

# **THE SILK ROAD ECONOMIC BELT**

Considering security implications  
and EU–China cooperation prospects

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## Executive summary

This one-year desk and field study has examined the Silk Road Economic Belt (the ‘Belt’) component of China’s Belt and Road Initiative from a security perspective. The report has three components: (a) it has analysed what the Belt essentially is, what has driven China to initiate it, and how it relates to China’s own security interests; (b) it assesses what the Belt’s security implications are and might be in two selected regions of the Eurasian continent (in this report ‘Eurasia’ refers to the combined landmass of Europe and Asia), namely Central and South Asia; and (c) based on the sum of these findings, this study elaborates on whether the Belt is a platform for European Union (EU)–China cooperation on mitigating security threats throughout Eurasia, and provides policy recommendations to the EU on how to proceed. In the context of the report, ‘security’ is defined broadly in relation to intra- and interstate stability: it encompasses human security and developmental conditions.

The Belt is a still-evolving, long-term Chinese vision for Eurasian infrastructural development, connectivity and economic cooperation. There exists a vast vacuum of critical infrastructure in large parts of Eurasia, which many relevant states are not able to fill, even with the aid of existing multilateral development funds. The Belt intends to fill much of this vacuum, and while the political longevity of the initiative and efficacy of its implementation remains to be seen, it has been received with enthusiasm throughout many parts of Eurasia.

In official terms, the Belt is framed as a relatively altruistic offering, based on the principles of mutual benefit and win–win. It sets no a priori limitations on actors, methods or norms, and permits for a great deal of flexibility. In this regard, it has the potential to become a leading model of bilateral and multilateral economic cooperation in Eurasia. However, a number of stakeholders are sceptical of its feasibility, specifically in reference to security challenges throughout Eurasia. There are additional concerns about its geopolitical underpinnings, namely that the initiative is not in fact sufficiently multilateral, and serves to expand China’s strategic political and economic influence among participating states. There is little official Chinese discourse on its political drivers, which contributes to this speculation.

But what is clear is that the Belt is driven by a wide range of motivations, including enhancing China’s domestic economic security by increasing its global economic and, particularly, financial clout, mitigating security threats, and garnering strategic space. Indeed, it has evolved beyond any singular issue to become a convergence and clustering of multiple diplomatic, domestic socioeconomic, financial, geoeconomic and geopolitical interests and drivers, as well as pre-existing governmental overtures and proposals. Whether it is able to successfully further China’s interests in relation to these issues remains to be seen.

Regardless, China’s expanding overseas economic footprint through the Belt will, over the long term, serve as additional impetus for it to take leadership in global governance and regional and local state security affairs. Indeed, the Belt corresponds with China’s increasingly proactive security concepts, which stress common security through development and economic cooperation. The initiative may become one of the cornerstones of Asian economic growth and integration, and eventually of closer political and security cooperation among states, but the pathway to this scenario is long and fraught with obstacles. Without clearly defined targets it is difficult to assess the Belt in terms of success, or failure, over time.

Indeed, China may have overestimated local institutional and economic governance capacity and its own financial and diplomatic clout. It may also have underestimated the breadth of the geopolitical difficulties it may encounter. Political tensions and

turmoil within Eurasian states may impact the Belt, but the Belt itself also interacts mutually with these dynamics. Some implications of the Belt on security dynamics in Central and South Asia are as follows.

1. In both Central Asia and South Asia (specifically Pakistan), the Belt could exacerbate governance problems, primarily economic accountability and corruption. It could also potentially help to keep regimes in place that have a poor democratic or developmental track record and exacerbate structural elements of instability. It may, however, stimulate greater stability if the local governments can utilize Belt capital to foster inclusive and sustainable socioeconomic growth.

2. In Central Asia, the Belt could potentially stimulate greater cooperative efforts and political will among states to effectively address underlying regional hazards in the interest of mutual economic benefit.

3. In South Asia, the Belt's China–Pakistan Economic Corridor (CPEC), has raised political temperatures between India and Pakistan. India strictly opposes CPEC, and while the Belt is not a harbinger of new conflict, it has so far intensified historic competition over influence in South Asia. Furthermore, at this stage, the Belt has little potential to help thaw relations between Pakistan and Afghanistan, but there may be prospects for this over the medium to long term.

4. For now, the Belt does not structurally conflict with Russian security or Eurasian Economic Union (EEU) objectives, whether nationally or in Central Asia.

More specific local sources of insecurity in Central and South Asia exist with or without Belt presence. They are not easily resolved on their own accord, and the Belt is, at the very least, an opportunity to begin to address these common challenges.

Indeed, the Belt can provide public goods that could potentially catalyse socioeconomic development in Central and South Asian countries. However, positive developmental spillovers of the Belt will also very much depend on the practical details of implementation: the distribution of spoils and benefits, both between Chinese stakeholders and local states, as well as between the ruling elite in those states and other sections of the population. It will require a more comprehensive commitment to policies that foster human security, rather than only regime- and state-centric security, both by China and, particularly, local actors.

Inevitably, the Belt impacts EU security interests in both Central and South Asia. Greater interconnectivity potentially facilitated by the Belt gives the EU impetus to think more strategically and contribute more proactively to stability outside of its immediate neighbourhood. This, however, requires the EU to develop its own strategic vision for stability and security in Eurasia as a whole, and the role it sees for itself and stakeholders within that picture. Such a vision would be an ideal starting point from which to assess the Belt. At present, bar the EU–China Connectivity Platform, Brussels does not have a common voice and strategic response to the Belt.

At an institutional level, the EU still requires a more comprehensive understanding of the Belt's strategic implications in their totality before it engages in the Belt in greater measure. This includes understanding all of the Belt's implications on the EU's own stated foreign, security and economic interests.

The Belt, as a loose and non-institutionalized framework that proceeds largely through economic projects, is not itself an ideal platform for the EU and China to collaborate on topics of hard security. However, in relation to Belt implementation, this report concludes that there are potential cooperation opportunities within the realm of human security and development.

The EU, in coordination with other relevant stakeholders, could utilize the opportunity presented by the Belt to engage China and pull it closer towards the type

of ‘rules-based global order’ most in line with its own interests and values. There is value in EU engagement with China on a range of associated non-traditional and soft security topics, from sustainable development and energy security to regional integration and governance.

However, cooperation in practical terms may be hampered by differences in approaches and political values. While the Belt is largely in line with the EU’s interests in Central and South Asia, implications for the EU’s normative and value-based agenda remain in question. As such, one feasible and relatively apolitical avenue for the EU and China to cooperatively engage with the Belt is through the common framework of the United Nations Sustainable Development Goals (SDGs). Indeed, the Belt is a potential accelerant to the achievement of the SDGs, and both China and the EU view socioeconomic development as being heavily linked to stability and security in the relevant states of Central and South Asia.

More concretely, this report recommends that the EU considers the following.

*Over the short term*

1. Allocating more human capital at the European External Action Service (EEAS) and other relevant agencies to map and monitor Belt security implications. Building on this, reach out to relevant Chinese authorities to discuss and map the Belt’s short-, medium- and long-term security implications, and how these affect EU foreign and security interests. This can serve as a framework through which unfolding implications can be monitored and assessed.

2. Establishing more robust and frequent in-country dialogues with China at the level of embassies and missions, as well as with other third-party actors such as non-governmental organizations (NGOs) and organized business, with the minimal goal of greater Belt security information and risk evaluation sharing. This could also be utilized to explore synergies in developmental and soft security programming between the EU and China. Local states and third-party actors could share information, and case studies for best practices in engaging China could be developed.

3. Engaging with China, the UN and other Belt stakeholders through the Global Development Framework and UN Agenda 2030, to maximize benefits to human security, state-societal resilience, and social returns of Belt investment in infrastructure and associated sectors. Outside of UN channels, this could take place through the annual bilateral development dialogues at senior official levels, as established in the EU–China 2020 Agenda for Cooperation.

*Over the short to medium term*

4. Delineating an EU vision for a more stable and secure Eurasia. This would need to incorporate the EU’s own strategic role in Eurasia, its views on Asian security architecture and its vision for governance vis-à-vis other important stakeholders, including not only the United States and China, but also India and Russia, middle powers, and local actors. This vision would need to include policy suggestions for a more unified and strategic EU approach to security interests in Central Asia and South Asia. This vision could then act as the guideline for all EU endeavours in, and assessment of, other Eurasian security and connectivity proposals, including the Belt.

5. Providing technical and development-security policy assistance for Belt-participating states to better utilize and align Belt funding for purposes of sustainable national economic development, human security provision, and local states’ own commitments to the SDGs. This could be done in coordination with Chinese actors. Many Belt-participating states lack the institutional capacity to pursue such agendas

effectively, and the EU's competitive advantages and soft power could translate into much-needed expertise.

6. Taking the lead with key continental Eurasian actors, China, India and Russia, and other relevant actors to set up a joint consultative Belt coordination mechanism. As the Belt's footprint grows, so will security implications to all these and smaller actors. All interested Belt stakeholders should engage in closer joint analysis, planning and monitoring. This assessment should be comprehensive and include the Belt's development and integration vision, including routes and trade flows. These are better coordinated in advance so that possible future post-implementation friction is avoided and EU economic security interests are promoted.

7. Tailoring EU developmental programming in relevant states in response to changing economic or business landscapes as shaped by the Belt, for instance, through (a) educational and vocational training programmes in associated technical industries to maximize local job creation and poverty reduction; (b) the use of existing environmental protection programmes to monitor and minimize the ecological footprint of Chinese large-scale investments; or (c) complementary projects in social infrastructure. This could be done in greater coordination with Chinese stakeholders, as well as in conjunction with local civil society, to ex ante minimize any socioeconomically disruptive aspects of Belt projects.

*Over the medium term*

8. Seeking a role in and/or dialogue mechanism with the Shanghai Cooperation Organization (SCO) and the Conference on Interaction and Confidence-Building Measures in Asia (CICA): it is likely that these bodies will play an increasingly important role with regard to discussions on the Belt's security dynamics and, in the case of the SCO, of actual security policies and related activities. In addition, the EU could seek greater security dialogue with China through the Organization for Security and Co-operation in Europe (OSCE) or the Asia–Europe Meeting (ASEM).

9. Engaging with China, Afghanistan and other relevant stakeholders on assessing how the Belt, specifically the CPEC component, may be best utilized to contribute to Afghanistan's fragile security situation. This could be spearheaded through Track 1.5 dialogues. The EU has invested substantially in Afghanistan since 2001 (by any measure): it is therefore only logical that it has a say in regional integration efforts. Chinese and Pakistani interest in developing, connecting and safeguarding CPEC cannot be underestimated and could be utilized strategically to improve Afghanistan's stability.

10. Exploring longer-term joint investment projects in third countries, and deepening cooperation between relevant Chinese funding institutions, including the Asian Infrastructure Investment Bank (AIIB), and those such as the European Investment Bank (EIB) or European Bank for Reconstruction and Development (EBRD), as well as other relevant banks and developmental agencies, as a means of raising procurement, regulatory, environmental, labour and other investment standards. This could help to (a) mitigate risks that Belt investment could exacerbate poor economic governance in relevant states; (b) minimize any socio-politically disruptive investments; and (c) pave the way for increased EU private sector engagement in these regions.