**China’s Grand Strategy: Coordinating the Belt and Road Initiative**

**Olivia Cheung[[1]](#footnote-1)**

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**Introduction**

Does China have a grand strategy? Many argue that China does, and that it is none other than the Belt and Road Initiative (BRI), which is constructing infrastructure and trade networks connecting Asia, Europe and Africa along and beyond the ancient silk road. It is an expression of China’s perception of strategic interests and a solution to secure those interests. It creates vast markets to address China’s overcapacity in production. It accelerates the internationalisation of the Chinese yuan. It generates unparalleled economic opportunities for China’s Western, Central and North-eastern regions. The new energy routes that are being built under the BRI will mitigate the consequences of a possible US naval blockade of the Straits of Malacca where over 80% of China’s energy supply passes. The BRI is an ambitious, comprehensive and sophisticated grand strategy.[[2]](#footnote-2)

However, the scale of the BRI anticipates difficulties. More than five years have passed since the BRI was launched. Suspicions about China’s intentions are on the rise. Back in 2013, when Chinese President Xi Jinping announced the BRI, he invoked the imagery of the ancient Silk Road to refer to a spirit of international cooperation and co-prosperity. Sceptics, however, perceive a tributary relationship between the Chinese and its vassal states. They are wary that the BRI will be an aggressive update of the ancient Sinocentric world order for the 21st century. US Secretary of State Mike Pompeo warned about China’s “debt trap diplomacy.”

The challenges to the BRI have not been talked about in public. Some of these include how a number of countries are scaling back, suspending, or cancelling their BRI contracts signed with China. They are worried of the possibility of losing control over strategic assets in the case of defaulting payment of Chinese loans.[[3]](#footnote-3) There are not only international by also domestic challenges to the BRI.

**Domestic challenges**

The challenges that the BRI faces at home are less known in the press. China is not a unitary actor. The implementation of the BRI is a massive coordination challenge, which has proven to be difficult. In a somewhat spontaneous and disorderly fashion, provinces partner with various central ministries, individual leaders and state-owned enterprises to scramble for national resources for their pet projects, which are now branded as part of the BRI. These provinces even include Hebei, Shanxi, Jiangsu and Guizhou, which are excluded from the national BRI blueprint. Some of these projects are found to be uneconomical, promoting narrowly-defined local politico-business interests above all else.[[4]](#footnote-4)

How can Beijing resolve the domestic coordination challenges for the BRI? City-clusters may

provide the best solution. The Chinese government’s 13th Five-Year Plan for Economic and

Social Development (2016–2020) announced the plan to build nineteen city-clusters. Each

cluster was named and demarcated by Beijing. It comprises of three to ten provinces, provincial level municipalities and cities of various sizes in close proximity to each other.[[5]](#footnote-5) At a central economic work conference in 2014, Xi told cadres that the construction of the Belt and Road, the co-development of Jingjinji (a city-cluster formed of Beijing, Tianjin and Hebei), and the economic development of the Yangtze Economic Belt (the largest city-cluster) are “three big strategies” on a national level.[[6]](#footnote-6) City-clusters are tasked to coordinate infrastructure and industrial labour division. This is being done under new institutional mechanisms that are created by Beijing specifically for these purposes.[[7]](#footnote-7) This centrally-instigated collaboration trend is a countervailing force to curb the chaotic provincial competition for national resources. More broadly speaking, city-clusters are systematically chosen nodal points for integrating the vast Chinese market with the BRI’s economic corridors. Intra-cluster infrastructure coordination aims to create efficient and convenient logistical hubs that are linked to the new trade routes. Intra-cluster industrial labour division involves removing internal trade barriers, and thus unifies the disparate domestic markets. Moreover, it requires the relocation of low value-added manufacturing from the more developed to less developed regions within the cluster, so as to free up scarce space for the former to undertake industrial upgrading. These massive transformations will increase China’s competitiveness in the global production value chains that are being expanded under the BRI.

**Conclusion**

The BRI is a complex and comprehensive plan for development not only without but within

China as well. The solution of city clusters offers an interesting perspective on sharing of

natural resources between developed and developing provinces.

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1. Teaching Fellow in East Asian Politics and International Relations, Department of Politics and International Studies, University of Warwick. Email: Olivia.Cheung@warwick.ac.uk. [↑](#footnote-ref-1)
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