REPORT

Weaponizing the Belt and Road Initiative

Daniel R. Russel and Blake H. Berger
With a solution-oriented mandate, the Asia Society Policy Institute (ASPI) tackles major policy challenges confronting the Asia-Pacific in security, prosperity, sustainability, and the development of common norms and values for the region. The Asia Society Policy Institute is a think- and do-tank designed to bring forth policy ideas that incorporate the best thinking from top experts in Asia and to work with policymakers to integrate these ideas and put them into practice.

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# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BRI</td>
<td>Belt and Road Initiative</td>
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<tr>
<td>C4ISR</td>
<td>Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance</td>
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<td>CCCC</td>
<td>China Communication Construction Company</td>
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<td>CCP</td>
<td>Communist Party of China</td>
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<td>CITIC</td>
<td>China International Trust Investment Corporation</td>
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<td>CMEC</td>
<td>China Myanmar Economic Corridor</td>
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<td>CMPort</td>
<td>China Merchant Port Holdings</td>
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<td>CPEC</td>
<td>China-Pakistan Economic Corridor</td>
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<td>ETF</td>
<td>Escort Task Force</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FOIP</td>
<td>Free and Open Indo-Pacific</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GPS</td>
<td>Global Positioning System</td>
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<td>HADR</td>
<td>Humanitarian Assistance and Disaster Relief</td>
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<td>ICT</td>
<td>Information Communications Technology</td>
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<td>IMET</td>
<td>International Military Education Training</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>MEU</td>
<td>Marine Expeditionary Unit</td>
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<td>MOOTW</td>
<td>Military Operations Other Than War</td>
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<td>NDRC</td>
<td>National Development and Reform Commission</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>PLA</td>
<td>People’s Liberation Army</td>
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<td>PLAAF</td>
<td>People’s Liberation Army Air Force</td>
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<td>PLAMC</td>
<td>People’s Liberation Army Navy Marine Corp</td>
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<td>PLAN</td>
<td>People’s Liberation Army Navy</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<td>PSC</td>
<td>Private Security Companies</td>
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<td>RO-RO</td>
<td>Roll-on/roll-off</td>
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<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<td>SLOC</td>
<td>Sea Lines of Communication</td>
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<td>SOE</td>
<td>State-Owned Enterprises</td>
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<td>UNSC</td>
<td>United Nations Security Council</td>
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<td>USIDFC</td>
<td>U.S. International Development Finance Corporation</td>
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<td>VFA</td>
<td>Visiting Forces Agreement</td>
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FOREWORD

DEVELOPING COUNTRIES IN THE INDO-PACIFIC REGION ARE UNQUESTIONABLY IN DIRE NEED OF INFRASTRUCTURE FINANCING AND DEVELOPMENT. Beijing’s Belt and Road Initiative (BRI) has attempted to fill this void, while expanding to encompass space, digital, and health realms. While Chinese leaders proclaim the BRI to be a “win-win” development tool and disavow any underlying strategic goals, these declarations have not entirely assuaged suspicions and concerns in both host countries and other capitals.

That is why ASPI prepared a report in 2019 entitled Navigating the Belt and Road Initiative. That report argued that while filling a critical void in infrastructure financing and development, BRI has resulted in numerous projects that are not fiscally, commercially, socially, or environmentally sustainable. The scale and scope of the BRI are such that even modest improvements in standards and practices could result in significant benefits in project host countries. ASPI underscored how both international and Chinese best practices and standards in infrastructure development if incorporated would significantly boost the overall sustainability of BRI projects.

However, China’s more muscular and aggressive foreign policy and continued integration of the military and civilian sectors have prompted increasing concerns among project host states and within the international community that there is more than meets the eye when it comes to certain BRI investments. Washington, Tokyo, and other capitals have raised increasing alarm over Beijing’s ulterior motives, as well as BRI projects’ dual commercial and military capabilities and their strategic implications.

China’s rapid military modernization program, the increasing ubiquity and assertiveness of its navy and air force, and its apparently insatiable appetite for ports worldwide have heightened the West’s concern about the BRI’s role in China’s security strategy. Moreover, the expansion of the BRI into space through the launch of the Beidou Satellite Network and into the digital realm through the Digital Silk Road raises further questions about how Beijing may use technological features of the BRI to enhance its influence over recipient states and to gain military advantages. Particular suspicion has accrued to seemingly overbuilt but underutilized ports along important Indian Ocean trade routes that appear more suitable as potential naval bases than as commercial operations.

It was in this context that the Asia Society Policy Institute (ASPI) decided to conduct an examination of certain BRI infrastructure projects in the Indo-Pacific to assess the BRI’s likely military and geostrategic aspects. The project was designed to apply fact-based and objective scrutiny to the question of the military intent, involvement, and benefits from the BRI along China’s vital supply lines. This report complements ASPI’s other ongoing efforts to analyze the BRI such as the “Navigating the Belt and Road” project.

ASPI Vice President Daniel Russel – whose background as a foreign policy practitioner dealing with the Asia-Pacific region gives him deep and valuable expertise – led this effort in collaboration with ASPI’s veteran researcher Blake Berger.
ASPI is grateful to our many helpful contacts in Singapore, Australia, Japan, Vietnam, China, and the United States as well as to the expert advisory group whose distinguished members generously shared their time and wisdom to support this effort. Their help allowed Danny and his team to produce a carefully researched and insightful report that sheds important light on the nature of dual-use BRI projects and their potential strategic and military implications for China, the region, and the United States.

Finally, I would like to thank the Carnegie Corporation for its generous support of this important project.

The Honorable Kevin Rudd  
President, Asia Society Policy Institute  
26th Prime Minister of Australia
I. INTRODUCTION

THE BELT AND ROAD INITIATIVE (BRI), ANNOUNCED BY CHINA’S PRESIDENT XI JINPING IN 2013, IS A MASSIVE INTERNATIONAL INFRASTRUCTURE PROGRAM INVOLVING NEARLY 140 COUNTRIES AND 30 INTERNATIONAL ORGANIZATIONS. Xi’s ambitious vision is to construct a network of infrastructure across the world that will facilitate trade, investment, and connectivity with China. The initiative is a loose portfolio of disparate projects, many of which predate the “Belt and Road” brand. The BRI is composed of the land-based “Silk Road Economic Belt” and the sea-based “21st Century Maritime Silk Road.” It encompasses an estimated $1 trillion in infrastructure projects spanning energy, transport, mining, information technology (IT), “smart cities,” and special economic zones (SEZs). Supplementing the original “One Belt, One Road” are now the “Digital Silk Road,” the “Belt and Road Space Information Corridor,” the “Health Silk Road,” and the “Green Belt and Road.” This proliferation of BRI corridors and roads has provided Beijing with an all-purpose vehicle to support its foreign and economic policies and a brand that links the differing streams together under one rubric.

Preserving party control and ensuring domestic security and stability remain Chinese President Xi’s top priorities. However, the BRI is central to his strategy of expanding China’s influence and establishing its place as a global leader. Evidence of the BRI’s importance is the fact that it was enshrined into the Chinese Communist Party’s (CCP) constitution in 2017. The BRI also serves to build in structural economic advantages by enabling China to bring its goods to European and other international markets cheaper and faster than competitors and, at the same time, to secure low-cost access to natural resources through BRI corridors. Increased competitiveness and reliable energy imports through BRI support China’s centennial goal of becoming a strong and prosperous society by 2049.

China’s leaders have continually framed the BRI as an economic cooperation initiative grounded in “win-win” cooperation that promotes world peace and development. As outlined in the initiative’s vision statement, the BRI is meant to improve financial, trade, and people-to-people connectivity; address the urgent need for infrastructure financing and development; enhance policy coordination; and further financial integration. At the 2019 Second Belt and Road Forum, President Xi proclaimed that the BRI “has opened up new space for economic growth, produced new platforms for international trade and investment and offered new ways for improving global economic governance.”

Port infrastructure is central to the BRI because ports are critical to China’s economy. Secure access to ports enables China to transport commodities to feed its industrial and domestic needs and to bring its products efficiently to market. Ports, and their associated

Source: The Wall Street Journal

New Silk Roads | China is assembling new trade routes, binding other regions closer together
sea-lanes, have significant strategic value as conduits for energy as well as goods. As such, they need to be protected.

Ports are one of several strategic components of the Belt and Road Initiative. It also includes other forms of transportation infrastructure such as roads, railways, airports, and energy infrastructure such as pipelines and dams. In fact, energy projects account for approximately 44 percent of overall BRI construction, surpassing transportation infrastructure, which represents roughly 30 percent. Although the importance of physical infrastructure cannot be overstated, the BRI is much more than a portfolio of terrestrial assets. The initiative’s expansion into the digital and space arenas underscores its all-encompassing nature. In launching the Digital Silk Road and the BRI Space Information Corridor, the provision of Chinese technology and access to Chinese networks provides Beijing the opportunity to enhance digital connectivity in partner states and regions, advance Chinese technological standards, and support China’s rise as a technological power.

Beijing, however, has gone to great lengths to avoid connecting the BRI with its defense goals. China’s military, the People’s Liberation Army (PLA), has kept a low profile in the initiative. Senior officers frequently claim that the PLA is not involved in the projects; in fact, protection of BRI facilities overseas is typically left to host governments or to a growing number of ostensibly private Chinese security contractors. President Xi has repeatedly insisted that the BRI is solely about economic cooperation and development and is untainted by military objectives. Only in 2019 did China’s defense minister explicitly refer to the BRI in an address to an overseas audience, saying merely that the Chinese military would pursue friendly cooperation with foreign militaries “in the framework of the BRI.”

Yet deep suspicion attaches to the BRI and to China’s ulterior strategic motives. Some of the mistrust pertains to China’s broader “great game.” Policy analysts and China watchers regularly warn that the BRI is an effort to advance the CCP’s ambitions to secure China’s status as a hegemonic power. Indian Prime Minister Narendra Modi expressed his concern that connectivity facilitated by the BRI was undermining the sovereignty of other states. U.S. Secretary of Defense Mark Esper accused China of leveraging its overseas investments to force other nations into suboptimal security decisions. U.S. Indo-Pacific Command’s Admiral Philip Davidson characterized the BRI as “a stalking horse to advance Chinese security concerns.” Japan’s 2019 Defense White Paper highlighted the concern that BRI infrastructure projects are facilitating the expansion of the PLA into the Indian and Pacific Oceans, Africa, and Europe.

That last concern points to the suspicion that China’s voracious appetite for worldwide ports – building, buying, or operating them – is anything but benign, particularly taken in the context of China’s military modernization program and the development of its globally deployed navy. Will the array of Chinese-owned or operated ports, particularly those along the Indian Ocean, be strung into a powerful chain of fortified military bases to support China’s maritime war-fighting capabilities – termed a “String of Pearls”?
China’s one acknowledged overseas military base, the PLA’s Djibouti Logistic Support Facility, sits at the entrance of the strait linking the Indian Ocean with the Suez Canal through which European markets can be accessed. Sri Lanka’s Hambantota Port, a landmark BRI project, is bypassed by shipping traffic despite years of investment and is not even expected to make a profit for years, if ever.12 Similarly, the Gwadar Port in Pakistan, situated along China’s oil lifeline to the straits of Hormuz and the Persian Gulf, has conspicuously failed to attract commercial ships sufficient to make the port financially viable.13

If such BRI projects are not driven by commercial logic, then what is the real rationale behind China’s development of infrastructure assets in the Indo-Pacific? Could they be Trojan horses to be leveraged by Beijing and the PLA to advance strategic and defense priorities? What are the military and/or strategic advantages or capabilities that China could accrue from these projects? Despite being promoted in the name of development and commerce, could these infrastructure assets have intentional dual-use military functionality or be readily convertible to use as military bases? Has China harnessed its port projects to the various other forms of leverage from the BRI – effectively weaponizing the initiative to strengthen its coercive and military power?

Similar concerns have been raised over the BRI’s technology-focused corridors. Certainly, developing economies would benefit from next-generation Chinese technology and systems that help accelerate their integration into the global digital economy. However, what does Beijing gain by providing these technological assets to BRI states? What kind of military and strategic advantages could China amass through the establishment of the Digital Silk Road and BRI Space Information Corridor? Is the BRI a vehicle for creating an expanded Chinese-dominated regional ecosystem that disadvantages the United States and likeminded states militarily as well as commercially? This report undertakes to examine these questions.
II. IT’S ALL “WIN-WIN”: OFFICIAL FRAMING OF THE BELT AND ROAD INITIATIVE

China has consistently sought to frame the BRI as a peaceful, “win-win” initiative that produces mutual benefits for China and host countries alike. China has also striven to downplay any military aspects or defense-related characteristics of the BRI or its specific projects. Beijing deliberately changed the official English translation of the Belt and Road in 2017 from “strategy” (战略) to “initiative” (倡议) to reduce its geopolitical overtones. That same year, Xi Jinping went to the trouble of assuring international participants at the Belt and Road Forum that “in pursuing the Belt and Road Initiative, [China] will not resort to outdated geopolitical maneuvering” and went so far as to invoke rusty nonaligned principles from the 1950s. In a separate forum, President Xi insisted, “the BRI is an initiative for economic cooperation instead of a geopolitical alliance or military league.”

In keeping with the CCP’s effort to downplay geostrategic elements of the BRI, Chinese military officials tend to minimize both the PLA’s role in BRI project design and the strategic benefits of having Chinese-owned and operated ports abroad. Retired Admiral Zhang Deshun, the former deputy chief of staff of the People’s Liberation Army Navy (PLAN), wrote in an article that China “has no agenda to set up military establishments, or threaten establishments of other nations overseas.” Such protestations fit with long-standing efforts by China to persuade the world of its peaceful intentions. The 2019 Defense White Paper offers the soothing assurance that China “stands against aggression and expansion … never follow[s] the beaten track of big powers in seeking hegemony … never threatens any country or seek[s] any sphere of influence.”

Beijing’s claims regarding the peaceful nature of its rise, its respect for others’ sovereignty and territorial integrity, its noninterference in the internal affairs of other countries, and its commitment to mutually beneficial win-win development, all form the messaging backdrop to its branding of the BRI. To dispel the perception of a “China threat,” Beijing increasingly showcases itself as shouldering increased international responsibilities. Beijing frames anti-piracy, humanitarian assistance and disaster relief (HADR), and counterterrorism activities as examples of China providing public goods to the international community.

The need for China to offer reassurance on the peaceful nature of its rise is driven in no small measure by massive increases in its defense spending and its production and deployment of military assets. China’s actual defense spending has grown from $36.9 billion in 1999 to an estimated $266.4 billion in 2019. That is second only to the United States and nearly three times as much as Japan and South Korea combined.
While Beijing’s military strategy remains heavily focused on defending China’s borders and near-seas, through military reforms and modernization since 2015, the PLA has significantly bolstered its ability to operate farther afield. New military assets have increased its expeditionary capabilities. Long-range bombers and modified special mission aircrafts have expanded the People’s Liberation Army Air Force’s (PLAAF) operational range. New PLAN vessels, including a domestically built aircraft carrier and supporting supply ships that can operate farther offshore, bolster the military’s ability to go beyond continental defense toward expeditionary operations. Chinese shipbuilders are now producing new warships, including advanced, highly capable surface combatants and submarines, at a rate that far outstrips that of the United States and its allies. It is estimated that by 2021 China will have roughly 124 warships and submarines that would be suitable for conducting “blue water” overseas missions. Moreover, its shipyards are also producing large numbers of commercial roll-on, roll-off (Ro-Ro) vessels that can be used to supplement China’s military sealift capabilities.

China’s claims of peaceful intent have been met with widespread skepticism. The U.S. National Security Strategy of 2017 states that China is fielding military capabilities aimed at denying America access in times of crisis and contesting our ability to operate freely in critical commercial zones during peacetime. It describes China as operating “below the threshold of open military conflict and at the edges of international law,” warning that Beijing seeks to displace the United States in the Indo-Pacific and reorder the region in its favor. Australia’s Defense Minister Linda Reynolds warned of China’s exponential increase in
military modernization and its continued militarization of disputed features in the South China Sea, despite publicly undertaking not to do so. Even Southeast Asian governments, normally circumspect in cautioning Beijing about its threatening behavior, have expressed concern about China’s behavior in the South China Sea, although none as bluntly as then-president of the Philippines Benigno Aquino III who likened China’s activities to Nazi Germany’s annexation of the Sudetenland prior to World War II.

While expressions of concern over China’s military ambitions in the South and East China Sea abound, relatively few governments have directly addressed the military implications of the BRI. India, which regards the BRI’s China-Pakistan Economic Corridor (CPEC) with alarm, is one of them. Indian officials and commentators also express concern more broadly about BRI projects along the Indian Ocean constituting a security threat. These warnings were reflected in two 2019 reports released by the Pentagon that forecast that BRI projects will probably drive China’s overseas military basing due to a perceived need to provide security for projects abroad.

China consistently denies that it plans to build overseas bases – most recently rebutting reports of an agreement with Cambodia to lease part of the port of Koh Kong for use by the PLAN. Historically, the CCP’s narrative of shunning expansionism has rejected the idea of establishing military bases overseas. Chinese Defense White Papers proclaimed that “China does not seek military expansion, nor does it station troops or set up military bases in any foreign country.” Chinese officials repeatedly tell Western audiences that “China has not occupied a single square inch of foreign soil … nor has it possessed any overseas military bases.” As analysts at the National Defense University have pointed out, China has long been concerned that the establishment of overseas bases would damage the country’s image as a peaceful rising power and threaten its economic growth as a result.

That is not to say that there has been no debate over the idea of overseas basing. As far back as 2009, a PLA officer wrote in a Global Times op-ed, “if we make things difficult for ourselves … by maintaining a rigid understanding of the doctrines of nonalignment and the non-stationing of troops abroad, then it will place a lot of constraints on us across the board.” The following year, shortly after China joined multinational anti-piracy operations in the Gulf of Aden, a prominent scholar argued that overseas basing should not be a taboo, writing, “Setting up overseas military bases is not an idea we have to shun; on the contrary, it is our right. Bases established by other countries appear to be used to protect their overseas rights and interests.” Nearly seven years later in 2017, the establishment of the PLA’s Djibouti Logistics Support Facility appears as a reflection of that logic and a likely harbinger of things to come.
III. THE FLAG FOLLOWS COMMERCE: THE BRI WITHIN CHINA’S SECURITY STRATEGY

UNDER PRESIDENT XI, ACHIEVING THE CHINESE DREAM OF THE GREAT REJUVENATION OF THE CHINESE NATION HAS BEEN A CONSISTENT THEME AND A DRIVING GOAL. Xi has also made clear that becoming a great nation requires a strong military that is always “ready for the fight, capable of combat, and sure to win.”35 Since the founding of the People’s Republic, China’s military strategy has been “active defense” of the homeland. The main premise of active defense is that China would only attack after being attacked.36 In that context, the job of the PLAN has been keeping potential enemies as far as possible from China’s eastern coast – its economic engine.

One of the key priorities and drivers behind China’s military modernization is deterring Taiwan’s independence and eventually compelling its unification with the mainland. Underscoring the importance of the strategic threat, China’s 2019 Defense White Paper stated that it would not only “oppose and contain Taiwan independence” but also declared that “the PLA will resolutely defeat anyone attempting to separate Taiwan from China and safeguard national unity at all costs.”37 A critical part of this strategy is to develop a force that can dissuade, deter, and even defeat any third-party intervention within China’s near-seas and in dealing with Taiwan.

In 2004, under the slogan “New Historic Missions,” President Hu Jintao expanded the declared geographic scope of China’s security interests by tasking the military to defend China’s overseas interests and to uphold international peace and security.38 A decade later, China’s “winning informatized local wars” military strategy reflected an enhanced emphasis on the maritime domain, stressing also the importance of technology, data collection, and joint operations among PLA services. In 2012, the 18th Party Congress that elevated Xi Jinping also declared that China should become a “strong maritime power.” In 2013, the PLAN’s long-standing strategy “Near Seas Defense” was amended to become “Near Seas Defense, Far Seas Protection.” In its 2019 Military White Paper, “China’s National Defense in the New Era,” Beijing calls on the PLA to safeguard China’s maritime rights; national sovereignty, territorial integrity, and unity; outer space and cyberspace security interests; and overseas interests.40

This evolution in military strategy is both understandable and consistent with Chinese strategic logic, given the rapid expansion of China’s overseas interests and its dependence on imports of energy and raw materials through vulnerable sea lines of communication (SLOC). In meeting its security needs and transitioning to a dual “near seas defense and far seas protection” navy, China first bolstered its military’s capacity to defend its borders and adjacent seas. It then turned to the far-seas mission of naval

Source: Australian Strategic Policy Institute
protection far from home. It has undertaken a range of advancements and developed new capabilities in multiple domains. These steps have enhanced the PLA’s ability to impose costs on adversaries and to restrict others’ access and freedom to maneuver within the first island chain, stretching from the Kurils through Taiwan and Borneo and the Yellow, East, and South China Seas. The additional far-seas protection mandate has required new expeditionary capabilities and training to safeguard SLOCs and China’s growing portfolio of overseas assets. This has led to an enhanced PLA push for maritime superiority into the second island chain, which runs from Japan through Guam and on to Indonesia.41

This expanded military strategy was accompanied and enabled by the dramatic growth of defense spending, as noted earlier. That growth corresponds with a greater emphasis on maritime domains. Whereas China’s overall defense budget grew by roughly 55 percent since 2015, funding for the PLAN has increased by roughly 82 percent.42 The PLAN has developed into the world’s largest naval force with a growing inventory of submarines, supply ships, guided-missile cruisers, destroyers, frigates, and now aircraft carriers – blue water assets that enhance the PLAN’s ability to operate farther afield.43

But this expansion is not limited to hardware. The PLAN has taken part in a wide range of military operations other than war (MOOTW), including humanitarian assistance and disaster relief, civilian evacuations, and anti-piracy operations beyond the second island chain. Along with an expanding area of operations, the Chinese military requires logistics systems to replenish and support forces deployed overseas. Some of this is done through PLA assets and operations. But much of the supply and replenishment is conducted through expanding Chinese commercial logistics networks. This synergy has been buttressed by the enactment of multiple regulations and laws advancing civil-military integration. Specifically, these are measures that provide the PLA with the authority to call upon civilian fleets and commercial assets for support. More on that later.

Clearly, China has studied the U.S. playbook and, in some respects, appears to be adapting it with Chinese characteristics. Just as over the past decades the United States has employed military diplomacy to bolster and supplement traditional avenues of political and economic diplomacy, we see the Chinese increasingly undertaking similar activities. These include ramping up arms sales, bilateral and multilateral military exercises, and educational and training programs.

While the Chinese have been skittish about acknowledging an overt military component to BRI projects or strategies, they have been vociferous in making the case for a link between security and development.44 On the one hand, security is a condition for sustained economic development – both domestic and external. “A tree cannot grow tall or bear fruit in a barren land torn apart by the flames of war,” as former State Councillor Yang Jiechi put it. On the other hand, economic development supports stability and security. Yang also pointed out that “to build lasting security, development and prosperity must be inclusive.”45 Highlighting the connection between stability and economic growth at the 2013 Peripheral Diplomacy Work Conference, President Xi stated that the key objective of “peripheral diplomacy” was maintaining stability in the country’s neighborhood so that China could establish a new regional economic order through the BRI.46 Xi underscored that for the BRI to be successful, it required a stable political and security environment. He later warned that some countries along the Silk Road face “conflict, turbulence, crisis and challenge” warranting a “common, comprehensive, cooperative and sustainable … security environment built and shared by all.”47 More recently, in an address to the Central Party School, Xi explicitly called for a stronger BRI security system to protect China’s overseas interests, personnel, and projects.48
IV. CHALLENGES FACING THE PLA

INNATE TENSION EXISTS BETWEEN CHINA’S NEAR- AND FAR-SEAS DEFENSE IMPERATIVES AS LONG AS THE CCP’S TERRITORIAL AMBITIONS HAVE NOT BEEN SECURED. The CCP’s core goals include reunification of Taiwan, by force if necessary, exercising sovereignty over some or all the South and East China Seas, and securing its land border with India. These priorities will tend to limit the resources that China can devote to projecting military power beyond East Asia. Nevertheless, the growth of Chinese investments and projects around the world has pushed the military, and especially the PLAN, to be able to operate farther away from the mainland.

China’s Academy of Military Science issued a major study in 2013 that assessed that “sea lanes and channels have become [China’s] economic and societal development ‘lifelines’… [but are neither] possessed nor controlled by us; in case a maritime crisis or war were to happen, our maritime routes have the possibility of being cut off.”49 These maritime routes run from North Africa and the Middle East through the Strait of Hormuz, the Indian Ocean, the Malacca Strait, and the South China Sea. These are the conduits for roughly 80 percent of China’s imported oil.50 More broadly, nearly 40 percent of China’s gross domestic product (GDP) comes from foreign trade, and well over 60 percent of that moves by sea.51 With increasing reliance on SLOCs to transport energy supplies and goods, Beijing has an understandable concern about the vulnerability of maritime supply lines. Planners are alert to the risk that key straits could become strategic chokepoints. With the mission to defend overseas interests and protecting SLOCs primarily falling on the navy, in 2018, South Sea Fleet Commander Wang Hai stated that we “must closely coordinate with the Belt and Road Initiative, use multiple means to safeguard the security of strategic sea lanes in the region, and ensure that strategic capabilities can extend and radiate wherever China’s interests develop.”52

While the PLAN has taken steps to improve its capabilities to operate overseas in light of the growth of Chinese overseas interests, the limitations facing the PLA’s logistics and overseas operations capacity have become increasingly evident.53 Retired PLAN Rear Admiral Yin Zhuo cautioned that morale and readiness were damaged by multiple three-month deployments in the Gulf of Aden. In the past, the Gulf of Aden Escort Task Force (ETF) included a replenishment ship that limited the ETF’s ability to sustain long deployments. For this reason, Yin was an early advocate of the establishment of an overseas base to ease the strain on logistics and supply lines in sustained overseas operations.54 Beyond the capacity to maintain rotation cycles, the PLAN has struggled to provide fresh food, maintain and repair ships, and provide adequate medical care.55 Other senior PLAN officials have acknowledged that uncertainty over foreign berthing facilities, personnel relief, and equipment servicing has limited the ability of the PLAN to regularly conduct overseas operations.56

BRI installations themselves have vulnerabilities and, as we have seen in Pakistan, for example, are vulnerable to terrorist attack. Beyond the maritime infrastructure assets themselves and the risk of terrorism, China’s energy security and SLOCs are threatened by piracy and potential interdiction by an adver-
sary’s navy. Prior to launching the Gulf of Aden ETF in 2008, more than a fifth of the more than 1,200 Chinese owned, cargoed, or crewed vessels traveling through Somalian waters faced piracy, and seven ships were attacked that year. 57

In addition to protecting these facilities and supply lines, new PLA missions include protecting Chinese overseas businesses, interests, and citizens. Prior to the COVID-19 outbreak, more than 140 million Chinese citizens traveled abroad in a single year. 58 An estimated 40,000 Chinese enterprises have offices around the world. China’s overseas properties and investments are thought to total roughly $7 trillion. 59 The number of Chinese citizens living overseas has grown to more than 5.5 million. 60 The BRI has only accelerated this overall trajectory, with heavy investments by Chinese state-owned enterprises (SOEs) and hundreds of thousands of workers overseas.

Chinese businesses, investments, and infrastructure projects are in development in states that are prone to conflict and crisis. This has led to increased security and political risks for Beijing and placed on the PLA the monumental and unfamiliar task of protecting Chinese people living overseas. During the Libya conflict in 2011, the military evacuated roughly 35,000 citizens from the country. As the conflict in Yemen heated up in 2015, the PLAN’s Gulf of Aden Counterpiracy Flotilla was tasked to evacuate some 800 citizens and foreign nationals. 61 These real-world instances of Chinese citizens being kidnapped not only spawned movies such as Operation Red Sea and Wolf Warrior but also created political pressure on the CCP to safeguard Chinese citizens overseas.

For the protection of businesses and projects, the Chinese government relies heavily on host country security in the first instance and secondarily on a growing number of private Chinese paramilitary security firms. In Pakistan, the responsibility of protecting CPEC has largely fallen on the national and provincial governments. The Pakistani government in 2016 established a special security division made up of roughly 15,000 Pakistani army soldiers and paramilitary forces. Provincial governments have followed suit setting up security forces largely composed of police officers to guard investments along the economic corridor. 62 While primarily relying on host country security arrangements, Chinese private security companies (PSC) have ramped up their engagement in Africa following the growth of Chinese investments and businesses on the continent. Some of China’s largest PSCs have established a presence in Africa. Hua Xin Zhong An, one such company, provides armed escort services for commercial vessels traversing the Horn of Africa. 63 Another, the DeWe security group, currently operates in Kenya, Sudan, South Sudan, and Ethiopia and has been tasked with protecting Kenya’s Nairobi-Mombasa Railway, a BRI project, and Chinese oil and gas investments and operations in the latter three countries. Signaling a more robust presence in Africa, DeWe in 2017 announced that it would be constructing permanent private security monitoring and response facilities in South Sudan and the Central African Republic. 64
China’s new crop of private security firms employs retired PLA personnel and has other connections with the Chinese military. But their use avoids the tricky optics and trickier politics of deploying Chinese troops on foreign soil. The use of PSCs provides China with diplomatic cover should an incident occur and the ability to mitigate local concerns, especially in Southeast Asia where states would be suspicious of any PLA presence. There are exceptions, however – in Tajikistan, the establishment of a Chinese paramilitary facility (albeit unacknowledged by Beijing) runs counter to the norm.  

Multiple BRI projects in Central Asia, including energy pipelines, carry risks to China’s personnel as well as its energy security. The Line D gas pipeline, which is expected to be operational in 2024, runs from Turkmenistan thorough Uzbekistan, Tajikistan, and Kyrgyzstan to China. This pipeline alone is slated to supply roughly 25 percent of China’s gas imports. Notwithstanding Beijing’s reliance on host countries to provide protection or its growing use of private security firms, Beijing has signaled that it sees the need to show readiness to provide military protection for BRI projects. In 2018, Chinese Defense Minister Wei Fenghe announced in Pakistan that he was ready to “provide strong security guarantees” for BRI projects.  

Terrorism, one of the “three evils” that China has vowed to confront, is clearly a driver for potential PLA protection for BRI projects. Combating terrorism is a national priority since China seeks to prevent terrorist groups or fighters from gaining a foothold along its borders let alone within them. The original One Belt, One Road program had roots in China’s desire to develop and pacify its restive western provinces – particularly Xinjiang. Revelations about the extreme oppression of Muslim Uighurs in Xinjiang generated calls for action against China by groups such as Al-Qaeda, ISIS, and the Turkistan Islamic Party. The border between Xinjiang and Tajikistan and Afghanistan is a particular focus of Beijing’s concern over the possibility of secessionist or terrorist groups collaborating with Chinese Uighurs. Preventing Tajikistan, which hosts key Chinese investments, from becoming a safe haven from which groups can infiltrate or target China is a key goal for Beijing. The U.S. announcement in 2014 of plans to withdraw troops from Afghanistan heightened Chinese fears and led Beijing to ramp up its security engagements and deployments along its porous border.

In addition to protecting BRI facilities and supply lines, new PLA missions include protecting Chinese overseas businesses, interests, and citizens.
V. HOW THE BRI IS USED TO ADDRESS CHINA’S SECURITY CHALLENGES

While China has continually framed the BRI as an economic and development initiative and downplayed or denied a military agenda, it has simultaneously promoted civil-military integration or “fusion.” Civil-military fusion has been advanced through a series of laws, regulations, and reforms that ensure civilian resources can be deployed to support the military. China’s current Five-Year Plan explicitly states that China will implement integrated civilian-military development projects and specifies that these will extend to include the maritime space beyond China’s borders. Civil-military integration was listed as a key pillar of the 2015 military reform agenda and made part of the national strategy. In speech after speech, President Xi has described civil-military integration as a prerequisite for building a strong military. And China’s 2015 white paper commits the armed forces to this goal and specifically mentions building infrastructure in ways that ensure that military and civilian resources can be “compatible, complementary, and mutually accessible.”

Isaac Kardon, a preeminent expert on China’s military, testified to the U.S. – China Economic and Security Review Commission in February 2020 that the “military-civilian fusion program reflects and advances a clear leadership preference for leveraging growing overseas People’s Republic of China (PRC) commercial capacity.” But civil-military fusion is more than an aspiration for China; it is the law. Multiple pieces of legislation contain provisions promoting if not mandating interoperability between civilian and military projects. Chinese-made civilian infrastructure projects, by law, must now conform to military specifications. And overseas projects, such as the BRI, are not excluded from this mandate. These laws also provide the PLA with the authority to commandeer civilian assets and resources. The 2017 National Defense Transportation Law specifies its purpose as “strengthening the construction of national defense transportation, promoting the development of military and civilian integration in the transportation field, and guaranteeing smooth progress of national defense activities.” Articles 2 and 3 of the law direct “planning, construction, management, and use of resources in transportation fields such as railways, roads, waterways, aviation, pipelines, and posts for the purpose of satisfying the national defense requirements.” It declares that to further civil-military integration, the state will promote the allocation and sharing of military and local resources and the coordinated development of economic and national defense construction.

The National Defense Mobilization Law of 2010 emphasizes the importance of “combining peacetime production with wartime production” and embedding the military within the civilian sector. It explicitly states, “any organization or individual has the obligation to accept the expropriation of civil resources in accordance with the law.” The law also establishes a system for civilian enterprises to maintain and transfer “strategic material reserves” to the military. It further underscores that construction projects “which are closely related to national defense shall meet the national defense requirements and possess national defense functions.” An earlier law on defense mobilization of civil transport encourages civilian entities to select vehicles and equipment that can be used by the military in wartime or in peacetime. Thus, private transportation can be commandeered and civilian infrastructure projects should be built
according to national defense requirements. While some aspects of China’s civil-military integration may be challenging to implement in overseas BRI projects, at a minimum, host governments should anticipate that Chinese contractors will observe these legal requirements for relevant infrastructure.  

China’s grey zone tactics in the East and South China Seas illustrate another dimension of the close relationship between the military and the civilian. China uses fishing vessels and “white-hulled” coast guard ships to interfere with U.S. naval operations. The use of nominally civilian ships deliberately puts the U.S. Navy at a disadvantage in the sense that even the defensive use of force by a “grey-hulled” naval ship would be damaging to America’s image. Chinese fishing fleets and paramilitary coast guard ships are also used to threaten and harass the Philippines, Vietnam, Japan, and other regional competitors. Beijing has used these assets to assert administrative control over disputed maritime zones and features in the contested waters. In June of this year, a Chinese ship intentionally rammed and sank a Vietnamese fishing boat near the Paracels – one of a long string of such attacks using specially designed steel-hulled vessels. These grey zone tactics are analogous to Beijing’s “first civilian, later military” approach in developing dual-use infrastructure.

It seems clear, therefore, that Beijing’s policy is to develop BRI port projects in the Indo-Pacific with dual-use functionality, despite periodic Chinese claims to the contrary. Specifically, Beijing appears to seek ports with terminals capable of supporting various types of PLA military operations. This includes high-standard Ro-Ro features to unload heavier than normal cargo (e.g., armored vehicles), berth depths that are at least 10 meters (to accommodate warships), cold storage facilities, assembly sites, and heavy-duty reinforced access roads. While Chinese officials at times deny having a dual-use strategy, numerous PLA officers and defense commentators are on record complaining that Chinese companies have not done enough to ensure that overseas port construction has met the national defense requirements.

Civil-military fusion has a sequential aspect. Beijing’s first civilian, later military framework seeks to lay the groundwork for military utilization without raising red flags or inviting resistance. This model posits that Chinese developers should use local resources, establish an economic development zone, and
support industries that enhance the port’s capacity to support Chinese vessels, including navy ships, and that create an “advantageous external environment.” 82 Thus while ports that are able to accommodate both civilian and military vessels have strategic value – especially deep-water ports – so too does the commercial environment surrounding the port.

Under the BRI banner, Chinese SOEs are therefore encouraged to utilize the “port-parks-city” development model, also known as the “Shekou Model.” This approach mirrors the development in the 1980s of the combined port and export zone near Hong Kong in China’s Guangdong province that sparked Shenzhen’s growth as a commercial and industrial hub. The model entails developing adjacent industrial parks, commercial buildings, highways, free trade zones, residential areas, and power plants. 83 While centered on the port, the goal of the model is not merely to facilitate the transportation of goods but to develop a larger, integrated system that helps sustain the port and is sustained by it in turn. While commercial in nature, this network boosts the military utility of a port by co-locating both local and Chinese support industries, such as ship building, communications, and transport logistics. 84

The increasing interoperability between the military and civilian firms and assets is central to the expansion of China’s power projection and influence. Chinese firms – mostly SOEs – own or operate some two dozen ports in the Indian Ocean alone, with roughly an equal number of ports in Europe.

Access to ports of call that are owned and operated by Chinese firms permits the PLAN to harness civilian resources and to improve its overseas operational logistics capabilities. Chinese SOEs are ready partners with the PLAN and have already been engaged in supporting the military overseas. Two of China’s giant SOEs, China Merchant Port Holdings (CMPort) and COSCO, have actively participated in numerous PLAN exercises overseas. 85 They and other companies also handle PLAN port calls and husbanding. 86 Little surprise, therefore, that a PLAN commander boasted, “Wherever there is Chinese business, our warships will have a transportation support point.” 87

This overseas support system shortens and shields the PLAN’s resupply routes and enhances its strategy delivery capabilities. Thus, the development of a Maritime Silk Road network that includes dual-use ports along key SLOCs will enable the PLA to expand its area of operations.
The expansion of the BRI is not only terrestrial. Cyberspace and outer space constitute two other domains connected by the BRI network. Each of these domains has dual civilian and military utility. And as China’s 2015 white paper on military strategy points out, both are arenas for international strategic competition where China is determined to secure its national interests. Not only is cyberspace a “new pillar of economic and social development”; it is also a new domain of national security. The white paper argues that China must enhance its cyber capabilities to ensure national and information security, stem crises, and maintain stability. The Digital Silk Road – covering cyberspace – and the Belt and Road Space Information Corridor – covering outer space – provide Beijing with additional channels to strengthen its influence and leverage in project host states. Additionally, these newer components of the BRI promote the incorporation of Chinese technological standards and advance key national strategic and defense aims.

The State Council mandated the Belt and Road Space Information Corridor in 2016 with the goal of using space technology to support the development of the BRI and strengthen participant states’ links to China. Central to this corridor is the Beidou satellite system that is meant to serve as the “digital glue for the roads, railways, ports, and industrial parks” being developed under the BRI flag. Components of the corridor are to include navigation, remote sensing, weather, communication, data-relay satellites, and ground stations and data centers. Applications include but are not limited to disaster relief, port operations, transportation, financial services, agriculture, and urban planning. With the recent completion of the 35-satellite Beidou system, China should be in a position to provide this range of services to all countries along the BRI. As the Beidou system becomes fully operational and more widely utilized, China will be able to reduce BRI partner governments’ dependence on the U.S.-operated global positioning system (GPS) and bring them further under its technological umbrella.

The declared goals of the Digital Silk Road include constructing and strengthening internet infrastructure, improving communication connectivity, enhancing cybersecurity, promoting e-commerce, and developing common technology standards. China’s March 2015 white paper placed space and digital connectivity as top cooperation priorities and called for the construction of optical cables and communication trunk-line networks to improve communication connectivity. As of 2019, China had invested an estimated $79 billion into Digital Silk Road projects. Under this digital umbrella, China has developed a fiber-optic cable network in more than 70 countries, with SOEs, including Huawei and ZTE, playing a leading role in their construction. In Southeast Asia alone, Chinese companies have completed more than 12 underwater cable projects with an estimated 20 additional projects underway. In tandem with the construction of fiber-optic networks, China has been building data centers that store internet user information. Beijing considers big data a “fundamental strategic resource,” and these investments in technology infrastructure build in access by Chinese tech companies to massive amounts of data in BRI countries. Huawei is developing 5G networks, not only in close partner nations like Cambodia and Pakistan but also for a large and growing number of BRI partners and other countries throughout Asia, Africa, and the Middle East.
China is also working to export its Smart Cities and Smart Ports programs, which integrate and organize a wide array of data sources into a centralized platform to boost efficiency and facilitate economic activity. Smart City technology aims to make cities greener and safer by monitoring factors like resource and energy usage (and waste), traffic, and pollution levels. However, its technologies also include networked cameras, sensors, and location services that can be used for legitimate policing or for authoritarian repression. The Smart Ports system similarly integrates data and streamlines analysis and processing, allowing for increased automation and efficiency tracking of goods, vessels, and other data points. Both of these programs, which have been pioneered within China, enhance coordination, efficiency, and speed. But the adoption of Smart Cities and Smart Ports systems throughout the BRI network will further increase host countries’ already heavy reliance on Beijing for information communications technology (ICT) systems and platforms.

This growing space and digital component of BRI has a commercial rationale and offers a number of potential benefits to recipient countries. At the same time, both the Digital Silk Road and the Space Information Corridor, which generate immense streams of big data, directly support the next-generation artificial intelligence technologies that China seeks to dominate. Beijing’s access to and potential control of vast amounts of information have clear military and intelligence implications. The big data harvest from BRI can bolster the PLA’s capabilities in what the military calls C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance. The use of the Beidou Satellite Network removes the PLA’s vulnerability under the U.S.-controlled GPS system. And widespread adoption of Beidou challenges American technological dominance and increases China’s leverage over third countries. Beyond the collection of data or any military advantages, the spread of the Digital Silk Road and the Space Information Corridor systems helps promote Chinese influence, commercial interests, and standards.

In sum, we are witnessing the emergence of an integrated set of Belt and Road–related initiatives combining dual-use infrastructure, Smart Ports and Cities, and space and digital systems. These programs contribute to building a BRI ecosystem that serves to magnify Beijing’s influence well beyond the economic sphere. Beijing’s BRI strategy bolsters its technological, economic, political, and security interests and affords it increased rule-setting power. The implications of these trends for U.S. influence and competitiveness, as well as for the operations of the U.S. and other militaries, will be discussed in section VIII of this report. However, it is worth bearing in mind that President Xi has called for the creation of a new regional security order in the Asia-Pacific and denounced the U.S.-led alliance structure as anachronistic and no longer “conducive to maintaining common security.” Reducing the ability of the United States to intervene has been a component of Beijing’s efforts in the Indo-Pacific, along with the push to make the region more amenable to Chinese policies and preferences. Thus, the BRI can be seen as an instrument for advancing these strategic goals, not merely through well-documented economic leverage and political advantage from projects but also through the various technological advantages embedded in the Digital Silk Road and Space Information Corridor.
VI. “STRATEGIC STRONGPOINTS” AND THE BRI

CHINA IS ACTIVELY ENGAGED IN THE CONSTRUCTION AND DEVELOPMENT OF PORTS WITH DUAL-USE FUNCTIONALITY ALONG THE MARITIME SILK ROAD. These ports form a network of transportation nodes extending from the Chinese mainland through the South China Sea and Malacca Straits into the Indian Ocean and to the Middle East. They have the potential to help the PLA secure critical maritime chokepoints, safeguard SLOCs, and expand the range of support that can be provided to Chinese citizens and PLA forces operating abroad.

Not surprisingly, the Chinese have a word for such ports — “strategic strongpoints.” The National Development and Reform Commission’s (NDRC’s) current Five-Year Plan calls explicitly for “the construction of ‘strategic strongpoints’ along the 21st Century Maritime Silk Road.” It goes on to specify that this means building and operating major ports with industrial clusters around them as part of a strategy to ensure that maritime trade routes are kept open. Chinese experts describe strategic strongpoints as ports capable of offering logistical support to Chinese vessels to create an “advantageous external environment for China.” From the homeland, they “radiate into the periphery, and move us in the direction of the [Pacific and Indian] Oceans” to serve as a forward support base for military deployment and to “exert political and military influence in relevant regions.”

The strategic strongpoint concept is a flexible one — ports can have differing configurations and attributes depending on a number of variables. One factor is a port’s geostrategic value, including its proximity to maritime chokepoints and SLOCs. Another is the extent of Chinese state and private sector investment and operational control of the port and its surrounding infrastructure. And public tolerance in the host country for a significant Chinese presence — let alone a military presence — is also a significant variable, as is Beijing’s political leverage with the host government authorities.

China’s BRI strategic strongpoints fall on a spectrum of military usage. At the low end are commercial ports that can provide indirect support for the Chinese military via civilian ships that replenish PLAN ships in open waters. In other cases, PLAN ships may be able to dock for resupply at the port’s commercial facilities. The Djibouti Logistics Support Facility, which will be described later in this chapter, sits at the higher end of the spectrum as an overt military logistics facility. What China does not currently possess — but is suspected of seeking through its first civilian, later military approach — is a military base that can be defended in wartime and that provides the PLA with a platform to conduct operations.
Four port projects in particular have been flagged by Chinese strategists as potential strategic strong-point sites in the Indo-Pacific and are worth examining. Each is at a different stage of development, including in terms of actual or potential military functionality. They are Pakistan’s Gwadar Port, Cambodia’s Koh Kong Port (including the Ream Naval Base), Sri Lanka’s Hambantota Port, and Myanmar’s Kyaukphyu Port.

Both Pakistan’s Gwadar Port and Sri Lanka’s Hambantota Port are situated along China’s maritime lifeline stretching through the Indian Ocean to the Middle East. Gwadar sits at the mouth of the Persian Gulf and Hambantota is located on one of the world’s busiest shipping routes in the Indian Ocean. Myanmar’s Kyaukphyu Port and Cambodia’s Koh Kong Port are in close proximity to the Malacca Straits, a critical maritime chokepoint and security concern for China. All four meet the strategic strong-point criteria of geostrategic importance.

CPEC has been plagued by instances of terrorism, including the 2017 attack by the Balochistan Liberation Army near Gwadar that claimed the lives of 10 Chinese workers. Thus, a strategic strong-point at Gwadar could have value in combatting terrorism threatening BRI projects in Pakistan and Central Asia and help expand the PLA’s overseas operational capabilities. According to the South China Morning Post, Chinese military insiders have raised the possibility that People’s Liberation Army Navy Marine Corps (PLAMC) units may someday be stationed there and indicate that Gwadar, which is already used by the Pakistani Navy, is now or will soon be able to accommodate a substantial number of PLAN ships, which would increase the presence of the navy in the region’s waters.

The Sri Lankan government has repeatedly stated that the Hambantota Port development agreement rules out its use by the PLA. However, Sri Lankan politics has swung between hard and soft policies toward China, and the country’s precarious financial position may make it difficult to say “no” to China at some point. Should tensions worsen between China and India, a strategic strong-point at Hambantota constitutes an additional problem for Indian military planners. It would help Beijing secure its own energy security in the Bay of Bengal and provide a critical logistics point for the PLA in the Indian Ocean. The port’s existing berthing spaces already can accommodate PLAN surface combatants, including Corvette-class vessels. However, the PLAN can also simply benefit from this port for indirect commercial replenishment, where Chinese vessels would refuel and resupply the ships at sea.
The Malacca Strait is the principal conduit from East Asia to the Indian Ocean. The two key BRI ports nearby are Kyaukphyu Port, on the Bay of Bengal, and Koh Kong Port, on the Gulf of Thailand. The development of strategic strongpoints on either side of the Malacca Strait would significantly bolster the PLA’s capacity to safeguard this critical chokepoint. Kyaukphyu is strategically significant for another reason as well: China’s $1.5 billion oil and natural gas pipelines run from there to Yunnan province, carrying an anticipated 6 percent of China’s oil imports. This allows China to avoid the “Malacca Dilemma” to some degree by bypassing the strait rather than defending it. Since Myanmar’s constitution expressly forbids the deployment of foreign troops within its territory and the country zealously guards its sovereignty, Kyaukphyu seems an unlikely candidate for an actual Chinese military base. However, the PLAN already conducts port calls in Myanmar, so Kyaukphyu could easily serve as a direct commercial replenishment and resupply stop – a valuable logistics support point in the Indian Ocean.

Ream Naval Base is a Cambodian military facility on the Gulf of Thailand. The Wall Street Journal in 2019 reported that China and Cambodia had reached a secret agreement allowing the PLA to use the Ream Naval Base for 30 years. Both governments denied the report, but two nearby Chinese-built projects – an airport in Dara Sakor and the deep-water port at Koh Kong – bear many hallmarks of military utility. The Dara Sakor airport features a two-mile-long runway – the same length as airstrips on China’s reclaimed outposts in the South China Sea, but far longer than required for civilian cargo planes. The runways also appear to be constructed with structures that allow for quick takeoffs and landings. The design of the Koh Kong New Port allows it to host Chinese destroyers. PLA access to Ream Naval Base, which can already accommodate and repair smaller PLAN surface combatant ships...
plus a strategic strongpoint at Koh Kong Port/Dara Sakor could be combined with China’s facilities in the Spratlys and Paracels to essentially create a military perimeter around the South China Sea. At a minimum, dual-use facilities in Cambodia could expand the PLA’s airborne and maritime capabilities to the detriment of U.S. and neighboring militaries.115

Other attributes of Chinese overseas strategic strongpoints include operational control of the port and its integration in the Shekou port-parks-city model with connecting and complementary infrastructure. The former enables the Chinese terminal operator to service both commercial and PLAN ships with a wide range of bunkering, warehousing, and other services. The latter ensures a robust support structure with relevant services and typically constitutes an economic stake in the host country that generates influence or leverage.

In the case of Gwadar, a Chinese SOE signed a 40-year lease with the Pakistani government in 2017 to become the port’s sole operator.116 The port is embedded in the Gwadar Port Free Zone, a $250 million, 25-acre industrial park with warehousing, oil processing, and logistics facilities.117 In the case of the Hambantota Port in Sri Lanka, a Chinese company was able to acquire a 70% stake and a 99-year lease, giving it significant operational control over port management.118 The multipurpose deep-water port was also designed on the Shekou Model, with bunkering, container handling, Ro-Ro, and land set aside for a free trade zone.119

Koh Kong Port and the Dara Sakor resort are both part of a massive BRI development project labeled the “Cambodia-China Investment Development Zone” – described in a 2017 Chinese government yearbook as “the biggest project of BRI so far.”120 Consisting of a 175-square-mile coastal property leased to a Chinese development group for 99 years, the project includes manufacturing and recreational facilities, logistics infrastructure, medical centers, as well as the container port and the isolated airport capable of accommodating China’s largest military aircraft.121 Next door in Myanmar, the deep-sea Kyaukphyu Port project was designed to include a special economic zone and other related infrastructure. Following the change of government in Myanmar, the project was radically downsized in 2018, although the Chinese SOE retained a 70 percent equity stake and a 50-year lease with an option to renew.122 The government of Myanmar was able to revise the project to postpone the SEZ elements until the port proved its viability in a first phase.123

<table>
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<tr>
<th>CAMBODIA’S KOH KONG PORT / DARA SAKOR RESORT</th>
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<tr>
<td><strong>GEOSTRATEGIC LOCATION</strong></td>
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<tr>
<td>• Situated in proximity to Malacca Strait</td>
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<tr>
<td>Maritime Chokepoint</td>
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<tr>
<td><strong>OWNERSHIP</strong></td>
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<td>• Union Development Group holds a 70 percent</td>
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<td>stake and 99-year lease</td>
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<tr>
<td><strong>DUAL-USE FACILITIES</strong></td>
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<tr>
<td>• Shekou Model, includes bunkering, and</td>
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<td>logistics and refueling facilities</td>
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<tr>
<td>• Design is slated to accommodate Chinese</td>
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<tr>
<td>destroyers</td>
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<tr>
<td>• Dara Sakor airport could accommodate</td>
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<tr>
<td>Chinese military aircraft</td>
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<tr>
<td><strong>DEBT TO CHINA</strong></td>
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<tr>
<td>• 22.4 percent of GDP</td>
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Source: Google Earth
For China to be able to use a foreign port facility to host a military vessel or support an operation would naturally require the consent of the host country government. China enjoys substantial leverage, especially economic leverage, with these four nations, all of which are heavily indebted to China. Myanmar and Cambodia are two of the low-income countries with the largest debt to China—in the neighborhood of 40 percent and 20 percent of GDP, respectively. Sri Lanka's and Pakistan's debt to China represents a smaller share—approximately 9.5 percent and 7 percent of GDP, respectively—but both countries have been forced to seek debt extensions, relief, or new loans. In addition to this financial clout, China's array of incentives and levers with political leaders and elites might open up the possibility of some form of PLA presence.

That presence, should it occur, seems unlikely to take the form of large, heavily defended bases. At this stage, it would be a mistake to regard China's strategic strongpoints as precursors to Yokosuka or Subic Bay–style mega-bases following the U.S. model. As discussed, China has a long history of vowing never to set up foreign military bases—part of the reason Beijing insists on calling the Djibouti base a “logistics facility.” China has no genuine military alliances, whereas the United States has more than 60 agreements with allies for mutual defense in wartime and agreements with others providing for permanent facilities and/or deployment of military, support staff, and in some cases their families. China so far lacks standing agreements for military stationing or use—with the notable exception of Djibouti and perhaps an unacknowledged deal with Tajikistan. And China seems unlikely to try to deploy the defensive weaponry necessary to protect overseas facilities from attack for a variety of reasons, particularly since that would undercut the projects' commercial interests as well as the claimed benign image of the BRI brand. Additionally, not only would China require a much larger navy to support this endeavor, it does not make strategic sense for China to deploy the bulk of its forces so far away from the mainland as would leave it vulnerable to attack from other potential adversaries.

The String of Pearls hypothesis, popularized initially by Indian security analysts, held that China would develop a network of primarily military facilities along the Indian Ocean periphery between China and Africa from which it could safeguard its supply chains and support combat and other military operations. This has long been seen in New Delhi as a means for China to “encircle” India and potentially dominate the Indian Ocean region. But the major strategic strongpoints analyzed in this report serve as platforms for China to project multiple forms of national power. They are designed more as hybrid commercial and military logistics support points than as an array of traditional military bases. They might serve a modest deterrent function to Chinese adversaries in some circumstances. But rather than becoming military bases from which to deploy troops and conduct actual combat operations, these facilities seem better suited to serve as replenishment and resupply points for PLA troops deployed at sea, to expedite the PLAN’s ability to intervene in the Indian Ocean, and to support a variety of noncombat operations.

The PLA Logistics Support Base in Djibouti, while it emerged from China’s deployment in (or at least alongside) the multinational anti-piracy operations off Somalia, was established only after significant BRI and other commercial investment in the country, including commercial ports, water pipelines, and a train line to neighboring Ethiopia. This development of commercial ties and infrastructure.
paved the way for China’s first overseas military base to come to fruition. After a series of major development deals was reached, Djibouti’s government signed a Security and Defense Partnership Agreement that granted access to the PLA. Negotiations for the support base began soon after. While it was clear from the outset that the facility was intended to support the PLAN task force, Chinese spokesmen went to great pains to insist that Beijing had “no intention of turning the logistics center into a military foothold.” And yet, it has reportedly emerged as a heavily fortified military base with multiple hangars for aircraft and underground bunkers outfitted with cyber and electronic warfare facilities.

This progression is even more vivid in China’s construction of outposts in the Spratly Islands of the South China Sea. After clandestine reclamation activities generated an international outcry, China flatly denied any possible military motives, insisting that the development of these artificial islands was for humanitarian purposes such as shelter for fishermen in bad weather. One of the authors of this report was sitting in the front row when President Xi Jinping famously declared at a Rose Garden press conference with Barack Obama that China had “no intention to militarize the islands” in the Spratlys. This was followed by the construction of military-grade airfields, hangars, and buildings, which Beijing insisted were for commercial use. When missile emplacements and other decidedly military features emerged, Beijing argued that they were purely defensive in nature.
VII. PIECING TOGETHER THE PUZZLE

AS WE HAVE SHOWN, A STRATEGIC STRONGPOINT IS FAR MORE THAN JUST A PORT THAT CAN SERVICE CHINESE SHIPS. It integrates a wide range of features and attributes, creating a mini-ecosystem that supports a variety of commercial, strategic, military, and political objectives. Similarly, but on a larger scale, the BRI is far more than just a portfolio of infrastructure projects. BRI—in combination with Chinese technology exports and standard setting, financial and economic ties, and burgeoning military diplomacy—serves a variety of Chinese power-projection purposes. The increasing scale and diversity of the levers of influence that accrue from the BRI network enable Beijing to strengthen its economic and political powers of persuasion if not compulsion. This allows China to operate in a more compliant environment and serves to disadvantage its rivals, including the United States.

Beijing has used the lure of the BRI and other investments to bring numerous governments closer into its orbit. The CPEC connecting Xinjiang province to Gwadar in Pakistan represents investments upward of $40 billion, equivalent to roughly 20 percent of the country’s nominal GDP. During a state visit to Myanmar in January 2020, President Xi pushed ahead with plans for the China Myanmar Economic Corridor (CMEC), an array of projects totaling more than $20 billion. In Cambodia, combined BRI-related investment is estimated at more than $104 billion, including the Sihanoukville Special Economic Zone, a $610 million development involving more than 100 enterprises from China and expected to create more than 20,000 local jobs. Cambodia today has incorporated BRI projects into its national development strategy on the expectation of economic and employment benefits. Yet more than 90 percent of the businesses in Sihanoukville are Chinese owned, and nearly 80,000 Chinese nationals live there.

Beijing has also used loans, aid, trade, and less respectable means to give it a strong foothold throughout the Indo-Pacific. China has undertaken to finance these large-scale BRI infrastructure projects largely through loans at what often appear to host governments to be favorable rates. Despite being a member of multilateral financial institutions, and despite having founded the Asian Infrastructure Investment Bank, Chinese lending activities seldom meet international standards on debt sustainability and the terms of the loans are frequently not made public. As documented in a previous ASPI report, Navigating the Belt and Road Initiative, many of the BRI infrastructure projects were not commercially or financially viable to begin with, while others were scaled far beyond the actual needs of the host nation. As a result, and particularly in cases where the return on investment from the project proves to be insufficient to service the loans, many countries have incurred burdensome debts to China and its financial institutions.
Sri Lanka’s Hambantota Port provides one of the best-known examples of an unsustainable debt burden. In December 2017, Sri Lanka handed the port to China via a 99-year lease and reportedly with 70 percent equity in the project due to its inability to service debts of more than $8 billion to Chinese firms. While the debt-for-equity swap arrangement alleged in the Hambantota case is so far unique, China uses a variety of mechanisms to deal with borrowers that are unable to repay their debts. Prior to the outbreak of COVID-19, numerous BRI project countries throughout the Indo-Pacific were at risk of debt distress as a result of borrowing from China. Not surprisingly, these include coastal nations with potential strategic strongholds including Djibouti, Pakistan, and the Maldives. As a consequence of COVID-19 and its aftereffects, the financial situation has worsened considerably. China has joined in some multilateral debt-deferral commitments for low-income countries and is negotiating various forms of loan forgiveness, restructuring, or refinancing with others. However, China later qualified its pledge to exclude loans made by the Export-Import Bank of China, which has financed more than 1,800 BRI projects in dozens of countries. Even when China may agree to renegotiate terms of a loan, it would be naïve to imagine that Beijing would forgo the chance to utilize those debts as leverage to further its broader strategic and military objectives. In potentially negotiating future basing arrangements for the PLA or augmenting existing infrastructure with further dual-use capabilities, Beijing could pull on this lever to extract desired concessions from host countries.

Muscle-flexing and leverage alone may not be sufficient to create a sustainable environment for a Chinese “strategic strongpoint” abroad. Beijing has more direct financial tools than infrastructure loans and investment for “elite capture” – extending its influence and cultivating power holders. Chinese state actors and surrogates have funneled gifts and donations to central and local government officials in BRI host states. Bribes obviously can be difficult to document since both parties have an interest in concealment, although there are numerous credible reports of direct cash payments to leaders or their political parties. In Africa, China’s frequent “gifting” of lavish residences, office buildings, or sports stadiums to heads of state has given rise to the term “palace diplomacy.” Many BRI countries score low on major global corruption indices, and Cambodia is one of the worst. Beijing provided Hun Sen with $600 million for support in the 2018 elections followed by an unrestricted $100 million direct grant.

A leading Chinese SOE, China Communications Construction Company (CCCC), which was banned by the World Bank from engaging in any project it financed over fraudulent practices in the Philippines, in 2016 was revealed to be part of a conspiracy to inflate the contract for the East Coast Rail Link to help former Malaysia Prime Minister Najib Razak cover massive debts incurred in the 1MDB scandal. Similarly, China Harbor, a subsidiary of CCCC, was accused of channeling millions into former-President Mahinda Rajapaksa’s 2015 reelection campaign. The Maldives finance minister revealed that an investigation of the previous government’s kickback arrangements from deals with China reflected “willful corruption” on a massive scale. While Beijing has pledged to clean up the BRI and has expanded the scope of the Central Commission for Discipline Inspection to monitor the activities of Chinese companies operating abroad, China has yet to bring up charges against Chinese companies or citizens involved in foreign corruption.

Trade, aid, tourism, business presence, and increasing investment all contribute to strengthen Chinese influence. China is the largest or second-largest trading partner of virtually all BRI countries
in the Indo-Pacific. Regional supply chains are closely linked to China. In the pre-COVID era, China became by far the major source of tourists, many of whom spend freely on luxury items. China has also become a major source of foreign direct investment (FDI) – it is now the largest foreign investor in BRI countries including Cambodia, Thailand, Pakistan, Sri Lanka, and Bangladesh.  

This is not merely implicit leverage. China has unmistakably demonstrated that it is willing to “turn off the tap” of lucrative investments, tourists, or trade should partner states step out of line and offend Beijing. China halted shipments of fruit from the Philippines in response to Manila’s legal action over the South China Sea in 2012. Beijing punished the Lotte Group and suspended group tours in retaliation for South Korea installing the U.S. THAAD weapons system against its wishes. Following Australia’s calls for an international inquiry into the source and spread of COVID-19, China’s ambassador to Australia threatened that Chinese consumers would boycott Australian beef, universities, wine, and tourism. Chinese officials have been unapologetic about threatening commercial and economic damage to countries that go against Beijing’s wishes.

It may well be that Chinese leaders subscribe to a “better-to-be-feared-than-loved” principle in foreign affairs. Yet, muscle flexing and leverage alone may not be sufficient to create a sustainable environment for a Chinese strategic strongpoint abroad, let alone for a full-fledged military base, if that is in Beijing’s playbook. Thus, the leverage Beijing acquires through the BRI, or trade, or the other tools described earlier needs to be augmented by other types of activities to create more favorable conditions for the future expansion of PLA operations. One long-standing technique has been high-level diplomacy, particularly lavish special treatment of visiting foreign leaders and delegations. This aims at Beijing’s preferred target, the elites, although it may be less effective in generating positive public attitudes toward China in that country. Similarly, Chinese diplomats have become more visible, outspoken, and often more forceful abroad. This frequently aggressive posture and “Wolf Warrior” syndrome in fact undermines Chinese interests, as it has been so badly received by governments and publics overseas.

China’s COVID-19 “facemask diplomacy” represents a deliberate exercise in soft power. While it backfired in some places, it is noteworthy that much of the aid was directed to BRI countries and that Chinese state media branded it as a “new turning point” in building the “Health Silk Road.” Beijing sent planes filled with thousands of test kits and hundreds of thousands of facemasks to major cities throughout Pakistan. Tens or in some cases hundreds of thousands of test kits and personal protective equipment items were sent to the Philippines, Cambodia, and Myanmar, in some cases along with a medical team. China agreed to extend $500 million in financial assistance to Sri Lanka along with donated masks and test kits. And while Chinese requests for public praise as a quid pro quo for humanitarian donations backfired in some places, government officials in these countries were effusive in their thanks.
Soliciting praise from foreign sources is a small facet of the expanded use of overseas propaganda and information operations to “tell China’s story” to publics in the Indo-Pacific and beyond. Chinese state-owned media conducts the lion’s share of the effort to reshape global public opinion and dispel the “China threat” perception. In 2018, China assembled journalists from BRI countries at a forum to set rules for a “Belt and Road News Alliance” of their media companies. The following year Beijing launched the “Belt and Road News Network,” run by the People’s Daily, to disseminate favorable content, host all-expenses-paid workshops, and serve as a centralized source of information on BRI. The network predictably frames the BRI and China in a positive light and has member media outlets in more than 26 countries. Xinhua, the government-run news agency, has entered into cooperative agreements with counterpart agencies in some BRI countries, supplying them with local-language news and other programming; the Thai News Network, for example, broadcasts Xinhua’s daily China Report. CGTN and CCTV broadcast in English and other languages along the Maritime Silk Road, including in Sri Lanka, Pakistan, Thailand, Indonesia, and the Philippines. And numerous Chinese state-run media use Facebook accounts to reach millions of followers throughout the Indo-Pacific. Other strategies employed by Beijing to stem negative coverage include purchasing advertising space and offering junkets to editors and journalists, as well as to local and national officials.

The PLA itself has an important role to play in building China’s image as a powerful but peaceful rising power and in desensitizing countries along important sea routes to increased Chinese military presence and operations. Since 2002, the PLA has been participating in an increasing number of HADR operations throughout the Indo-Pacific, which has the added benefit of boosting the PLA’s operational proficiency. In the past decade, China has conducted HADR operations in Southeast Asia as well as in and around the Indian Ocean, including missions in Pakistan and in the Maldives. The PLA has also used the deployment of its Peace Ark hospital ship to burnish its image in the region.

The most prominent PLA overseas operation has been its participation since 2008 in the anti-piracy operations off the Horn of Africa in the Gulf of Aden. The overall mission had been authorized by the United Nations Security Council (UNSC) resolution in June 2008, and China was the last permanent member of the Security Council to commit forces to the Gulf. This mission marked the first time that the PLAN was operationally deployed outside of the Asia-Pacific region. Although China deployed the ETF under the UNSC resolution, it did so unilaterally and was not part of the existing multinational coalitions conducting operations off the Horn of Africa. As of 2019, the PLA has been involved in 32 missions to the Gulf of Aden and has deployed an estimated 26,000 personnel there since it began the operations a decade earlier.

Not surprisingly, these missions have served multiple objectives. Beijing’s decision to deploy an ETF came in the wake of repeated attacks against Chinese cargo ships by Somali pirates, so clearly the protection of Chinese shipping interests was a factor. Beijing’s concern for image building as a responsible stakeholder is reflected in the care it took to highlight both the international legal basis for the operation under the United Nations Convention on the Law of the Sea and UNSC resolutions but also in first seeking an explicit invitation from the government of Somalia. Beijing has used these operations to project what Naval War College scholars have termed “Blue Soft Power” and has been marketed by the Chinese govern-
The Gulf of Aden deployments also served a clear military purpose: contributing to the development of a Chinese blue navy, enhancing its power projection capability, and allowing the PLAN to acquire vital operational experience. A clear indicator of this is that since 2013, Beijing has deployed submarines and other newly commissioned units as part of the Gulf of Aden ETF, which acts as cover for the PLAN to gain further experience and test its power-projection capabilities. These vessels supported the evacuation of Chinese citizens from Libya and Yemen and assisted in the disposal of Syrian chemical weapons. The deployments expanded the PLAN’s international exposure – including English-language experience, navy-to-navy meetings and dialogues, and combined training with foreign navies. In the words of retired Rear Admiral Mike McDevitt, “once the PLAN began to conduct anti-piracy operations, the entire nature of its approach to international naval engagement changed appreciably.”

Perhaps the most significant byproduct of the anti-piracy deployments has been the dramatic increase in PLAN port visits during and en route to or from service in the Gulf of Aden. Port calls by ETF ships are augmented by visits by other PLAN vessels, including the Peace Ark naval hospital ship. In 2017, the PLA sent a One Belt One Road Navy Task Force through the South China Sea and Indian Ocean, stopping in Cambodia, Indonesia, Myanmar, Pakistan, Sri Lanka, the Maldives, Djibouti, Saudi Arabia, and a dozen other countries over the course of six months. Since then, PLAN ships made multiple repeat visits for port calls, joint exercises, or international exhibitions.

Taking a page directly from the U.S. Pentagon’s military diplomacy playbook, the PLA has stepped up combined exercises, training, and exchanges. Combined exercises, which may range from simulated...
combat to field medicine, can foster valuable relationships, enable the acquisition of new skills, provide intelligence about foreign militaries, facilitate interoperability, as well as intimidating other militaries by displaying capabilities. PLA joint exercises with foreign militaries increased eightfold between 2013 and 2016. These now include multilateral exercises under the auspices of the Shanghai Cooperation Organization (SCO) and, in 2018, the first joint naval exercise between China and the Association of Southeast Asian Nations (ASEAN) – a remarkable milestone for China’s military diplomacy given its assertiveness in the South China Sea.

An increasingly robust military exchange program that has strengthened PLA ties with other militaries supplements the growing number of joint exercises. This is one of the many ways that the Chinese have adapted the U.S. playbook and practices in strengthening military-to-military ties. As of 2016, more than 4,000 military personnel from more than 130 countries have studied in Chinese military educational institutions. These educational exchanges aim to strengthen military-to-military relations through forging relationships with foreign officers and to improve perceptions of China by foreign officers, a key segment of governing elites in the developing world. Since 2013, China has held at least 12 bilateral military exercises across the differing services with Pakistan, and its annual Golden Dragon Exercise with Cambodia has grown from a few hundred personnel in 2016 to some 3,000 in 2020, when it was held despite the COVID-19 pandemic. In 2015, China and Sri Lanka launched their annual Silk Route Exercise, and in 2017, the PLA held its first joint exercise with the Tatmadaw – Myanmar’s military.

As an adjunct to the PLA’s growing international presence, China is emerging as a leading actor in global arms sales. While trailing the United States, Russia, Germany, and France in the arms trade space, China’s arms exports have grown by 275 percent since 2000. Major BRI countries are a particular focus for Chinese arms exports. Pakistan, with which China has long had a close political and security relationship, unsurprisingly tops the list. Between 2008 and 2018, China arms supplies to Pakistan were worth more than $6.4 billion; in 2019, Pakistan purchased eight submarines from China totaling $4 billion. Signaling the increasingly close relationship between the Chinese and Pakistani militaries, in 2018, China granted Pakistan, the only country so far, access to the Beidou satellite system’s military service, which would provide Pakistan with increasing guidance capabilities for its missiles, vessels, and aircrafts. Bangladesh and Myanmar have emerged as top recipients of Chinese arms, and China has become the largest arms supplier to both Cambodia and Sri Lanka. In 2019, the Cambodian prime minister purchased an additional $40 million in arms from China at “friendship prices” on top of existing contracts worth $290 million. Since 2013, Myanmar procured roughly $720 million worth of arms from China, including aircraft, unmanned aerial vehicles, vessels, and armored vehicles. To shore up defense ties and goodwill in 2019, China gifted Sri Lanka with a P-625 naval frigate along with $1.4 million in Chinese-made counterinsurgency equipment and police vehicles. The military attaché at the Chinese Embassy in
Colombo was explicit in saying that “China wishes to boost the development of the Belt and Road Initiative to strengthen the pragmatic cooperation between the two countries and the two militaries.”

As indicated in the previous section, the Digital Silk Road and Belt and Road Space Information Corridor allow China to increase its technological, military, and political influence. President Xi emphasized in 2018 that China should “strengthen the military-civil integration in the field of network information, and actively participate in cyberspace.” The provision of critical technology and digital structures in BRI countries creates leverage, improves China’s C4ISR capabilities, and increases economic and technological dependence on China while reducing reliance on Western-based networks and technology.

While Pakistan is the first country permitted to use the Beidou Satellite Network’s military functionality, more than 30 BRI states are linked to the Beidou system in civilian sectors and will grow increasingly reliant on Beijing for access. And as China continues to develop 5G networks in BRI states and link them through the Beidou network, Beijing accrues further influence and undercuts American commercial, diplomatic, and strategic interests. In tandem with its export of digital products along the BRI, China is exporting a model for digital standards and internet governance built around state control and cyber sovereignty. In developing Smart Cities with advanced security and surveillance technology, whether or not they are linked to strategic strongpoints, China is providing host governments with tools for surveillance and social control of their citizens. It is also providing systems and technology that can collect “big data” and give Chinese intelligence services direct access to sensitive information.

All Chinese citizens and companies, including those involved in overseas BRI projects, are obligated to cooperate with Chinese intelligence agencies under a 2017 law. So the Chinese company building fiber optic cable networks or data centers can be directed to insert the capability to monitor or interrupt data traffic. Something similar occurred when China built and equipped the new African Union headquarters in Addis Ababa, Ethiopia with backdoors that allowed it access to the organization’s internal communications.

The development of Smart Ports along the Maritime Silk Road will help expand and strengthen China’s C4ISR capabilities. Through the centralization of data and increased automation, China would be able to obtain real-time information to track the movement of goods and ships along global supply chains. With Chinese SOEs and firms operating ports throughout the Indo-Pacific, Beijing would be able to gain intelligence on U.S. military tactics and assets, including the combat readiness of U.S. vessels, as well as on U.S. procedures for repairing, resupplying, and servicing ships. This information would be valuable in both countering the United States and improving the PLAN’s own capabilities. During the negotiations for the Hambantota Port, Chinese negotiators explicitly pushed intelligence sharing as part of the deal. Former Sri Lankan Ambassador to China and Foreign Secretary Nihal Rodrigo said that Beijing had made clear that Sri Lankan officials were expected to share information about what ships stopped in Hambantota.

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VIII. IMPLICATIONS

CHINA IS CONSTRUCTING MARITIME, CONTINENTAL, DIGITAL, SPACE, HEALTH, AND VARIOUS OTHER BELTS AND ROADS. It is developing Smart Cities and 5G networks, increasing trade and investment ties, expanding its commercial presence, activating patriotic appeals to Chinese diaspora communities, undertaking new military diplomacy, boosting traditional civilian diplomacy, expanding its media reach, and erecting new infrastructure projects under the BRI banner. Across multiple domains, Beijing is amassing levers of influence to be able to operate in a more favorable strategic environment. Combined with China’s systematic push to expand its influence in multilateral rule-setting institutions and in some cases to create new ones, these roads seem to lead toward a regional or perhaps global ecosystem that would disadvantage the United States and other of China’s competitors.

Chinese strategic strongpoints, such as the four examined in this report, are clearly not overseas military bases akin to U.S. overseas installations. However, they do offer China militarily significant benefits that strengthen and expand its capacity to project power. First and foremost, they will significantly increase the military’s logistics and support network. As a senior Chinese officer in Djibouti put it, China is shifting “away from a focus on accompanying replenishment ships … to a new model focused on overseas base support supplemented by other ports.”194 A growing network of Chinese-operated ports sets the stage for the PLAN’s transition to a blue water, far-seas force. And it may open the door to further deployments of PLA troops overseas as the network solidifies.

Across multiple domains, Beijing is amassing levers of influence to be able to operate in a more favorable strategic environment.

While they are not military bases, the strategic strongpoints located on either side of the Malacca Straits – Myanmar’s Kyaukphyu Port and Cambodia’s Koh Kong Port – would provide the PLA with greater capabilities to address its Malacca Dilemma. Bolstered by existing military platforms in the South China Sea, these two ports better position Beijing to challenge transiting military vessels.195 Strategic strongpoints in the Indian Ocean and South Asia give Beijing broader capabilities to protect vital SLOCs and support counterterrorism or other operations to protect its overseas interests. These and other ports operated by Chinese companies serve as useful platforms to collect intelligence on the U.S. Navy and allied military assets. And their utility as C4ISR platforms will increase with the deployment of Digital Silk Road technology, the Beidou Satellite Network, and the development of Smart Ports.

In China’s integrated strategy, these platforms not only link its military, intelligence, and digital missions with key commercial and political functions but also carry important symbolic impact. The establishment of the Logistics Support Facility in Djibouti served to signal Beijing’s abiding interest in Africa – and to demonstrate Beijing’s willingness to protect its investments. The same logic applies in South and Southeast Asia. For Koh Kong Port in Cambodia to evolve along the lines of Djibouti to become more explicitly a support hub for the PLAN would be an intimidating signal to Southeast Asia that “resistance is futile.”

All of these attributes give China some degree of leverage, particularly over BRI project host states. Growing arms sales and the appetite for Chinese technology will only augment its influence. Given
China’s strategic aspirations and the increasingly hostile character of U.S.-China competition, it stands to reason that Beijing may seek to use these levers in an attempt to weaken U.S. leadership, the alliance structure, diplomatic standing, and other states’ willingness to support the United States. And in light of geography and the U.S. military’s reliance on access throughout the Indo-Pacific, a growing reluctance by regional states to support or even permit transits by American assets would have a detrimental effect on U.S. security interests.

China’s influence activities have already begun to have a measurable impact on U.S. defense interests and relationships, particularly in Southeast Asia. In January 2017, Cambodia notified the United States that it would be suspending Angkor Sentinel, the annual bilateral military exercise. Later that year, it postponed indefinitely the U.S. Navy Seabees’ humanitarian mission. These and other acts of disengagement from the United States and its allies came on the heels of the largest-ever Sino-Cambodian military joint exercise, as well as a visit by Xi Jinping, who delivered $89 million in debt forgiveness, $238 million in soft loans, $15 million in military aid, and later a $150 million grant for a new stadium in the capital.196

An even sharper signal was Cambodia’s decision in June 2019 to terminate plans for the U.S. Navy to refurbish a facility it had previously built at Ream Naval Base. This sparked concern that Cambodia might instead seek to authorize a Chinese presence at the base.197 Later that month, reports emerged claiming that China and Cambodia had signed a secret agreement that would allow for the PLA to use the base for 30 years for military personnel, troops, vessels, and weapons storage.198 Despite Cambodian government denials, suspicions were raised even further by high-level PLA delegation visits and the crash of a Chinese surveillance drone in the neighboring province.199

Nearby in the Philippines, China’s influence has grown significantly at the expense of the United States. Prior to Duterte assuming the presidency, the U.S.-Philippines alliance reached a high point in 2014 when the two countries signed the Enhanced Defense Cooperation Agreement, which allowed for the prepositioning of supplies and granted U.S. access to Philippine bases. However, following the election of Duterte in 2016, both bilateral trade and Chinese FDI to the Philippines began to surge. During Duterte’s first state visit to China in 2016, Xi offered $24 billion in aid and development funds.200 China has subsequently committed investments totaling roughly $45 billion.201 While only a small percentage has been implemented to date, the promise of Chinese investment has clearly drawn political concessions from the Philippines.202 Duterte elevated defense ties following a $500 million defense procurement loan from China in 2017. The two countries held their first-ever naval exercise in 2018. PLAN ships have also stepped up their port calls in the Philippines and have visited the Davao Port in Duterte’s hometown multiple times. In
the same period, U.S.-Philippines defense ties have suffered, with the cancellation of joint patrols in the South China Sea and the denial of port access for resupplies and repairs to U.S. Navy vessels undertaking freedom of navigation operations.\footnote{The downward spiral culminated in Duterte's shocking announcement in early 2020 of his decision to terminate the visiting forces agreement (VFA) that permits the stationing of U.S. forces. The announcement seemed to signal a diminution of U.S. regional influence in contrast to China's growing stature. And although that cancellation has since been “suspended” (not rescinded), it represents an immense threat to U.S. defense interests. Were it to take effect, innumerable U.S. military exercises and operations would be put at risk. Should the United States lose access to the Philippines, U.S. military facilities closest to the South China Sea would be more than 1,000 miles away in Okinawa.\footnote{Losing access to the Philippines as a forward operating location and supply depot would cause significant operational challenges and undermine American deterrence.}

U.S. relations with Thailand, a historic treaty ally, soured following the 2014 military coup. Restrictions under U.S. law limited defense cooperation until democracy was restored. As the United States scaled down its annual Cobra Gold military exercises with Thailand in 2015, the PLAAF and the Thai air force launched their first-ever joint exercise. Since then, the two militaries have held more than five bilateral exercises spanning the services and types.\footnote{China has also emerged as a key arms supplier for Bangkok. Following the coup, the two countries have signed 10 major arms deals, including Thailand's largest defense purchase: $1.03 billion for three submarines and 48 battle tanks.\footnote{Reflecting these growing defense ties, Thailand's Defense Technology Institute and China will set up a joint facility to produce Chinese weapons for the Thai army.}}

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Beijing’s growing influence in Thailand raises military concerns for the United States well beyond weapons sales and joint exercises. Growing numbers of Thai military officers are being trained in China, and fewer in the United States. Thailand has enlisted Chinese help to construct submarine facilities at Sattahip Naval Base and will grant PLAN access there. Sattahip has traditionally been a U.S. Navy port of call, so a PLA presence there elevates intelligence and other risks to visiting U.S. ships.\footnote{Thailand's U-Tapao Airfield is an important logistics hub for U.S. forces, but instances have increased in which Bangkok denied access to the U.S. Air Force to accommodate its neighbors. One such example in 2017 was its refusal to allow humanitarian operations to assist the Rohingya in deference to the Burmese military. Will the Thai military similarly be inclined to oblige China, particularly against the backdrop of a growing reliance for arms and training? If so, the ability of the United States to respond in a crisis involving China will be significantly impaired.}

In Central Asia, Beijing has stepped up its engagement, recently overtaking Russia as the top source of FDI, and China’s influence in the region has grown significantly over the past decade. Beijing has framed BRI investments in Central Asia, across the border from Xinjiang province, as intended to address the threat of Islamic terrorism and separatism. Chinese investments in numerous BRI projects in Tajikistan in particular have allowed its government to avoid bankruptcy as the country’s debt surges.\footnote{Fifty-two percent of Tajikistan's foreign debt is now owed to China. While BRI projects have raised
concerns over the implications of Tajikistan’s debt, more striking are the signs of China’s expanding military presence in the country, including the construction of military facilities. Beijing has strengthened overall defense relations with Tajikistan, increasingly holding bilateral and multilateral military exercises and training. Beijing committed to fund and build a military training center and threw in a $19 million grant to build an officers’ club.\(^{211}\)

More significant is the large Chinese military facility that has been built in close proximity to Afghanistan’s Wakhan Corridor. Currently staffed by the paramilitary police wing of the PLA, the facility is capable of hosting a battalion-sized force and light infantry, although Chinese officials have alternately denied its existence and claimed it was developed for training and logistics purposes.\(^{212}\) In addition, a series of secret bilateral agreements in 2015–2016 provided Beijing with the rights to build or refurbish 30 to 40 guard posts on the Tajik border with Afghanistan.\(^{213}\) A Tajik official acknowledged that in parts of the country, “the Chinese have taken over border control, completely … they patrol on their own.”\(^{214}\) The expansion of Chinese military presence in Tajikistan, and more broadly in Central Asia, serves strategic purposes well beyond the protection of vulnerable BRI installations. One such purpose is clearly counterterrorism. But another would appear to be aimed at positioning itself to take maximum advantage as the U.S. withdraws from Afghanistan.

Beyond the establishment of military facilities and dual-use infrastructure, Beijing’s BRI investments and diplomatic outreach serve to degrade or impede U.S. power projection in the region by complicating things like port access, even in allied and partner states. China’s acquisition in 2015 of a 99-year lease to operate Australia’s strategically situated Darwin Port abruptly raised security concerns for Washington. Darwin hosts a rotational U.S. Marine Expeditionary Unit (MEU) for six months of joint training with Australian forces each year. The 1,700-strong MEU includes America’s most capable aviation combat elements and was in line for a state-of-the-art amphibious assault ship.\(^{215}\) An Australian Senate report on the deal flagged concerns that China’s operational control of the port could facilitate intelligence collection on U.S. and Australian military forces stationed nearby.”\(^{216}\) Some military officials have expressed concern that beyond espionage, U.S. naval vessels could be subject to cyberattacks and sabotage.\(^{217}\) Whether or not such attacks actually take place, China will have gained an advantage if U.S. military planners were to reconsider deployment of advanced ships and planes to Northern Australia.

Farther afield, the Shanghai International Port Group won the bid to operate Israel’s Haifa Port’s container terminal for 25 years beginning in 2021.\(^{218}\) The port, Israel’s largest, frequently hosts U.S.-Israeli naval drills and port of calls for U.S. Navy vessels. The Pentagon reportedly warned the government of Israel that the United States might have to readjust its usage of the port.\(^{219}\) Chinese SOEs also operate major ports in the UAE, Oman, Saudi Arabia, and Egypt, further narrowing the low-risk options available to U.S. Navy ships in need of port facilities.\(^{220}\) But beyond risks like espionage and sabotage, and
beyond ports operated by Chinese SOEs, lies the concern that traditional U.S. partners may be increasingly inclined to hedge their past high levels of support.

Singapore, a close military partner although not a treaty ally, offers a cautionary example. Changi Naval Base is an important logistics hub for the U.S. Seventh Fleet and home to an ultramodern U.S. Navy littoral combat ship. When Singapore renewed its defense agreement with the United States in September 2019, thereby allowing continued U.S. military access to Singapore’s important air and naval bases, the government of Singapore did something noteworthy. During a visit to Beijing by Singapore's defense minister, the two countries signed an enhanced defense agreement that includes a visiting forces agreement and a mutual logistics support arrangement and boosts bilateral military exercises. What is striking is not merely that this was the first upgrade since bilateral military relations were formally established in 2008, or that it followed a spate of incidents such as China's seizure of Singapore military vehicles following an exercise with Taiwan. The Singapore government’s decision to balance an upgrade of military cooperation with Washington with a corresponding agreement with Beijing shows a degree of hedging by a U.S. security partner reflecting the inroads China is making in the wider region. Singapore officials privately acknowledge “placating” Beijing’s irritation over the city-state's support for the U.S. military by offering comparable benefits to the PLA.

Even long-standing mutual defense treaties are not ironclad guarantees that the U.S. military would be provided operational access to the territory of an ally in a time of crisis. That China’s influence is rising in the Philippines and Thailand calls into question their willingness to provide access to U.S. forces in a crisis involving China. Hedging by American allies or security partners will create increased obstacles to the ability of the United States to effectively deploy force in the region, eroding deterrence and limiting options. Eroding America’s ability to intervene in PLA operations in the Indo-Pacific is in line with Beijing’s strategy. In lieu of a string of expensive overseas military bases of its own, Beijing is using its economic weight and other forms of leverage with third countries to raise the cost of providing access or support to the United States – thereby raising the cost to the United States of military operation or intervention in the Indo-Pacific.

China has also established or co-opted regional and multilateral security organizations that exclude the United States. It uses platforms such as the SCO, the Conference on Interaction and Confidence-Building Measures, and the Xiangshan Forum to push a narrative of anachronistic U.S. alliances that undercut common security and violate sacrosanct principles of state sovereignty and political noninterference. This narrative aims to shield Beijing (and other governments) from international pressure or criticism, particularly in connection with dispute settlement as the world saw with the International Tribunal for the Law of the Sea ruling against China on the South China Sea.
Since the end of World War II, the U.S. Navy has been able to operate largely unimpeded in international waters. The U.S. military has been able to deploy ships, planes, and troops to far-flung shores with minimal concern over the ability of these assets to obtain permissions and support. However, the development of Chinese strategic strongpoints and Beijing’s greater overall leverage suggest that the United States is losing the level of unfettered access that it has long enjoyed. Retired Rear Admiral Mike McDevitt wrote of the Djibouti Logistics Support Facility, “U.S. authorities can no longer assume unencumbered freedom to posture U.S. naval forces off Middle East and East African hotspots if Chinese interests are involved and differ from Washington’s.” If China’s port projects in Cambodia and Myanmar continue to develop as strategic strongpoints, these nodes will over time bolster the PLA’s ability to reduce or deny U.S. access to key waterways and challenge the ability of the U.S. Navy to operate in the Gulf of Thailand, the Malacca Straits, and the Bay of Bengal.

Perhaps even more concerning is the prospect for the United States that the Philippines, Thailand, or Singapore might balk at granting U.S. access to military bases and facilities in a time of heightened tensions between Washington and Beijing for fear of angering China. This would substantially limit operational flexibility, disrupting the U.S. Navy’s logistics chain and detrimentally impacting American force readiness. If the Philippines were to follow through with the threat to cancel the VFA with the United States, U.S. forces in the South China Sea would have to travel 1,000 miles or more to resupply and refuel. The risk, therefore, is that the multiple components of the BRI in tandem with other forms of Chinese engagement will create a strategic ecosystem in the Indo-Pacific that favors China and diminishes America’s advantages. In particular, this ecosystem seems likely to impede potential intervention in the region, particularly in a crisis when third countries may be especially averse to taking actions that China would oppose.

It is by no means all smooth sailing for the Chinese strategy – several BRI host countries including Sri Lanka, Myanmar, and Cambodia have openly rejected the idea of a Chinese military presence in their country. Even Pakistan dismissed as propaganda the notion that Gwadar was being developed as a Chinese military base. To some extent, China’s creeping incrementalism reflects the barriers to expanded PLA presence – making a virtue of necessity. The PLA also faces obstacles from Chinese contractors who evade or ignore the rules on building to military standards. PLA analysts have warned that widespread failure to implement regulations on port construction impedes the ability of the PLA to utilize these infrastructure assets.
IX. CONCLUSION

BEIJING’S NOMINALLY COMMERCIAL BRI INVESTMENTS, PARTICULARLY IN PORT INFRASTRUCTURE AND DIGITAL PROJECTS, DIRECTLY FACILITATE CHINA’S TRANSITION TO A STRONG MARITIME POWER AND PROVIDE THE PLA WITH STRATEGIC ASSETS TO SUPPORT ITS PRIORITIES. Despite its branding as an economic and development initiative, the BRI is in fact the embodiment of a whole-of-government effort to develop the “close coordination between military struggle and political, diplomatic, economic, cultural and legal endeavors” that Xi Jinping has called for to foster a strategic environment conducive to China’s rise.\textsuperscript{228} Integrating the civilian and military sectors is a pillar of China’s defense policy strategic framework. It allows China to obtain benefits from national defense resources in peacetime and from civilian infrastructure projects in the event of conflict.\textsuperscript{229} Given that Xi Jinping has championed the “unified military-civil system of strategic capability,”\textsuperscript{230} it should come as little surprise that major components of BRI infrastructure, including the port-park-city model, the Digital Silk Road, and the BRI Space Information Corridor, are designed with dual-use features that bolster a range of potential military and intelligence capabilities.

Beijing’s ‘win-win’ rhetoric about the peaceful nature of BRI notwithstanding … it is developing a network of “strategic strongpoints” that can significantly raise the costs of any U.S. military intervention and lower the willingness of BRI host governments to offer access or assistance to the U.S.

This network, embedding the military within the civilian, harnesses financial, technological, trade, and development tools in service of strategic and defense goals. It directly supports PLA power projection through enhanced operational, logistics, and information network capabilities centered on BRI platforms. It aims at creating an environment conducive to China’s interests and inhospitable to America’s. The gains to China from BRI-related leverage come largely at the expense of the United States. They are, as a former U.S. defense official put it, “a suite of capabilities that are intended, clearly … to defeat American … power projection.”\textsuperscript{231}

China’s technological exports under the Digital Silk Road and widespread adoption of the Beidou Satellite Network are important components of this “suite of capabilities.” When Chinese technologies such as fiber-optic cables and 5G networks are baked into BRI packages, host states’ de facto reliance on Chinese companies increases exponentially.\textsuperscript{232} And in addition to promoting digital governance with Chinese characteristics, the spread of Chinese technology, particularly tools for surveillance and repres-
sion, favors authoritarian regimes – governments with which Washington is more likely to clash over undemocratic behavior. Not only does this disadvantage the United States and its companies, it also strengthens China’s ability to seize and cement advantages by setting the standards for next-generation technology. Thus far, U.S. countermeasures like the Digital Connectivity and Cybersecurity Partnership announced in 2018 with a modest $25 million budget are woefully inadequate.

The nascent trend seems to be towards an increasingly Chinese dominated political, economic, technological, and strategic ecosystem in the Indo-Pacific. If there is a challenge posed by BRI for the United States, therefore, it lies not in enhanced PLA capabilities per se, but in Beijing’s enhanced ability to project its sovereignty, rules, or undue influence over international space based on a unilateral assertion of “core interests.” The exercise of this power will challenge the U.S.-led open, rules-based international order. Should Beijing be successful in leveraging BRI for preeminence in Asia, America’s role as the guarantor of regional peace and stability would be undermined.

Movement toward a Sino-centric regional ecosystem represents a fundamental change in the regional balance of power between China and the United States; there have been echoes of a “sphere of influence” strategy in Xi Jinping’s public statements calling for “Asia for Asians.” It is implicit in his pledge to build a “new architecture of regional security cooperation that reflects Asian needs.” And China’s creation of regional multilateral fora that exclude the United States indicates that it is laying the foundation for a more China-centric regional security and economic order. This in turn would have significant implications for the international rules-based order.

It is by no means a forgone conclusion that this nascent ecosystem underpinned by the BRI will ultimately be realized. It is true that U.S. policies and diminished diplomatic engagement in the region over the past several years have not aided America’s cause. Yet Beijing confronts a range of countervailing forces that could derail its plans. The CCP is not offering a global vision that other countries seem eager to embrace. China’s double-digit growth has steadily slowed and the aftereffects of the COVID-19 pandemic reduce the resources that Beijing can bring to bear. China’s economic conditions are vastly different today than in the BRI’s first five years, making it unclear how financially and politically feasible it will be for Beijing to pump massive capital into the initiative. BRI projects have rarely proven commercially profitable, and the global economy, ravaged by the pandemic, exacerbates this problem. Despite the drums of increasing military-civilian fusion, developers in some cases have either not followed or cut corners in port construction resulting in maritime assets that may not meet PLA standards.

Some BRI projects have been halted or scrapped, and others will languish on the drawing board as host countries retrench financially. Many BRI states are unable to service their existing debts to China, presenting China with an unpalatable choice between the expensive options of debt forgiveness or restructuring at a time when China’s own economy is distressed versus pressing for repayment or another form of compensation – risking criticism for “debt-trap diplomacy” and local backlash. While China has gone along with a temporary G-20 moratorium on debt service payments by the world’s
poorest countries, mostly in Africa, it does not have a similar policy on BRI debt. Pakistan, which has already requested relief on $30 billion in loans, is a high-risk borrower according to OECD classification. So too are other major BRI host countries such as Laos, Sri Lanka, and Bangladesh. Chinese officials, acknowledging that debt relief is not simple, have ruled it out for preferential loans made by China’s Export-Import Bank, which has financed more than 1,800 BRI projects worth an estimated $149 billion. Other officials have cautioned that “BRI loans are not foreign aid” and made clear that China expects to recoup its principal plus at least modest interest.

Beijing’s BRI projects have long since sparked concerns in host countries over issues ranging from corruption and land grabs to environmental damage and work rights and safety. Assertive Chinese behavior toward neighbors over territorial disputes has generated mistrust and resentment in the region. Heavy-handed Wolf Warrior diplomacy has undercut China’s claim to be a benevolent and peaceful rising power. Exploitative behavior by Chinese companies in Africa has fueled resentment and, in some cases, a violent backlash against Chinese workers. It stands to reason, therefore, that a hard push by Beijing on debt repayment by cash-strapped states in a global recession caused by a pandemic that originated in China is unlikely to sit well with partner countries and could undermine both China’s image and its strategy.

Criticism of the BRI emanates not only from project hosts and concerned states but also more frequently from the Chinese population itself. As China’s economy suffers and its population feels the pinch from the U.S.-China trade war and the fallout from COVID-19, Chinese citizens have increasingly taken to the Internet to voice their displeasure of these loss-making grand projects. Numerous Chinese academics, economists, and businesspeople have argued that the resources being dedicated to the BRI could be put to better use at home.

Whether China can effectively “weaponize” the BRI by creating a Sino-centric ecosystem of trade, technology, finance, and strategic strongpoints – undermining American influence and role as a security guarantor – will be a function of Beijing’s choices – and those made in Washington as well. America’s ability to serve as an active and credible partner across multiple sectors and regions seems a necessary precondition for BRI target countries to resist the Chinese carrots-and-sticks strategy. It will also be a function of the ability of likeminded Indo-Pacific states including Japan, Australia, India, and ASEAN partners to contribute and provide practical alternatives to what China is offering.
X. AFTERWORD: FRAMING A U.S. RESPONSE

WHAT DOES ALL THIS MEAN FOR THE UNITED STATES? There is still abundant opportunity for the United States to compete – and out compete – China for access, influence, and credibility in the Indo-Pacific. Despite making inroads, Beijing has frequently demonstrated that its own missteps can slow down or set back its strategic momentum. China’s rise has not generated unalloyed warm and fuzzy feelings toward Beijing. Polls show significant concern over its growing influence, not only among Asian neighbors but also in many parts of the world. In Southeast Asia, 72 percent of respondents viewed China as the most influential economic and political power, but more than 85 percent expressed concern about that.\(^{242}\) Public protests and pushback against China in BRI countries have increased, particularly in the wake of COVID-19, despite China’s vigorous attempts at facemask diplomacy.

At a bare minimum, the United States seeks to ensure that its commercial and military vessels are not denied essential services and access, and that the U.S. military maintains the ability to operate unimpeded, to make port calls, and to conduct other activities throughout the Indo-Pacific. America’s resolve to “fly, sail and operate wherever international law allows,” in the words of former Defense Secretary Ash Carter, depends to a large degree on the continued readiness of governments to provide support ranging from overflight permission to ship husbanding to stationing of forces agreements.\(^{243}\) The reliable support and ready access that the United States has long enjoyed will be harder to obtain in a region more heavily dependent on China.

But the problem presented by China’s weaponization of the BRI is not primarily a military one, and its solution cannot be primarily military either. No American institution is more cognizant of this fact than the U.S. military itself, whose “DIME” doctrine stipulates four major interdependent sources of national power – diplomacy, information, military, and economics. Thus diplomacy, trade and investment, technology, educational exchange, legal instruments, and the free flow of ideas and data are all vital tools in restoring and maintaining American access and influence.

Public polling and other indicators make clear a widespread desire in East and South Asia for the United States to serve as a reliable balancer and stabilizing force. But many countries in the region will adapt to or even adopt a Sino-centric arrangement if they do not perceive a consistent, coherent, credible, comprehensive, and collaborative U.S. strategy in Asia. To date, the gulf between the ambitious rhetoric of a Free and Open Indo-Pacific (FOIP) and its grossly underfunded application has been too great to offset the huge strides made by China through the various Belt and Road initiatives. Admiral Davidson, commander of the U.S. Indo-Pacific Command, warned Congress in his March 2020 report that the United States currently lacks the capabilities and resources necessary to implement even the U.S. National Defense Strategy, let alone the broader FOIP agenda.\(^{244}\)

Supporting a Free and Open Indo-Pacific would require the United States and its partners to create a credible alternative to what China is offering through a sustained and robust level of American engagement across diplomatic, economic, military, and other domains with countries in the Indo-Pacific. This
is essential in fostering an environment in which regional states have viable alternatives and can make their own choices. Even countries that may fear or resent China cannot reasonably be expected to resist without some measure of confidence that the United States is dependably committed to offer adequate alternatives and/or deter retaliation from Beijing. In the immortal words of Will Rogers, “you can’t beat something with nothing.”

The United States need not and should not seek to balance China alone. Neighboring democracies such as India, Japan, Australia, and Canada, as well as regional actors like ASEAN, share an interest in setting limits on the military and coercive advantages that are core to China’s strategic pursuit of its BRI-based ecosystem. Likeminded states are natural partners if they have adequate faith that Washington actually knows what it is doing and is acting in the larger interest. In the infrastructure space, one small step toward collaboration was the 2019 launch of the Blue Dot Network, a trilateral partnership between the United States, Japan, and Australia to certify infrastructure projects as a means of promoting international standards and private investment. However, certifying infrastructure projects is a far cry from funding them, and the absence of major players such as India diminishes the network’s impact.

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In the immortal words of Will Rogers, “you can’t beat something with nothing.”

India’s ambivalence toward the Quadrilateral Security Dialogue (the Quad) presents a similar problem in the security sphere. The United States, Japan, Australia, and India resumed this dialogue in 2017 and held their first counterterrorism exercise in 2019. Another innovation was beginning a Quad-Plus Dialogue with Vietnam, South Korea, and New Zealand on COVID-19. However, India’s chronic reluctance to fully participate in the Quad has stymied its growth as a platform for significant policy or operational security cooperation among like-minded states. It remains to be seen if the uptick in Sino-Indian friction along their disputed border has the effect of overcoming India’s reticence toward joint exercises, training, or military operations.

One pitfall to be avoided, however, is reliance on “anti-China” as an organizing principle for collaboration. Few countries believe they can afford to be seen joining a bloc aimed at containing or undermining China when geography or commercial interests require them to maintain at least a nominally cordial relationship with the leadership in Beijing. Conversely, the Trans-Pacific Partnership experience offers a lesson in the “sticky” power of affirmative goals. By aiming to put in place high-standard trade rules suitable for the digital age, the United States and its partners created powerful positive momentum that attracted others – recently including China itself.

Third-country qualms about joining with the United States in support of regional norms and balance are magnified by overt U.S.-China rivalry. Asian nations openly object to being forced to choose sides and are equally clear about their fear of being caught in major power crossfire. While they may accept that competition between the United States and China is inevitable, and at times relish resolute U.S. pushback against Chinese assertiveness, they react badly to a bellicose narrative that paints the Indo-Pacific as a zero-sum game between the United States and China. Governments are more inclined to keep their heads down than to openly align with Washington when Sino-American relations turn acrimonious.
In addition, as China grows and disperses its military assets more widely, including through integrated BRI platforms, contact between the PLA and United States or allied military forces is bound to increase. Unplanned and unsafe encounters in the air and sea carry significant risk of an incident becoming a crisis and a crisis leading to conflict. This argues for a resumption of the U.S.-China strategic consultation mechanisms that have fallen into disuse. U.S. and Chinese officials in the past have often pointed to bilateral military-to-military channels as both a circuit breaker against escalation and a stabilizing factor in the relationship.

As this report has shown, investment in infrastructure has been a central device for China to gain influence and develop a permissive environment for PLA operations and strategic advantage. So how can the United States compete? After all, it is not feasible for the United States to muster the resources sufficient to match China’s BRI investments. Experience shows no amount of urging infrastructure-hungry governments in developing countries to reject BRI projects is effective in the absence of affordable alternatives. And while Washington has worked to leverage the private sector rather than directly finance projects, it lacks the ability to direct U.S. companies to make investments and develop competitive projects in the Indo-Pacific for strategic advantage.

Japan and India have each shown themselves to be competitive in infrastructure development in Southeast and South Asia, respectively, and greater coordination with the United States can enhance that. Developing and emerging economies hosting BRI projects often lack the financial and human resource capacity to adequately conduct project due diligence. U.S. government agencies, multilateral institutions like the World Bank, and private companies can provide a range of technical assistance and advisory services to governments and stakeholders on how to design and retain control of BRI infrastructure in their own country. This approach has already proven effective in Southeast Asia where the U.S. government has contributed to the successful revamping of several infrastructure projects and the formation of national development strategies. Programs like the U.S. International Development Finance Corporation (USIDFC) can be expanded to provide technical assistance, make equity investments, and offer more private sector and market-driven alternatives to Beijing’s state-centric development model. Ultimately, even if Chinese companies are building and managing ports and other projects, the pernicious levers of corruption and excessive debt can be removed if the contracts and processes can be made to international standards of transparency, sustainability, and local control.

Beyond infrastructure is official development assistance (ODA). China’s ODA spending, modest compared to its official financial investment in BRI projects, is principally focused on Africa. The United States and its allies, however, collectively wield immense aid resources. Improved and better-focused donor coordination, therefore, could magnify the impact in the Indo-Pacific. India, while a net recipient of ODA, still manages to provide substantial assistance to neighbors through technical cooperation and loans and through international organizations. Japan is the world’s largest provider of aid to Asia;
in addition to bilateral assistance, its contributions to multilateral aid organizations is continuing to expand.\textsuperscript{250} Australia, with a smaller economy, also spends a significant amount in development assistance, primarily focused on the Pacific Islands. South Korea spends an equivalent amount and has committed to increasing its ODA to ASEAN countries. The United States, however, ranks only 23rd out of the 30 OECD countries in terms of its ODA as a percentage of gross national income. Even in the current COVID-induced recession, there is room to increase U.S. development aid for the region.

Other valuable forms of assistance include training programs that cultivate military and civilian leaders. U.S. national security practitioners have long recognized the value of international military education training (IMET) programs in strengthening partnerships. The geostrategic significance of the Indo-Pacific is not reflected in the allocation of IMET funding. In fiscal year 2020, the entire Indo-Pacific region received less than 20 percent of IMET’s budget.\textsuperscript{251} Scaling up IMET spending would appear a logical and urgent step to reinforce U.S. military ties with the region.

Beyond the military domain, people-focused activities are critical “smart power” tools that enhance U.S. influence and strengthen bilateral ties. Investing in training and exchange programs build on a strong base of American soft power. Innovative people-to-people programs such as the Young Southeast Asian Leaders Initiative generate goodwill and support for the United States from all sectors of society. Similarly, academic exchanges like the Fulbright Programs in Asia have proven to be highly cost-effective tools for promoting American values and national interests. Yet while China has boosted the number of foreign students in its schools to nearly half a million – the majority subsidized by the Chinese government – the administration’s FY 2021 budget proposes to cut educational and cultural exchanges by almost 60 percent.\textsuperscript{252}

The U.S. abandonment of the high-standard Trans-Pacific-Partnership and its non-participation in the Regional Comprehensive Economic Partnership guarantee a diminished American profile in the economic life of the Indo-Pacific. China is the leading trade partner of nearly all states in the Indo-Pacific and is poised to take advantage of the U.S. absence from multilateral trade agreements.\textsuperscript{253} Although the U.S. stock of FDI into the Indo-Pacific remains many times higher than that of China, regional states increasingly perceive China as the preeminent economic power to the detriment of the United States.\textsuperscript{254} The United States and most free market governments also operate under a structural disadvantage in lacking SOEs that can be directed to invest for strategic, rather than commercial, reasons. However, there are ways to encourage trade and investment in strategically important countries and regions. In addition to the USIDFC, these tools include facilitating high-level business delegations by making them a part of a presidential visit or hosting entrepreneurship summits that bring together American and regional start-ups, which proved successful during the Obama administration.

And last but not least is diplomacy. Former Defense Secretary Jim Mattis famously told members of Congress that if they did not fund the State Department fully, he would need to buy more bullets. Active diplomacy, bilateral and multilateral, is vital to sustain balance in the region. Vacant ambassado-
rial positions need to be filled. High-level representation and active engagement are absolute necessities in regional fora like Asia-Pacific Economic Cooperation, ASEAN, or the East Asia Summit, as well as in subregional organizations including the Lower Mekong Initiative and the Indian Ocean Rim Association. These meetings and organizations offer the U.S. government the opportunity to showcase the American option, challenge Chinese messaging, and strengthen regional relations and U.S. influence. Sustained, high-level participation represents a critical investment in the international rules-based order.

Needless to say, America’s ability to outcompete China in a contest for sustained access and support in the Indo-Pacific region is undermined by avoidable quarrels with allies over trade disputes or financial support for bases – issues that can and should be resolved through normal negotiations. Nor should diplomacy with China itself be abandoned. Sustained and high-level strategic dialogue is an indispensable tool for setting limits, deterring challenges, dispelling misconceptions, building confidence, and reducing risk. And functioning military-to-military dialogue at multiple levels is essential for crisis prevention and crisis management. These are not tools that the United States can afford to discard.
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