Pax Sinica in Asia: China’s Emergent Geopolitics of Economic Corridors and Dream of Leadership

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Abstract

This article explores the features of China’s hegemonic ambitions which include more economic power than its rivals and the impact of international institutions on the interstate system. As a result, China has achieved Asia’s first tier of a hegemon, but influence over the global institutional framework is still underway. The eradication of the Pax Americana, however, must slowly materialize in line with Beijing’s established practices of avoiding confrontation and including various components of the present system. If China succeeds in bringing more and more friends and allies into its clout, Pax Sinica will be successful, but within the Chinese leadership, it is still argued that alliances do not meet the terms of its foreign policy principles.

Key Words: Sino-centric, Economic Corridors, Heartland, OBOR, CPEC.

Introduction

Pax Sinica explains the eons of prosperity that the Chinese hegemony holds in East Asia. This period dates back to 221 B.C. to A.D. 200. With the expansion of trade, cities expanded, living standards increased, and the population increased. China has retained its predominant culture in the electoral district due to its political, economy, military, cultural and socio-economic influence. Today, again in the 21st century, China is moving for Pax Sinica’s rebirth on its periphery. The re-emerging Pax Sinica is characterized by the establishment and compliance at the core of the regional order of laws that support the dominant power. Such as the “Marshall plan of USA, China’s One Belt and One Road (OBOR) is the grand-daddy of all megaprojects touching 65 countries with a worth of 8 trillion dollars” (Smolnikov, 2018). The OBOR will stretch from the edge of East Asia to East Africa and Central Europe until its expected completion in 2049, thereby impacting a long list of nations comprising 62 percent of the total population and 40 percent of its financial return. “It is a project that aims to move the axis of the world economy back to the mainland from the oceans” (Smolnikov, 2018).

A popular idea about China’s long-term policy goals in Asia is that in this part of the world, Beijing is willing to be a regional hegemon and wants to restore the Sino-centric order. Because Western-centered global governance is ending, particularly in the field of economic guidelines, nearly all of the Western-formed and leading global governance systems are collapsing. With its weak economic situation, the US is likely to weaken the liberal economic model that is developed in “Bretton Woods”. In the first step, the surge of

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U.S. protectionism has gained momentum while politicizing or even militarizing international economic ties and sanctions have become a new standard.

China itself is a continent both economically and politically. Today, she is a global trading power. It offers a political philosophy when China presented “Peaceful Rise”, the world sat on it. But there was semantic hesitation: peaceful development, the stability of peace, and peaceful coexistence but whatever the term, its China’s peaceful development. The basis of assurance is that China never challenges any country’s sovereignty and believes with common and joint policies in the mutual benefits. In recent history, the rise in strength of great nations has often been matched in three ways; through a hawkish foreign policy, through an enduring cold war, and or through the accession of diplomatic power. But China has shown alternative ways to ascend worldwide; participation in economic skills, competition on the global market with others, and recognition of a collaborative benefit worldwide system.

**Economic Frameworks**

China is an economically and politically fast-growing country that has managed to attract global attention and retain the world’s unique respect and prestige. As a result, China is measured as an intimidation of the US and a supremacy trial assumed the remarkable evolution of the former not only in the economic domain but also in the military ring. A systematic way of action taken by Beijing has been to propose a regional framework that is divergent from that sponsored by America since the declaration of the Rebalance policy. Although this struggle was revealed in Beijing’s formal statements before the Rebalance, China’s President and Chinese Communist Party (CCP) Secretary-General Xi Jinping’s significant speech at the 2014 “Shanghai Conference on Interaction and Confidence Building Measures in Asia” (CICA) meant a modulation opinion. There, he named for the formation of a new regional collaboration building, saying that in the final analysis, it is for the Asian people to precede Asia’s issues, resolve Asia’s issues, and support Asia’s defense issues. “China responded to the US policy of rebalancing Asia by creating and promoting new economic institutions in the Asia-Pacific region, notably the Asian Infrastructure Investment Bank (AIIB) and the RCEP” (Smolnikov, 2018).

**Asian Infrastructure Investment Bank (AIIB)**

The AIIB is a multifaceted development bank shaped with 57 members in 2015 but now it has converted into the second-largest global participation after the World Bank with the membership of presently 87, compares with 189 of the World Bank’s International Bank for Reconstruction and Development and 67 of the Asian Development Bank. The bank’s motto is “to be lean, green, and clean, and governance structure is similar to the other Multilateral Development Banks (MDBs) with a president, a board of governors, one representative from each member state and a board of directors” (Woodward, 2017). The elementary determination behind the formation of AIIB has to deliver capital for infrastructure ventures in Asia because current multilateral development banks are not providing adequate capital regarding the infrastructure in the region. It is a regional development bank with the sum of lending to date at around $4 billion and has distinguishing as substitute of IMF for Asian countries and also a mode for China to employ greater influence in global development finance sector as China has the single largest voting share at 26.6 percent, which offers it veto power over major decisions such as the selection of a president or the increase the capital stock of bank. It has been submitted that the AIIB could serve as a mechanism for China to use its excess industrial capacity. In the assessment of the bank’s leading objective that it looks fine positioned to work hand-in-glove with “China’s One Belt One Road (OBOR) project, an enterprise to shape chain of ports and conveyance structure linking China with the continent of Europe and Africa through South Asia, Middle East and Central Asia” (Gisela, 2016)

For funding the pair of highway schemes in South Asia and Central Asia the “AIIB has affiliated with the Asia Development Bank and the European Bank for Reconstruction and Development. It has sponsored an extension of hydropower enterprise in Pakistan, electrical grid enhancement in India and construction of
roads in Kazakhstan. Likewise, it has also funded projects for electrification in Bangladesh and the progression of urban infrastructure in Indonesia” (Kundu, 2016). By mid-2018, the Asian Infrastructure Investment Bank allocated more than $5 billion to projects in 13 countries with $100 billion in dedicated capital ranging from Pakistan's motorway to a Turkish gas storage facility as shown in the chart below.

The White House has become skeptical and has raised questions about the standards, transparency, and sustainability of Beijing’s initiatives in the region, and more specifically, the US has speculated on Beijing’s exceptional provocation towards development organizations and has seen AIIB as a direct competitor to its deep-rooted global development organizations such as the World Bank and Asian Development Bank which have been traditionally led by the US and Japan respectively. Washington was also left flat when Britain, France, Germany and several other European states combined with the Asian Infrastructure Development Bank and soon regretted its utter disappointment in Beijing's push to build a new development bank to meet Asia's changing demands for infrastructure (Kundu, 2016).

### Regional Comprehensive Economic Partnership (RCEP): Asia’s Next Trade Agreement

It is a potential trade agreement between ASEAN and six states of Asia-Pacific with which it has free trade agreements. RCEP participating countries make up 46 percent of the global population and make it one of the biggest free trade zones in the world, worth 24 percent of global GDP. “RCEP is regarded as a replacement for the Trans-Pacific Partnership (TPP) and became the second major Asia-led trade agreement since President Trump’s withdrawal from the Trans-Pacific Partnership (TPP) in 2017” (Bajwa, 2017) while the remaining 11 TPP members renamed the TPP as the Comprehensive Progressive Trans-Pacific Partnership (CPTPP), retained its nature intact and signed it in March 2018. The aim behind the RCEP negotiations is to achieve a new, inclusive, high-value, mutually beneficial economic partnership agreement between ASEAN and its free-trade partners. “The gross domestic product (GDP) of the RCEP member states is projected to reach nearly $250 trillion by 2050, or a quarter of a trillion dollars, with China and India's combined GDP representing more than 75% of the total. The share of the global economy could be half of the projected $0.5 quadrillion global GDP (PPP) by 2050” (Das, 2013)

The Regional Comprehensive Economic Partnership has been preparing to assume an ASEAN-centric, comprehensive free trade area in the periphery. When completed, RCEP will provide the rules-based global trading process with a powerful enhancement. “It will be a free trade area with record-high population and production books (covering 3.6 billion people and a $25 trillion GDP, exceeding that of the United States) and the highest that has ever been set by developing countries. It will enforce agreements
between China, India, Japan and South Korea for the first time, extend obligations to the World Trade Organization and reveal new signs of Asian dominance in world trade” (Bajwa, 2017).

**Economic Corridor Strategy**

China has been an upsurge of excellence as a monetarist force that has outperformed a great deal of power and modified the elements of modern universal relationships. Using both geographical and numerical size, China has to turn into remarkable power and have convinced the world of its tyrant one-party rule. In regulating its general public and economy, China faces enormous difficulties in characterizing itself as a power-seeking peaceful rising. China’s indigenous facets including the state of its economic demands to reform in its western constituencies and the obligation to supply its financial needs ranging from natural resources to the construction of transportation routes have transformed its balance of power and clear global transactions strategy. Consequently, China’s binding national programs outlined its foreign policy actions and estimated the peripheral benefits. China sees vast conservative and renewable energy wealth as the main source of corridor beside societies and socio-economic growth. This outlook was primarily initiated by “Premier Hu Jintao and President Wen Jiabao but present Chinese leadership Li Keqiang as a Premier and Xi Jinping as a president China has been reaching out to the potential partners through the politics of Economic corridors” (Bajwa, 2017).

Relating Beijing’s economic and strategic plan of one Belt one Road with Mackinder’s model of region-building vision, China has calculated evolving connections aimed at economical conveyance, telecommunication, and energy webs and economic corridor politics wishes to tie Chinese landmass and its Western region with other realms through wide system of roads, railways, and seaports. The idea of Belt and Road has pivoted on sponsoring the economic affluence of the realms along Belt and Road and fiscal collaboration to reinforce trade and mutual wisdom amid diverse civilizations and prompt global peace, progress and a distinct enterprise that will value individuals in the world. It is comprehended as a worldwide organized venture that pursues to assimilate the advanced schemes of the partners and follower nations into a multi-modal structure. “The project arranges in a line with China’s fifty years old Five Principles of Peaceful Coexistence: common respect for each other’s sovereignty, territorial integrity, non-aggression, non-interference in other’s internal affairs, shared profits and impartiality” (Gisela, 2016). Xi Jinping redefined the premeditated aims of the nation as China is trying to revitalize its primitive features. In March 2013, he outlined the premise of China Dream as follows:

“In order to create a moderately prosperous society, a stable, democratic, civilized and harmonious modern socialist country to achieve the Chinese Dream of great rejuvenation of the nation, we need to achieve national prosperity and revitalization of the person’s happiness, which is a profound reflection of the dream of the Chinese people today and its inconsistency with our glorious tradition. The realization of the China Dream must be based on a China Way that is Chinese-characterized socialism. The China Way is not easy, it stems from the great tradition of reform and opening up for the past 30 years and 60 years of continuous discovery since the founding of the People’s Republic of China, as well as the course of 70 years of the Chinese nation’s growth in modern times. The Chinese Dream is essentially the Chinese people’s dream, the fulfillment of the Chinese Vision relies heavily on the efforts of the government and in exchange, it benefits the people” (Xi Jinping, March 2013).

Beijing’s strategic culture has been evolved for eons and is placed at a great worth of continuing keen equilibrium in its economic and military power. Chinese rational principally have faith in economic instead of hard power that derives from varied experiences. Historically, “In the First Sino-Japanese War of 1894, China was defeated by Japan, while the Chinese economy functioned relatively well. Ironically, in the 1962 war, China beat India even its economic conditions were worse than India” (Kundu, 2016). There is thus “a lesson that mild states should continually posture rough financial race and maintain peace while at the same time holding ample military power to fight as a last resort if the possibility arises. China must seek its
leverage through a win-win relationship building policy, but at the same time Beijing maintains ample military strength to counteract coercion in the future through a powerful actor” (Kundu, 2016)

**One Belt, One Road (OBOR)**

“One Belt, One Road scheme was sponsored by China is consisting of two constituents i.e. the Maritime Silk Road Initiative (MSRI) and the Silk Road Economic Belt (SREB) which have been declared in 2013 respectively. These two ventures are collectively known as One Belt, One Road, or Belt and Road, or New Silk Road. Each constituent has capable of bringing variants in the geopolitical landscape of the region by building interconnected infrastructure including ports, highways, railways, and pipelines. Such hard infrastructure demands the corresponding structure of soft infrastructure, such as free trade, uniform fiscal policies, reducing tariffs and free movement of capital” (Arase, 2017).

From the geopolitical point of view, the advances of recent years are evident, especially when considering diplomatic initiatives with neighbors and existing projects. First, China has been seeking to meet its strategic supply needs and establishing access to the sea on the western side. The relative emptiness left by Russia in Central Asia (Kazakhstan, Turkmenistan, Tajikistan, Uzbekistan, and Kyrgyzstan) has made room for several investments in the region, with a focus on the oil and gas sector. Chinese companies have acquired corporations from these countries in recent years and a broad pipeline and pipeline network directing these inputs to China is already in place. At the same time, the supply of local credit has been guaranteed through established Chinese banks and infrastructure development. In addition to this, strengthening relations with Pakistan highlights the Kashgar corridor project in China to the port of Gwadar in Pakistan (operated by China Overseas Port Holding Company). With this $ 20 billion project already in progress, China will be able to access the Arabian Sea, expanding its opportunities in the region, both economically and politically. In East Asia, several high-speed rail projects have already been designed, linking China to Laos and Thailand. In addition to this most notable development of infrastructure projects, one must not forget to establish the new financing mechanisms, the alternative to existing structures such as the World Bank and the International Monetary Fund. Still, in the embryonic stage, “it is believed that the Asian Infrastructure Investment Bank and the New Development Bank (initially designed to be the BRICS Bank) will play a fundamental and complementary role in supporting infrastructure projects not only in Asia but also in other regions” (Clemens, 2018).

From the economic point of view, the OBOR platform has very vibrant inferences. In establishing new trade means and or consolidating already present trade directions, there are prospects to create consensual trade agreements, taking advantage of the relative emptiness left by the US, which has given up the TPP, and consolidating the already existing integrated value chain in Asia. Complementing the commercial strategy, there are also Chinese investments moving in the same direction, taking into account that in the last two years the Chinese investments abroad exceeded the investments received by the country from foreign companies. “It is worth noting, however, that not even 10 percent of recent Chinese investments were targeted to the OBOR countries, as the key destinations of China’s capital were the USA, Europe, and Hong Kong. In addition, investments in infrastructure in several countries end up smoothing the excess capacity built by exporting capital goods and the technology that China has developed in the infrastructure segment in recent years, especially in the railway sector” (Zuojun, 2018)

With these routes opening to the western region, there is a significant development for the interior of the country, with resources and projects being allocated to the economically less favored provinces, reducing regional imbalances. So far, more than 10 provinces have announced projects linked to OBOR, highlighting Xinjiang and Fujian, seeking alignment with Beijing’s strategy. Many analysts point out these developments will eventually favor the internationalization of the Chinese currency in the medium term. “According to estimates by the Asian Development Bank, the investments linked to OBOR can reach the US $ 8.8 trillion by 2030, which implies the US $ 584 billion per year over the next 15 years” (Zuojun, 2018).
With its six corridors, the New Silk Route portrays Chinese geopolitical ambitions to checkmate the region’s dominant Indo-US-Japanese triangle. The USA, Japan, and India are already taking part in a Trilateral Strategic Dialogue involving economic and security coordination. The US serves as a bridge to Asia's second and third-largest economies, serving the interests of all three strategic partners against a common enemy, promoting the Indian Act strategy aimed at strengthening ties with Asia-Pacific countries. Japan and India are also partners in civil nuclear cooperation under the IAEA-approved Indo-US nuclear deal with an annual trade volume of 1,570 yen (2015). India and Japan concluded the Peaceful Use of Nuclear Energy Cooperation Agreement as part of India and Japan’s 2025 vision in late 2016” (Clemens, 2018).

China Pakistan Economic Corridor (CPEC): A Regional Interplay Model

China Pakistan Economic Corridor is the flagship project proposed for Eurasia’s economic integration via belt and road chains by the One Belt One Road initiative. The CPEC multibillion-dollar consists of road conglomeration, railway tracks, oil and gas pipelines, communication fiber optics, dams, ports, airports, and economic units linking the western part of China to the Baluchistan Gwadar Port. Therefore “it has been declared as a game-changer or fate changer for regional and global geopolitics because it is one of the leading Chinese overseas investment projects till to date” (Farwa, 2016). “According to Dr. Shahid Rashid Executive Director, CPEC Centre of Excellence at Pakistan Institute of Development Economics (PIDE), total CPEC project cost has gone up to $62 billion from $46 billion. The expectation is that the cost will further increase to $100 billion by 2030. As more projects will be added and more money will be needed for those projects thus the $100 billion marks will cross”. Traditionally, Pak-Sino relations are based on a large-scale military-oriented partnership, but now it starts with a new relationship that is more economic-oriented and focuses on trade, investment, and energy cooperation. It is imminent that it has the capacity to alter South Asia’s geopolitics connecting China to the Indian Ocean has prompted apprehension for India as Delhi contemplates the Gwadar Port as a permanent Chinese naval facility under China's mechanism but at this stage, it may not be certain.

For both China and Pakistan, “The CPEC plays a significant strategic and economic role. China will have direct access to the Middle East and the Indian Ocean through the port of Gwadar, while China will fund development projects in Pakistan in order to boost its fragile economy, restore its infrastructure and resolve the energy crisis”(Farwa, 2016) The Economic Corridor of Pak-China offers the shortest route to China from oil-rich Middle-east. The Port of Shanghai (the busiest container port in the world) in the East China Sea is about 5000 km from the industrial area of northwest China, while the port of Gwadar is about 3000 km from the industrial zone of China. Moreover, the maritime distance between the Gulf of Oman and the East China Sea is over 6,000 nautical miles, where Chinese imports and exports from and to the Middle East takes 25 to 30 days, while Chinese imports and exports via CPEC can touch in five days. “Located 250 nautical miles from the Strait of Hormuz, Gwadar Port is administered by the State-owned China’s Overseas Port Holding Company (COPHC) at the intersection of the 21st Century Silk Road Economic Belt and Maritime Silk Road, which could be a vibrant maritime outpost for China compared to the U.S. base at Diego Garcia (Coral Atoll and British Indian Ocean Territory) in the middle of the Indian Ocean, signed by the U.S. after World War II on lease from the United Kingdom”(Farwa, 2016) The U.S. Navy has Diego Garcia’s Naval Support Station, a large military base with sophisticated communication and space control equipment (Farwa, 2016).

It is important to make an observation that the physical location of China includes both strategic models, i.e. Heartland and Rimland, according to the prototypes of Mackinder and Spykman. Nevertheless, because of the daunting versatility and elongated convenience towards Asian, African and European markets, China’s rims are not strategic possessions. Besides this, the mystery of Malacca and the naval presence of Indo-US in the Indian Ocean add fuel to the fire. Beijing has concentrated on revitalizing the ancient Silk Route to get rid of these impediments and offered One Belt One Road Policy while CPEC is one of the off-shoots
of China’s geostrategic plan. In addition, “the CPEC could serve as a driving force for the economic integration of the entire region by other neighboring states such as Iran, India, Afghanistan and the Central Asian Republics” (Rafiq, 2017) The plan alone has invested $10 billion in infrastructure development that will rebuild the fragile communications system in Pakistan and could transport trade merchandise from Pakistan to China, the Middle East, and across the world, and then globally. At this phase, however, “CPEC is by all accounts a bilateral initiative between China and Pakistan, but it has the potential to be a multilateral project in the long run” (Rafiq, 2017).

**CPEC as a Pivot to China’s Economic and Energy Security**

The economic corridor of Pak-China has potentially linked China directly to the Indian Ocean and the energy-rich Middle East through the deep Gwadar Port, thereby lessening its predominant dependence on the South China Sea as it has become a challenging area for several regional and global players and can be betrayed at any time by the hostile powers in the Asia-Pacific region. “The distance between Gwadar port and Strait of Hormuz is only 400 km has economically and strategically played a role of fulcrum for China in conveying energy and oil requirements from West Asia shrinking its existing maritime transportation distance from 13000 km to 3000 km” (Clemens, 2018). Thus Gwadar port has become a golden bird for China. Gwadar port is also critical for China’s economic safety, as it provides access to the India Ocean, a relatively safe route for Chinese trade than the Malacca Strait, as it has slowly become a vulnerable area for various players, including China (Clemens, 2018).

China currently carries through the Malacca Strait 80 percent of its oil and energy needs and increasingly feels that the region’s financial and energy security eagerness is under real risk as China and its neighbors and global powers have increased pressure in the South and East China Seas. This is the main reason behind the Beijing search for a feasible mobile path at both the financial and security level, so the CPEC is the best choice for China to directly connect it to the Indian Ocean via Gwadar Port. The Asia-Pacific region has “profound significance for the Obama administration under the U.S. policy of rebalancing Asia, and the U.S. and its allies had the announcement of the Trans-Pacific Partnership affirms this. This US re-balance policy in the Asia-Pacific region involves a political, financial and strategic focus on South-East Asian nations integrating India in molding its re-balance of the region, including the South China Sea and the Indian Ocean, triggering China’s fiscal disadvantages in the region” (Rathore, 2017).

**Conclusion**

The non-western world is moving forward under Beijing’s leadership to become a global economy making it a direct threat to US dominance. Beijing seeks to modify the unwritten directives of global development
finance especially after the Western subjugated World Bank and IMF’s reputation. As a result, Chinese sponsored Asian Infrastructure Investment Bank (AIIB), BRICS Development Bank (NDB) and Asian Development Bank (ADB) are considering as an alternative to the Bretton Woods system’s multilateral institutions. Pax-Sinica is currently taking steps to undo and replace Pax-Americana that resulted from the prevalence of power at the culmination of World War II. Because China has crushed the new liberal ideas of world order but the American order has not yet self-actualized. In retrospect, no rising power has ever been accommodated by the US to become its counterpart. In the words of John Mearsheimer, “the US has never allowed and will never allow any power in the world to become a regional hegemon”. Nevertheless, the influence of rising and falling realms in this mechanism has shifted the degree of statecraft in geo-economics, geo-politics, geo-strategy, diplomacy, and warfare and technology. Whenever another Pax has been substituted, two-fold changes expected. First, it transforms the setting of model and system; second, by changing the outlines of that system, it converts the sections of the earlier system. It is a fresh structure with new standards or a new structure with old principles.
References