

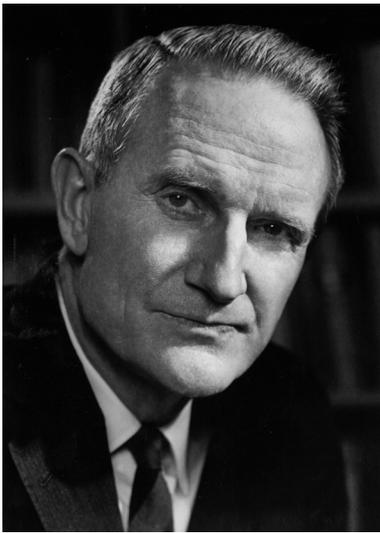
Annual Review 2019

Asia
Society®



Switzerland





With an underlying interest in strengthening and increasing understanding between East and West, I felt that one of the ways to foster understanding was to increase respect, to increase mutual appreciation for the other's accomplishments.

John D. Rockefeller 3rd
Founder of Asia Society

#AsiaGameChangers

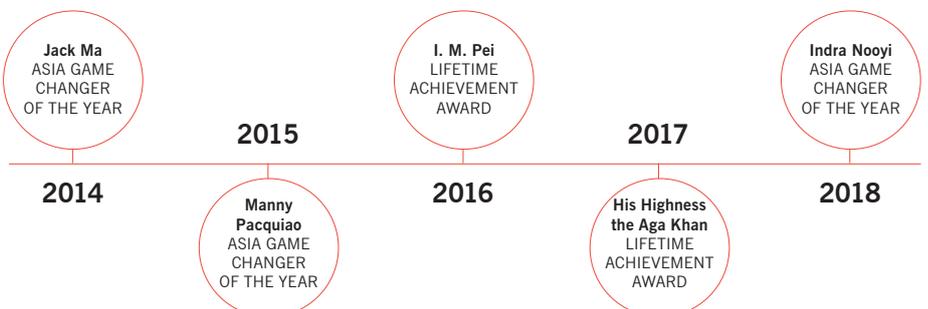
Founded in 1956 by John D. Rockefeller 3rd, Asia Society is a nonpartisan, nonprofit organization that works to address a range of challenges facing Asia and the rest of the world. Asia Society has cultural centers and public buildings in New York, Hong Kong, and Houston, and offices in Los Angeles, Manila, Melbourne, Mumbai, San Francisco, Seoul, Shanghai, Sydney, Tokyo, Washington, D.C., and Zurich.

Across the fields of arts, business, culture, education, and policy, Asia Society provides insight, generates ideas, and promotes collaboration between Asia and the world.

Every year, Asia Society's global network nominates leaders who are making a transformative and positive difference for the future of Asia and the world, including artists and arts professionals who have made a significant contribution to the development of modern and contemporary art in Asia.

Asia Society Arts Game Changers 2019 honored by Asia Society Hong Kong were Indonesian artist **Christine Ay Tjoe**, Chinese artist **Fang Lijun**, Pakistani artist **Imran Qureshi**, and **Natee Utarit** from Thailand. Asia Society Mumbai lauded **Akbar Padamsee**, **Gulammohammed Sheikh**, and **Vibha Galhotra** from India, as well as the Chinese artist **Yang Yongliang**. The **2019 Asia Game Changers** are women who have truly championed

gender equality, while making enormous contributions to society and social structures within their home countries. The honorees include Japan's **Yuriko Koike**, the country's first female defense minister and first female governor of Tokyo, who has paved the way for other women leaders in her country; **Chhaya Sharma**, who led the investigation and prosecution of several high-profile crimes in India, and transformed police work and the roles of policewomen; China's **Jane Jie Sun**, the dynamic and trailblazing leader of Ctrip, a 25-billion-dollar travel company where more than half of the employees are women; and **Faiza Saeed**, the presiding partner of Cravath, Swaine & Moore; **Sana Mir**, recognized as one of the best cricket players in history and former captain of Pakistan's national team, who has championed women's participation in this male-dominated sport; **Sheikha Hoor Al Qasimi** of the United Arab Emirates, a pioneer in the art world who has tirelessly promoted greater cultural understanding and exchange in the Middle East and around the world; and the **Kung Fu Nuns** of India and Nepal, who have harnessed their mastery of martial arts to challenge patriarchal structures and empower girls and young women in the Himalayas and beyond.



President's Message

Dear reader,

2019 was another special year for Asia Society Switzerland. We are thankful to our network of partners and collaborators who helped us continue building bridges between Asia and Switzerland in order to promote a better understanding of Asian art, culture, policy and economies. Our 2019 program offered a non-political platform for insightful conversations, cultural exchanges, and shared views, and facilitated conversations with experts from around the world. We have invited leading members of our global Asia Society network to Zurich, experienced the Asian temple food culture with our senses and together with our curious audience, we explored unique elements of Asian art, ranging from contemporary art and manga comics, to historical paintings, sculptures or manuscripts. That is just to mention a few of this year's highlights.

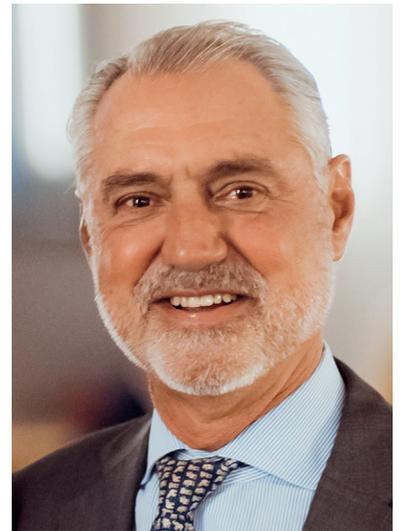
We have welcomed more than 250 new members who joined our member community this year. 17 Corporate Partners make our program possible with their financial support. These corporations are our foundation, and most of them have been with us since the very beginning. As many of them have strong ties with Asia, they understand the need and importance to create bridges of understanding.

As an organization, we strive to learn from one another, promote dialogue, and foster a culture of mutual understanding between our people and cultures in order to coexist and grow together. At Asia Society Switzerland, we believe it is important to touch upon the core values of Asian cultures, such as discipline, pride of innovation, respect, a strong entrepreneurial spirit and Asia's 'thrive to survive' attitude and modesty.

I wish to thank our institutional and individual partners for their invaluable support, our partner organizations for their constructive collaborations, our members for their active engagement and the Asia Society Switzerland team for their strong dedication and hard work.



Adrian T. Keller
President of the Board



Asia Society Switzerland's Experts for 2019

For all of Asia Society programs we have the honor to welcome refreshing and thought-provoking speakers. In 2019, Asia Society Experts travelled from 39 locations to Zurich, Bern, and Geneva. By sharing their knowledge and expertise with our members and audience, they supported our mission of strengthening the bridges of understanding between Asia, Switzerland and the world.

Experts from America



An Xiao Mina
Affiliate researcher,
Berkman Klein Center
for Internet and Society,
Harvard University,
U.S.A.



Boon Hui Tan
Vice-President,
Global Arts and Cultural
Programs and Director
of Asia Society Museum,
U.S.A.



Daniel H. Rosen
Partner, Rhodium Group,
U.S.A.



Kaiser Kuo
Co-Host, Sinica Podcast,
U.S.A.

Experts from Europe



Agatha Kratz
Associate Director,
Rhodium Group, France



Alessandro Curioni
IBM Fellow, Vice
President Europe and
Director, IBM Research,
Switzerland



Andries Diener
Partner, Asia Green Real
Estate, President, Swiss-
Chinese Association,
Switzerland



Clare Rewcastle Brown
Investigative journalist,
United Kingdom



Jue Wang
Lecturer, Leiden
University; Associate
Fellow, Asia-Pacific
Programme, Chatham
House, Netherlands



Kristin Shi-Kupfer
Director, Research
Area on Public Policy
and Society, Merics,
Germany



Margit Molnar
Head of China Desk,
OECD Economics
Department, France



Markus Herrmann
Director, Sinolytics,
Switzerland



Petra Sigmund
Deputy Director General
for East Asia, Southeast
Asia and the Pacific,
Federal Foreign Office,
Germany, Germany



Philipp Hildebrand
Vice Chairman,
BlackRock, Switzerland



Ruth Kattumuri
Founder and Co-Director,
India Observatory,
Distinguished Policy
Fellow, London School
of Economics and
Political Science,
United Kingdom



Sarah Kenderdine
Professor of Digital
Museology, École
polytechnique
fédérale de Lausanne,
Switzerland



Uli Sigg
Former Swiss
Ambassador to China
and world-renowned
collector of Chinese
contemporary art,
Switzerland



Are we experiencing the highest life-expectancy of all time? Will we soon live to be 100 years old? Are machines going to outsmart us? Will climate change throw our ecosystem off balance? Is democracy retreating in the world? In short: What does our future hold? We don't know the answer to these questions, however we are certain that our future, the world's future, will become increasingly influenced by Asia. In comparison with our past, the future will be shaped by events in and ideas from the Asian region. Understanding the future thus requires Asia Competence: a holistic, sustained understanding of Asian issues, paired with the ability

to connect and empathize with Asia. Increasing Asia Competence is at the core of Asia Society Switzerland's mission. I am proud and honored that so many leading experts from around the world have taken time this year to join us, sharing their insights and experiences, allowing us to be part of a global conversation that is crucial for the future of Switzerland and the world.

Nico Luchsinger
Co-Executive Director

Experts from Asia



Dirk Schmidt
Tenured Senior Lecturer and Senior Researcher of China's Political Economy, Trier University, Germany



Evgeny Morozov
Writer and researcher, Spain



Ambassador Chan Heng Chee
Ambassador-at-Large with the Ministry of Foreign Affairs, Co-Chair, Asia Society, Singapore



Bruno Maçães
Former Portuguese Minister and author, China



Bridget Welsh
Senior Research Associate, National Taiwan University, Senior Associate Fellow, Habibie Center, University Fellow, Charles Darwin University, Malaysia



Carsten Hasbach
Director for Belt & Road, Siemens, China



Dan Wang
Technology analyst, Gavekal Dragonomics, China



Hao Jingfang
Economist, China Development Research Foundation, science fiction author and social entrepreneur, China



Matthieu Zellweger
Photographer, Switzerland



Eric Durand
Head Cyber Center of Competence, Swiss Re, Switzerland



James Crabtree
Author and journalist, Associate Professor of Practice, Lee Kuan Yew School of Public Policy, Singapore



Jamil Anderlini
Asia Editor, Financial Times, Hong Kong



Jeong Kwan
Buddhist nun, starred in an episode of "Chef's Table", South Korea



Joleen Liang
Partner, Squirrel AI Learning, China



Kin-Ming Liu
Independent public affairs consultant, Hong Kong



Parag Khanna
Strategy Advisor and author, Singapore



Theresa Fallon
Founder and director, Centre for Russia Europe Asia Studies, Belgium



Tobias Dennehy
Head of Global Belt & Road Task Force, Siemens, Germany



Ronnie C. Chan
Chairman of Hang Lung Group Limited, Chairman Emeritus of Asia Society and Chairman of its Hong Kong Center, Hong Kong



Seema Paul
Managing Director of The Nature Conservancy, India, India



Suhanya Raffel
Museum Director, M+, Hong Kong



Zengxin Li
Editor of international business news and editorial board member, Caixin Media, China

Looking back on an exciting and eventful 2019, I would like to thank our Corporate Partners for their continuous support, trust and generosity towards Asia Society Switzerland and for supporting us to grow our program and fulfil our mission. We are very grateful to our over 800 members for their loyalty and interest in Asia Society Switzerland. With our increasing network and program, we aim to be a 'home' for people who love Asia, who have lived there or have strong ties with the region. Finally, I would like to thank our staff and dedicated team of collaborators for their passion and constant support. Our unique

network helps us develop our legacy and we hope to welcome more members in the years to come, so they can experience what Asia Society Switzerland has to offer.

Katharina Viana-Bachmann
Co-Executive Director



The World of Chinese Science Fiction

The young author Hao Jingfang not only has a degree in physics and a PhD in economics, but in her award winning writing she has also made it her specialty to create fictional landscapes from social and political differences.



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No book needed: Hao Jingfang reads a section of her novel from her smartphone.

Asia Society Switzerland hosted a talk with the award-winning, Chinese, science fiction writer and scientist Hao Jingfang on June 18. Hao Jingfang immersed the audience in the world of Chinese science fiction and talked about her novel 'Stray Skies' that was recently translated into German. The novelist discussed her early days as a writer and her sources of inspiration, as well as how her writing relates to modern Chinese society. The conversation was moderated by Philipp Theisohn, a literature and science fiction expert, who holds a chair for modern German literature at the University of Zurich's German department.

During the first part of the discussion, Hao Jingfang elaborated on the development of science fiction in China. According to her, "science fiction was a relatively unexplored topic in China until the early '90s and it was used as an educational tool up until then, mainly to teach science to children." The evolution started about thirty years ago when Chinese science fiction emerged in modern literature and gained international recognition and loyal followers in

the Western world, mainly thanks to translation. Philipp Theisohn added that there is undoubtedly an Eastern European tradition in science fiction, with notable pieces of work engaging strongly with social-political movements.

If you read a novel you always have to ask yourself, is this something which will get real somehow or will it stay virtual?

Philipp Theisohn

Referring back to her early days as a writer, Hao Jingfang started reading literature magazines while studying physics; she wrote her first piece of work influenced by stories that represented real Chinese societies, such as Liu Cixin's 'The Rural Teacher'. In this story, the students were asked to learn about Newton's three laws of motion. While they were questioning how valuable that lesson would be for their lives, aliens landed in the village, thinking to destroy the Earth if humans were not proven to be civilized. The aliens tested the kids, asking all kinds of questions, but the one topic they could answer about was Newton's laws of motion. Eventually, the Earth was saved thanks to their answers and it was seen as a civilized place by the aliens. According to Hao Jingfang, Liu Cixin introduced the everyday life of Chinese people, their households, their traditions, into modern storytelling in China, which was important to both readers and writers and has since become an established part of Chinese literature now. "Discussing China's development through traditional stories is common," the writer added.

For Hao Jingfang, social fiction writing is seen as a "mental experiment." Attributing this approach to her science background she focuses on logical actions, like in the process of a laboratory experiment, and on imagination. "I want to discuss abstract concepts by making logical references," she adds. "For the storytelling part, it is important to use emotions and imagination. It is like if you want to build a world with no gravity, you need to imagine what 'antigravity' feels like – referring to the prominent elements of human nature and traits that remain the same no matter the generation. She writes about 'forgotten heroes', everyday people who don't get acknowledged



by history books but who struggle every day, fighting for their families but cannot change their situations and fate. She stated: “They are worth writing about.”

The plot of ‘Stray Skies’ involves a “cosmic Martian” world, a “real Earth” world, and their people, presenting different stories, touching upon personal issues and social structures in an effort to understand both environments. Reflecting on social issues, our speakers discussed modern-day inequality in China and the world. She says that “Beijing is massively overpopulated and divided by class” and that “inequality does not affect only the current and future generations in China; it is also one of the most prominent problems of human society”. She refers to Walter Scheidel’s book on inequality, where it states that “the most effective way to destroy inequality is war and evolution. Inequality is a natural result in any liberal society and technological development will exaggerate that problem in the future and the division will be bigger”. In Hao Jingfang’s novelette ‘Folding Beijing’, which won the Hugo Award in 2016, the division of society is based on three class levels structured by time and space, in which people fight to get to a higher

I believe that science fiction needs to remain artistic, and appreciated for its artistic sense and value.

Hao Jingfang

class. Different personal stories are unfolding in this process, including a love story between two people from different classes, both showing selfish characteristics in the fight for survival. This reminds us of the realistic elements in Hao Jingfang’s novels.

Did you know?

Science fiction in China

still has a small following. It is not comparable to the romance, love stories or to kung fu stories which still have the largest number of readers. However, there are more and more science fiction readers now, as the educational level of Chinese people is rising and more young people are keen on reading science fiction – an

upward trend

that started in the 1990s.

Learn more about Hao Jingfang and her passion for science fiction.





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What Does Narendra Modi's Victory Mean for India?

After the election in the world's largest democracy, Ruth Kattumuri from the London School of Economics and author and former Mumbai bureau chief for the Financial Times, James Crabtree, discussed the implications of the outcome.



The stunning majority for the Bharatiya Janata Party (BJP) in the 2019 Indian election was a massive political achievement for its leadership: the prime minister, Narendra Modi, and the party's president, Amit Shah. The BJP won the majority of votes within 29 states and 7 union territories following a pre-election campaign prioritizing on national security issues, employment and a stronger growth model for India.

A few days after the election, on May 27, Asia Society Switzerland invited Ruth Kattumuri, Co-Director of the India Observatory at the London School of Economics and Political Sciences, and James Crabtree, author, former Mumbai bureau chief for the Financial Times and Associate Professor of Practice at the Lee Kuan Yew School of Public Policy in Singapore, to participate in a discussion reflecting upon the result of this year's elections. The discussion was moderated by Mark Dittli, founder and editor-in-chief at The Market.

Ruth Kattumuri believes that Modi regained the trust of the voters thanks to his consistent campaign, his entrepreneurial approach and his agenda, which prioritized on three key areas: leadership, audiences and resources. Ruth said, "He is a good communicator and he understands the values of people from different backgrounds and their aspirations." Based on polls, 65% of the population voted for further development, while young people asked for more leadership.

James Crabtree evaluated the outcome not as positively: he compared the 2014 election with this year's election. He stated that the first was a "hopeful" election with strong messaging around economic growth, while this year's election was focused on national strength and, following the recent attacks in Kashmir, the need for higher security levels. For context he added, "Locals are able to see the development and material prosperity. Modi is the politician who embodies that possibility."

India is as

**culturally
diverse**

as Europe.

More and more people are
embracing the country's

**growing
start-up
scene.**

Ruth Kattumuri



The economic and demographic situation in India is indeed complex and easy answers are not on the table. In 2014, Modi promised that he would create more jobs. So far, GST (Goods Service Tax) has enabled a higher public fund, tax evasions have been finally addressed seriously, but still 1.5 million young people enter the job market every month. Described as “the Thatcher of India” but also as “the Putin of India”, back in 2014, Modi introduced structural reforms, while also being open to different systems. Ruth Kattumuri believes that ‘Start-up India’ can be a driving force in India’s workforce and innovative direction, as there are lots of young entrepreneurs coming of age in the country.

Social inequality is one of the main challenges for Modi, as there is a need for equal access to resources. According to Ruth Kattumuri, an opportunity lies in decentralization of the development of “different sectors such as construction, textile industries, and tourism.” Although India has created a new amount of wealth lately, faster than Russia or China, Modi still needs to prioritize on inclusive growth. James Crabtree puts his bets on a more service-oriented model: “The world does not need a whole other gigantic export-focused economy. Investing and focusing on the country’s promising service industry, like the IT sector, will help India take a share in the manufacturing element and approach China’s model.”

As far as the quality of India’s administrative state is concerned, the government will have to fight to deal with tax issues and off-shore accounts, manage taxpayers and control non-salary jobs in the struggle for further transparency. On the positive side you can find a strong NGO community and civil society in India, and most communities co-exist. Ruth Kattumuri adds “India is a plural

India is the largest democracy in the world – it is a country where people freely express what they think and what they believe in.

Ruth Kattumuri

society and Modi cares about the constitution. In the end, we shouldn’t forget that there are great strengths in India’s systems too, to be developed.”



India’s state is weak and uncoordinated. It is democratic but it is not very good at delivering things.

James Crabtree

What else did former FT correspondent James Crabtree tell us?



A Growing Digital Divide?

How do the U.S., Europe and China think about technology and its role in society?

In a wide-ranging discussion, we explored the growing differences and what it means for the relationship between East and West.







In China, technology has become an important component for national security, industrial policy and manufacturing, and it has created a tech-related anxiety. According to Kaiser Kuo, co-host of Sinica Podcast, it is interesting to look at the relationship of East and West in relation to technology and, more specifically, the ideas the Western world has shaped about technology practices in Asia. In the question of how technology and policy interact and what is happening in China, Kristin Shi-Kupfer, director, research area on Public Policy and Society at Merics, believes that we underestimate the ability to control and manipulate the internet. Within the Chinese leadership, there are certainly different views in relation to access and privacy, and diversity is needed as well as a different range of discourse.



Evgeny Morozov, writer and researcher

“There are both overestimations and underestimations and ongoing thinking,” Kristin Shi-Kupfer flags. Back in the late 90’s, when internet censorship started, there was another general narrative that is now reversed; that the internet companies in China were incapable of innovation, that they copied US models, and that America was innovative because it was free. “Freedom was considered a necessary condition for innovation,” Kaiser Kuo added.

When it comes to America’s thinking, according to Kristin Shi-Kupfer, there is still the question of how the thinking of an authoritarian regime can drive innovation. “A liberal democracy and education would certainly help people think outside of the box,” she notes, “and this is how America thinks.” According to Evgeny Morozov, writer and researcher, the mindset of a typical American is shaped around the modernization theory, based on the development and education exposed to the world in relation to the growth of democracy and human rights. Media also played a role in that story. This is where we have to understand how crucial the circulation of information is. According to Evgeny Morozov, “there is now a moral of development through start-ups, who run the show, while the state is involved on setting a new legal and political direction.” “It is about re-inventing new ways to proceed and finding new ideological dynamics,” he added.

According to Kristin Shi-Kupfer, we have the tendency to seek simplified solutions, which is also a great strength of Asia and part of their

philosophy, and, although they let contradictions stand, people in Asia use the power of data to connect with each other. “We see that the internet has become a sociable power,” she adds. As far as the different approaches to the internet in China and America is concerned, Kaiser Kuo also makes a point on Facebook founder Mark Zuckerberg’s speech at Georgetown University, where he expressed his views on the new Chinese internet, and his frustration about Facebook in China. Kristin Shi-Kupfer stated: “There are two competing visions: that one of the State having the national control and the one of free internet, as in America. Now we have to choose either the US or the Chinese offer.”

Evgeny Morozov believes that it is not just China that challenges the other internet models. In Europe we have new laws such as GDPR, which governs how companies can use private data. There are new legal mechanisms, and we should not accept what we have seen in the digital world as the norm, as so far everything is shaped around the expansion of the American model. He added “We have to be careful not to think that what humanity needs and what the US needs is the same. Actually, the Chinese are pushing back against it and they have the guts to challenge the existing model.”

Going further back to when this ideology started to take shape in the US, our speakers touched upon the origins of Silicon Valley and what its purpose was. According to Evgeny

Morozov, there was a new industrial strategy around the internet and public consumption, shaped during Barak Obama's presidency. This thinking was shaped by the historical efforts of the US to serve the geopolitical agenda of the States. This was further pushed during the Cold War and the 90's, along with the move of the venture capital. In 2017, there was this realization that this strategy was no longer working and that was when America started having very active control of its technological backend. The experts agreed that there is now a change of narrative around internet policies, especially after American 'declinism' and the financial crisis.

In relation to how Europe approaches the topic, according to Kristin Shi-Kupfer "there is a reluctance to talk about industrial policies." Europe seems to lean towards China for support, aiming to obtain a more transparent system, and a more strategic government-led approach and involvement. This issue of alliance is a constant challenge for Europe. In China, it is also important to consider the role of the private sector that seems to have more liberal attitudes and more global perspectives. "They make a real effort to shape how money is distributed and they are taking important decisions for the market and the economy on a daily basis," Evgeny Morozov stated. "In China, the discursive force of technology was acknowledged and its contribution to the improvement of life," he added.

As far as future ambitions are concerned, according to Kaiser Kuo, the Chinese have a different attitude towards futurity. They embrace technology to drive bright futures, while in the West, they are being critical about this approach. Discussing about the terms 'internet centrism' and 'splinternet' and the new approaches to technology, Evgeny Morozov notes that there has never been a global internet, as it was mainly dominated by the US. He argues that on a national level there are different legal norms and expectations on how we should use the internet, and that is normal. Of course, things could look wrong if we

were to relate things to agendas of global justice. "We should be open and look closer on how the existing systems can develop and how different political systems should approach the internet," he said.

In relation to these existing traditional systems, Kaiser questions the changes happening in China and how those changes are being implemented. According to Kristin Shi-Kupfer, we underestimate the ability of authoritarian regimes to conceptualize the Internet and link it to the security apparatus in the name of social security and harmony, for example look at Shenzhen and Tibet. In Europe there are active discussions around the Internet and social security, questioning if Europe should allow the state to work on preventive policing, for example. "This is a controversial topic, as of course we want security but also freedom to express", she said. In relation to this ongoing thinking, according to Evgeny Morozov, "We tend to be positive about the internet and what it offers us, but we need to rethink on a deeper level what are the biases and the manipulation linked to it. It's not accidental that "in the US, people need to accept 'the internet package' as presented to them, otherwise they need to live in dark ages," he adds. This takes us to the issue of ethics and modern technology.

As general remarks on current perceptions and practices, Evgeny Morozov notes the need for more transparency: "We don't know what it costs to make a google search, we think it is free, but it is not certain. Leaders manipulate the creation of knowledge, especially when it comes to the global economy and ethics, e.g. Energy companies and their approach to climate change." According to Kaiser Kuo, Chinese companies that go global seem to care more and more about quality, while in Europe, the German government tries to inform current policies and mechanisms, in relation to 5G technologies for example. According to Kristin Shi-Kupfer, "there is more strategy and investment put on education and research to help the shape of new industrial policies."



Kristin Shi-Kupfer of the Mercator Institute for China Studies

Chinese have
a different
attitude
towards
technology
and futurity.
They
embrace it.

Kaiser Kuo

Read more about
the "digital divide"
between China and
the U.S.



“The Belt and Road is About Everything”



Tobias Dennehy, Head of the Belt and Road Task Force at Siemens

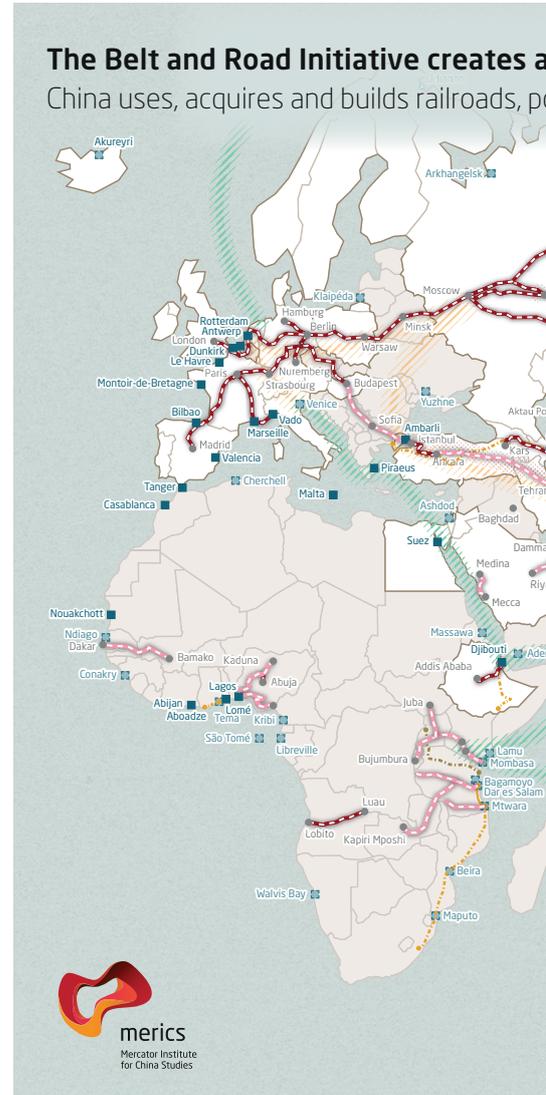
Rarely has a plan evoked as much debate, discussion, and speculation as China’s “Belt and Road Initiative” (BRI). Is it the 21st Century’s Marshall Plan? A Machiavellian scheme to extend China’s influence in the region? Or simply a propped-up marketing slogan? The answer, as we have learned through conversations with numerous experts throughout this year is: yes.

As with any much-hyped phenomenon, we get a better understanding if we go back to the basics and ask: What, really, is the Belt and Road Initiative? For starters, it is not really an initiative. It is not a project or even really, a plan. It is an umbrella term for a variety of very different ambitions and ideas. To Western observers, this variety is baffling and sometimes, even amusing. Depending on whom you ask, it covers everything from transport and logistics to tourism and e-commerce to even, yes, online dating.

But there is an underlying logic to these seemingly random projects. To understand it, Bruno Maçães, author of the book *Belt and Road: A Chinese World Order* and keynote speaker at our BRI conference, held in April in collaboration with Credit Suisse, suggested to start in Khorgos.

Khorgos was until recently an unknown town in China’s Northwest, at the Kazakhstan border. Now it features one of the world’s largest dry ports, where goods are moved from domestic trains, to trains destined for Central Asia – and Europe. According to Bruno Maçães, the port is not Khorgos’ most important feature. It is the visa-free special economic zone, built across the border between China and Kazakhstan.

That’s because the BRI is not simply about infrastructure and transport,



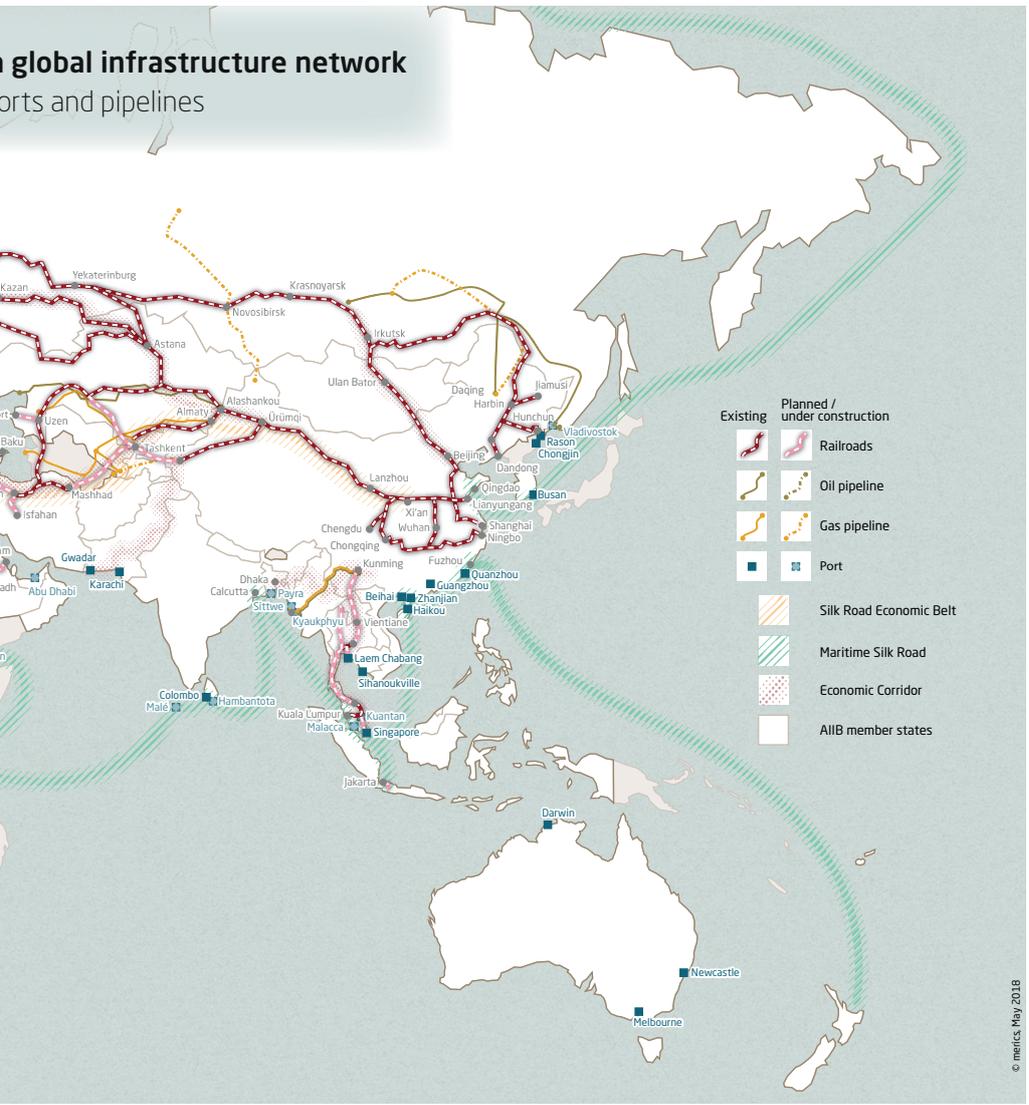
Source: Mercator Institute for China Studies (MERICS), Berlin

argued Bruno Maçães. Instead, it is about global supply chains and market access. Or simply: “It’s about trade, not trains.” The terminology makes that clear: The “belt”, which refers to the land part of the BRI, indicates that the goal is not just to move goods from A to B, but to develop markets and economies in-between.

Why would China do that? Bruno Maçães argues that it is all part of China’s desire to “upgrade” its

It’s about
trade –
not trains.

Bruno Maçães, former Portuguese Minister and author



economy in the face of a shrinking working population, rising living standards and increased competition from other (Asian) countries. If China moves towards higher value manufacturing, it will have to rely more on globally integrated value chains. It also will need guaranteed access to global markets – and in times of trade wars, that increasingly means being geopolitically engaged. Also and perhaps most importantly, it requires the ability to set technological standards globally.

The Belt and Road is about all these things together, and much more.

The myth of the “debt trap”

When Chinese President Xi Jinping formally announced BRI in two speeches in 2013 (its English name back then was still “One Belt One Road”), the feedback was predominately positive on a global level. The BRI was seen as an effort to address the infrastructure gap in Asia. The Asian Development Bank estimates that the region would need to



Agatha Kratz of Rhodium Group

invest an additional \$460 billion in infrastructure – per year. As Agatha Kratz of Rhodium Group pointed out at our conference, Chinese policy banks alone have invested \$270 billion in projects since BRI was announced. (How much has been invested in BRI projects is hard to estimate – mainly because there is no clear definition of what a BRI project is.) Over 150 countries, including Italy and Switzerland, have signed declarations with China about participating in the BRI. Overall, the project has been the subject of intense debate – in itself a success for something that is as much about PR, as it is about infrastructure.

More recently, the criticism has grown louder. This is partly due to increased skepticism of China and its global ambitions. “I equate the BRI to a Rorschach test: one’s perceptions of the BRI are indicative of one’s sentiments towards China,” argued Daniel Russel, Vice President at Asia Society’s Policy Institute in New York. Some of the BRI projects have also faced strong pushback. For example, Sri Lanka used



Bruno Maçães, former Portuguese politician, political scientist, business strategist, and author.

Chinese loans to build a new port in Hambantota, which was barely used. To serve the mounting debt, the country had to lease the port for 99 years – to China. “2018 was a horrible year for BRI,” said Agatha Kratz.

Hambantota is often cited as an example of a “debt trap”: A host country builds infrastructure it does not need, and then becomes beholden to China and its geopolitical ambitions. “But the reality is more complicated,” points out Agatha Kratz. According to a Rhodium Group study, it is much more common for Chinese investors to have to write-off their investments in BRI projects.

There is, perhaps, a more instructive case for BRI troubles is Malaysia: The unexpected ousting of Prime Minister Najib Razak led first to the ending and then the resizing of a large rail project under the BRI flag. Along the way, new Prime Minister Mahathir Mohamad, accused China of “neocolonialism”, and alleged massive corruption under his predecessor. Hence, the episode exemplified the risks of the often-opaque procurement processes in BRI projects.

Towards more multilateralism?

The mounting criticism has led some observers to speculate about the end of BRI. All experts we spoke to considered that fanciful: The BRI is a key pillar of China’s strategy. It is enshrined in its constitution, and it is here to stay. But the path that the BRI is taking is not pre-ordained, and some elements can be changed, such as for the initiative and projects to be sustainable in the long run. “There is a steep learning curve in the Chinese administration,” noted Zengxin Li, international editor at Caixin, a business magazine, at our conference.

This creates an opening for governments, international institutions

The BRI is like a Rorschach test.

Daniel Russel, Vice President,
Asia Society Policy Institute.

and businesses to shape individual projects, but also procurement procedures or environmental standards. In a recent report, the Asia Policy Institute made 12 recommendations for BRI, including standardized contracts, a transparent e-procurement process, and tougher environmental standards.

At our conference, Tobias Dennehy of Siemens explained how the company managed to actively approach Chinese banks and companies with ideas for Belt and Road projects it has developed in collaboration with host countries. “The Made in Switzerland or Made in Germany label is sought after,” noted Tobias Dennehy. But exerting this kind of influence in a more strategic way, requires better collaboration between businesses and governments. And most importantly, it requires accepting the BRI and China’s growing influence as a long-term reality.

Read our full Belt and Road coverage, including the ASPI report and recommendations, on our website:





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