, Charles University in Prague), together with general analytical presentations on China's relations with

Central Asia by Yuka Kobayashi (School of Oriental and African Studies in Great Britain) and Alica Kizekova (Institute of International Relations Prague).

The presentations included a multidisciplinary approach to analyze the whole range of China's aims and individualized strategies toward each Central Asian country in comparison with other major players in the region such as Russia, the US, Japan, South Korea and the EU. Furthermore, light was shed on the flexibility of the use of the term "Silk Road" as an ideological tool to attract international donors, and as a realm of narration of the shared past and the existing connectivity until now across Central Asia. The discussions brought the attention to the increasing concerns on securitization and various legal issues in the region. Especially in regard to the concerns of the Central Asian states about their growing financial dependency on China's investments as well as on China's strategy to secure its investments in this region. Additionally, the question arose if China can be recognized as a normative power. One of the other crosscutting points was the noticeable rise of Sinophobic sentiments across the Central Asian countries. – The productive working day was successfully completed by a guided city tour in Olomouc.

The second day of the conference (21 March) was started by Jing Long from the Shanghai Institute for International Studies (SIIS). Her speech focused on "Bilateral and Subregional Cooperation in the Framework of 16 plus 1". She emphasized that the PRC acts under the BRI frame according to the needs of particular regions. Jing Long also highlighted that the Czech and Slovak Republic do not yearn for better infrastructure, but for better high-tech and business opportunities. She also said that European countries should be more proactive, for example she praised that Czech companies actively offered their winter sport products ahead of the Winter Olympic Games in Beijing in 2022.

Afterwards Robert Stehrer from the Vienna Institute for International Economic Studies in Austria (WIIW) talked about economic policy implications of the BRI in Central Eastern Europe. He argued the absolute amount of Chinese investments and loans in the more developed 16 European 16+1 participant countries is strategically not yet concerning. In 2015, Chinese FDI inflows to these nations amounted to only 1.3 percent, while the Austrian share was 9.1 percent. However, Robert Stehrer pointed out the comparatively high amount of Chinese investments in the Western Balkan countries, notably in Serbia and Montenegro, where the infrastructure needs are higher. Then Emilian Kavalski from the University of Nottingham in Chinese Ningbo localized China's Global Silk Roads through the 16 plus 1 mechanism. Thereby he showed how many Chinese actors on national and local level are involved in developing the BRI concept. Subsequently, Bartosz Kowalski from University of Lodz in Poland deciphered how strategically Beijing uses its strategic partnerships with 16+1 members to further collaboration in clearly specified policy areas. Last but not least the Czech Sinologist Rudolf Fürst (Institute of International Relations, Prague) identified a "Worsening Perception of China in the

Czech Republic”. Based on his assessment of Czech media reports, he spoke of rising criticism and even Sinophobia in the Czech Republic.

The aim of the following panel was to bring together all participants to compare the BRI approach to the three regions and identify similarities and differences. The keynote was given by Wolfram Schaffar from University Passau in Germany on the effects of BRI on democratization and de-democratization processes in BRI participant countries. The frank discussions on the impacts of the BRI on the three regions revealed interesting differences on how to approach this research topic theoretically and methodologically. A consensus was reached that different disciplines may address different topics from opposing angles or focus on different aspects of BRI. Clearly visible was also the difference between International Relations and anthropological approaches regarding different concepts, such as tianxia etc. Emphasized was also that we recently witness a rebranding of many BRI projects and that Chinese media mentions the BRI less often than in the past. Many other important issues were raised, though, could not be discussed in detail due to time limits.

In the subsequent panel which was open to the public Petra Andělová from Metropolitan University in Prague presented her ideas on “Silk Ropes and Hopes on the Road”, followed by Frédéric Lasserre from Laval University (Canada) who spoke about Chinese railway projects. Finally, Sebastian Holler and Sebastian Maier introduced their ambitious project “Europe Goes Silk Road – A young European Initiative” that includes a six months, 33.000 km long journey from Vienna to Shanghai along the Old and New Silk Road.

The BRI conference was successfully completed by a well attended public panel on “China’s BRI: Impacts on Europe and Asia”, consisting of academic experts, politicians and diplomats, namely: Ondřej Kučera (Sinophone Borderlands project, Palacký University), Werner Fasslabend (president of the Austrian Institute for European and Security Policy and former Austrian Minister of Defence), Štefan Füle (Chairman of the Board of Directors of the Joint Czech China Chamber of Mutual Cooperation and former EU Commissioner for Enlargement and Neighbourhood Policy), Martin Klepetko (Director of the Asia-Pacific Department, Czech Ministry of Foreign Affairs), Jing Long (Shanghai Institute for International Studies, PRC) and Tanguy Struye de Swielande (Université Catholique de Louvain, Belgium).

At the beginning, Alfred Gerstl, the moderator, officially launched the Central European Institute of Asian Studies. This new think tank is an independent organization, jointly established by the Department of Asian Studies at Palacký University, the Slovak Institute of Asian Studies (IAS) in Bratislava and the Austrian Institute for European and Security Policy (AIES) in Vienna. The CEIAS is going to publish on a regular base high-quality analyses that will be critical, but non-ideological and objective. They will be written by renowned international and Czech experts, both for professionals and a lay audience. The think tank will also promote a dialogue between academia and the wider public,

whether on the think tank website or at various public events. The president of CEIAS will be Alfred Gerstl.

Martin Klepetko illustrated the growing importance of China, when he said that 50 percent of the workload of his department is somehow connected to China (“sometimes in positive way, sometimes in less positive way”). Jing Long appreciated Czech President Zeman’s relationship with China and mentioned positively that he plans to visit the second BRI summit in April 2019. Tanguy Struye de Swielande expressed a stimulating idea, comparing the BRI to an iceberg: We cannot see the most important part of it, which is hiding under the sea level. The audience used the opportunity to raise many questions, especially on the Sino-European relations. Werner Fasslabend replied to one question that with establishing 16+1 China underestimated the sensitiveness of the EU; on the other hand, the Europeans underestimated the Chinese economic and strategic potential. Answering a questions on opportunities for European companies on the Chinese market, Stefan Füle pointed out the extremely great success of Home Credit in China. In conclusion, Martin Klepetko said that the BRI conference deserves continuation. Indeed, the Sinophone Borderlands team will organize a follow-up event in the near future.

Alfred Gerstl

Kamila Ovesná, Mária Strašáková and Ute Wallenböck contributed to this report.

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You can find pictures from the conference on flickr:

<https://www.flickr.com/photos/161172006@N03/sets/72157707569648885/>

Selected presentations can be accessed under:

https://drive.google.com/drive/folders/14Ssu8SM-3qJ_XXXX8c8Qgc83DD-5Kl0k



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