

**CHINA IN ASIA: A STUDY ON
ONE BELT, ONE ROAD AND
ASIA INFRASTRUCTURE INVESTMENT BANK**

*Dissertation submitted to Jawaharlal Nehru University
for award of the degree of*

MASTER OF PHILOSOPHY

HEABIN SONG



Chinese Studies Division
Centre for East Asian Studies
School of International Studies
JAWAHARLAL NEHRU UNIVERSITY
New Delhi – 110067
2016 Acknowledgements



जवाहरलाल नेहरू विश्वविद्यालय
CENTRE FOR EAST ASIAN STUDIES

SCHOOL OF INTERNATIONAL STUDIES-II
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI- 110 067 (INDIA)

Phone : 91-11-2670 4346
FAX : 91-11-2670 4346

Date: 26. 07. 2016

DECLARATION

I declare that the dissertation entitled “China in Asia: A Study on One Belt, One Road and Asia Infrastructure Investment Bank” submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

宋海彬

HEABIN SONG

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.

Prof. Srikanth Kondapalli
Chairperson, CEAS



Chairperson
Centre for East Asian Studies
School of International Studies
Jawaharlal Nehru University
New Delhi - 110067

Prof. Vraraprasad Sekhar Dolla
Supervisor



Supervisor
Centre For East Asian Studies
School of International Studies
Jawaharlal Nehru University
New Delhi - 110067

Acknowledgements

I take this opportunity with much pleasure to thank all the people who have helped me through the course of my journey towards producing this dissertation, to my education, and to my life, and this is the occasion to thank them.

First and foremost, I would take this opportunity to express my sincere and profound gratitude to my mentor Prof. Varaprasad Sekhar Dolla for introducing me into the “cell cycle checkpoint world” and offering his dexterous guidance. His scientific acumen strong determination, excellent knowledge and immense valuable ideas have been vital for me to take up this work. During our association of approximately two years, he always supported me with his constructive criticism and words of encouragement. He always praised my abilities to make me feel comfortable. It’s really proud to have teacher like him. I respect his vast knowledge and vision for the subject which is reflected in this study. I have been lucky to work under his unique guidance that develops a sense of sincerity and self confidence. Sir, I am very much thankful to you from the core of heart, without your guidance this dissertation would not have been possible.

I would also like to thank the Chairperson, Prof. Srikanth Kondapalli and other Professors who have taught me in my M.Phil programme. I take the opportunity to thank all the faculty of its Centre for East Asia Studies for their help whenever required. Being a student of JNU helped me to have an in-depth knowledge and gain great academic experience.

Additionally, I want to express my heartfelt thanks to my classmates and friends who have studied with me for two years in JNU. They have given me support and encouragement whenever I faced difficulties. I have been always impressed by their kindness and thoughtfulness and thereby felt I am one of the fortunate ones.

It is not possible for me to express gratitude to my parents, Choondong Song and Namsook Yom. Papa Mummy you are the best parents in the world. You are the best supporters and mentors of my life. Your wholehearted support and entire confidence

always provided great encouragement to me. It is my sincere gratitude to my elder sister Gabin Song, who has accomplished all my wishes, always supported and encouraged me.

Undoubtedly, no task can be accomplished without its blessing of God. Whatever I am today, it is all because of His blessing. It is impossible for me to write my gratefulness in words.

Contents

List of Graphs, Tables and Illustrations iii

Abbreviations iv-v

Chapter I: Introduction 1-8

1. Background
2. Review of Literature
3. Gaps in the Literature
4. Definition, Rationale and Scope of the Study
5. Research Questions
6. Hypotheses
7. Research Methods
8. Structure of the Study

Chapter II: China in Asia: Broad Contours 9-28

1. Introduction
2. China's Perspectives and Analysis of Asia
 - (a) Chinese Perspectives
 - (b) Asia as an Economic Hub
3. Chinese Strategies in Asia
 - (a) Neighbourhood Diplomacy
 - (b) Growth of Asian International Institutions: Two Giants of Asia Dance Together
4. Summary

Chapter III: One Belt, One Road: Building Bridges 29-57

1. Introduction
2. One Belt, One Road: Origin and Significance
 - (a) New Silk Road
 - (b) China's Diplomacy with Asian Countries: Six Economic Corridors
3. Challenges and Future Prospects of One Belt, One Road

- (a) Challenges
 - (b) Future of One Belt, One Road
4. Summary

Chapter IV: AIIB: Firming up Financial Hold58-72

- 1. Introduction
 - 2. Birth of AIIB: Infrastructure and Economic Development
 - 3. Significance of AIIB
 - 4. Future of AIIB
 - 5. Challenges and Criticism of AIIB
4. Summary

Chapter V: Conclusion73-76

***References*77-98**

List of Graphs, Tables and Illustrations

Graphs

Graph 1.1: Chinese GDP per capita, 1990-2015 (USD).....	11
Graph 1.2: Chinese GNP per capita, 1990-2015 (USD)	12
Graph 1.3: Chinese Exports by Region, 2008-2014 (USD Thousand)	16
Graph 1.4: Chinese Imports by Region, 2005-2014 (USD Thousand)	16
Graph 1.5: GDP per capita growth in ASEAN countries, 2005-2012	17
Graph 1.6: Initial Contribution of each BRICS member (USD billion)	26
Graph 4.1: ADB and Its Sectoral Allocation: Projections.....	60
Graph 4.2: Region-wise Distribute of ADBs Investment	60
Graph 4.3: AIIB's Share allocation (%)	62
Graph 4.4: AIIB's Calculation of donor contribution (%)	62
Graph 4.5: Voting Structure in the World Bank (%)	65
Graph 4.6: Voting Structure in the ADB (%)	65

Tables

Table 1.1: Chinese Leaders' visit to Southeast Asia, 2013-2014	21
Table.1 2: Chinese Leaders' visit to Central Asia, 2013-2014	22
Table 3.3: Chinese overseas port investment and development projects (Asia)	36
Table 3.4: Main contents of five major cooperation priorities	41

Illustrations

Illustration 3:1: TCR Outline	32
Illustration3 2: TMGR Outline	33
Illustration 3.3: TMR Outline	33
Illustration.3 4: China crude oil transportation network	47

Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AOA	Articles of Agreement
APEC	Asia Pacific Economic Cooperation
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BCIM	Bangladesh-China-India-Myanmar
BCIMEC	Bangladesh-China-India-Myanmar Economic Corridor
BRICS	Brazil, Russia, India, China and South Africa
CACF	China-Arab Cooperation Forum
CCCC	China Communications Construction Company Limited
CCWAEC	China-Central and West Asia Economic Corridor
CICPEC	China-Indo-China Peninsula Economic Corridor
CMREC	China-Mongolia-Russia Economic Corridor
CNM	Chief Negotiators' Meeting
CPI	Corruption Perceptions Index
EAC	East Asian Community
EAS	East Asia Summit
EEU	Eurasian Economic Union
FTA	Free Trade Agreement
GCC	China-Gulf Cooperation Council
ICRG	International Country Risk Guide
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
LAS	League of Arab States
NDB	New Development Bank
NELB	New Eurasian Land Bridge
NATO	North Atlantic Treaty Organisation
OBOR	One Belt, One Road
PFMs	Prospective Founding Members

SCO	Shanghai Cooperation Organisation
TCR	Trans-China Railway
TMGR	Trans-Mongolian Railway
TMR	Trans-Manchuria Railway

Chapter I.

INTRODUCTION

1. Background

Ever since China joined the World Trade Organization in 2001, it has achieved rapid growth in its economy and exports. However, US and European economic recession affected China's economy leading to deceleration in the last few years. As a result, China termed its growth as 'New Normal' to carry out the reform further with a focus on sustainable economic growth. In this context, Chinese leadership envisioned a grand project to connect China with the neighbouring countries. One Belt, One Road and AIIB are two strategies that China conceived to expand its reach in the world. About 60 countries are part of the One Belt, One Road region, with a population of about 4.4 billion (63% of the world). AIIB is hoped to play an important role in fulfilling the ambitions of China.

AIIB is projected to be an international financial institution like the World Bank and the Asian Development Bank. On October 2013 Chinese President Xi Jinping, during his Southeast Asian tour, proposed to support the basic infrastructure for Asian developing countries, and declared that China would share half the basic capital (USD 50 billion). On October 24, 2014, 21 Asian countries have signed a Memorandum of Understanding in the Great Hall of the People in Beijing.

According to the Asian Development Bank data, about USD 8 trillion will be needed for infrastructure in Asia between 2020-2010. The size of estimated fund is more than the combined fund of World Bank (USD 223.2 billion) and the Asian Development Bank (USD 147 billion). So China as a G2 country, actively supports the development of infrastructure in developing countries in Asia.

In this context, US raised the doubts on the transparency and fairness of the equity structure and operation of AIIB. AIIB participating countries are in accordance with their contribution to the GDP to exercise voting rights. Compared with the others China has the largest GDP, 48% of voting rights is with China. The next is India with 19%. It is quite apparent that China plays main role in the operation and decision making of AIIB.

To address such suspicion, China announced that AIIB would apply operating procedures of international financial institutions such as World Bank and Asian Development Bank. AIIB Secretariat is headquartered in Beijing and Jin Liqun, former Asian Development Bank Vice President, China International Finance Corporation Chairman appointed as Secretary General of the Multilateral Interim Secretariat of AIIB. He stated that AIIB will maintain an appropriate structure of the international financial institutions.

2. Review of Literature

There is a growing body of literature on the subject. This is divided into three sections. The first section focuses on China in Asia. The second one highlights the studies on One Belt, One Road and the third section looks at studies on AIIB.

China in Asia

Samuel S. Kim in his article “China and Globalization: Confronting Myriad Challenges and Opportunities” analysed Grand Globalization Strategy (GGS) of China into three overarching interests; first, economic development to enhance domestic stability and legitimacy; second, promotion of to China’s sovereignty and territorial integrity in Asia; third, cultivation of China’s great power in global politics. He also stressed how China strategically uses WTO to expand its influence in Asia since it gained entry into the WTO in 2001.

Kim posited that “China has made revisions to nearly 3,000 internal legislations, regulations, and department rules, persistently improved its foreign-related economic legal system, and upgraded the accountability of national trade policies....and increased its participation in regional economic cooperation. China successfully completed the negotiation of the China-ASEAN (Association of Southeast Asian Nations) Free Trade Area and has also initiated negotiations on other free trade areas.”

China is also an active and a pragmatic participant in the activities of Asia-Pacific Economic Cooperation (APEC), the Sino-Arab Cooperation Forum, Asia-Europe Meeting (ASEM) etc.

David M. Lampton in his article “The Faces of Chinese Power” describes that many developing nations appreciate the deals Beijing offers because it doles out investments without imposing conditions. To highlight this point, Lampton refers to how China is expanding its power in Asia. “In late 2003, after securing a promise of \$500 million in loans, trades increases, and tariff reductions from Beijing, Pakistani President Pervez Musharraf gushed, “The past belongs to Europe, the present belongs to the United States, and the future belongs to Asia.”

At the same time, referring to the survey done by Pew Research Centre, he warned that a rising power of China in Asia can dominate Asia. He argues that China extracts resources from poor nations, bring its own laborer to low-income countries, tries strong-arm regimes or cozies up local elites who alienate their own people. “China is already surrounded by skeptics: according to a mid-2006 poll conducted by the Pew Research Center, 93 percent of Japanese surveyed, 76 percent of Russians, and 63 percent of Indians thought that China’s growing military power was a “bad thing”...In short, the rise of Chinese power generates global responses that Beijing cannot fully control and that may not be in its interest.”

One Belt, One Road

In “The Longest Railway in the World is Stalled in Madrid”, Amanda Macias highlights that the first cargo train ‘Yixinou’ from China’s Yiwu to Spanish capital Madrid was launched on November 18, 2014. It’s route is more than 8,000 miles which surpasses the world’s second and third longest routes, the Trans-Siberian railways (5,772 miles) and the Moscow-to-Beijing (4,340 miles) train.

Andrew Browne, in his article “On Track or At Sea? Beijing Reopens Old Land Routes”, interprets the purpose of China launching mainland railways as follows. “Mr. Xi is driven by insecurity. China may be projecting an image of swaggering self-confidence by grabbing reefs and constructing artificial islands in the South China Sea, but the reality is very different. Beijing is looking westward precisely because the view out toward the Pacific is filled with peril...China feels strangled by a chain of American military alliances that extends from South Korea and Japan through the Philippines and all the way to Australia. And even though China is rapidly building up

its military strength, the U.S. Navy still rules the waves. In any conflict, American warships and submarines could choke China's economy with a naval blockade."

Robert Kaplan, in his article "China's String of Pearls?" writes that the string of pearls was never properly meant to imply naval bases perse. It is a far subtler concept. In his trips to Gwadar, Hambantota and other Indian Ocean ports where the Chinese have been active, he finds that a possible commercial, political, strategic and lastly military venture, the constituent elements of which cannot be disaggregated.

Brahma Chellaney, in his article "A Silk Glove for China's Iron Fist" also points out that Gwadar Port can become naval base of China to restrain India, as well as extend operational radius of China in Indian Ocean. "...China concluded a multi-billion dollar deal with Pakistan to develop the port at Gwadar, owing to its strategic location at the mouth of the Strait of Hormuz, which more than offsets the port's limited commercial potential...China has now embarked on a USD1.4-billion project to build a sprawling complex roughly the size of Monaco on reclaimed land in Colombo- a "port city" that will become a major stop on China's nautical 'road'". He describes China inviting India to join the maritime Silk Road is aimed at putting breaks on the development of India's strategic ties with the U.S. and Japan.

AIIB

Geum-mi Shin, in her article "China-Led Asian Infrastructure Investment Bank: Is It a Bridgehead or Global Financial Hegemon?" analysed four reasons for China in establishing AIIB despite US's concerns. "First, AIIB can solve the oversupply problem in China... China encourages domestic oversupply companies to 'Zou chuqu (Foreign Investment)', it is considered to be of great help to solve overcapacity problems too...Second, China aims to expand the trade market through AIIB...Third, AIIB can be a platform that China take advantage to efficiently and reasonably use its foreign exchange reserves...Fourth, through AIIB China hopes to achieve a focused internationalization of RMB." Essentially AIIB is not only a solution to penetrate of U.S. network, but also closely associated with domestic economic factors of China.

Kent E. Calder in his book *The New Continentalism: Energy and Twenty-First*

Century Eurasian Geopolitics examines the growing geopolitical ties between natural resources producers and consumers around the central Eurasian continent through the New Silk Road. These ties are being institutionalized, and he terms it as the New Continentalism. He also pointed out that energy relations in the New Silk Road world lead to further continentalism and the transformation of political integration in various regions.

3. Gaps in the Literature

Most of the analyses in literature reviewed emphasised on China's rising power in Asia region. Scholars have looked at the rising power of China leading to hegemony in Asia, but they have ignored how China intends to penetrate Asia through One Belt, One Road and AIIB. The tangible results of China's strategies in Asia are missing in these studies. The role and significance of AIIB and One Belt, One Road are not taken into consideration in the analysis of China's Win-Win strategy in Asia which this study aims to address.

4. Definition, Rationale and Scope of the Study

Definition

The study defines the key concepts as follows

China in Asia - China's aim to strengthen its foothold in Asia largely evolved at its gradual, measured pace. China's national goal of becoming great power in the Asia region focuses on both the multilateral and bilateral dimensions.

One Belt, One Road - The "Belt" as a planned network of overland road and rail routes, oil and natural gas pipelines, and other infrastructure projects that will stretch from Xi'an in central China, through Central Asia, and ultimately reach as far as Moscow, Rotterdam, and Venice. The "Road" is its maritime equivalent: a network of planned port and other coastal infrastructure projects that dot the map from South and Southeast Asia to East Africa and the northern Mediterranean Sea.

AIIB - It is focused on supporting infrastructure construction in the Asia-Pacific region, an initiative by the government of China. It has 57 founding member countries. (37 Asian countries and 20 Non-Asian countries.)

Rationale

China is trying to strengthen its foothold in Asia through building transcontinental railways and increasing the number of naval vessels. China is not only ensuring usage of ports in Asia, but also beyond and to use these ports China has to balance political and economic relations with the host countries. AIIB is another mechanism through which China promises to lend money to build harbours, roads and railways to firm up its place in Asia.

This research focuses on “China in Asia” to understand its strategy to expand and consolidate its hold over the countries that are close to the One Belt, One Road.

Scope

This research study will assess China’s place in Asia. It will also focus on AIIB and One Belt, One Road. The study will endeavour to examine various aspects of AIIB and One Belt, One Road strategy. There are many areas of convergence and divergence in these initiatives.

5. Research Questions

1. What is China’s place and role in Asia?
2. How does China aim to use One Belt, One Road in expanding its footprint in Asia?
3. What are some of the key objectives of AIIB?
4. How do the Asia countries view China’s place in Asia?
5. What are the perceptions of the countries that are close to One Belt, One Road?

6. Hypotheses

1. Asia occupies a pivotal place in Chinese calculus.
2. One Belt, One Road and AIIB are intended to consolidate China’s hold over Asia and beyond.

7. Research Methods

The study will use both the primary and secondary sources. Primary sources of data collection include speeches of leaders and documents, statements, white papers issued from multilateral organisations, foreign ministries of PRC and other countries. Secondary sources for data collection include books, media articles and commentaries,

reports and articles published by research organisations.

6. Structure of the Study

The first chapter, besides providing the background to the study, highlights review of literature, gaps in the literature, definition, research questions, hypotheses and research methods.

The second chapter examines Chinese perspectives, policies and strategies in Asia. The key focus is on how China is striving to strengthen its hold over Asia. It looks at how the state ensured legitimacy to the ideological shift in favour of market, by laying the ground for reforms in the economy. It assesses how Asian countries have been working on building mutual trust and creating a win-win environment for all. It further studies the deliberations that went into the introduction of Chinese strategic thinking toward Asia in order to assess the role played by diverse powers from West to East.

The third chapter analyses One Belt, One Road and their dynamics in forging robust ties between China and other Asian countries. It looks at many factors such as economic development and levels of technology and education and their contribution to great power status. It examines One Belt, One Road on the basis of China's geographical conditions to become a great power in order to strengthen and expand its position in the region. It further highlights how relations are promoting core relations between regional stability and prosperity. It particularly examines the Asian countries' relations in influencing the economic corridors of China through One Belt, One Road initiative.

The fourth chapter briefly discusses the economic diplomacy in the region, followed by a focus on the background of establishing AIIB, and the Chinese global economic agenda. It looks at the global multilateral development financial institutions in order to examine China's true motive of setting up AIIB. A further examination of China-led regional initiatives and its influence in Asia region and its influence on the global multilateral development financial institutions World Bank and Asian Development Bank is done to provide insight into the evolving approach of China toward Asia.

Conclusions form part of the last chapter. Some of the key findings of the study are highlighted here. It also delineates the prospects and problems confronting China's place in Asia, One Belt, One Road and AIIB.

Chapter II.

ASIA IN CHINA'S CALCULUS: BROAD CONTOURS

1. Introduction

In the first two decades of the twenty-first century, rise of China became one of the most noticeable features in Asian politics. Since the outbreak of the 2008 world financial crisis, China's role in shaping regional economic-security structure has been quite pivotal.

In this context, Chinese leaders have found new opportunity for a high profile opportunity to restructure balance of power in Asia. From the 'Tao guang yang hui' concept which refers to changing the guidelines of hiding forces and biding time for opportunities adopted by China since 1978 and the 'peaceful and harmonious' line in international relations during the early years of Hu Jintao has moved to a new trajectory under President Xi Jinping attempt to rejuvenation of the lost glory of Asia in promoting second reform and opening up of China. Asia is the key to achieve China's Dream. A strengthened foothold in Asia will always support China to succeed in strategic competition with other powers both inside and outside the region. While cooperation is at the heart of big power relations on the surface, the strategic concern is more intense in nature.

Asian countries have been working on building mutual trust and creating a win-win environment for stability and economic development. Various incentives and promises were put in place to attract Asian countries and create an environment to strengthen mutual relations between China and other Asian countries. Asia countries view China as a means to promote economic development and improve capabilities of the workforce rather than as competitor and exploiter.

In the statement of a review announced by the United States Department of Defense in 2012, President Obama's first sentence points out the long-term perception of the future: 'Our Nation is at a moment of transition' the President continued, the United States of America will remain the greatest force for freedom and security that the world has ever known because of something that demands US leadership. This means

complete make a change in the direction of the United States that ‘rebalance towards the Asia-Pacific region’. President Obama, despite budget reduction for defence emphasized that these ‘will not come at the expense of this critical [Asia-Pacific] region.

A similar approach also developed by the Ministry of Defence in London. Its recent report highlights that the world is in the middle of transformation. It declared among the challenges in the coming decades are ‘the reality of a changing climate, rapid population growth, resource scarcity, resurgence in ideology, and shifts in power from West to East’.

With this brief backdrop, the present chapter examines China’s perspectives and policies toward Asia region, particularly focusing on strategies of China to enhance its foothold. The first section focuses on China’s perspectives and analyse of Asia. It makes forays into the policy process, with particular emphasis on generation and establishment of regional institutions, throwing light on the debates and discussions assessing how China articulates it’s rising power in Asia. The second section examines the comprehensive strategies of China. Its significance lies in two factors; one, by the cooperation with India which is one of the major countries in Asia; two, establishing New Development Bank (NDB) to maintain a strategic relationship with Asian countries. It also throws light on the development of China’s relations with the other BRICS countries. Cooperation with India as well as the significance of the building up NDB are discussed to highlight how Asia occupies a pivotal place in China’s calculus.

2. China’s Perspectives and Analysis of Asia

(a) Chinese Perspectives

The first step to discuss China’s perspectives on Asian region must begin with China’s national strategy.

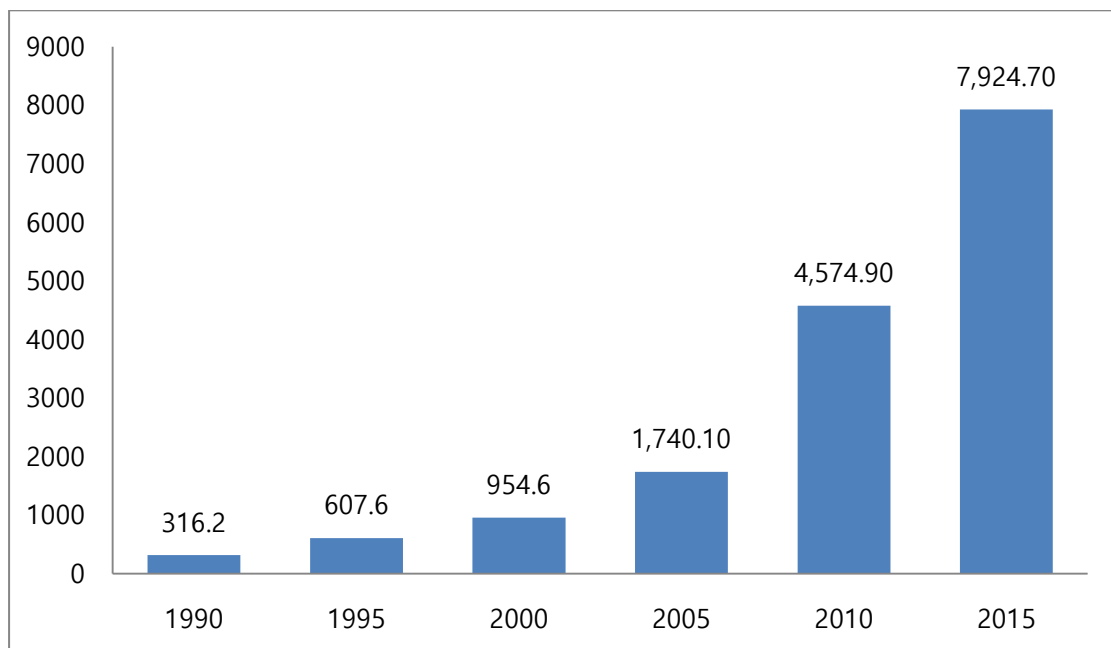
In 1987 Deng Xiaoping pointed out the need for “70 years of Peaceful International Environment”. The main reason for such a lasting peaceful environment is that, China will be able to complete the whole “Three-steps” of national strategy. According to

this concept, in October 1987, the 13th National Party Congress initially established a “Three-step Development Strategy” plan for modernization; First step is to double the GDP by 1990 and resolve food and clothing issues; Second step, to double the GNP by the end of the 20th century and bring Chinese people’s living standard to a higher level of being “well-off”; Third step, to raise the per capita GDP to the level of moderately developed countries by the mid-21st century, bringing Chinese people richer lives and achieving modernization.

With the efforts of the CPC and people of all ethnic backgrounds, China successfully completed the first and second steps of the “Three-steps”.

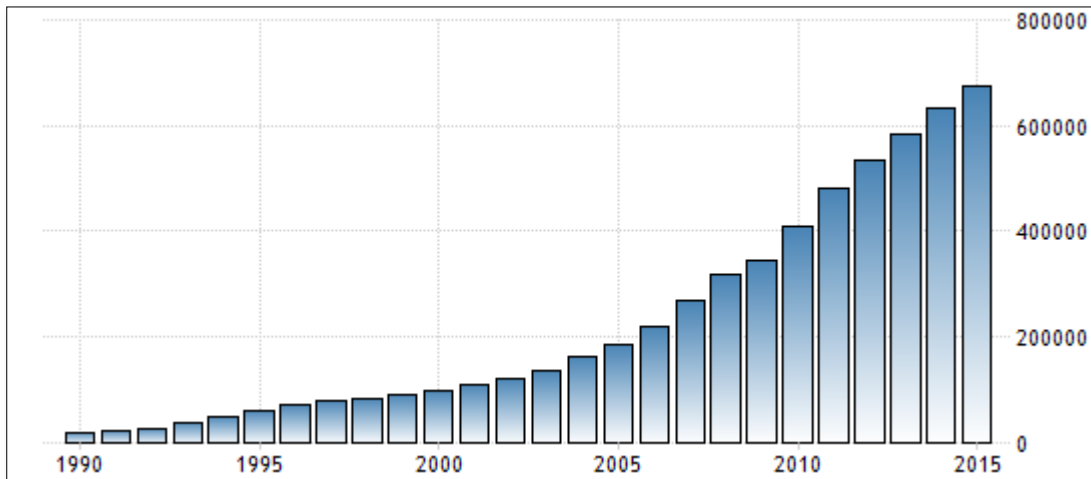
At its 18th National Congress, the Communist Party of China again specified China’s goal of strategic development. China will strive to build a comprehensive, well-off society by 2020 and a prosperous, democratic, highly civilized, harmonious modern socialist country by 2049.

Graph 1.1. Chinese GDP per capita, 1990-2015 (USD)



Source: World Bank (URL: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN>)

Graph 1.2. Chinese GNP per capita, 1990-2015 (USD)



Source: National Bureau of Statistics of China (URL: <http://www.tradingeconomics.com/china/gross-national-product>)

Final strategic goal of China is to build a modernized state, comprehensive cooperation in every direction with reform and opening up policy are prerequisites to achieve it. Therefore, China's development strategy and policy toward Asia is an important part of the national strategy.

Asia is a continent where concentrate on capital, technology, resources, huge population has the possibility and potentiality to become an important part of global society. Asia can facilitate economic revitalization in the rural and remote areas of Chinese nation. Logically, to achieve overall national strategy, China aims to significantly expand development and promote international cooperation with Asian countries.

Accordingly, the Chinese leaders envisioned a number of strategies for Asian countries. Bilateral and multilateral cooperation to strengthen their partnership, friendship and set up East Asian Community (EAC); strengthen Association of Southeast Asian Nations (ASEAN) for regional order; promote the ASEAN Plus Three, ASEAN Regional Forum (ARF) and the East Asian Summit (EAS) are some of the strategies which constitute this vision. In this scenario, the ASEAN countries together with South Korea and Japan do welcome China into their network of partnership.

David C. Kang in his book *China Rising: Peace, Power, And Order in East Asia* argues that not only do they not balance militarily against Beijing, they also accommodate the Chinese mainland for their own interests. Kang believes that a strong China at the apex of an Asian hierarchy of power has historically led to a stable region and also provided material benefits to its neighbours. He suggests that Beijing will possibly play this role again. East Asian countries, though are concerned about china's rise, do not perceive China as an enemy and China also reciprocate such gestures by maintaining friendly ties with them. Moreover, China has not sought any military bases beyond what is perceives as its borders in East Asia, a phenomenon which is reassuring to its neighbours.

Since the mid 1990s China has been actively seeking to develop its relationship with Southeast Asia through more cooperative approaches. This is particularly evident in the period from the financial crisis of 1997-1998 to the present. The following regional objectives for Southeast Asia are seen to stem from China's larger perspectives on Southeast Asian countries. China's objectives remain largely concentrated on engagement and accommodation given the staggering problems at home. In this regard, Cheunboran in his article "China's Soft Power in Southeast Asia" analysed China's current objectives in Southeast Asia and categorized as; First, maintain a stable political and security environment, particularly on China's periphery, that will allow China's economic growth to continue; Second, maintain and expand trade route transiting Southeast Asia; Third, gain access to regional energy resources and raw materials; Fourth, develop trade relationship for economic and political purposes; Fifth, isolate Taiwan through the pursuit of a policy China calls "using all economic and diplomatic resources to reward countries that are willing to isolate Taiwan"; Sixth, gain influence in the region to defeat perceived attempts at strategic encirclement or containment.

China and South Asian countries have maintained frequent high-level contacts and exchanges, promoted cooperation in priority areas steadily, properly handled relevant issues and maintained sound communication in international and regional affairs. In May 2015, when President Xi Jinping meets with Indian Prime Minister, in his speech particularly stressed that China maintains a close relationship with South Asia

and actively supports the South Asian countries to maintain friendly relations among themselves. China is willing to strengthen mutually beneficial cooperation with all South Asian nations including India and together promote the peace, stability and prosperity in the region.

Besides the multilateral initiatives, China has been pursuing bilateral mechanisms to have a firm grip on Asian politics. For instance, during President Xi Jinping's visit to India in 2014, China and India reached an important consensus on promoting mutual strategic partnership of cooperation for in-depth development and forging a closer partnership of development. China-India relations are witnessing huge potential and realistic conditions for achieving a leap-frog development. Xi Jinping stressed that Prime Minister Narendra Modi proposal to push forward the China-India relations in the spirit of "from an INCH (INCH, India China) to a MILES (MILES, Millennium of Exceptional Synergy)".

Also, President Xi Jinping has delivered a series of important remarks on the relationship between China and Central Asian countries, which is of great significance in promoting peace process of the regional countries and pushing forward China's relations with these countries.

On 9 May 2013, while meeting with Israeli Prime Minister Benjamin Netanyahu at the Great Hall of the People in Beijing, President Xi Jinping said as world is undergoing profound and complex changes, a new type of state-to-state relationship should be advocated and established between nations, featuring equality, inclusiveness and reciprocity and stressed only by protecting the legitimate rights and interests of all countries, having respect for each other's concerns can there be true realization of regional peace and stability,

On 13 March 2014, in a meeting with Saudi Arabia Crown Prince Salman Bin Abdulaziz Al Saud in Beijing, Xi Jinping pointed out the Gulf region and Middle East situation has a global impact and all members in the region share responsibility for safeguarding Gulf security and stability. China has always backed the just cause of the Palestinian people and will continue to facilitate peace talks as well as supports a

nuclear-free Gulf and will continue to promote a long-term, comprehensive and proper solution to the Iranian nuclear issue.

On 16 August 2014, when President Xi Jinping met with Secretary-General Ban Ki-moon, he pointed out that recent situation in Asia has seen an escalation of conflicts between different ethnic groups, religions and religious sects. He expressed that China is very concerned about the situation in this region and ‘violence against violence’ cannot solve the Palestine-Israel issue and concerted efforts are needed to promote peace.

Xia Liping in his book *Contemporary International System and Strategic Relations among Major Powers* analysed “The trend of multipolar world and stream of democratization in the international relations closely connect Chinese national awareness and common prosperity of human race. Peaceful coexistence clearly stated cooperative development and common prosperity with international community is a fundamental interest of China.”

These initiatives demonstrate that the concept of a harmonious world is forming a very important principle in the overall strategy of China. In other words, China’s perspectives on Asia are aimed at developing a system of harmony as the core.

(b) Asia as an Economic Hub

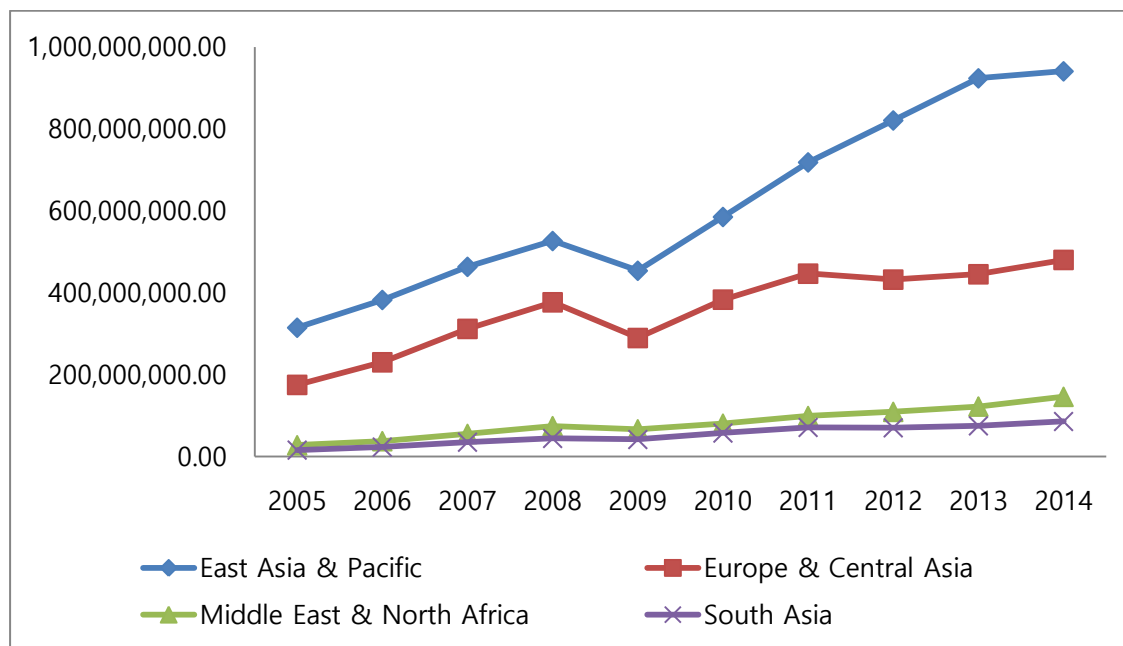
Asia is well placed to be an equal partner to many larger, more powerful international economies that are leading global recovery. Asia has also contributed to building one of the most dynamic economic-integration platforms in the world, and now acts as a regional hub of wider-economic cooperation and integration.

Further, the recent global financial crisis has accelerated the power shift from North America and Europe to East Asia and reinforced China’s rise in all dimensions of national power. China’s growing economy and large markets have led to intensification of economic and trade linkages that have led to a general blurring of lines among the Asian countries. China continues to claim its ‘equidistance principle’ remains intact in its Asian relations.

The importance of China to the economies of Asia in terms of trade, investment,

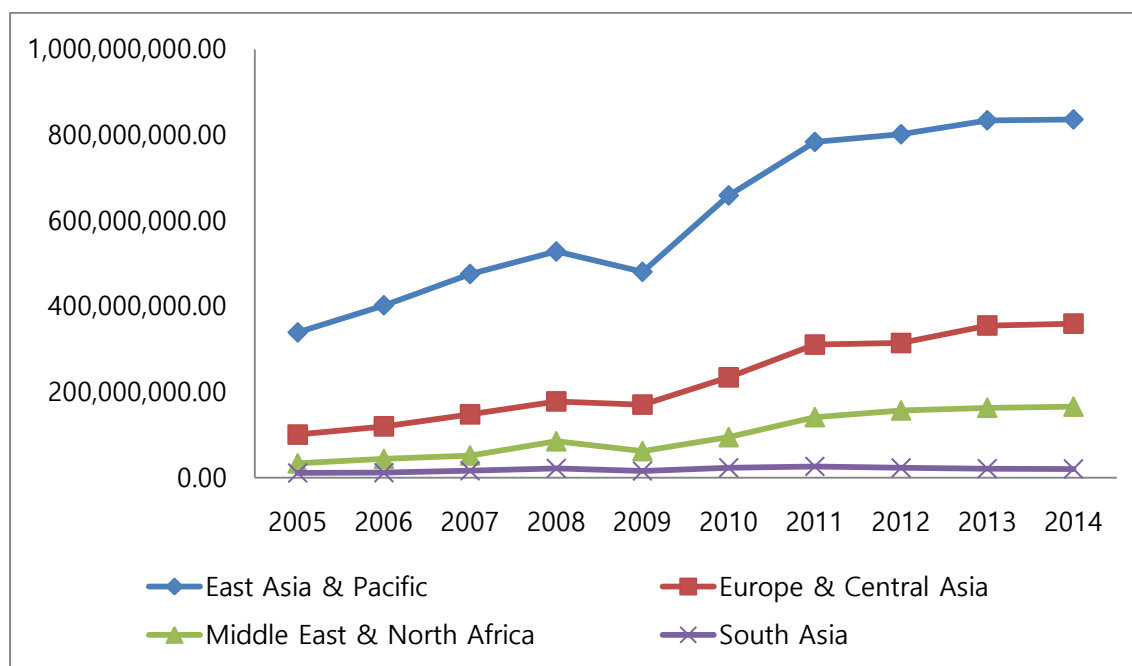
and tourism has also increased sharply.

Graph 1.3. Chinese Exports by Region, 2008-2014 (USD Thousand)



Source: World Integrated Trade Solution (URL: <http://www.tradingeconomics.com/china/exports>)

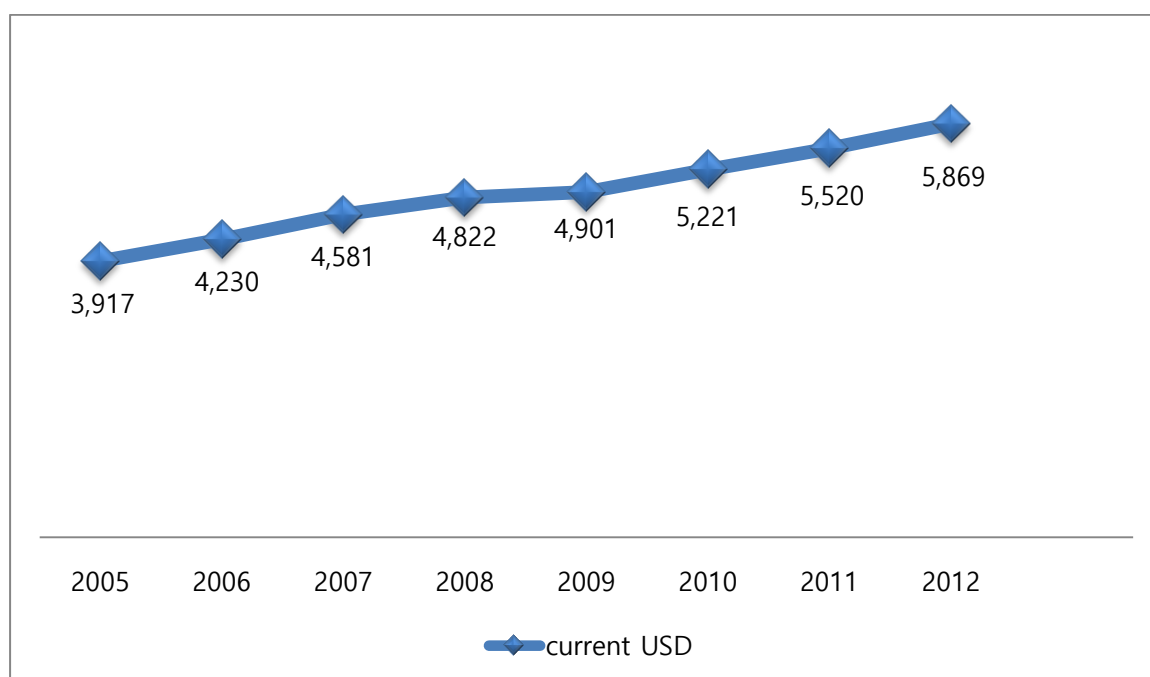
Graph 1.4. Chinese Imports by Region, 2005-2014 (USD Thousand)



Source: World Integrated Trade Solution (URL: <http://www.tradingeconomics.com/china/imports>)

In November 2004, Chinese Premier Wen Jiabao and ASEAN leaders signed the Agreement on China-ASEAN FTA which entered into force in July 2005. The establishment of China-ASEAN free trade area enhances the close economic and trade relations between the two parties, and also achieved rapid economic development as the above graphs highlight.

Graph 1.5. GDP per capita growth in ASEAN countries, 2005-2012



Source : Prepared using sources from American Mathematic Society, IMF World Economic Outlook

Joseph Nye, who coined the term ‘Soft Power’, argues that soft power is more than cultural power, as it is generated when a state promotes its values abroad, takes into account the interests of other states through international institutions, and fosters common goals such as peace and human rights through its foreign policy.

Percival in his book *The Dragon Looks South: China and Southeast Asia in the New Century* analyses Chinese “soft power” and says that it includes “economic benefits, shared norms and values, cooperation on non-traditional issues, infatuation with the new China, the mutual benefits of tourism and education, diplomacy and style, and networking and reciprocal obligations within ethnic Chinese communities.”(pp.111-112.)

China's growing influence in Asia is mostly economic rather than military or political. China's growing ability to affect Asia as a major source of foreign aid, trade, and investment is clearly visible for all to see China is a model for development and ancient culture, and an emphasis on "shared Asian values." In addition, overseas Chinese communities have long played an important role in the economies, societies, and cultures of Southeast Asian states. Along with offering economic inducements, China has allayed concerns that it poses no military or economic threat, assured its neighbours that it strives to be a responsible member of the international community, and produced real benefits to the region through aid, trade, and investment.

Also, China attempts to solve comprehensive issues in Asia such as territorial disputes and national competitiveness, set up international institutions with cooperation of regional countries. In other words, to achieve China's strategic goal in the Asian region the Chinese leaders have been pursuing to build international level cooperative institutions in Asia. China's influence in the region is expected to grow as China plays an important role in Asia economy.

Zhu Binbin's point of view on building international level cooperative institutions for Asia is noteworthy. In her article "Discussion on Institutionalization of Economic Cooperation after Northeast Asia Crisis" highlights seven specific concepts for institutionalization of the Northeast Asia regional economic cooperation on the basis of 'principle of era', 'principle of profit maximization', 'principle of value' and 'cooperation and common development'; First, develop a regional security community; Second, develop a Northeast Asian energy community. This concept refers to Russian energy supply resources to China, Japan, Mongolia and Korean peninsula; Third, develop a currency community. The main purpose is to expand trade between regions and prevent economic risk by setting up a regional monetary alliance. Moreover, at the appropriate time through this currency community establish a unified monetary system in Asia; Fourth, develop a free trade community. Free trade community is the fundamental mechanism or international cooperation in Northeast Asia region as well as the core interest of regional countries; Fifth, develop customs union. Customs union is an important requirement to activate the economic exchange as well as to strengthen competitiveness in the region; Sixth, develop a centralized

standard system which aims at centralized management and manufacture standard connecting regional economy and world to expand cooperation between countries; Seventh, develop the Northeast Asia Economic community. This community aims at achieving national level cooperation and institutionalization among the northeast Asia countries.

Chinese perspectives on setting up international level cooperative institutions in Asian region are quite comprehensive. As many researchers and governments found out the advantages of Asia that accumulated superior ability in manufacturing and high technology are manifold. Asia has immense potential with enormous industry resources, huge population and large market. Chinese perspectives on cooperation with Asian countries not only provide powerful driving force to development regional economy but also springboard to become a hub of world economy.

China's growing economic involvement in Asia is serving the dual purpose of advancing its development and modernisation, and increasing its economic clout in the region.

3. Chinese Comprehensive Strategies in Asia

(a) Neighbourhood Diplomacy

Joseph Nye defines soft power as the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country's culture, political ideals and policies.

To strengthen foothold in Asia, China Joseph Nye's definition is striving to put in its relations with the Asian countries to use, in doing so, China is focusing on common interest and win-win environment to promote development strategy with neighbouring countries.

How China is going to deal with strategy-oriented complications of neighbouring countries, and how China will reorient regional issues from collision and competition to harmony and cooperation are some of the significant challenges that can shape the future of Chinese strategy in Asia.

According to White Paper *China's Peaceful Development Road* published in 2005, China's development is an important impetus for development of Asia-Pacific region

and the rest of the world as well as to safeguard world peace and promote common development. The document emphasizes China's efforts and contribution for the Asia region.

“To ensure a stable environment for the continuous development of its surrounding areas, China overcame arduous difficulties at the time of the 1997 Asian financial crisis, and stuck to the principle of keeping the value of the Renminbi stable while expanding domestic demand, and helped to the best of its ability the victim countries to weather the crisis. China played its role in finally overcoming the crisis. In the case of the 2003 sudden outbreak of SARS, the Chinese government took decisive steps, and cooperated with its neighbours in effectively curbing it. Upon the occurrence of the Indian Ocean tsunami in late 2004, the Chinese government and its people offered timely and sincere aid - the largest external aid in the history of New China - to the suffering countries in their rescue and re-construction effort. The Chinese also expressed great sympathy and extended assistance when South Asia was struck by massive earthquakes in October 2005.” (Zhang, 2006)

Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China (2011-2015) is goal to China's pursuit of peaceful development. Main themes of China's Peaceful Development are: never seek hegemony, cooperative development and effectively deal with growing global challenges by constantly expanding mutual cooperation. The principles of China's diplomacy toward Asia remain more or less the same even today.

At the Twenty-Fourth ASEAN Ministerial Meeting in Kuala Lumpur, in July 1991 former Foreign Chinese Minister Qian Qichen expressed confidence in ASEAN. In 1994, China became a member of ASEAN Regional Forum (ARF), a mechanism exclusively devoted to consultations on political and security issues of common concern. In July 1996, China became a Full Dialogue Partner of ASEAN. Since 1997, China has joined the ASEAN Plus Three alongside Japan and South Korea. Closer economic relations with ASEAN have enabled China to build its geopolitical clout in Southeast Asia and counterbalance the influences of Japan and the U.S. The swift progress of the China-ASEAN Free Trade Agreement has hastened Japan as well as the U.S, South Korea and India to propose economic cooperation arrangements with

ASEAN as well.

The diplomacy surrounding the formation of the East Asian Summit (EAS) in 2005 is particularly noteworthy. The lack of U.S. involvement with the EAS contrasts sharply with the central role that the United States has played in the Asia Pacific Economic Cooperation (APEC) group. The formation of the EAS also demonstrated the differing levels of comfort that ASEAN member states have with China. Some ASEAN states preferred bringing in India, Australia, and New Zealand as a non-American balance to Chinese influence. One factor that appears to be in China's favour is increased regional support for a "more Asia-oriented grouping." Movement in this direction can be traced back to former Prime Minister Mahathir Mohammad of Malaysia who advocated an Asian state-only grouping through the East Asia Economic Caucus.

Gradually, many Asian countries have regarded China as an engine of economic growth and a stabilizer for the region. To strengthen this phenomenon further a number of Chinese leaders have been inviting the region as Table 1 highlights.

Table 1.1. Chinese Leaders' Visits to Southeast Asia, 2013-2014

Month and Year	Visitors		Countries
September 2013	Mr.	Liu Yushan	Cambodia
October 2013	President	Xi Jinping	Indonesia, Malaysia
October 2013	Premier	Li Keqiang	Brunei, Thailand, Vietnam
October 2013	Vice-premier	Zhang Gaoli	Singapore
November 2014	Premier	Li Keqiang	Myanmar
December 2014	Premier	Li Keqiang	Thailand
December 2014	Chairman	Yu Zhengsheng	Vietnam

Li Mingjiang in his article "China's Gulf of Aden Expedition and Maritime Cooperation in East Asia" argued that China has also taken an active role in the East Asian maritime affairs. The People's Liberation Army has made notable progress in engaging the militaries of Asian countries in the form of joint search and rescue exercises on the seas. In recent years, China has conducted exercises with India, South

Korea, Japan and other regional countries. At the broader international level, China has been participating in the United Nations Environment Program' Global Meeting of Regional Seas, the Global Program of Action for the Protection of the Marine Environment from Land-based Activities, the East Asian Seas Action Plan, and the Northwest Pacific Action Plan. China's friendly engagement in Asia has brought it much influence in the region. This increased willingness to act as a regional power in Asia is in line with the changes President Xi Jinping is effecting in China's foreign policy. There's a growing consensus in China that the passive foreign policy of the rising years has to be upgraded to a pro-active approach that suits the country's big power ambitions. Chinese top leaders' recent visit to Asia is the loudest statement yet that China is ready to play a more active role in the region.

Michael Glosny in his article "Heading toward a Win-Win Future? Recent Developments in China's Policy toward Southeast Asia" pointed out political elites in many countries in this region are more inclined to believe that Beijing is likely to remain a benevolent power in the near future.

Table 1.2. Chinese Leaders' visits to Central Asia, 2013-2014

Time	Visitors	Countries
September 2013	President Xi Jinping	Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan
November 2013	Premier Li Keqiang	Uzbekistan
August 2014	Vice-premier Zhang Gaoli	Turkmenistn
September 2014	President Xi Jinping	Tajikistan
December 2014	Premier Li Keqiang	Kazakhstan

As Table 2 show, China' top leaders have paid a series of visits to Central Asia for past a couple of years. In September 2013, President Xi Jinping in his speech at Nazarbayev University in Kazakhstan, expressed that China and Central Asian countries are close and friendly neighbours and value friendship and cooperation to improve relations as a foreign policy priority. He stressed both China and the Central Asian countries need to enhance practical cooperation across the board, use good political relations, geographical proximity and economic complementarities to boost

sustainable growth, and build a community of shared interests and mutual benefit.

During his visit, he met with Kazakh President Nursultan Nazarbayev and agreed on deepening the China-Kazakhstan Comprehensive Strategic Relationship, and emphasised that the bilateral energy cooperation enjoys complementary advantages and is a win-win situation; the two countries are long-term, stable and reliable partners for energy cooperation.

China's diplomacy has succeeded in institutionalizing China's relations with the Central Asian region through mechanisms like the China-Arab Cooperation Forum (CACF) which was established in 2004 and became an important platform for dialogue and cooperation between China and Arab countries. China also joined relevant institutions like China-Gulf Cooperation Council (GCC) for economic, trade, investment and technological cooperation. China's pro-active participation in the League of Arab States (LAS) that consists of 22 member states made China as a host country of the Sixth Ministerial Conference of CACF in June 2014, and President Xi Jinping delivered a speech at the opening ceremony, calling to deepen cooperation between China and Arab countries by insisting on "Four Adherences"; First, supporting Middle East peace process and safeguarding legitimate rights and interests of the Arab peoples; Second, following a political solution and promoting peace and stability in the region; Third, supporting Arab nations to explore the development pattern independently and helping them; Fourth, promoting dialogue among civilizations and advocating a civilized new order.

China has carried out different policies according to the regional dynamics. Basically, China supports the stability of Asia and participates in the efforts of the international community to try to resolve disputes and conflicts in the region. Key to Chinese policy toward Asia is strengthening bilateral relations by increasing economic cooperation. China, as the second largest economy in the world has a secure position in Asia and neighbouring countries are important linkage to China expanding its foothold to the world.

China's policy towards Asia has focused on trade and economic development rather than securing the strategic superiority. Such a non-political nature made neighbouring countries to have a positive image of China.

In the light of China's economic development speed, the relations with the Asia countries are believed to further improve in the future

(b) Growth of Asian International Institutions: Two Giants of Asia Dance Together

In the past two decades, China has been strengthening its foothold in Asian countries. As the centre of the world moves from West to East, institutions and organisations that formalise relations across Asia are also coming into being. One of the first institutions that aims to facilitate political, economic and military collaboration between Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and China is the Shanghai Cooperation Organisation (SCO), which is currently becoming increasingly influential and gradually turning into a viable institution.

2015 is a significant year for Shanghai Cooperation Organisation as it decided to expand enhanced its power in Asia by welcoming India and Pakistan as member countries. Since its establishment in 2001, it is the first time to invite new members to SCO. On July 10, 2015, Vice Foreign Minister Cheng Guoping held a briefing to introduce the 15th Meeting of the Council of Heads of State of the SCO Member States and announced and passed the resolution on the procedure of accession of India and Pakistan to the SCO. Many scholars and media personnel predicted and reported when these two countries especially India come to join SCO, the international status of China will improve. Some also projected that China would try to develop SCO on the lines of North Atlantic Treaty Organisation (NATO), as four nuclear powers—China, Russia, India and Pakistan join its body.

Apart from considering the existing tension between GCC countries and Iran, China has been evolving a balanced diplomacy by pulling Tehran into the SCO as an observer. Tehran has been attending the SCO meetings as an observer state since 2005 and has had wide-ranging cooperation with the group at all levels.

During a visit to Kazakhstan, President Xi Jinping in his speech stressed the important role of SCO that reinforces trust and cooperation with the Central Asian countries to combat the “three forces” of terrorism, separatism and extremism.

Moreover, the SCO functions as a platform for further energy and strategic cooperation between China and Asian countries. The members and observers of the SCO are from Eurasia, South Asia and West Asia. By intensifying cooperation among the SCO members China aims to create further space for development to expand regional cooperation. The SCO has important energy consumers like China and India. Its member states control about a quarter of the world's oil supplies and are building several pipelines across the region. The SCO has formed a working group to study cooperation projects, cooperation orientation and the implementation of cooperation projects in energy sector. Within the structure of SCO China strengthened the legal basis to deepening security cooperation and coordinated positions on major international and regional issues.

On 15 July 2014 at the Sixth BRICS Summit its member states announced the signing of the Agreement establishing the New Development Bank (NDB), which is also known as BRICS Bank, with the purpose of mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. In this summit they agreed the first Chair of the Board of Governors from Russia, the first Chair of the Board of Directors from Brazil and the first President of the Bank from India. The headquarters of the Bank is located in Shanghai and officially operated service from 21st July 2015. The New Development Bank Africa Regional Centre will be established in South Africa concurrently with the headquarters.

The NDB assumed a role of World Bank and International Monetary Fund (IMF). The NDB will have an initial capital of USD 50 billion to be equally funded by the five members who will have equal voting rights. The capital will be expanded to USD 100 billion within the next couple of years.

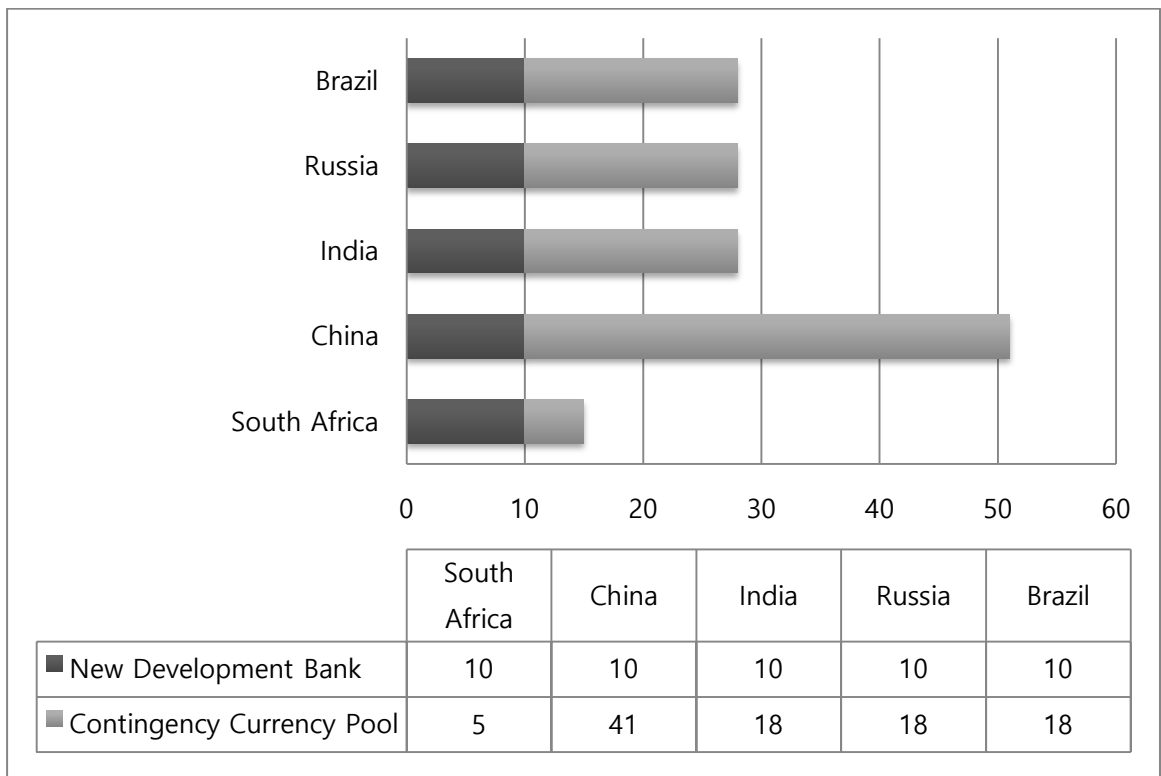
NDB's support for infrastructure projects will help ease long-running bottlenecks faced by the emerging and developing countries, and help them speed up, adjust and upgrade economic development that are being pitched as alternatives to existing institutions such as the World Bank.

Since the establishment of NDB, it is expected to promote the development of

industrial infrastructure construction and regional economy in developing countries. It is not only to support in the economic sectors but also will deepen influence in various projects such as social, environment, human rights etc. In particular, the headquarters of NDB Africa Regional Centre is expected to make a significant impact on the further development of Africa.

NDB member states also established a reserve currency pool worth over another USD100 billion to aid their economy in case any currency crisis. China has pledged to contribute USD 41 billion, Brazil, India and Russia each to contribute USD 18 billion, while South Africa to contribute USD 5 billion.

Graph 1.. Initial Contribution of each BRICS member (USD billion)



Source: Treaty for the Establishment of a BRICS Contingent Reserve Arrangement (URL: <http://brics.itamaraty.gov.br/category-english/19-press-releases/220-treaty-for-the-establishment-of-a-brics-contingent-reserve-arrangement-fortaleza-july-15>)

NDB President Kundapur Vaman Kamath who is a former executive with India's

largest private bank ICICI Bank, said bank will issue its first loan in April 2016 in Chinese Renminbi. In this scenario, Renminbi will become settlement currency for foreign exchanges reserve or used to trade in many countries.

It will pave the way for Renminbi to become as a reserve currency of the world economy within the next 10 years. If the Renminbi is accorded full convertibility against other currencies, it will play for an important role in the international financial system especially in East Asia. In addition, it will get the status as the reserve currency of the world along with Euro and USD.

Important challenge for China's development strategy in Asia is to gradually raise the level of Asian regional cooperation. International cooperative communities such as the SCO, the BRICS mechanism and its NDB implied China's political strategy in Asia to improve economic groupings. SCO and NDB give a positive impact not only on the activation of the regional economy but also construction of international cooperative political environment.

4. Summary

In the last three decades China has changed many aspects which include economic, political, industrial and defence realms. China has been focusing on improving national living standards to a higher level of being "well-off", a final stage of the "Three-steps Development Strategy", which is driving its perspectives and policies in Asia. More recently, as the trend of cooperation for development surpasses under the impact of globalization, China is gearing up to lead the international order and participate in international activities for mutual interest.

Currently China has more than USD 3 trillion in foreign exchange reserves, it can afford to finance an entirely new institution that would have a majority Chinese stake with other countries as minority shareholders. Moreover, China declared that it will send its excess capacity in steel, concrete and pipes to support neighbouring countries. These gestures will contribute to establish better international community through economic cooperation. Chinese leaders under the aegis of "China's Peaceful Development" began to actively investing in the development of far-reaching initiatives to advance various aspects of cooperation. China's strategies and policies

clearly demonstrated how creating a win-win environment could produce rapid economic growth, technological advancement, and improvement of physical and human resources.

China's concerted efforts in Asia to promote multilateral cooperation is likely to reshape the regional and international politics and economics in fundamental ways. One of the consequences of this is that it will set the "rise of the rest" in motion. Despite strategic mistrust and economic imbalance in the bilateral relations, China and ASEAN states continue to hold massive potential for both sides on the foundation of economic cooperation. China's intention is to achieve economic development in Asia region apart from following the Western economic model. As many scholars and government predicted, transition of power from West to East has already arrived with the acceleration of China's rise in Asia.

What is critically important is not whether this cooperation and new institutions can replace the existing global institutions, but rather whether they are developing in a direction that is dedicated to search for meaningful alternatives over the course of the next decade or so.

Chapter III.

ONE BELT, ONE ROAD: BUILDING BRIDGES

1. Introduction

All countries have geopolitical strategies according to the geographic location they are placed in. As Robert S. Ross pointed out in his article “The Geography of the Peace: East Asia in the Twenty-First Century”, although many factors such as economic development and levels of technology and education contribute to great power status, geography determines whether a country has the prerequisites of great power status. Undoubtedly, China is equipped with perfect geographical conditions to become a great power, but in order to strengthen and expand its position in the region it must ponder over effective geopolitical strategy. Regional stability has been very closely related to the existence and prosperity of the state. In other words, potentiality of contradictions and crises in the regional environment could be a serious threat to the existence and prosperity of the state.

Since reform and opening up in the late 1970s, China has recognized the importance of geopolitical location. With propagandas of “Peaceful Rise” and “Revival of the Chinese Nation”, China attempted to improve and develop extensive relations with neighbouring countries. As a result, in 2013 when China have been entered Xi Jinping era, proposed to construct “Silk Road Economic Belt” and “21st Century Maritime Silk Road” Central Asia and Southeast Asia. This concept is a major development initiative that runs through the continents of Asia, Europe and Africa, connecting the vibrant East Asian economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development.

In the same year, President Xi Jinping, at a conference on the diplomatic work with neighbouring countries, indicated strategic significance of neighbouring countries to China. He also emphasized the need for China to be realize the great rejuvenation of the Chinese nation and promote good external conditions for China’s reform, development and stability, without compromising on China’s sovereignty. In other words, the purpose of China’s diplomatic work is to guarantee a peaceful geopolitical

environment for domestic modernization. From this point of view, One Belt, One Road aims to build bridges between China and other countries in Asia and Europe with serious long term geopolitical and geo-economic implications.

To this end, this chapter has been divided into two sections. The first section lays out the factors following up to the background of the One Belt, One Road initiative and its main contents in order to assess the development of China's diplomacy in Asia, particularly examine the Asian countries' relations in influencing the economic corridors of China. The second section looks at the different responses and distinctive analyses of Asian countries on One Belt, One Road. It also examines Chinese steps to counter the challenges One Belt, One Road initiative.

2. One Belt, One Road: Origin and Significance

One Belt, One Road initiative has two major components, namely New Silk Road and Maritime Silk Road. This section delineates these two themes.

(a) New Silk Road

The 3rd Plenary Session of the 11th Communist Party of China (CPC) Central Committee decided to reform the national economic setup from the establishment of Special Economic Zones (SEZ) and gradually opened the coastal cities in China. Thereafter in 1990s, as the world entered the post-Cold War era, Chinese policy makers have been more focused on the implementation of overall reform and opening to the outside world in all directions, particularly to improve the border security and regional cooperation with neighbouring countries. China has clearly been successful in resolving border disputes with most of its neighbours in a 'win-win' situation since the 1990s. ¹

Given its economic might, China has been comprehensively promoting large scale of infrastructure construction projects like railways, roads, ports, airports, pipeline etc. along with regional development it aims to build well-off society by 2020. One the

¹ China sharing its 22,000km land borders with neighbours namely: North Korea (1,416km), Russia (4,300km), Mongolia (4,677km), Kazakhstan (1,700km), Kyrgyzstan (1,100km), Tajikistan (414km), Afghanistan (210km), Pakistan (523km), India (4,057km), Nepal (1,415km), Bhutan (470km), Myanmar (2,185km), Laos (505km) and Vietnam (1,300km).

basis of Great Western Development Strategy in late 1990s, China encouraged infrastructure bonds for the development of ultra-border cooperation with Central Asia, Southeast Asia and other neighbouring countries. Apart from Great Western Development Strategy, China also executed Northeast Area Revitalization Plan in 2003 with various types of border infrastructural cooperation with North Korea, Russia and Mongolia. Entering the 21st century, China initiated Mid-to-Long Term Railway Network Plan to accelerate communication and connection between domestic metropolitan regions as well as emphasized Eurasian Land Bridge construction for the sake of success of Great Western Development Strategy and Northeast Area Revitalization Plan. As a result, various Eurasian Land Bridges like Trans-China Railway (TCR)² which pass through western part of China and Central Asia and finally reaching Europe, south corridor of Trans-Asian Railway (TAR)³ connecting Southeast Asia and South Asia with links to China's Yunnan Province, Trans-Mongolian Railway (TMGR)⁴ which traverses Mongolia to Russia, Trans-Manchuria Railway (TMR)⁵ and etc. have been either connected, or in the process of being connected. In 2014 at a dialogue on strengthening connectivity partnership, Xi Jinping proposed five points to enhance cooperation for jointly building One Belt, One Road initiative, highlighted transport infrastructure that include railway and highway projects linking China to Asia and other neighbouring countries. Recently, China-Turkey intermodal railway that designed to traverse Kazakhstan, Azerbaijan, and Georgia as well as the Caspian and Black Seas, pushed One Belt, One Road initiative forward across Asia. All these Land Bridges will further boost China's strategic importance and associated economic development as a conduit for trade between China and Asia to Europe, and was recently expanded to connect Taiwan with Europe via China, thereby linking the Pacific Ocean with the Atlantic Ocean through the Eurasian continent.

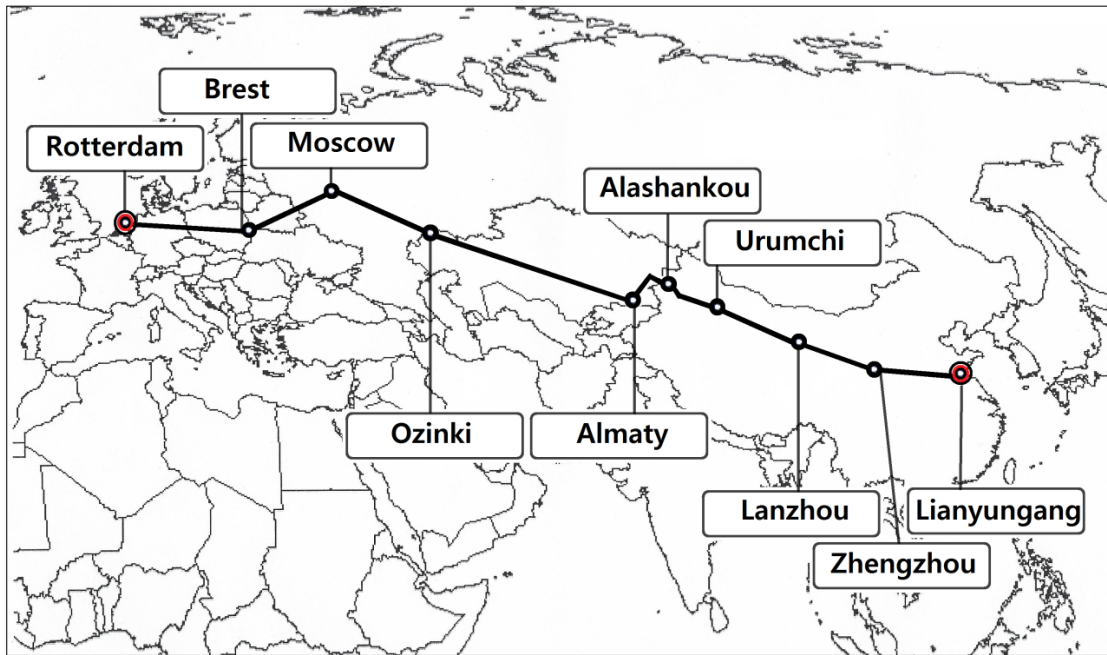
² Lianyungang-Rotterdam Railway from China to Netherland stretching over 11,870km, creating an uninterrupted rail link that passes through Russia and central Asian countries.

³ Promoted by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to build a transcontinental railway network between Europe and Pacific ports in China, now comprises 117,500 km of railway lines serving 28 member countries.

⁴ Approximately 2,210km in total length of Tianjin-Naushki Railway from China to Mongolia, of which the main trunk line links with Trans-Siberian Railroad.

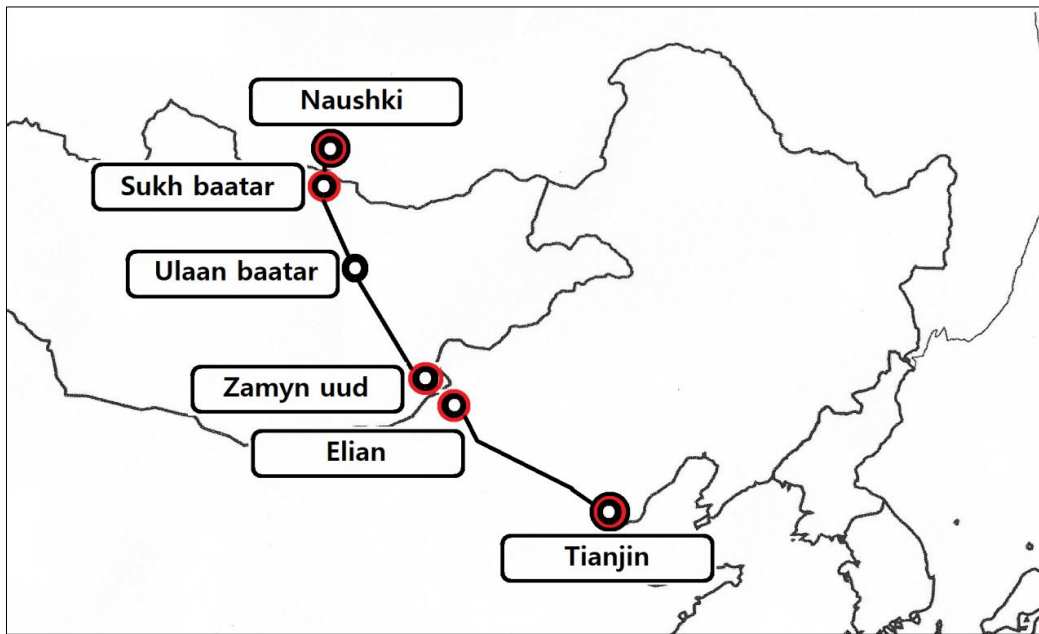
⁵ Also known as Chinese Eastern Railway (CER) or Chinese Far East Railway runs 2,323km of line in China, link to Russia. T-shaped line consisted of three branches: the western branch for Harbin-Manzhouli Railway, the eastern branch for Harbin-Suifenhe Railway and the southern branch for part of the Beijing-Harbin Railway.

Illustration 3.1. TCR Outline



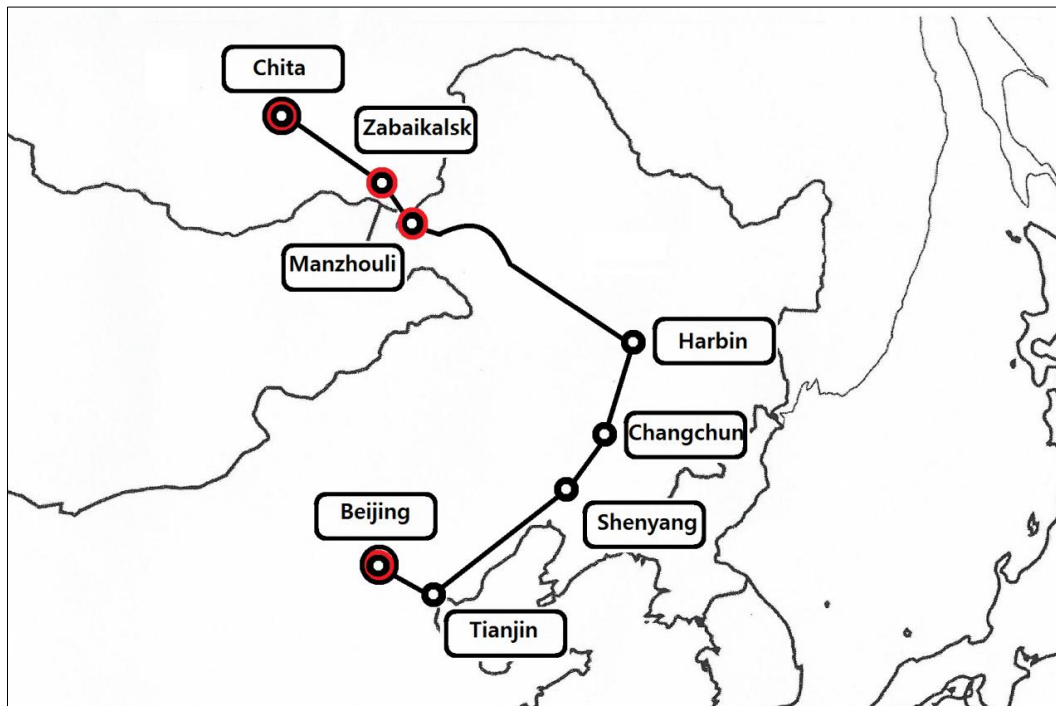
Source: Prepared by the author based on the following source (URL: http://www.sjl.co.kr/SJ_e/swf/tcr.swf)

Illustration 3.2. TMGR Outline



Source: Prepared by the author based on the following source (URL: https://en.wikipedia.org/wiki/Trans-Mongolian_Railway)

Illustration 3.3. TMR Outline



Source: Prepared by the author based on the following source (URL: <http://www.transsiberianexpress.net/trans-manchurian-trains.html>)

In addition, China has outlined its plan to connect the world by high-speed rail, including an underwater link to the US running a total 13,000km through full-scale promotion of Eurasian high-speed railway network plan that coupling with One Belt, One Road. The ‘China to Russia plus the United States’⁶ line proposed by the Chinese Academy of Engineering in 2014, would run for 13,000km from the north east of China, travel up through Siberia, down through a tunnel underneath the Pacific Ocean, traverse Alaska and Canada to reach the contiguous United States. In 2015, China has signed up to design for a high-speed railway between the Russian cities of Moscow and Kazan, one of the first concrete examples of the ‘China to Russia plus the United States’ line. From 25th Feb 2015 China has opened a cargo train service linking eastern city port of Lianyungang and Almaty, the financial and technological hub of Kazakhstan. All these are part of one of the most ambitious transport and infrastructure projects in history as China under Xi Jinping chases new continental dreams.

Although China began to build a high-speed railway for domestic demand in the early 1990s, with One Belt, One Road initiative, it is aggressively promoting railway and highway lines to neighbouring countries. Currently, China has the world’s longest railway network with over 19,000 km of track in service as of January 2016 which extends to 28 countries and 33 provinces and regions.⁷ Moreover, a network length of 30,000 km is planned for 2020. In such circumstances strengthening cooperation with neighbouring countries not only improves geopolitical environment but also provides basic conditions to realize One Belt, One Road initiative.

On the other hand, 21st-Century Maritime Silk Road is being on the long sea lanes format starting from the coastal city of China, through South China Sea, Indian Ocean, East Africa, Mediterranean Sea and Red Sea leads to Europe. According to preliminary statistics from the Secretariat of World Trade Organization (WTO), China’s trade in goods accounted for about 12% of the world’s trade in goods in 2013,

⁶ This US-China link would require around 200km of tunnels to cross the gap between Russia and Alaska - four times the length of the Channel Tunnel. If completed it would become the world’s longest underwater tunnel and take an unprecedented feat of engineering.

⁷ Three sections are under construction: Yunnan (Dec. 2016), Hong Kong (2018) and Ningxia (2020).

making China the worlds' largest trading country. The total volume of China's imports and exports amounted to 4.16 trillion USD; volume of exports reached 2.21 trillion USD; volume of imports reached 1.95 trillion USD. In this process China intends to expand the investment and development of the overseas port with the Go Out Policy (Zou Chuqu)⁸ and One Belt, One Road initiative at the national level. China Merchants Holdings International (CMHI)⁹ driving force of Chinese investment in overseas ports by engaging closely with shipping lines and the alliances in order to bring new services at its terminals and ports. In 2008, CMHI began its overseas expansion and the group now has interests in more than 320 berths in 29 ports in 15 countries and regions. It has invested in Belgium, Djibouti, France, Côte d'Ivoire, Malta, Morocco, Nigeria, South Korea, Sri Lanka, Taiwan, Togo, Turkey, and the United States. In China it has operations in Dalian, Hong Kong, Ningbo, Qingdao, Shanghai, Shenzhen, Tianjin, Xiamen, Zhangzhou, and Zhanjiang. According to managing director Bai Jingtao, CMHI is planning to invest in about 10 more overseas ports in several regions, including Southeast Asia, East and West Africa, southern Africa, the Baltic Sea and Russia, as the state-owned company continues its global expansion and implementation of China's One Belt, One Road strategy. New projects would be announced over the course of the next five years and beyond, as CMHI locates suitable partners and deals which include investment as part of a consortium in Turkey's third-largest container terminal, Kumport¹⁰. Colombo International Container Terminals Ltd., (CICT) is a joint venture Company between CMHI a listed blue chip company in the Sri Lanka Ports Authority (SLPA)¹¹. Under a 35 year Build Operate and Transfer (BOT) Agreement with SLPA, Colombo's third container terminal with a 2.4 million TEUs capacity was constructed in the Port of Colombo, Sri Lanka, under the Colombo South Harbour expansion project. At present,

⁸ The first policy document that issued in 1999, intended to encourage Chinese enterprises to engage in processing and assembly operations outside China. The first formal call for the implementation of a Go Out Policy was taken in China to occur in the Chinese Communist Party Central Committee (CCPCC) Opinion on the Formulation of the 10th National Economic and Social Development Five Year Plan adopted in December 2000.

⁹ CMHI's parent company is China Merchants Group, a conglomerate established in 1872, whose three core businesses include Transportation (Ports and Related Services, Toll Roads, Energy Shipping and Logistics), Finance (Banking, Securities, Funds, Insurance) and Property.

¹⁰ The terminal has a capacity of 1.84 million TEU with room to expand to 3.5 million teu and can handle vessels up to 18,000 TEU in size.

¹¹ It was set up by an Act of Parliament in 1979 and administers and operates all specified commercial Ports in Sri Lanka. The specified Port now includes Colombo, Galle, Trincomalee, Kankasanturai and Point Pedru.

CICT is the only South Asia’s terminal that equipped to handle the largest vessel’s afloat. Likewise, Hong Kong’s Hutchison Whampoa Limited is one of the world’s leading container terminal operators and a world leader in port services, holding interests in 52 ports comprising 319 berths in 26 countries.

Currently, Chinese Overseas port development and investment projects are concentrated in the major ports of the country which are located on the 21st-Century Maritime Silk Road. Similar to the Chinese overseas projects already completed or under way, the new projects are designed according to the requirements of the countries and regions in which they are located. Middle East and ASEAN countries that located in the Indian Ocean are primarily interested in the transport of safe energy resources, while in some areas of the Middle East and East Africa ports are developed for the military purposes. The specific content of Chinese overseas port investment and development projects in Asian region are shown in Table 3.

Table 3.3. Chinese overseas port investment and development projects (Asia)

Port		: Salalah	Country	: Oman
Relation with China		Long-term stable and significant; China imports 250-300,000 BPD of oil from Oman and is purchasing LNG		
Chinese Investment in Facility		None yet; 10 PLAN counter-piracy task force visits through January 2010; Chinese unofficial media reports bilateral negotiations to establish facility		
Type		Deep water; major container transshipment port for Persian Gulf		
Development Status		Already well-established; construction of new portside fuel bunkering facility under way; massive container terminal expansion plan contracted out		
<hr/>				
Port		: Aden	Country	: Yemen
Relation with China		Short-term but developing steadily; recent energy, trade, and commercial agreements		
Chinese Investment		None yet; visited by PLAN counter piracy task forces; reportedly considered for Chinese supply access; some security		

in Facility	concerns	
Type	Container and bulk cargo	
Development Status	Modest port; berth extension planned	
Port	: Djibouti	Country : Djibouti
Relation with China	Long-term stable and positive	
Chinese Investment in Facility	None; home to French and US defence facilities, Japan permitted to base P-3C aircraft for counter-piracy patrols; visited by PLAN counter-piracy task force	
Type	Principal port for Ethiopian cargo transshipment; containers and bulk cargo	
Development Status	Container terminal under construction	
Port	: Gwadar	Country : Pakistan
Relation with China	Long-term strategic	
Chinese Investment in Facility	USD 198 million, technicians and skilled workers	
Type	Large commercial port with conventional and container cargos (operated by Port of Singapore on 40 year contract) + Pakistan navy	
Development Status	Already well-established, but potential for further development	
Port	: Karachi	Country : Pakistan
Relation with China	Long-term strategic	

Chinese Investment in Facility	N/A	
Type	Pakistan's largest port	
Development Status	Already well-established; Bulk Cargo Terminal and other expansion underway	
Port	: Hambantota	Country : Sri Lanka
Relation with China	Short-term strategic	
Chinese Investment in Facility	USD 360 million export buyer's credit from China's EXIM Bank "built by Chinese enterprises"	
Type	Commercial; export of essential goods, vehicle re-exports	
Development Status	To be constructed in 3 stages over 15 years	
Port	: Chittagong	Country : Bangladesh
Relation with China	Long-term friendly	
Chinese Investment in Facility	N/A	
Type	Bangladesh's main seaport: 6 general cargo berths, 11 container berths (3 dedicated with gantry crane)	
Development Status	Completed	
Port	: Sittwe	Country : Myanmar
Relation with China	Long-term strategic	
Chinese	Assisting (India helping too)	

Investment in Facility	
Type	Large rice exporting port
Development Status	Under development over 3 years
Port	: Singapore
Country	: Singapore
Relation with China	Long-term friendly, emerging strategic
Chinese Investment in Facility	N/A
Type	Large, sophisticated, commercial port, busiest in world: 1 terminal, 9 sub-ports. Military ports
Development Status	Already well-established, but potential for further development

Source: Erickson, A. "Chinese Sea Power in Action: The Counterpiracy Mission in the Gulf of Aden and Beyond", ch.7 in Kamphausen, R. et al, *Learning by Doing: The PLA Trains at Home and Abroad*, National Bureau of Asia Research, November 2012, p.342

The idea of One Belt, One Road initiative was first proposed in 2013 at Boao Forum, when Xi Jinping provided analytical plan of its concept that China will promoting regional cooperation and firming up regional financing platform to boost economic cooperation by developing infrastructure in collaboration with neighbours. With the rapid development of the Chinese economy and faster pace of industrialization and urbanization has far exceeded its available supply of energy, also creating a serious imbalance between supply and demand in Chinese industries. Especially in recent years, high rates of economic growth, inefficient energy structures resulted in China's external dependency for oil has increased over time. Moreover, in a national environment of increased political awareness of the dangers of the regional disparities of western and coastal cities that could cause separatism, adequate provision of railway facilities for reduction of geographical distance is crucial. Chinese President

Xi Jinping, with the concept of “new normal”, proposed a crucial rebalancing that in which the country diversifies its economy, embraces a more sustainable level of growth, and distributes the benefits more evenly. At the centre of this effort, in March 2015, the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China jointly issued “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” with State Council authorization.¹²

In 2015, Report to Congress of the U.S.-China Economic and Security Review Commission analysed the initiate of One Belt, One Road aimed for three major strategies; First, China intends to diversify its energy portfolio by gaining access to Central Asian resources. Second, Beijing seeks to develop new markets for its companies through construction of roads and railways which has an added corollary of creating outlets for Chinese industries that experiencing overcapacity and slackening domestic demand due to China’s economic slowdown. Finally, China seeks to engender political goodwill and influence by fostering economically based good neighbourly relations, especially doing so to gain diplomatic sway in Southeast Asia for South China Sea and East China Sea dispute.

(b) China’s Diplomacy Trends of Asian Countries

As shown in the white paper “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road”, the core of One Belt, One Road initiative is in mutual cooperation and communication with neighbouring countries; policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds as their five major goals, strengthening mutual connectivity cooperation. Accordingly, ever since Xi Jinping ascended to power at the 18th Party Congress, he placed neighbourhood diplomacy as a key priority in foreign affairs.

Table 3.4. Main Contents of Five Major Cooperation Priorities

¹² Apart from Preface which describe the significance and purpose of initiate One Belt One Road, it consisted in 8 sections; ①Background, ②Principles, ③Framework, ④Cooperation Priorities, ⑤Cooperation Mechanisms, ⑥China’s Regions in Pursuing Opening-Up, ⑦China in Action and ⑧Embracing a Brighter Future Together

	Main Contents
Policy coordination	<ul style="list-style-type: none"> - Countries along the One Belt, One Road may fully coordinate their economic development strategies and policies, work out plans and measures for regional cooperation. - Negotiate to solve cooperation-related issues. - Jointly provide policy support for the implementation of practical cooperation and large-scale projects.
Facilities connectivity	<ul style="list-style-type: none"> - <u>Transportation</u>: Give priority to linking up unconnected road sections, removing transport bottlenecks, advancing road safety facilities and traffic management facilities and equipment, and improving road network connectivity. - <u>Energy</u>: Build cross-border power supply networks and power-transmission routes, and cooperate in regional power grid upgrading and transformation. - <u>Cable Network</u>: Build bilateral cross-border optical cable networks at a quicker pace and plan transcontinental submarine optical cable projects to improve international communications connectivity, and create an Information Silk Road.
Unimpeded trade	<ul style="list-style-type: none"> - Explore new growth areas of trade and promote trade balance. - Speed up investment facilitation and eliminate investment barriers. - Push forward cooperation in emerging industries. - Welcome foreign companies invest in China, and encourage Chinese enterprises to participate in infrastructure construction in other countries along the Belt and Road, and make industrial investments there.
Financial integration	<ul style="list-style-type: none"> - Expand the scope and scale of bilateral currency swap and settlement with other countries along the One Belt, One Road. - Joint efforts to establish the Asian Infrastructure Investment Bank and BRICS New Development Bank, conduct negotiation among related parties on establishing SCO financing institution. - Set up and put into operation the Silk Road Fund as early as

	<p>possible.</p> <ul style="list-style-type: none"> - Support the efforts of governments of the countries along the One Belt, One Road and their companies and financial institutions with good credit-rating to issue Renminbi bonds in China. - Qualified Chinese financial institutions and companies are encouraged to issue bonds in both Renminbi and foreign currencies outside China - Encourage the signing of MOUs on cooperation in bilateral financial regulation
<p>People-to-people bond</p>	<ul style="list-style-type: none"> - <u>Culture and Education</u>: Provide 10,000 government scholarships to the countries along the One Belt, One Road every year. Jointly apply for and protect World Cultural Heritage sites. Make it more convenient to apply for Chinese tourist visa. Support to hosting major international sports events. - <u>Medical hygienic</u>: Improve capability to jointly address public health emergencies. Provide medical assistance and emergency medical aid to relevant countries, and carry out practical cooperation in field of medical. Expand cooperation on traditional medicine. - <u>Science and Technology</u>: Establish joint labs, international technology transfer centres and maritime cooperation centres, promote sci-tech personnel exchanges, cooperate in tackling key sci-tech problems.

Source: “Vision and proposed actions outlined on jointly building Silk Road Economic Belt and 21st-Century Maritime Silk Road”, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China, with State Council authorization. (URL: <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201504/20150400930817.shtml>)

In March 2013, about a week after Xi Jinping assumed the presidency he made his first foreign trip as President to Russia, Premier Li Keqiang paid a State visit to India in the same year of May.

Thereafter, Xi Jinping paid state visits to four Central Asian countries in September 2013 namely: Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan, and attended a summit of the Group of 20 (G20) in St. Petersburg, Russia, and a summit of the Shanghai Cooperation Organization (SCO) in Bishkek, Kyrgyzstan. During this trip, Xi Jinping suggested the development of pragmatic cooperation on the lines of Silk Road.

In October 2013, both President Xi Jinping and Premier Li Keqiang completed their first official visits to Southeast Asia. Xi Jinping went to Indonesia and Malaysia and attended Asia-Pacific Economic Cooperation (APEC) meeting at Bali, while Li Keqiang attended 16th ASEAN-China summit in Brunei and visited Vietnam and Thailand. Chinese leaders put forward a series of proposals to promote joint cooperation to build the 21st-Century Maritime Silk Road that would take China-ASEAN relations to the next level. Meanwhile, the prime minister of Russia, India and Mongolia arrived in Beijing on the same day in October 2013, highlight the Chinese leaders' vigorous diplomatic relations with neighbouring countries. These visits are sign growing importance of China in Asia.

On 24- 25 October 2013, the Chinese Communist Party (CCP) held an unprecedented work forum on Chinese diplomacy toward neighbouring countries. This was reportedly the first major meeting on foreign policy since 2006 and the first forum specifically on periphery diplomacy since the establishment of the PRC in 1949. Chinese media reported that it aimed to “establish the strategic objectives, basic principles, and overall setup of the peripheral diplomatic work in the next five to ten years, and define the line of thinking on work and the implementation plans for resolving major issues facing peripheral diplomacy.” In this forum, Xi Jinping and other senior officials identified a four-fold approach to guide diplomacy toward neighbouring countries, focusing on efforts to realize amity, sincerity, mutual benefit, and inclusiveness. Chinese leaders highlighted that its destiny is linked with those of peripheral countries in the sense of common destiny. The community of common destiny refers to deepen the mutually beneficial cooperation with neighbouring countries by strengthening cooperation for overall economy, defence, and culture.

In March 2014, at the Second Session of the Twelfth National People's Congress, Premier Li Keqiang while delivering Report on the Work of the Government suggested the need to intensify the planning and building of a Silk Road economic belt and a 21st-Century maritime Silk Road, and developing the Bangladesh-China-India-Myanmar Economic Corridor and the China-Pakistan Economic Corridor. He also stressed the importance of initiating a number of major projects with neighbours to speed up infrastructure connectivity and open up new space for enhancing international economic and technological cooperation.

On 27th May 2015, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and Vice Premier Zhang Gaoli attended the opening ceremony of the ASEM (Asia-Europe Meeting) Industry Dialogue on Connectivity at Chongqing and announced the construction of Six Economic Corridors. He noted that as China's development is closely linked with the overall development in Asia and Europe, China will join the efforts with countries along the route to actively plan the six major economic corridors, namely, China-Mongolia-Russia Economic Corridor, New Eurasian Land Bridge, China-Central Asia-West Asia Economic Corridor, China-Indochina Peninsula Economic Corridor, China-Pakistan Economic Corridor and Bangladesh-China-India-Myanmar Economic Corridor.

Meanwhile, Xi Jinping had a high level discussion on One Belt, One Road related projects during his state visit to Kazakhstan, Russia and Belarus. During the visit to Kazakhstan, Xi Jinping and Kazakh President Nursultan Nazarbayev agreed to align the Silk Road Economic Belt initiative to Kazakhstan's new economic policy of the Bright Road¹³, so as to achieve common development of infrastructure and promote financial and energy cooperation. Later, in his talks with President Vladimir Putin of Russia at the Kremlin in Moscow, the two heads of state agreed to connect the construction of the Silk Road Economic Belt and Eurasian Economic Union (EEU), signed and issued the Joint Statement to comprehensively deepen the strategic

¹³ In 2014, President Nursultan Nazarbayev launching a new economic policy called Bright Road (Nurly Zhol) that aimed the modernization of the transport network within the country territory. It designed for 2015-2019, to double the traffic volume of transit cargo through Kazakhstan by 2020.

partnership of coordination as well as the Joint Statement on cooperation to connect the Silk Road Economic Belt and Eurasian Economic Union (EEU). And in Belarus, Xi Jinping and President Alexander Lukashenko signed an agreement for setting up an Industrial Park¹⁴ and to explore new opportunities for the development of the China-Eurasian Economic Corridor. Likewise, Xi Jinping held the second meeting of heads of state of China, Russia and Mongolia with President Vladimir Putin of Russia and President Tsakhiagiin Elbegdorj of Mongolia.¹⁵ In the meeting, the three heads of state approved the Mid-term Roadmap for the Development of Trilateral Cooperation among China, Russia and Mongolia. Relevant departments of the three countries signed the Memorandum of Understanding on Formulating Guidelines for Constructing China-Russia-Mongolia Economic Corridor, Framework Agreement on Cooperation in Creating Favourable Conditions to Facilitate Trade Development among China, Russia and Mongolia and Framework Agreement on Cooperation for the Development of Ports of Entry among China, Russia and Mongolia. Using this opportunity, the Mongolian government decided to connecting the Silk Road Economic Belt with the Prairie Road¹⁶ and Trans-Eurasian Belt Development to boost the building of China-Russia-Mongolia Economic Corridor and promote practical cooperation projects, fully paved Altanbulag-Ulaanbaatar-Zamiin-Uud highway which had been delayed for decades by Mongolian policymakers for national security reasons.¹⁷

China-Pakistan Economic Corridor(CPEC) proposed by Li Keqiang while delivering a speech on Making New Progress in Growing China-Pakistan All-Weather Friendship in Pakistan in May 2013. He pointed out that China-Pakistan Economic Corridor is a pragmatic cooperation to develop a long-term plan of bilateral relations, and on 8th April 2015, the Pak-China Economic Corridor Council (PCECC) was launched in Islamabad. In the same year, on 20 April Xi Jinping visited Pakistan and

¹⁴ China-Belarus Industrial Park is located near the Minsk National Airport with a planned area of 91.5sq.km. It is the biggest project of Belarus to attract foreign businesses and investment, and it is also the biggest economic and technological cooperation project between China and Belarus.

¹⁵ The first-ever Russia-Mongolia-China trilateral meeting between the heads of state of Mongolia, Russia and China took place in Dushanbe, Tajikistan, September 11, 2014, followed by a second trilateral meeting in Ufa, Russia, July 9, 2015.

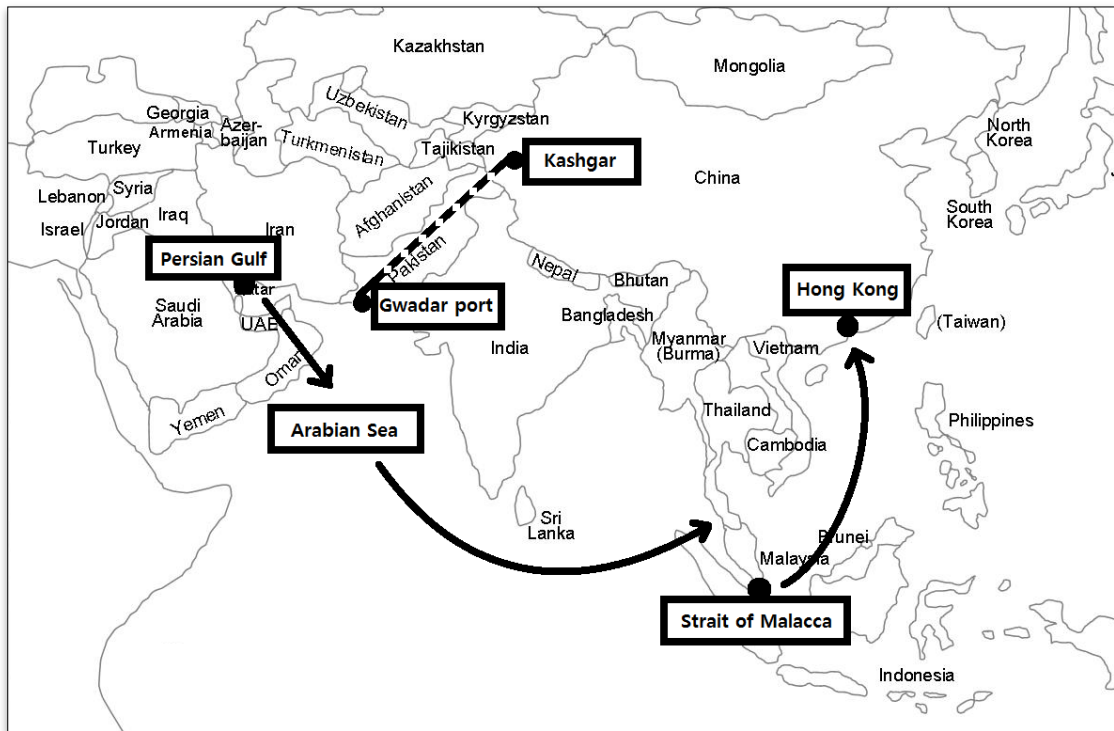
¹⁶ Also known as grassland road which Mongols term the “Steppe Road”.

¹⁷ They believed that the Mongolian economy, which has been monopolized by China for the last 15 years, would never overcome this situation if such a road were built, so many promoted an east-west “Millennium” highway across the country instead.

signed and issued the Joint Statement on establishing an All-weather Strategic Partnership of Cooperation to upgrade bilateral relations, and witnessed the signing of 51 bilateral cooperative agreements and among them more than 30 agreements worth USD 46 billion are designed to boost the CPEC project. Xi Jinping in the speech at Islamabad stressed the China-Pakistan Economic Corridor is a focal point of joint efforts to achieve common development, and use economic corridor to promote practical cooperation with a focus on Gwadar Port¹⁸. According to the 'Master Plan of CPEC' issued on July 2015, Pakistan has planned to develop approximately 2,395km long CPEC connecting Gwadar to Kashghar and has also planned Kashgar, Xinjiang, Khunjerab, Islamabad, Lahore, Multan, Sukkur, Karachi and Gwadar as the pivot cities for CPEC. It is a typical case of strategically develop the One Belt, One Road to secure transport routes of the energy resources. Currently, 60% of Chinese energy resources are imported from the Middle East, in particular 80% of China's oil imports have to pass through the Straits of Malacca. Given that the bulk of China's oil imports pass through the Strait of Malacca which is vulnerable to piracy and geopolitical uncertainties, a pipeline from Gwadar to China would provide an alternative for the supply of oil from the Middle East to China's western and central provinces in particular. In CPEC project is complicated, oil can be transported to China through Gwadar port and this reduce up to 85% of the energy transported through Malacca Strait.

¹⁸ Gwadar port was completed in 2007, initially managed by PSA Singapore. Since PSA reported to have abandoned the project on the plea, China has officially takeover the 40-year-port management rights from February 2013. Finally, China entered into formal operation of Gwadar port from April 2015.

Illustration 3.4. Chinese crude oil transportation network



Source: Prepared by the author based on the following source (Yao, Wang and Jing, Lu (2015), “Optimization of China Crude Oil Transportation Network with Genetic Ant Colony Algorithm”, *Information*, June 12 2015, 2015 (6): 467-480)

3. Challenges and Future Prospects of One Belt, One Road

(a) Challenges

One Belt, One Road faced a number of challenges right from the inception given the apprehensions that some countries have. Its future is also going through a transition. Trans Asian Railway Network as the core, various types of transportation infrastructure construction of Greater Mekong Sub-region economic corridors such as railway, road, aviation, shipping etc. have been promoted by aggressive efforts of ASEAN countries. In 1992, six countries—Cambodia, China (Yunnan Province), the Lao People’s Democratic Republic (Lao PDR), Myanmar, Thailand and Vietnam—established the Greater Mekong Sub-region Economic Cooperation Programme (GMS Programme) as an activity-based sub-regional economic cooperation programme, and approached the Asian Development Bank (ADB) to be the programme’s secretariat. Since its inception, the programme has achieved noteworthy successes in fostering

regional cooperation in the region. In 2013, to meet the objective of improving railway connectivity and to promote efficient, safe, and environmentally-sustainable transportation, the Greater Mekong Railway Association (GMRA) was established. It also aimed to develop railway institutional capacity in respective GMS countries as well as support railway connectivity and inter-operability.¹⁹ Likewise, China has played important roles in the economies, societies, and cultures of Southeast Asian states. China has allayed concerns that it poses no military or economic threat along with offering economic inducements, assured its neighbours that it strives to be a responsible member of the international community, and facilitate real benefits to the region through aid, trade, and investment. Hence, ASEAN countries are more and more concerned about the excessive economic and trade cooperation with China. Moreover, Chinese full-fledged investment in Asian countries as part of the One Belt, One Road could be leading to economic nationalism that would cause anti-China riots in the region. For example, Sri Lanka as the hub of the 21st-Century Maritime Silk Road in Asia, under an MOU signed by SLPA with China Communications Construction Company Limited (CCCC)²⁰ at total investment of 1,500 million USD conducted the Colombo Port City development project²¹ with approximately 230 hectares of water front sheltered by the new backwater reclaimed with the investment of foreign investors. During Xi Jinping's visit to Sri Lanka in 2014, he launched the Colombo Port City project with the former Sri Lankan President Mahinda Rajapaksa that expected to be completed in 39 months, after commencement of work in September 2014. However, due to too heavy reliance on Chinese investment Mahinda Rajapaksa faced criticism domestically and lost his bid for a third term in the general elections in January 2015. This project was suspended after Maithripala Sirisena came

¹⁹ Its outputs include: support for the technical working groups on railway connectivity in the GMS; preparation of a capacity development program for GMS member countries railway bodies; and facilitation of dialogue with private sector involvement in GMS railway development.

²⁰ It is the largest port construction, city development and design company of China that currently has 34 wholly-owned or controlled subsidiaries and having earned an eminent reputation in over 100 countries and regions in Asia, Africa, Middle East and South America in the past 20 years. Also, it has been the principal contractor in Sri Lanka since 1998 executing massive construction projects, such as the Southern Highway, Outer Circular Highway, Magampura Mahinda Rajapaksa Port, Mattala Rajapaksa International Airport and Colombo South Container Terminal.

²¹ The construction was set to begin in March 2011 but due to several circumstances the project was stopped. In mid 2012, SLPA announced that the construction of the Colombo Port City project would commence on 17 September 2014. It is the largest single foreign direct investment of around 1.5 billion USD for the land development that has potential to attract around 5 billion USD from all over the world.

to power. The Sirisena government expressed serious reservations over the clause in the agreement to hand over land to the CCCC on freehold basis with complete rights. In April 2016, when Sri Lankan Prime Minister Ranil Wickremesinghe visited China, both sides called for fast-tracking negotiations over the USD 750 million second phase of the Hambantota port²² which is part of the 21st-Century Maritime Silk Road. Also, both sides agreed to speed up the construction of the Colombo Port City project. But many analysts have predicted that despite pledges to resume the project, Sri Lanka would not actively engage China.

A similar thing occurred in the case of China–Kyrgyzstan–Uzbekistan railway. If it realized, it is expected to become the shortest railway link connecting the modern “factory of the world” with the oil rich Middle East and the enormous European market via Central Asia. On December 16, 2013, Kyrgyzstani President Almazbek Atambayev at a press conference stating that the railroad would be beneficial only to China and Uzbekistan, than Kyrgyzstan and that Kyrgyzstan and therefore would not participate²³. The future of this railway project began to appear more uncertain after Kyrgyzstan joined the Russia-led EEU, in May 2015. Since Kyrgyzstan joined the EEU, its trade with China dropped 90 percent drop in re-export-related activity at Bishkek’s Dordoi market in Kyrgyzstan—a hub for the re-export of Chinese goods. (EurasiaNet, 16 June 2014). Moreover, Kyrgyzstan rejected the “Resources for Investments” scheme whereby China would get access to a number of mineral deposits in Kyrgyzstan in exchange for a government loan to build the railway estimated at 2 billion USD, the equivalent of approximately 74 percent of Kyrgyzstan’s GDP, based on the official exchange rate. (www.tazabek.kg, 17 May 2012).

As part of the initiative, the Chinese government is keen on promoting its relations with India. Viewing Chinese enthusiasm the Indian Prime Minister Narendra Modi attaches great importance to economic cooperation with China and agreed to jointly

²² The first phase was completed in 2014 at a cost of USD 361 million. During the meeting, they also discussed the construction of an industrial park in Hambantota.

²³ But in January 2015, Xi Jinping’s envoy Yang Jiechi visited Atambayev, prompting the Kyrgyz leader to change his attitude toward the project. If that visit truly bears fruit, it will allow the Uzbekistan-Kyrgyzstan-China railway to move beyond a concept stage.

promote in-depth development of China-India strategic and cooperative partnership. India expressed its positive attitude towards the construction of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor²⁴, which is expected to develop gradually before more ambitious goals are achieved. However, list of documents signed during the State Visit of Xi Jinping to India for having bilateral summit, there was no reference to the One Belt, One Road. The reason for Indian government's passive standing on One Belt, One Road appears in the articulation of the Indian Vice President Mohammad Hamid Ansari when he visited China in end-June 2014. During the Indian Vice President's visit to Beijing, 21st-Century Maritime Silk Road in the Indian Ocean was met with a passive response. While acknowledging Chinese leaders' sincere approach, Ansari requested for more details on the project to help reach an early decision, saying that "the discussions in the last two days the subject has been mentioned. We have asked for more details to be able to study the proposal in all its fullness... In a framework of friendship and cooperation we should be clear in spelling out our views so that there are no misunderstandings between interlocutors"

While BCIM connecting India's north-east with China's Kunming city close to Myanmar border was received well by India, the strategic objectives of 21st-Century Maritime Silk Road raised questions as China is steadily expanding its influence in the Bay of Bengal and Arabian Sea by building ports in Sri Lanka and acquiring the Gwadar Port in Pakistan, much to the disquiet of India. Many Indian and Western analysts believe that China is pursuing a clear-cut long-term naval strategy to dominate the Indian Ocean. In 2005, the U.S. consulting firm Booz Allen Hamilton came up with the "string of pearls" hypothesis, which posits that China will try to expand its naval presence by building civilian maritime infrastructure along the Indian Ocean periphery. Those ports in turn could be put to dual use eventually and serve as naval ports for ships of the People's Liberation Army Navy (PLAN). According to this view, the Indian side recognizes One Belt, One Road initiative as a Chinese geopolitical strategy to 'reorder Asia' and 'undermine American alliances' in the region. Of course, there are variety of views on China's One Belt, One Road initiative in India, however, most of the researchers interpret that China is trying to create trade

²⁴ It will link Kolkata with Kunming, the capital of China's Yunnan province, passing through Myanmar and Bangladesh, with Mandalay and Dhaka among the focal points. The focus on linking provinces and States — in this case, Yunnan and West Bengal — seems to have given a new impulse to galvanising the plan.

and economic relationships with ASEAN countries through trade, port and continental land bridges to countervail the United States' influence and to draw the Indian Ocean Region littorals within its sphere of influence.

On September 2014, while Xi Jinping attended the 14th Meeting of the SCO Heads of State Council and paid state visits to Tajikistan, Maldives, Sri Lanka and India, he expressed the hope to Indian Ocean Region littorals would actively participate in the construction of the 21st-Century Maritime Silk Road. On 14 September 2014, in the meeting with Maldives President Abdulla Yameen, Xi Jinping pointed out that Maldives is an important link of the ancient Maritime Silk Road, sharing profound historical relationship with China. On 16 September 2014, he arrived at Sri Lanka and stressed that long-lasting bilateral strategic cooperative partnership of both countries is standing at a new starting point with broad development opportunities move forward on the Maritime Silk Road of the 21st Century.

This is evidenced by the fact that India's Prime Minister Narendra Modi launched a new initiative designed to compete with China's One Belt, One Road, known as Mausam Project and Spice Route Project²⁵. It is considered India's most significant foreign policy initiative designed to counter China. Like China's One Belt, One Road, Project Mausam would boost regional commercial and cultural linkages – but where the One Belt, One Road would have all roads leading back to China, Project Mausam seeks to return India to its role as the centre of Indian Ocean trade. To try and assuage Indian concerns, on April 2015 at 7th Annual Defence and Security Dialogue between China and India, China has expressed its vision of linking two Indian projects with its One Belt, One Road initiative. Chinese Ambassador to India, Le Yucheng in interview with the Indian press pointed out that India is China's natural and significant partner in promoting the 'Belt and Road' initiatives, China is willing to strengthen communication and coordination with India, to link the 'Belt and Road' initiatives with India's 'Spice Route' and 'Mausam' projects,

Meanwhile, Central Asian leaders and key administrators have acknowledged that

²⁵ The Mausam project aims to re-connect and re-establish communications between countries of the Indian Ocean Region, enhancing understanding of cultural values and concerns. The Spice Route project meanwhile focuses on an India-centered linkup of historic sea routes in Asia, Europe and Africa.

the construction of One Belt, One Road would have positive effect on economic development of the Asian region, and expressed their intention to participate in the cooperation projects. On January 17, 2014, at the Third Round of China-Gulf Cooperation Council (GCC) Strategic Dialogue, Chinese Foreign Minister Wang Yi co-chaired the dialogue with First Deputy Prime Minister and Foreign Minister Sabah Al-Khalid Al-Hamad Al-Sabah of Kuwait, the rotating president of the GCC. Wang Yi expressed that China is willing to work with the GCC to strengthen the bilateral political relations, to jointly push forward the construction of the One Belt, One Road initiative. GCC also noted that it attaches great importance to developing friendly relations with China, and is willing to enhance political mutual trust with China. In addition, Mongolia sees China's One Belt, One Road initiative as a real opportunity to enhance regional economic integration. In Mongolia, it is being discussed at various levels to build 3 vertical corridors and 3 horizontal corridors and they expect its economic corridor providing a favourable condition for not only trilateral cooperation, but also regional economic cooperation.

Some military and civilian observers clearly raise military-related strategic implications of the One Belt, One Road initiative for China, including the need to strengthen the security of maritime and land transport routes, to reduce territorial disputes, enhance anti-terrorism efforts, and deepen the joint exploitation of strategic resources. For example, in *Asia's Cauldron: The South China Sea and the End of a Stable Asia Pacific*, Robert Kaplan forecasts rising tensions in the Pacific, with growing Chinese naval capacity.

Kaplan starts out from some basic economics that more than half of the world's annual merchant fleet tonnage (including four-fifths of all the oil used in China) passes through the South China Sea. His analogy aims to explain what this will mean in the 21st century: "China's position vis-à-vis the South China Sea," he suggests, "is akin to America's position vis-à-vis the Caribbean Sea in the 19th and early 20th centuries."²⁶

In a rather similar way, the South China Sea now links the trade between the Pacific

²⁶ Between 1898 and 1914, the United States defeated Spain and dug the Panama Canal. This allowed Americans to link and dominate the trade of the Atlantic and Pacific Oceans, transforming the meaning of geography. It gave the United States effective control of the Western Hemisphere, which, in turn, allowed it to affect the balance of power in the Eastern Hemisphere.

and the Indian Oceans; “were China to ever replace the U.S. Navy as the dominant power in the South China Sea — or even reach parity with it — this would open up geostrategic possibilities for China comparable to what America achieved upon its dominance of the Caribbean.” That said, it is certainly possible that the One Belt, One Road concept could prompt China’s leaders to move toward the acquisition of naval and other capabilities that extend beyond a limited, largely commercial-oriented access to military bases.

(a) Future of One Belt, One Road

China conceived various measures to ensure the success of One Belt, One Road.

First, as a response to the neighbouring countries’ concerns China diluted the strategy of the geopolitical aspects of One Belt, One Road but emphasizes the image of economic cooperation initiatives and mutual prosperity. Chinese Vice Minister of Foreign Affairs Zhang Yesui emphasised “One Belt, One Road as a cooperation initiative and China has no particular geo-strategic intent to seeking regional dominance or leadership in the region and will not interfere in other countries’ internal affairs.” As following the development of the peripheral diplomacy, the strategy of the neighbouring countries is very important. In this situation, China has deliberately avoided the use of the expression of strategy, rather using the more soft concepts such as initiative or economic cooperation.

Second, as a response to the outside powers- United States, Russia, European Union, etc., China emphasizes the collaborative and inclusive nature of One Belt, One Road. Correspond to China’s One Belt, One Road initiative, major powers have proposed a series of regional cooperation initiatives, such like United States’ New Silk Road plan²⁷, Russia’s Eurasian Economic Union (EEU)²⁸, multilateral economic cooperation under the SCO frame, Central Asia Regional Economic Cooperation

²⁷ It was first envisioned in 2011 as a means for Afghanistan to integrate further into the region by resuming traditional trading routes and reconstructing significant infrastructure links broken by decades of conflict. With multiple transitions underway in Afghanistan, the United States and its allies can bolster peace and stability in the region by supporting a transition to trade and helping open new markets connecting Afghanistan to Central Asia, Pakistan, India and beyond.

²⁸ Treaty was signed on 29 May 2014 by the leaders of Belarus, Kazakhstan and Russia, and came into force on 1 January 2015. In 1994, the President of Kazakhstan, Nursultan Nazarbayev, first suggested the idea of creating a “Eurasian Union” during a speech at Moscow State University. Numerous treaties were subsequently signed to establish the trading bloc gradually. Many politicians, philosophers and political scientists have since called for further integration towards a political, military and cultural union.

(CAREC) Programme²⁹ that promoted by ADB and the transportation and energy initiative of EU-Central Asia³⁰.

In addressing opposition to One Belt, One Road, the Chinese government emphasizes One Belt, One Road as a way for win-win cooperation that promotes common development and prosperity and a road toward peace and friendship by enhancing mutual understanding and trust, and strengthening all-around exchanges. The Chinese government advocates peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit. China is open to link One Belt, One Road with other initiatives and projects. This open up the possibility to cooperate with the existing initiatives and projects within the framework of relevant multilateral organizations such as UN, World Bank, ADB, etc., creating a conducive atmosphere to participate in the construction process of One Belt, One Road.

Third, as a response to the concerns expressed by certain countries, China in focusing on in specific areas and on mutual benefit and equality. For such an important neighbouring country like India, China has been emphasizing the joint projects and close communication and coordination under the mechanisms of BRICS that shared broad agreement and maintained good cooperation on major international and regional issues. China is actively exploring mutual intersection with India for an in-depth exchange of views on issues of shared interest, including regional security situation, military-to-military relations and the respective development of the defence forces of the two countries.

In particular, China is trying to properly handle the sensitive issues that are related to construction of One Belt, One Road with disputing countries. Taking the South China Sea dispute as an example, through cooperation and mutual prosperity of the South China Sea as well as execution of the 2+7 cooperation framework, China is strengthening mutual trust with ASEAN countries.

At the ASEAN–China Summit in Brunei on October 9 2013, Chinese Premier Li Keqiang put forward the 2 + 7 cooperation framework as a new policy declaration on

²⁹ Programme has established in 1997 to encourage economic cooperation among countries in the Central Asian region. It has focused to date on financing infrastructure projects and improving the region's policy environment in the priority areas of transport, energy, trade policy, and trade facilitation.

³⁰. The dependency of the EU on external energy sources and the need for a diversified energy supply policy in order to increase energy security open further perspectives for cooperation between the EU and Central Asia, the Representatives Committee of the European Union has organized The EU and Central Asia: Strategy for a New Partnership” meeting on May 2007.

developing ASEAN–China relations over the next decade. It consists of a two-point political consensus and seven proposals for cooperation. The two-point political consensus held that the basis for promoting cooperation is deeper strategic trust and good neighbourliness, saying that the key to deepening cooperation is focusing on economic development and expanding mutual benefit. The seven-point proposal included some interesting ideas for further cooperation, including inking a treaty on good-neighbourliness, upgrading the China–ASEAN Free Trade Area (CAFTA) to raise trade to one trillion dollars by 2020, setting up an Asian Infrastructure Investment Bank to finance mushrooming regional connectivity projects, and building a 21st-century Maritime Silk Road.

Accordingly, ASEAN countries accepted 2+7 cooperation framework and decided to promote relations with China. Thus, on August 2014, Thailand Secretary for Foreign Affairs Sihasak Phuangketkeow declared that he would look forward to the Diamond Decade³¹ on advancing partnership and ASEAN welcomed China's proposals under the so-called 2+7 cooperation framework such as the establishment of the Asian Infrastructure Investment Bank (AIIB), the upgrading of ASEAN-China FTA which will be a building block of Regional Comprehensive Economic Partnership and enhancing maritime cooperation. In this regard, ASEAN also welcomed China's concept of maritime silk route of the 21st century and the convening of the informal ASEAN-China Defence Ministerial Meeting.

And in the economic realm, the birth of Six Economic Corridors of One Belt, One Road could change the global landscape, shifting the focus of strategy and commerce to the Eurasian landmass from the waters surrounding it. One Belt, One Road initiative is a key for promoting national economic development by boosting exports, enhancing access to natural resources, and providing support to important domestic industries. While it has the potential to reduce political and ethnic tensions both within China's ethnic regions and among Central Asian and Middle Eastern states, and to strengthen political ties with Central Asia which is energy-rich.

4. Summary

³¹ On September 2013 at the ASEAN–China Expo, Chinese premier Li Keqiang described the past decade of ASEAN–China relations as a Golden Decade and said both sides have the power to create a Diamond Decade in the next ten years

As indicated above, Chinese leadership emphasizes that One Belt, One Road initiative is not intended to dominate, intimidate, or generally leverage or manipulate other states involved in the undertaking. The Chinese scholar Shi Ze denounced the Western criticism of the initiative and maintained that the policy of Three Nos: non interference in the internal affairs of other nations; not to seek the so called ‘sphere of influence’; and not to strive for hegemony or dominance equally apply to the One Belt, One Road initiative. “In promoting regional collaboration, we insist on the Three Nos, we are not seeking a sphere of influence or pursuing selfish interests, but rather seeking mutual benefit and mutual progress for the international community and, in particular, for the countries along the belt.”

Regarding the challenges and problems confronting the One Belt, One Road initiative, the apparent complementarity between the needs of the other developing countries that comprise the One Belt, One Road region and China’s huge financial resources and extensive experience in undertaking infrastructure projects is a positive sign of success. In fact, many countries expected to obtain the aid of fund and technology for their economic construction from China, at the same time export this products to Chinese consumer market. On the other hand, their concern about domestic expansion and Chinese investment could lead to a scenario of becoming too dependent on China with disastrous economic and political consequences for them. Thus, the success of One Belt, One Road is dependent on both China and the countries that are part of the initiative.

Chapter IV.

AIIB: FIRING UP FINANCIAL HOLD

1. Introduction

Asian Infrastructure Investment Bank (AIIB) is a remarkable initiative and expected to become a major success 21st century Asian economy, alongside long-standing US-led global economy and ASEAN-led regional economy. The idea of the AIIB was first presented in October 2013 when China's President Xi Jinping announced the creation of the AIIB just before the APEC meeting in Bali, Indonesia. Premier Li Keqiang, following Xi Jinping's lead, rearticulated China's AIIB proposal at the Boao Forum for Asia in April 2014 by unveiling details of the AIIB's launch. Li Keqiang proposed that the AIIB be established in October 2014 through an intergovernmental memorandum of understanding among participating states. Subsequently, the first general meeting of the AIIB was held in Beijing on October 24 the same year. Initially, 21 states signed the MOU. They include Mongolia, Uzbekistan, Kazakhstan, Sri Lanka, Pakistan, Nepal, Bangladesh, Oman, Kuwait, and 12 ASEAN countries excluding Indonesia. Indonesia announced its intent to join the AIIB on November 3 2014. Among G7 countries for the first time United Kingdom has decided to join AIIB. Since then Australia and France are also been actively considering to join AIIB. Recently New Zealand declared to join AIIB. As this phenomenon accelerated, it has the potential for re-shaping the long-term geo-economic and geopolitical landscape in Asia. Taking advantage of regional interconnection, Asian countries hope to improve their regional economic integration and to develop potential markets. Southeast Asian region has enormous resources and potentiality to be developed, while it also experts enormous investment. In this context, the establishment of the AIIB is essential, especially when global economic downturn is still a cause for concern.

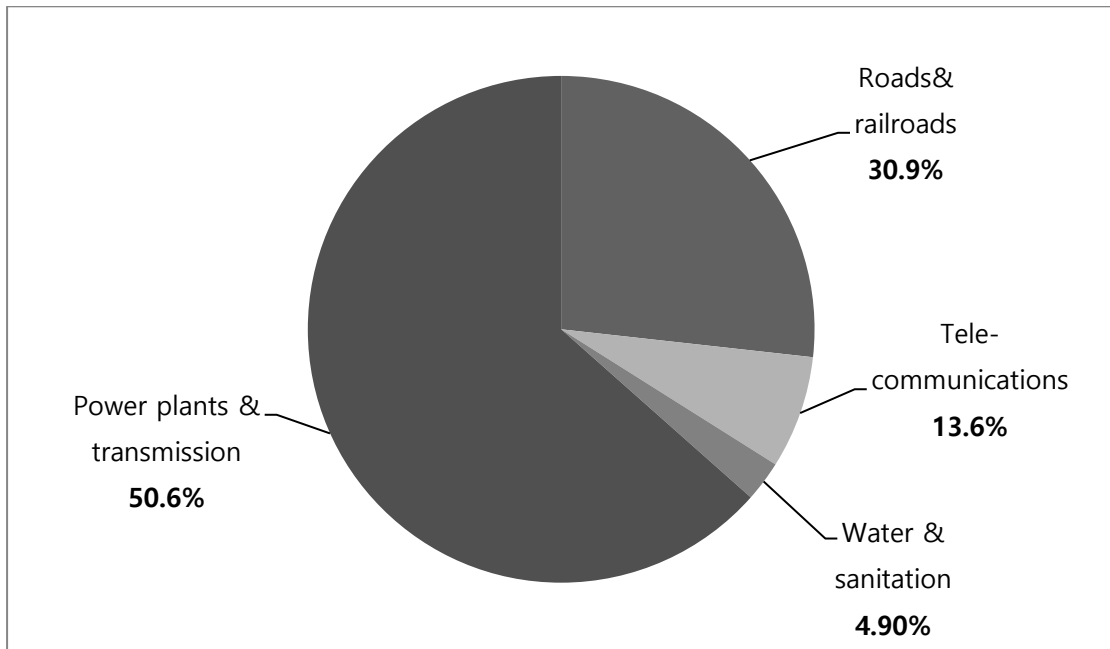
This chapter aims to address the following questions. In what ways and how China-led regional initiatives will influence Asia states? What are their likely impacts on the multilateral development financial institutions in the region such as Asian Development Bank. Also, how regional multilateral development financial institutions should respond to this seemingly unstoppable trend and what will be the pros and

cons for the moves?

2. Birth of AIIB: Relation between Infrastructure and Economic Development

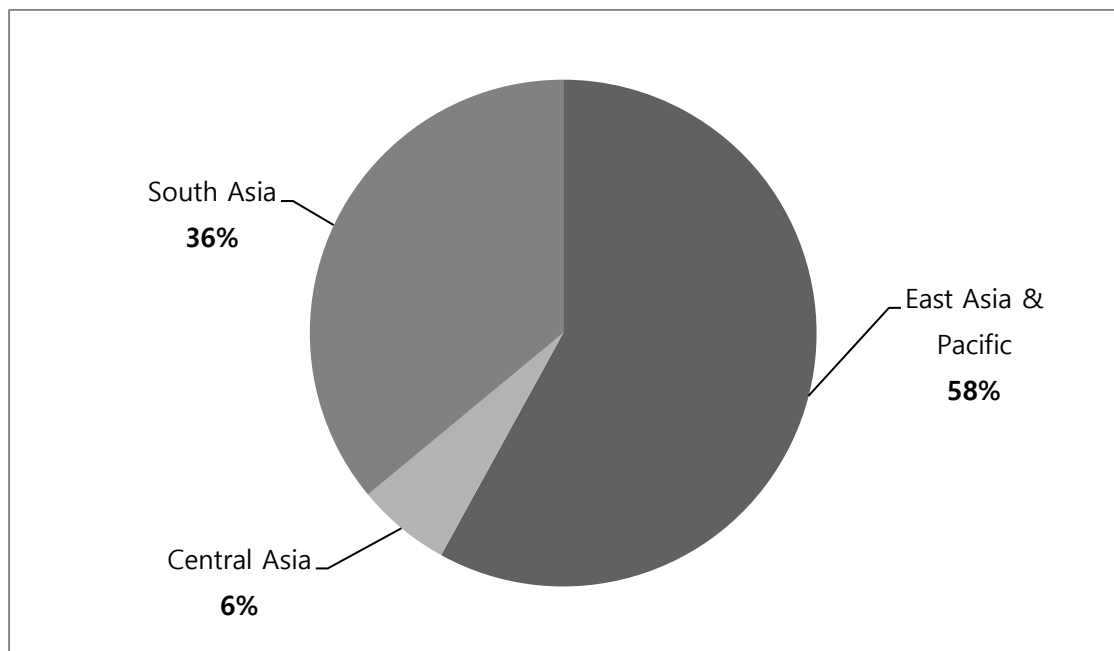
Infrastructure investment is one of the new sources of growth outside the trade. However, the availability of infrastructure has become one of the key issues of economic development among the Asian countries. Problems of development and infrastructure investment have been discussed at the APEC Summit Vladivostok in 2012. Leaders of APEC countries have realized that the development of regional infrastructure is quite an important key to economic development and regional connectivity. According to Asian Development Bank, infrastructure investment is required in Asia over the period 2010-2020 is estimated at USD 8 trillion. World Bank also reported that the infrastructure needs of developing countries is estimated to reach USD 1.5 trillion every year. Meanwhile, according to the OECD, the funding needs for infrastructure includes telecom, highways, railways and electricity up to 2030 is expected to reach 2.5 percent of world GDP, or approximately USD 118 billion. In 2010, OECD estimated the funding for energy infrastructure (such as gas, oil and coal) reached USD 71 trillion. A number of governments are in the process to find a source of funding to solve the increasing needs of infrastructure. The infrastructure funding source continue to rely on traditional finance such as the government budget. Due to growing public demand for social spending an areas of security and others, use of traditional finance is difficult to acquire. Therefore, there is a growing demand for alternative sources of investment.

Graph 4.1. ADB and Its Sectoral Allocation Projections



Source: ADB (as of December 2014) (URL: <http://www.adb.org/sites/default/files/publication/29823/infrastructure-supporting-inclusive-growth.pdf>)

Graph 4.2. Region-wise Distribute of ADBs Investment



Source: ADB (as of December 2014) (URL: <http://www.adb.org/sites/default/files/publication/29823/infrastructure-supporting-inclusive-growth.pdf>)

Meanwhile, the international financial crisis in 1997 caused havoc for the development of the infrastructure in Asia. It is encouraging to find effective ways and development models that help to mobilize regional and domestic savings to facilitate sustainable economic growth and promote regional integration. Investment in infrastructure has a strong economic spillover effects. Every USD 1 investment in infrastructure can result in the need to invest USD 3 - 4 in other economic sectors. According to ADB estimates, investment demand for infrastructure development in Asian countries between 2010 and 2020 to touch USD 8 billion with an additional USD 290 billion for regional projects. In Asia, every USD 1 billion investment in the infrastructure sector creates 18,000 employment opportunities. The need of huge infrastructure in the region and the financing gap in infrastructure financing, boost China to initiated the establishment of AIIB. AIIB expected to play an accelerator of economic development and integration of Asia through the promotion of investment in the infrastructure sector. As a follow up to the above initiatives, discussions among Prospective Founding Members (PFMs) on the establishment of AIIB commenced with the 1st Chief Negotiators' Meeting (CNM) have been organized in Kunming, China, in November 2014. After a series of discussions about the proposed Articles of Agreement (AOA), they were fine tuned at the second CNM, which was held in Mumbai, India, in January 2015. The AOA was discussed further at the 3rd CNM meeting that was held in Almaty, Kazakhstan, in March 2015 and at the 4th CNM meeting which took place in Beijing in April 2015. And the final text of the AOA was adopted on May 22, 2015 at the 5th CNM held in Singapore.

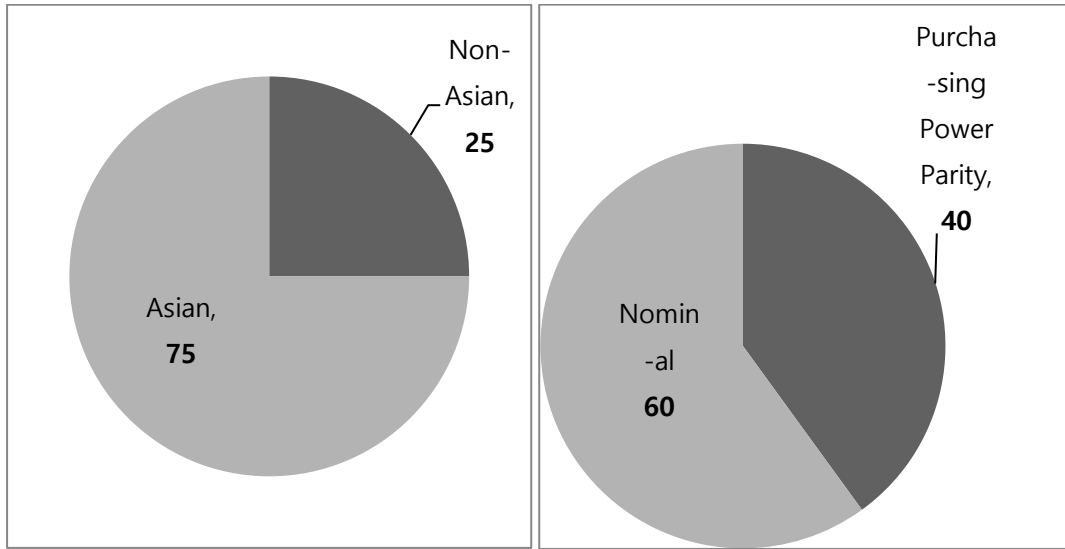
AIIB has the potential for competition for influence and market share among financial institutions. Currently various financial institutions such as Japan Bank for International Cooperation (JBIC), and the Asian Development Bank (ADB) are engaged in financing infrastructure projects in Asia.

3. Significance of AIIB

China proposed AIIB to be a regional institution on the lines of the New Development Bank and SCO Development Bank. AIIB is prominent for the potential

impact of China. China’s development is closely related to the world of opportunities. Basic orientation of AIIB is to facilitate participate in multilateral development. In essence, AIIB provides funds and grants countries to inside and outside of the region, an important sign of the development of financial might of China.

Graph 4.3. AIIB Share allocation (%) Graph 4.4. AIIB Calculation of donor contribution (%)



Source: Prepared by the author based on the following source (URL: https://www.scmp.com/sites/default/files/styles/486w/public/2015/06/30/aiib_initial_subscriptions_countries_with_1_per_cent_or_more_shares_per_cent_of_shares_per_cent_of_votes_chartbuilder_1.png?itok=Kgh5X5pQ)

AIIB is an outcome of the relationship between China and the global community. In 1776, Adam Smith in his book *Wealth of Nations* analysed: “China seems to have been long stationary, and had probably long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions.” But the situation is completely different from the past. In the era of globalization, the Chinese went abroad to see the world. China is also through its unique development model affect the trajectory of the international system, more and more deeply involved in shaping international norms and international trade, finance, security as well as construction of the international system in the field of climate change. With the ideas of peace, development, cooperation and win-win concept, China attempts to integrate global community in the name of “community of destiny”, which is fundamental

mission and philosophy of the AIIB.

After Reform and opening up with impressive economic growth China accumulated a lot of experience. With the initiative of AIIB China emphasized sharing its own experience will help spur growth and prosperity to other developing countries. Since its concept proposed by China, AIIB received a wide support outside the region. Among the Group of Seven, Germany, France, Britain and Italy have joined; among the Group of Twenty 14 member states have joined; among OECD members 21 countries have joined; all members of BRICS have joined; all six members of the SCO have joined. Particularly, it is noteworthy that all the countries they have South China Sea dispute with China have joined AIIB.

Hence, AIIB hired or consulted experts of International Monetary Fund (IMF), World Bank and other institutions. The key purpose is to establish AIIB with professionalism the transparency and democratic principles. In this regard, IMF mode of operation is used as a standard.

China shows willingness to participate in shaping the international financial order and ability to start from passive to active participants in the global leader of change. Former US Treasury Secretary, Lawrence Summers pointed out that through the combination of the proposed AIIB, a new development bank and mushrooming bilateral arrangements, China is slowly building small pathways to bypassing the longstanding institutional arrangement. No wonder the US is worried about the erosion of the existing Western-dominated multilateral system (in this particular case, the World Bank) where its influence is still considerable, if not diminishing. At the moment, China is still in the stage of development. From the perspective of economic globalization, China's economic reform and opening up has made great achievements for decades, but also helped China to adapt the actual US-led international economic order built the village for decades. For China, there is no urgency to actively defeat the system.

The timing of the establishment of the AIIB is important to understand. Since the establishment of AIIB, it not only influenced the financial and economic issues, but

also widely affected the international political system. The existing international economic system, one of the US-led force is weakened, the European recession further deepened the criticism.

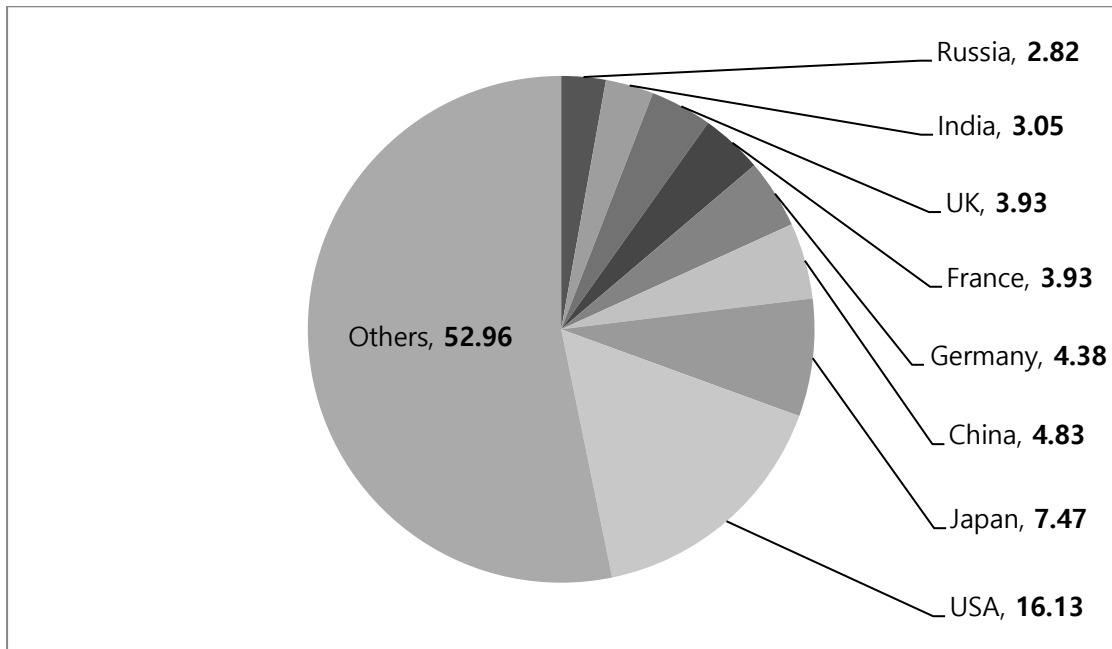
4. Future of AIIB

In 1966, when the Asian Development Bank was established there was suspicion about the need for ADB. At that time, Japan believed that the presence of ADB has three logical bases: the first is poor and backward countries in Asia who need funds; the second is the world's neglect of national interests in Asia and other institutions, and the unequal distribution business in Asia; the third is the need to establish a body with the Asian with the Islamic Development Bank founded in 1959 and the African Development Bank founded in 1963, there was an absence of development finance institutions in Asia is particularly prominent. ADB was established to give generous support to the World Bank the United States and Japan became the ADB's two largest shareholder countries.

Nearly half a century later, when China proposed the establishment of AIIB, not too many countries have questioned the need for the establishment of the bank. Britain, France and other European countries are also actively invited to become founding AIIB member States. Since the creation of ADB the need for a new Asian investment banking institution is a sign of healthy competition.

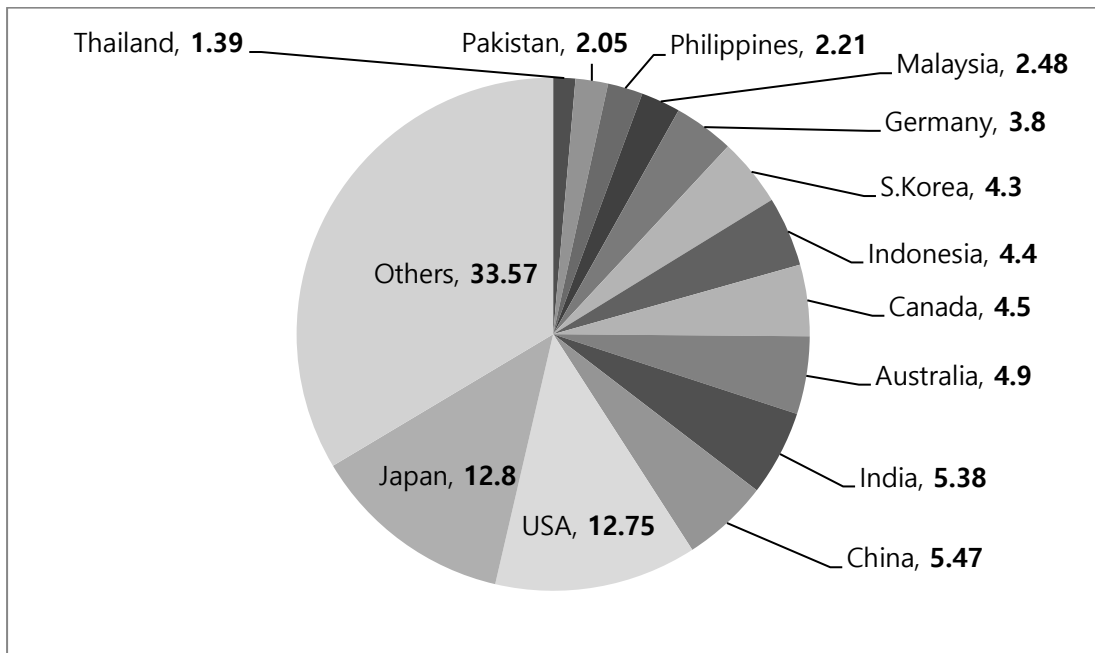
Although some Asian economies have been developed there are several others lagging behind. Particularly infrastructure investment is yet to effectively meet its infrastructure demand. On the other hand, the World Bank and other international agencies still do not give enough attention to Asia and other emerging economies. United States and Europe remain the key members of the major international economic institutions. ADB was once considered an important milestone in the development of the Asia-Pacific region changing doctrine, but ADB has increasingly become the political tool of promoting United States Asia-Pacific strategy. South Korean media criticises of ADB as "Japan forward, but in reality the US-led mechanism"

Graph 4.5. Voting Structure of World Bank (%)



Source: Prepared by the author based on the following source (URL: <http://siteresources.worldbank.org/NEWS/Resources/IBRD2010VotingPowerRealignementFINAL.pdf>)

Graph 4.6. Voting Structure of ADB (%)



Source: Prepared by the author based on the following source (URL: <http://www.adb.org/sites/default/files/institutional-document/158032/oi-appendix1.pdf>)

Since the ADB's departure from the original objectives, China rejected the US and Japan on the establishment of China-led infrastructure investment fund within the ADB proposal. Xi Jinping at the 2014 CICA Summit announced that Asian problems should be solved by Asian people as he outlined his vision for regional stability at the opening of an international security summit in Shanghai. The question boils down to rely on Asia to deal with the people of Asia. He emphasised that Asia should keep up with the changing times, and cannot allow it to happen that your body has entered the 21st century but your mind still sticks to the old era of Cold War and zero-sum mentality. Asia needs a real departure from the Asian investment bank, as a shared development opportunities development finance institutions, will stimulate the vitality of the existing multilateral development banks to push back the original purpose of these institutions, pay more attention to economic development, to develop a more reasonable payment standards.

ADB and the World Bank and other development banks varied deficiencies of various defects, however, get to see them play an important role in the areas of poverty alleviation, mature processes and experienced management personnel. China as a member of the World Bank and ADB, will learn from these good experiences of multilateral development banks, also learn to improve the transactions within the AIIB. Currently, the World Bank, the IMF and other multilateral finance institutions in Asian region are willing to cooperate with AIIB, in the realms of share knowledge, capacity building, exchange of personnel and projects.

In sharing knowledge, multilateral development banks could provide funds to focus more on sharing development experiences. With cooperation from multilateral development banks China can effectively promote Asia and other regions. On the other hand, the beneficiaries do need to comply with international rules. In November 2014, the World Bank Group and IMF joint African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, Islamic Development Bank issued a statement on infrastructure issues, emphasizing the realization of investment in infrastructure revitalization the key obstacle is not a lack

of funds but the lack of implementation. They reported that banks have a strong record of cooperation on infrastructure. At the policy level, they work together to develop global public goods and knowledge sharing tools, including standard documentation covering project identification, preparation, procurement, monitoring and supervision, and capacity-building. China has been promoting a harmonized approach among banks to project preparation and supervision, including through the use of standardized procurement policies and documents and environmental and social safeguards; similar requirements for ex-ante cost-benefit analysis and project “executability” assessments; and the use of concrete metrics to monitor and report on development effectiveness. The IMF is developing a set of concrete guidelines on strengthening public investment management practices across countries at differing levels of development. (World Bank, 2014)

Hence, AIIB aims to enhance the existing cooperation with the multilateral development banks. AIIB focuses on regional infrastructure, ADB and its development of the “Strategy 2020”, also puts the infrastructure as a long-term strategic focus in the business sector. In addition, AIIB will develop infrastructure hardware construction of road transportation, energy, communications, etc., pay more attention to the construction and infrastructure closely related to software, including help developing members countries’ build capacity as well as infrastructure management systems and mechanisms. Knowledge sharing in the area of infrastructure construction is important for AIIB. Infrastructure development must be in line with the relevant national development strategies. Given the long investment cycle of infrastructure projects should have multiple channels to expand revenue sources to obtain economic benefits to ensure debt sustainability.

Competition and Cooperation with ADB and other existing multilateral development banks is conducive to enhancing the quality of regional and international public goods to promote infrastructure in Asia. In order to carry forward the development of China and the development of other countries in a multi-polar world China needs to ensure adequate adherence to in the institutional rules of the initiative.

5. Challenges and Criticism of AIIB

AIIB has been facing several challenges besides criticism from several questions. However, within 4 months, 57 countries had become a founding members. According to the bank's website, AIIB is expected to complete the negotiations on the Constitution at the end of June 2015 and pending approval of the members and will be operational before the end of the year.

AIIB aims to promote the development of Asian infrastructure and has a clear framework of development. This not only will guide AIIB in the future, but also facilitate its expansion. As a multilateral development institution, it intends to contribute to the development of developing countries. While doing so, it must take into account the as specific circumstances and characteristics of developing countries such liberalization, marketization and privatization to measure the value of investments in infrastructure and other areas of financing.

To form a compatible set of practical international experience in Asia, AIIB is promoting the application of aid recipients and the integration of interests to help developing Asian economies to improve their infrastructure and upgrade communication, thereby bringing forward the overall concept and vision of the development of Asian region.

Currently, AIIB gained support from 37 regional and 20 non-regional PFM, all of which have signed the Articles of Agreement that form the legal basis for the bank. In other words, AIIB members consist of both important contribution and countries that need infrastructure development. Naturally the expectation of AIIB members is different, active efforts and good communication among the members is very important. China had one of the most successful track records of development cooperation with the World Bank and other multilateral development institutions. This overall combination and specific projects experiences of China become guidelines for AIIB operation. At the same time, China as the largest contributor to the AIIB, will also be obliged to promote the development of the concept of communication, development discourse system and the interests of all members.

Asian infrastructure market is broad. ADB report in 2010: Infrastructure is a prime element in a nation's development and a crucial factor in many regional cooperation efforts in Asia and the Pacific. Infrastructure investment is a key determinant whether Asian economies will continue their remarkable success that has brought millions of people out of poverty. The region has the potential to match Europe's current standard of living by 2050. However, this will require an acceleration of the infrastructure development that has supported the region growth over the last few decades. To maintain the growth momentum, for instance, Asia needs to invest around \$8 trillion in infrastructure over 2010–2020. The challenges are therefore enormous, particularly for the poorer countries that must increase their infrastructure development to accelerate their economic growth to catch up with the others. According AIIB's initial idea, the bank authorized capital will reach USD 100 billion, and initial capital contribution was about USD 30 billion. In terms of the degree of demand and supply of funds available AIIB has a bright futures. Therefore, before the formal operation AIIB needs to identify market segments, in order to determine how profitable and what is the key to effectively realize and operate.

AIIB is focusing on the national infrastructure development among the Asian countries'. For a long time, the infrastructure construction between China and other Asian countries witnessed a number of the bottlenecks restricting the development of nations, while is one of the reasons that caused serious problems in the regional cooperation. AIIB aim to drive the Asian infrastructure network to reduce transaction costs in international economic exchanges and enhance scale cluster development in Asian countries.

While, financing the project at the national level, AIIB must factor the existing infrastructure and the economic structure to rightly invest in the economic development and promote structural transformation. This requires AIIB to be problem-oriented and carry out market research to find out the location of the project's feasibility. Meanwhile, AIIB in the process of project selection should try to avoid crowding out private investment. Also need to take care of the requirements of the bank's own profit making, long-term and difficult logistics in Asia.

Hence, AIIB must deal with the governments and markets. Common features of developing countries in Asia are: high government involvement and low marketization. However, in specific stages of development, the role of the government cannot be ignored. Therefore, AIIB must go beyond the existing multilateral development institutions. It is not only necessary to evaluate the assimilation and absorption of international rules and norms, but also consider the characteristics of developing countries.

AIIB also should develop and handle the relationship with the existing multilateral development agencies. In most areas, these institutions determine the future of AIIB. In view of this, AIIB should uphold the open graded system and collaborate with the other with the multilateral development agencies competing to build healthy relationships.

Firstly, other multilateral development institutions demand and draw upon this historical experience. For example, the negotiations over the past few decades Western governments insight on long-term requirements of confidentiality. Former IMF External Relations Chair Thomas Dawson has been asked to assist the ministers to conceal the truth for 25 years. Now the parties are asking AIIB achieve immediate high standard of transparency, as a prerequisite for cooperation. This aspect can be considered both multilateral institutions and spread out the development ladder of AIIB. On the other hand, non-transparent policy may lead many projects in to difficulty.

Secondly, AIIB aims to cooperate with the existing multilateral institutions and enlarge advantage. Currently AIIB is in the planning stage lacking operational and management experience. Existing multilateral development institutions have developed deep business networks, connections and project resources. On the basis of those experiences AIIB intends to focus on the operation and management coordination, communication, even collaborate on specific projects, and to accumulate relevant experience. AIIB is not only conducive to achieve growth across time, but also striving to evolve its own characteristics.

Third, healthy relationship with other multilateral finance institutions requires rational treatment of healthy competition. In May 2015, at the annual meeting of the ADB, ADB President Takehiko Nakao declared that 80% of ADB projects it will focus on infrastructure projects. Thus, AIIB as a multilateral development institution and a latecomer to the field, although very unique and professional, will inevitably compete with existing institutions. This also requires investment banks in Asia in the process of development experience to explore and participate in the development of global multilateral development institutions.

6. Summary

On March 31 2015, AIIB accepted all 57 countries who became founding member countries. The basic focus of AIIB is on Asia and infrastructure development. The significance of AIIB in the international community is expected to be more than just an infrastructure investment institution. There are two major issues to be highlighted. First is the political aspect of AIIB. It does pose a threat to the existing financial institutions led by Japan and United States. Second, Asian infrastructure market has become attractive that made pro-U.S. countries such as the United Kingdom to join. The research report of ADB in 2010, it has been well-documented that Infrastructure is a prime element in a nation's development and a crucial factor in many regional cooperation efforts in Asia and the Pacific. The reason for primary purpose of ADB is to eliminate poverty and sustain the interest in infrastructure investment in Asia, because infrastructure development has an important element for the improvement of quality of life and economic growth. Asia has a massive infrastructure funding gap, AIIB would help reducing this gap. China's own geopolitical and commercial interests in expanding its economic reach and trade networks in Southeast Asia, South Asia and Central Asia. AIIB, which will focus chiefly on infrastructure development would help enhancing China's promotion of infrastructure imports.

However, Japan's hold in Asia seems to be declining with the establishment of a new mechanism to support infrastructure investment in Asia. Voting structures in the World Bank and ADB are unevenly distributed and the reform progress is still insufficient. AIIB could be used as a channel to leverage China's high foreign currency reserves to promote the internationalization of RMB.

Attractiveness of Asia's infrastructure investment has inspired several countries, including some Western countries that did not have political interests. After all, the reason that they are supporting AIIB is clear. Large infrastructure needs of the Asian region has a high possibility of future development.

Chapter V.

CONCLUSION

Since the implementation of Reform and Opening up policy, China has dramatically transformed its economy, politics, industries and defence. This in turn has led to a paradigm shift in China's place in global politics paving the way for greater involvement in various international processes.

The year 2008 was significant in China's rise. As the global financial crisis unfolded in this year, Chinese leaders, under the project of "China's Peaceful Development" started to actively investing in the development of various initiatives. China's leaders declared strategies and policies to create a win-win environment that could produce rapid economic growth, technological advancement, and improvement of physical and human resources. Of these initiatives, One Belt, One Road and AIIB stand out.

Despite strategic mistrust and economic imbalance in the bilateral and relations, China and Asian countries continue to hold massive potential for both sides on a foundation of economic cooperation.

What is noteworthy to is not whether these new institutions can replace the older institutions, but rather whether they are developing in a direction that is meaningful over the course of the next decade or so. As one of President Xi Jinping's key policies, the One Belt, One Road initiative aims to connect China with 60 countries, setting up potential trade with 4.4 billion people. The economic implications are enormous, valued at USD 21 trillion, boosting China's GDP by 25%. China is investing a hefty sum in the "One Belt, One Road initiative to boost integrated economic growth between Eurasia through mega infrastructure projects. The OBOR project includes 6 corridors under two roads, the New Silk Road Economic Belt running west towards Europe through Russia and Central Asian and the 21st Century Maritime Road focuses on reaching Europe through South Asia and Southwest Africa. Many scholars and governments view that the, transition of power from West to East has already arrived with the acceleration of China's rise in Asia. On the other hand, many scholars predicted that Chinese leaders' attempt to promote One Belt, One Road initiative

could eventually lead to a situation in which Europe would be integrated with Asia and dependent on the Chinese locomotive.

The birth of a transcontinental economic corridor, as envisioned by the Chinese authorities, could change the global landscape, shifting the focus of strategy and commerce to the Eurasian landmass from the waters surrounding it and reducing the significance of U.S. naval supremacy. Vice Premier Zhang Gaoli announced the construction of six economic corridors which are major projects aiming to promote Asia-Europe connectivity. These corridors could further intensify intra-European divergences over Asia policy, cause deep differences between the United States and its European allies, and sharpen commercial rivalries.

The 6 corridors highlighted below run between: China-Mongolia-Russia Economic Corridor (CMREC); New Eurasian Land Bridge (NELB); China-Central and West Asia Economic Corridor (CCWAEC); China-Indo-China Peninsula Economic Corridor (CICPEC); China-Pakistan Economic Corridor (CPEC); and Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC). Especially, China-Pakistan Economic Corridor (CPEC), one of the first of the 6 corridors to start construction is receiving USD 46 billion and a further injection of USD 1.6 billion agreed in August 2015. The China's investment is almost 20% of Pakistan's GDP. Construction of the CPEC is already well received and the 502km length road was already constructed. With an expected completion date of 2017 it has been given priority and a fast track. It should have a positive effect on the economy creating railways, roads, power plants, and hence jobs and investments.

However, Infrastructure construction of One Belt, One Road initiative has a number of potential risks. The most direct influence of government-business relations is the level of corruption. The World Bank has identified corruption as 'The single greatest obstacle to economic and social development' and has taken the lead in promoting 'good governance' as a key strategy to combat corruption. According to Corruption Perceptions Index (CPI) data of Transparency International in 2014, average score of the 41 One Belt, One Road countries recorded 35 marks, which much lower than the average of the total CPI data covered 175 countries- 43 marks.

This means that the perceived levels of corruption in these countries are more severe than the global average. Apart from corruption, investment environment also affect government-business relations, in particular, on the political risk. United States PRS Group provides International Country Risk Guide (ICRG)³². ICRG political risk rating includes 12 weighted variables covering both political and social attributes, namely: Government Stability, Socioeconomic Conditions, Investment Profile, Internal Conflict, External Conflict, Corruption, Military in Politics, Religious Tensions, Law and Order, Ethnic Tensions, Democratic Accountability, Bureaucracy Quality. According to January 2014 data of ICRG's political risk classification on these 34 countries, admittedly, from a simple analysis can infer that in the key areas of One Belt, One Road are high corruption and high risk area.

One of the reasons for China pushing forward its initiatives, despite these challenges is that they are key to determine China's national development and security. Some military and civilian observers already raised military-related strategic implications of the One Belt, One Road initiative for China, including the need to strengthen the security of maritime and land transport routes, to reduce territorial disputes, enhance anti-terrorism efforts, and deepen the joint exploitation of strategic resources. One Belt, One Road could prompt China's leaders to move toward the acquisition of naval and other capabilities that could have major implications for security in Asia.

Hence, Chinese leadership emphasizes that One Belt, One Road initiative is not intended to dominate, intimidate, or generally leverage or manipulate other states involved in the undertaking. In promoting regional collaboration, China insists non interference in the internal affairs of other nations, not to seek the so called 'sphere of influence and not to strive for hegemony or dominance. The challenges and problems confronting the One Belt, One Road initiative are real but the complementarity between the needs of the other developing countries that comprise the One Belt, One Road region and China's huge financial resources and extensive experience in

³² ICRG provides ratings for 140 countries on a monthly basis, and for an additional 26 countries on an annual basis under a different title. Its rating comprises 22 variables in three subcategories of risk: political, financial, and economic. The Political Risk index is based on 100 points, Financial Risk on 50 points, and Economic Risk on 50 points. The composite scores, ranging from zero to 100, are then broken into categories from Very Low Risk (80 to 100 points) to Very High Risk (zero to 49.9 points).

undertaking infrastructure projects are greater in surmounting them.

In 2015, AIIB accepted all 57 countries as founding member countries. Basically AIIB seeks to expand infrastructure development funding for the Asian region. The initial achievement of AIIB is a diplomatic success of China. The motives behind the establishment of AIIB are analysed highlighting issues such as: challenging the international financial powers; securing geopolitical power; promoting economic advantage. Upon examination of the economic relationships between China and the rest of the world, the birth of Chinese leading international development institution AIIB, is aimed at asserting its political and diplomatic influence in Asia and the world. Through AIIB, China hopes to assuage the fears about Chinese Threat from other Asian countries' – especially ASEAN countries, by providing economic profits to its partners through multiple channels.

But even if the motive of AIIB is to promote China's interests as the new rising power in Asian region, it does certainly improve multilateralism and to strengthen the global economic architecture. Demand for infrastructure investment is high enough to accommodate both the established as well as the emerging financial institutions like AIIB. However, AIIB could present a risk of establishing divergent investment standards. On this issue, AIIB founders should maintain a harmonized, consistent, and multilateral framework of rules and standards that help integrate, rather than fragment, the world economy. Given the high economic growth potential of Asian countries, they need to generate adequate resources in the short-to-medium term. Accordingly, AIIB emphasises on improving cooperation in economic and trade related issues to sustain high growth rates in the future, by facilitating more investment opportunities and closer connectivity among Asian countries.

In 2016, Chinese President Xi Jinping, while delivering the address at the inauguration ceremony of AIIB, declared that AIIB will have governance structures and operation policies designed on the basis of principles of openness, inclusiveness, transparency, responsibility, and fairness, and it will avail itself of the benefits gleaned from the experiences of existing international developmental institutions. Further, in order to avoid the pitfalls of the existing systems, it will endeavour to

reduce costs and increase operational efficiency. China wants to meet the demands and expectations of Asian countries that the AIIB have robust governance structure and fair organizational operations. Australia and other developed countries decided to join the AIIB because they were impressed by China's efforts to address other countries' concerns.

In 1941, Fortune Magazine founder Henry Luce described the 20th Century as an American century, predicting that by 2041 the 21st Century will be Asia's. Indeed there is now a clear recognition of Asia's growing importance in the international arena, yet the region faces severe infrastructure deficit often resulting in stunted growth performance.

In the final analysis, China-led initiatives in the form of One Belt, One Road and AIIB have the potential to redefine the Asian architecture. There is an element of mutuality between the two. AIIB is China's broader regional development strategy embodied in the One Belt, One Road, and as one of several sources of financing for One Belt, One Road to promote regional and international trade. One Belt, One Road, in keeping with the goals of AIIB, encourages to develop connectivity and cooperation among Asian countries through an elaborate network of land and sea infrastructure. One Belt, One Road could benefit more than 60 per cent of the global population and contribute USD 2.1 trillion to global GDP. In fostering development in Asia in the 21st century, China conceived One Belt, One Road and AIIB to further the global agenda for sustainable development as envisaged by the UN in its framework of Sustainable Development Goals. If these two initiatives succeed, they will contribute to the strengthening process of China's foothold in Asia. It remains to be seen how One Belt, One Road and AIIB will contribute to China's hold on Asia and the development of Asia and the world in the years to come.

References

(*Indicates primary source)

Admin (2014), “China launches AIIB in Asia to counter World bank”, *Affairscloud*, 24 October 2014, [Online: web] Accessed 8 May 2016, URL: <http://www.affairscloud.com/china-launches-aiib-in-asia-to-counter-world-bank/>.

Agence France-Presse (2015), “Japan denies plan to join China-led development bank”, *Yahoo!*, 31 March 2015, [Online: web] Accessed 31 Dec 2015, URL: <https://www.yahoo.com/news/japan-denies-plan-join-china-led-development-bank-041742313--finance.html?ref=gs>.

An (2015), “Germany becomes AIIB prospective founding member”, *Xinhuanet*, 1 April 2015, [Online: web] Accessed 30 June 2015, URL: http://news.xinhuanet.com/english/2015-04/01/c_134116568.htm.

An (2015), “Australia approved as AIIB founder”, *Xinhua News Agency*, 13 April 2015, [Online: web] Accessed 25 April 2015, URL: http://news.xinhuanet.com/english/2015-04/13/c_134147549.htm.

An Lu (2015), “S. Korea decides to join China-proposed AIIB”, *Xinhuanet*, 36 March 2015, [Online: web] Accessed 30 June 2015, URL: http://news.xinhuanet.com/english/2015-03/26/c_134100337.htm.

Anderlini, Jamil (2015), “UK move to join China-led bank a surprise even to Beijing”, *Financial Times*, 26 March 2015, [Online: web] Accessed 30 December 2015, URL: <https://next.ft.com/content/d33fed8a-d3a1-11e4-a9d3-00144feab7de>.

Andersson, Staffan and Heywood, Paul M. (2009), “The Politics of Perception: Use and Abuse of Transparency International’s Approach to Measuring Corruption”, *The Authors Journal compilation & Political Studies Association*, 57(4): 746-767.

Aneja, Atul (2014), “China invites India to join Asian Infrastructure Investment Bank”, *The Hindu*, 30 June 2014, [Online: web] Accessed 2 April 2015, URL: <http://www.thehindu.com/todays-paper/tp-national/china-invites-india-to-join-asian-infrastructure-investment-bank/article6161311.ece>.

Aneja, Atul (2015), “China, India fast-track BCIM economic corridor project”, *The Hindu*, 26 June 2015, [Online: web] Accessed 5 May 2016, URL: <http://www.thehindu.com/news/national/china-india-fasttrack-bcim-economic-corridor-project/article7355496.ece>.

Aneez, Shihar and Chalmers, John (2015), “Sri Lanka’s strongman president voted out after a decade”, *Reuters*, 9 January 2015, [Online: web] Accessed 14 May 2016, URL: <http://www.reuters.com/article/us-sri-lanka-election-idUSKBN0KG1ZI20150109>.

*Asian Development Bank (2013), *Regional: Support for the Establishment of the*

Greater Mekong Railway Association, [Online: web] Accessed 14 March 2016, URL: <http://www.adb.org/projects/42518-023/main#project-pds>.

*Asian Infrastructure Investment Bank (2015), *The Status of AIIB, About AIIB*, [Online: web] Accessed 21 July 2015, URL: http://aiibank.org/yatouhang_04.html.

*Asian Infrastructure Investment Bank (2015), *Articles of Agreement – AIIB*, [Online: web] Accessed 17 Dec 2015, URL: <http://www.aiib.org/uploadfile/2015/0814/20150814022158430.pdf>.

*Asian Infrastructure Investment Bank (2015), *Jin Liqun Selected President-designate of the Asian Infrastructure Investment Bank*, Multilateral Interim Secretariat of AIIB, [Online: web] Accessed 24 May 2016, URL: http://www.aiib.org/html/2015/NEWS_0824/15.html.

*Asian Infrastructure Investment Bank (2015), *Malaysia's Ambassador to China signed the Articles of Agreement of the Asian Infrastructure Investment Bank*, [Online: web] Accessed 27 August 2015, URL: http://www.aiib.org/html/2015/NEWS_0821/14.html.

*Asian Infrastructure Investment Bank (2015), *Signing and Ratification Status of the AOA of the AIIB*, [Online: web] Accessed 5 December 2015, URL: http://www.aiib.org/html/2015/Signing_Ratification_1118/33.html.

Associated press (2014), “China, 20 other countries initiate new Asian bank”, *Daily Mail*, 24 October 2014, [Online: web] Accessed 7 July 2015, URL: <http://www.dailymail.co.uk/wires/ap/article-2805943/China-21-countries-initiate-new-Asian-bank.html>.

Bali, Banyan (2013), “An Asian infrastructure bank: Only connect”, *The Economist*, 4 October 2013, [Online: web] Accessed 2 April 2015, URL: <http://www.economist.com/blogs/analects/2013/10/asian-infrastructure-bank-1>.

Bao, Chang (2012), “Trade across Central Asia boosted by railway land bridge to Europe”, *China Daily*, 6 December 2012, [Online: web] Accessed 14 Feb 2016, URL: http://usa.chinadaily.com.cn/epaper/2012-12/06/content_15992464.htm.

Bergsten, C. Fred (2008), “A Partnership of Equals: How Washington Should Respond to China’s Economic Challenge”, *Foreign Affairs*, 87 (4) July/August: 57-69.

Biz Video (2016), “China to build 30,000 kilometers high-speed railways by 2020”, *CCTV*, 12 January 2016, [Online: web] Accessed 6 March 2016, URL: <http://english.cntv.cn/2016/01/12/VIDExvHxQhfEiwLpNyD5zQIX160112.shtml>.

Bhattacharya, Abeek and Tomas, Hellen (2014), “Russian Gas Deal Gives China the Edge”, *The Wall Street Journal*, 21 May 2014, [Online: web] Accessed 1 May 2015, URL: <http://www.wsj.com/articles/SB10001424052702303749904579576210686726216>.

Bhattacharyay, Biswa Nath (2010), “Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and Sanitation in Asia and the Pacific: 2010–2020”, *Asian Development Bank Institute*, 9 September 2010, [Online: Web] Accessed 27 October 2010, URL: <https://think-asia.org/handle/11540/3836>.

Borisov, Timophei (2015), “New Development Bank to issue first loan in Chinese currency”, *Russia Beyond The Headlines*, 29 July 2015, [Online: web] Accessed 1 March 2016, URL: http://rbth.com/business/2015/07/29/new_development_bank_to_issue_first_loan_in_chinese_currency_48071.html.

Browne, Andrew (2015), “On Track or at Sea? Beijing Reopens Old Land Routes-Insecurity About Shipping Routes Drives Xi’s Rail Expansion”, *The Wall Street Journal*, 3 March 2015, [Online: web] Accessed 29 April 2015, URL: <http://www.wsj.com/articles/chinas-world-on-track-or-at-sea-beijing-reopens-old-land-routes-1425371903>.

Brown, Kerry (2015), “The UK Shows Leadership, and Strategic Clarity, in Joining AIIB”, *Chatham House Asia Programme*, 20 March 2015, [Online: Web] Accessed 12 Sep 2015, URL: <https://www.chathamhouse.org/expert/comment/17261>.

Campi, Alicia J. (2015), “Mongolia, Russia and China Work to Boost Transcontinental Rail Transit”, *The Jamestown Foundation*, 20 April 2015, [Online: web] Accessed 2 February 2016, URL: http://www.jamestown.org/single/?tx_ttnews%5Bwords%5D=8fd5893941d69d0be3f378576261ae3e&tx_ttnews%5Bany_of_the_words%5D=china-mongolia&tx_ttnews%5Btt_news%5D=43815&tx_ttnews%5BbackPid%5D=7&cHash=893fb202106db6dbaf10933e291690df#.VzVvKVZ97X4.

Cahoon, Ben M., “Former Foreign Colonies and Concessions in China”, *World Statesmen.org*, [Online: web] Accessed 14 February 2016, URL: http://www.worldstatesmen.org/China_Foreign_colonies.html.

Calder, Kent E. (2012), *The New Continentalism: Energy and Twenty-First-Century Eurasian Geopolitics*, New Haven: Yale University Press.

Chanborey, Cheunboran (2009), “China’s Soft Power in Southeast Asia”, *Cambodian Journal of International Affairs* (CJIA), 2 (1): 1-38.

Chassany, Anne-Sylvaine, Parker, George and Dyer, Geoff (2015), “Europeans defy US to join China-led development bank”, *Financial Times*, 16 March 2015, [Online: web] Accessed 10 Oct 2015, URL: <https://next.ft.com/content/0655b342-cc29-11e4-beca-00144feab7de?ftcamp=crm/email/2015317/nbe/USMorningHeadlines/product&sitedition=intl>.

Chen, Andrea and Huang, Cary (2015), “China to have 30 per cent stake, veto power under AIIB deal”, *South China Morning Post*, 29 June 2015, [Online: web] Accessed 12 Sep 2015, URL: <http://www.scmp.com/news/china/diplomacy->

defence/article/1829342/aiib-deal-seals-chinas-big-stake-new-lender.

Chen, S. (2010), "China's Self-Extrication from the "Malacca Dilemma" and Implications.", *International Journal of China Studies*, 1 (1): 1-24.

Chen, Xianyang (2012), "China's Strategic Thinking About New Changes of Its Environment" (Zhongguo zhoubian huanjing xin bianhuade zhanlue sikao), *Aisa & Africa Review* (Yafeizongheng), Beijing: Development Research Centre of the State Council.

Cheng, Joseph Yu-shek (2016), *China's Foreign Policy: Challenges and Prospects*, Singapore: World Scientific Publishing Co. Pte. Ltd.

Chellaney, Brahma (2015), "A Silk Glove for China's Iron Fist", *Project Syndicate The World's Opinion Page*, 4 March 2015, [Online: web] Accessed 10 May 2015, URL: <http://www.project-syndicate.org/commentary/china-silk-road-dominance-by-brahma-chellaney-2015-03>.

Chiu, Lawrence and Chen, Jay (2015), "Taiwan unable to become AIIB prospective founding member: China", *Focus Taiwan News Channel*, 13 April 2014, [Online: web] Accessed 9 August 2015, URL: <http://focustaiwan.tw/news/acs/201504130006.aspx>.

Choe, Sang-Hun (2015), "South Korea Plans to Join Regional Development Bank Led by China", *New York Times*, 27 March 2015, [Online: web] Accessed 19 Sep 2015, URL: http://www.nytimes.com/2015/03/27/world/asia/south-korea-to-join-asian-infrastructure-investment-bank.html?_r=0.

Chongkittavorn, Kavi (2014), "Pushing East Asia Summit to new level", *The Nation Thailand's Independent Newspaper*, 11 November 2014, [Online: web] Accessed 9 August 2015, URL: <http://www.nationmultimedia.com/opinion/Pushing-the-East-Asia-Summit-to-a-new-level-30247371.html>.

Chung, Jae-ho (2011). "China's Rise and Korea-China Relations", *The Korean Journal of International Studies*, 10 (2): 187-220.

Callaghana, Mike and Hubbard, Paul (2016), "The Asian Infrastructure Investment Bank: Multilateralism on the Silk Road", *China Economic Journal*, 4 April 2016, 9 (2): 116-139.

Clarke, Ryan and Gang, Chen (2014), "China's diplomacy in the Middle East", in Wang Gungwu and Zheng Yongnian (eds.), *China: Development and Governance*, Singapore: World Scientific Publishing GO. Pte. Ltd.

*Congressional Research Service Library of Congress (2008), *China's Foreign Policy and "Soft Power" in South America, Asia, and Africa*, Washington: U.S. Government Printing Office

Cooley, Alexander (2012), *Great Game, Local Rules: The New Great Power Contest in Central Asia*, New York: Oxford University Press.

Curran, Isabel Reynolds Enda (2015), "In Development Bank Battle, Surge to China Rattles Japan", *Bloomberg*, 18 March 2015, [Online: web] Accessed 5 April 2015, URL: <http://www.bloomberg.com/news/articles/2015-03-18/in-development-bank-battle-surge-to-china-rattles-japan>.

Denyer, Simon (2013), "China bypasses American 'New Silk Road' with two of its own," *Washington Post*, 14 October 2013, [Online: web] Accessed 10 October 2015, URL: https://www.washingtonpost.com/world/asia_pacific/china-bypasses-american-new-silk-road-with-two-if-its-own/2013/10/14/49f9f60c-3284-11e3-ad00-ec4c6b31cbed_story.html.

Dwarakanath, Biju (2015), "Saudi Arabia, Tajikistan to join Beijing-backed development bank", *Reuters*, 13 January 2015, [Online: web] Accessed 25 April 2015, URL: <http://www.reuters.com/article/china-aiib-idUSL3N0US3D020150113>.

*Embassy of the People's Republic of China in Romania (2015), *Work Together to Build the Silk Road Economic Belt*, [Online: web] Accessed 18 April 2015, URL: <http://ro.china-embassy.org/rom/zt/subiect2/t1232349.htm> 2015.

Firzli, M. Nicolas J. (2011), "Forecasting the Future: The BRICs and the China Model", *International Strategic Organization (USAK) Journal of Turkish Weekly*, [Online: web] Accessed 9 May 2015, URL: https://www.academia.edu/12319362/Forecasting_the_Future_The_BRICs_and_the_China_Model.

Gao, Cheng (2013), "Changes in the surrounding environment challenge on China's rise (Zhoubian huanjing binadong dui zhongguo jueqi de tiaozhan)", *International Studies*, 5 (3): 9-40.

Glosny, Michael A. (2006), "Heading toward a Win-Win Future? Recent Developments in China's Policy toward Southeast Asia", *Asian Security*, 2 (1): 24-57.

Goh, Brenda (2015), "'BRICS' bank launches in Shanghai, to work with AIIB", *Reuters*, 21 July 2015, [Online: web] Accessed 1 March 2016, URL: <http://in.reuters.com/article/emerging-brics-bank-idINKCN0PV07Z20150721>.

Gopalakrishnan, Raju (2014), "Three major nations absent as China launches World Bank rival in Asia", *Reuters*, 5 November 2014, [Online: web] Accessed 1 March 2016, URL: <http://www.reuters.com/article/us-china-aiib-idUSKCN0ID08U20141105>.

*Government of People's Republic of China (2014), *Xi Jinping Arrives in Male, Starting His State Visit to Maldives*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 15 June 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/zjpcxshzzygyslshdsschybdtkstmedfsllkydjxgsfw/t1191505.shtml.

*Government of People's Republic of China (2014), *Xi Jinping Arrives Colombo*

Starting His State Visit to Sri Lanka, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 15 June 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/zjpcxshzzygyslshdsschybdtkstmedfsllykdjxgsfw/t1192334.shtml.

*Government of People's Republic of China (2015), *Zhang Gaoli Attends Opening Ceremony of ASEM Industry Dialogue on Connectivity*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 12 September 2015, URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1268523.shtml.

*Government of People's Republic of China (2014), *Full text: Report on the work of the government*, The State Council The People's Republic of China, [Online: web] Accessed 19 September 2015, URL: http://english.gov.cn/premier/speeches/2014/08/23/content_281474983012988.htm.

*Government of People's Republic of China (2015), *Xi Jinping Holds Talks with President Vladimir Putin of Russia*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 12 September 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxelsjnwgzsl70znqdbfelshskstbels/t1263258.shtml.

*Government of People's Republic of China (2013), *Speech by H.E. Li Keqiang Premier of the State Council of the People's Republic of China at the Senate of the Islamic Republic of Pakistan*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 6 March 2016, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/lkqipsg_665690/t1043526.shtml.

*Government of People's Republic of China (2015), *Xi Jinping Holds Talks with Prime Minister Nawaz Sharif of Pakistan, and Both Sides Decide to Upgrade China-Pakistan Relations to All-weather Strategic Partnership of Cooperation*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 16 April 2016, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpdjstjxgsfwbfdnxyxyfldrhyhwlhy60znjnhd/t1256854.shtml.

*Government of People's Republic of China (2013), *Speech by H.E. Li Keqiang Premier of the State Council of the People's Republic of China at the Senate of the Islamic Republic of Pakistan*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 18 April 2016, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/lkqipsg_665690/t1043526.shtml.

*Government of People's Republic of China (2015), *Xi Jinping Holds Talks with President Nursultan Nazarbayev of Kazakhstan*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 12 September 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxelsjnwgzsl70znqdbfelshskstbels/t1262795.shtml.

*Government of People's Republic of China (2015), *Xi Jinping Holds Talks with President Vladimir Putin of Russia*, Ministry of Foreign Affairs of the People's

Republic of China, [Online: web] Accessed 12 September 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxelsjnwgzsl70znqdbfelshskstbels/t1263258.shtml.

*Government of People's Republic of China (2013), *Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 6 March 2015, URL: http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/activities_663312/t1093870.shtml.

*Government of People's Republic of China (2014), *Connectivity Spearheads Development and Partnership Enables Cooperation*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 15 Oct 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/ytjhzzdrscldrfzshyixghd/t1210466.shtml.

*Government of People's Republic of China (2015), Wang Yi: Effectively Advance Construction of China-Mongolia-Russia Economic Corridor, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 14 February 2016, URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1251854.shtml.

*Government of People's Republic of China (2015), *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, National Development and Reform Commission, [Online: web] Accessed 9 August 2016, URL: http://www.sdpc.gov.cn/gzdt/201503/t20150330_669392.html.

*Government of People's Republic of China (2008), *Wen Jiabao announced that Shanghai high-speed railway line started its construction* (Wenjiabao xuanbu jinghu gaosutieli quanxian kaigong), The Central People's Government of the People's Republic of China, [Online: web] Accessed 6 March 2016, URL: http://www.gov.cn/jrzg/2008-04/18/content_947868.htm.

*Government of People's Republic of China (2013), *Full text of Xi Jinping's speech at the opening ceremony of the Boao Forum for Asia AC 2013*, Boao Forum for Asia, [Online: web] Accessed 9 August 2015, URL: <http://english.boaoforum.org/mtzxxwzx/en/7379.jhtml>.

*Government of People's Republic of China (2014), *Xi Jinping Meets with Secretary-General Ban Ki-moon of UN*, Ministry of Foreign Affairs of the People's Republic of China, Beijing, [Online: web] Accessed 9 August 2015, URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1183821.shtml.

*Government of People's Republic of China (2011), *China's Peaceful Development*, Information Office of the State Council of the People's Republic of China, Beijing, [Online: web] Accessed 5 May 2014, URL: http://www.china.org.cn/government/whitepaper/node_7126562.htm.

*Government of People's Republic of China (2006), *China's aid to tsunami victims*

sets record: official, The State Council The People's Republic of China, Beijing , [Online: web] Accessed 6 March 2015, URL: http://www.gov.cn/misc/2006-01/18/content_162616.htm.

*Government of People's Republic of China, *China, Russian and Mongolia develop medium-term roadmap for tripartite cooperation* (Zhonghuarenmingonghego, eluosilianbang, mengguguo fazhan sanfang hezuo zhongqi luxiantu), China People's Government of People's Republic of China [Online: web] Accessed 14 August 2014, URL: http://www.gov.cn/xinwen/2015-07/10/content_2894909.htm.

*Government of People's Republic of China (2014), *Xi Jinping Holds Talks with Prime Minister Narendra Modi of India Building Closer Partnership for Development and Achieving Peaceful Development and Cooperative Development Together* (xijinping tong yindu zongli modi juxing huitan goujian gengjia jinmi de fazhan huoban guanxi gongtong shixian heping fazhan hezuo fazhan), Ministry of Foreign Affairs, Beijing, [Online: web] Accessed 11 May 2015, URL: http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1192535.shtml.

*Government of People's Republic of China (2007), *China's Peaceful Development Road*, The State Council Information Office, Beijing, [Online: web] Accessed 28 Oct 2015, URL: <http://www.china.org.cn/english/2005/Dec/152669.htm>.

*Government of People's Republic of China (2015), *Vision and actions on jointly building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of PRC, [Online: web] Accessed 14 March 2016, URL: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

*Government of People's Republic of China (2015), *The third meeting of negotiators to build AIIB held in Kazakhstan (Choujian yatouhang disanci danpan daibiaohuiyi zai hasakesitan juxing)*, Ministry of Finance of People's Republic of China, [Online: web] Accessed 13 Sep 2015, URL: http://gjs.mof.gov.cn/pindaoliebiao/gongzuodongtai/201503/t20150331_1210913.html.

*Government of People's Republic of China (2015), *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 31, 2015*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 1 Nov 2015, URL: http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1250815.shtml.

*Government of People's Republic of China (2015), *Xi Jinping Holds Talks with Representatives of Chinese and Foreign Entrepreneurs Attending BFA Annual Conference*, People's Republic of China Ministry of Foreign Affairs, [Online: web] Accessed 9 May 2015, URL: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1250585.shtml.

*Government of People's Republic of China (2015), *Vice Foreign Minister Cheng Guoping Holds Briefing for Chinese and Foreign Media at Press Center of the Chinese Delegation*, Ministry of Foreign Affairs of the People's Republic of China,

Beijing, [Online: web] Accessed 28 February 2016, URL: http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1281552.shtml.

*Government of People's Republic of China (2013), *Xi Jinping Delivers Speech at SCO Summit, and Raises Four-Point Proposal*, Ministry of Foreign Affairs of the Peoples' Republic of China, [Online: web] Accessed 10 October 2015, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1077762.shtml.

*Government of People's Republic of China (2014), *Vice Foreign Minister Zhang Yesui speech "Building land and maritime Silk Road" at development forum of Chinese group meeting* (Waijiaobu fubuzhang zhangyesui zai zhongguo fazhan gaoceng luntan "jianshe luhai sichou zhilu" fenzuhui shangde yanjiang), Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 10 May 2016, URL: http://www.mfa.gov.cn/mfa_chn//ziliao_611306/zt_611380/dnzt_611382/ydyl_667839/wjbxw_667920/t1140481.shtml.

* Government of People's Republic of China (2013), *The Ministry of Foreign Affairs Holds a Briefing for Chinese and Foreign Media on Premier Li Keqiang's Attendance of the East Asian Leaders' Meetings and His Visit to Brunei, Thailand and Vietnam*, Ministry of Foreign Affairs of the People's Republic of China, [Online: web] Accessed 10 May 2016, URL: http://www.fmprc.gov.cn/mfa_eng/topics_665678/lkqzlcxdyldrxlhy_665684/t1086673.shtml.

*Government of People's Republic of China (2014), *True Friend, Partner of Development* (zhencheng de pengyou, fazhan de huoban), Ministry of Foreign Affairs, Beijing, [Online: web] Accessed 14 Oct 2015, URL: http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1190948.shtml.

*Government of India (2014), *Joint Statement between the Republic of India and the People's Republic of China on Building a Closer Developmental Partnership*, Ministry of External Affairs, New Delhi, [Online: web] Accessed 14 Oct 2015, URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/24022/Joint+Statement+between+the+Republic+of+India+and+the+Peoples+Republic+of+China+on+Building+a+Closer+Developmental+Partnership/>.

*Government of India (2014), *List of Documents signed during the State Visit of Chinese President Xi Jinping to India*, Ministry of External Affairs, [Online: web] Accessed 7 May 2016, URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/24012/List+of+Documents+signed+during+the+State+Visit+of+Chinese+President+Xi+Jinping+to+India>.

*Government of India (2013), *Visit of Chinese Premier Mr. Li Keqiang to India (May 19-21, 2013)*, Ministry of External Affairs, [Online: web] Accessed 6 March 2016, URL: <http://www.mea.gov.in/in-focus-article.htm?21701/Visit+of+Chinese++Mr+Li+Keqiang+to+India+May+1921+2013>.

*Government of India (2014), *Sixth BRICS Summit – Fortaleza Declaration*, Ministry of External Affairs, Delhi, [Online: web] Accessed 28 December 2015, URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/23635/Sixth+BRICS+Summit++Fortaleza+Declaration>.

*Government of the Netherlands (2015), *Articles of Agreement of the Asian Infrastructure Investment Bank*, [Online: web] Accessed 30 September 2015, URL: <https://verdragenbank.overheid.nl/en/Verdrag/Details/013207>.

*Government of Pakistan (2014), *Pakistan Economic Survey 2013-14: Transport and Communications*, Ministry of Finance, [Online: web] Accessed 10 October 2015, URL: www.finance.gov.pk/survey/chapters_14/13_Transport_and_coms.pdf.

*Government of United Kingdom (2010), *Strategic Trends Programme: Global Strategic Trends- Out to 2040*, Ministry of Defence, London.

*Government of United Kingdom (2015), *UK announces plans to join Asian Infrastructure Investment Bank*, HM Treasury, 12 March 2015, [Online: web] Accessed 19 October 2015, URL: <https://www.gov.uk/government/news/uk-announces-plans-to-join-asian-infrastructure-investment-bank>.

*New Zealand Government (2015), “NZ formally joins Asian Infrastructure Investment Bank”, *Scoop.co.nz*, [Online: web] Accessed 10 December 2015, URL: <http://www.scoop.co.nz/stories/PA1512/S00158/nz-formally-joins-asian-infrastructure-investment-bank.htm>.

*Royal Thai Government (2014), Top Stories : Permanent Secretary attends the ASEAN-China Foreign Ministers Meeting, Ministry of Foreign Affairs of the Kingdom of Thailand, [Online : web] Accessed 10 May 2016, URL: <http://www.mfa.go.th/main/en/media-center/28/48508-Permanent-Secretary-attends-the-ASEAN-China-Foreig.html>.

*The Council of the European Union (2007), *The EU and Central Asia: Strategy for a New Partnership*, The Permanent Representatives Committee, [Online: web] Accessed 10 May 2016, URL: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2010113%202007%20INIT>.

*The Government of the Hong Kong Special Administrative Region, (2015), Financial Secretary, [Online: web] Accessed 29 March 2015, URL: <http://www.fso.gov.hk/eng/blog/blog290315.htm>.

*The Government of the Hong Kong Special Administrative Region (2015), *The 2015–16 Budget – Budget Speech*, [Online: web] Accessed 29 March 2015, URL: <http://www.budget.gov.hk/2015/eng/budget17.html>.

Han, Xu (2014), “Pan-Asian high-speed rail construction to start on next month (Fanya gaotie xiayue donggongjianshe)”, *The Beijing Times*, 8 May 2014, [Online: web] Accessed 10 May 2015, URL: <http://epaper.jinghua.cn/html/2014->

05/08/content_87865.htm.

Hao, Shuai and Qiao, Xuefeng (2014), “Border cooperation promoting establishment of OBOR (Bianjing hezuo zhuli “yidai yilu” jianshe)”, *People’s Daily*, 29 December 2014, [Online: web] Accessed 9 August 2015, URL: <http://finance.people.com.cn/n/2014/1229/c1004-26289531.html>.

Hsiao, Alison (2015), “Legislature not against AIIB bid”, *Taipei Times*, 2 April 2015, [Online: web] Accessed 2 Sep 2015, URL: <http://www.taipetimes.com/News/taiwan/archives/2015/04/02/2003614976>.

Hu, Angang (2011), *2030 China towards common prosperity* (2030 zhongguo maixiang gongtong fuyu), Beijing: China Renmin University Press.

Huang, Chin-Hao (2013) “China’s Soft Power in East Asia: A Quest for Status and Influence?”, *The National Bureau of Asian Research Special Report* , Seattle: The National Bureau of Asian Research.

Huang, Rui (2013), “President Xi Jinping held talks with Kazakh President Nursultan Nazabeyev (Xi jinping tong hasakesitan zongtong nezhaer bayefu juxing huitan)”, *Xinhua News Agency*, 7 September 2013, [Online: web] Accessed 18 April 2016, URL: http://news.xinhuanet.com/world/2013-09/07/c_117272640.htm.

Huang, Rui (2014), “Xi Jinping presided strengthen interoperability partnership dialogue and Delivers an Important Speech (Xi jinping zhuchi jiaqiang hulianhutong huobanguanxin duihuahui bing fabiao zhongyaojianghua)”, *Xinhua News Agency*, [Online: web] Accessed 21 November 2014, URL: http://news.xinhuanet.com/politics/2014-11/08/c_1113170919.htm.

Huang, Rui (2013), “Xi Jinping delivered a speech at Indonesian parliament: Jointly building the China-ASEAN community of common destiny” (Xi Jinping zai yinni guohui fabiao yanjiang: xieshou jianshe zhongguo dongmeng mingyun gongtongti), *Xinhua News Agency*, 13 October 2013, [Online: web] Accessed 4 March 2015, URL: http://news.xinhuanet.com/world/2013-10/03/c_117591652_3.htm.

Ikenberry, John G. (2008), “The Rise of China and Future of the West”, *Foreign Affairs*, 87 (1) January/February : 22-37.

Jamil, Anderlini (2014), “China expands plans for World Bank rival”, *Financial Times*, 24 June 2014, [Online: web] Accessed 17 February 2016, URL: <https://next.ft.com/content/b1012282-fba4-11e3-aa19-00144feab7de>.

Kang David C. (2007), *China Rising: Peace, Power, And Order in East Asia*, New York: Columbia University Press.

Kaplan, Rober D. (2013), “China's String of Pearls?”, *Stratfor Global Intelligence*, [Online: web] Accessed 7 May 2015, URL: <https://www.stratfor.com/sample/weekly/chinas-string-pearls>.

Kaplan, D. Robert (2014), *Asia's Cauldron: The South China Sea and the End of a Stable Asia Pacific*, New York: Random House.

Kim, Samuel S. (2009). "China and Globalization: Confronting Myriad Challenges and Opportunities", *Asian Perspective*, 33 (3): 41-80.

Kong, Defang and Yao, Chun (2015), "Italy, France approved as AIIB founding members", *People's Daily*, 2 April 2015, [Online: web] Accessed 25 April 2015, URL: <http://en.people.cn/n/2015/0402/c90883-8873276.html>.

Kong, Wong Chee (1998), *China's New Oil Development Strategy Taking Shape*, London: World Scientific Publishing & Singapore University Press.

Kuptenbach Elanine (2015), "Taiwan to join China-led regional bank, Japan says not now", *Yahoo!*, 31 March 2015, [Online: web] Accessed 31 Dec 2015, URL: <https://www.yahoo.com/news/japan-not-currently-planning-join-china-led-bank-043535443.html?ref=gs>.

Lampton, David M. (2007). "The Faces of Chinese Power", *Foreign Affairs*, 86 (1) January/February: 115-127.

Lampton, David M. (2008), *The Three Faces of Chinese Power: Might, Money and Minds*, Berkeley: University of California Press.

Lee, Jung-Nam (2012), "Dilemma of Korea-China Relations with the Emergence of the G2 Era", *The Korean Journal of International Studies*, 10 (2): 187-220.

Lee, Jiyong (2014), *Political economic implications and suggestions on One Belt One Road strategy of the China*, Report, Seoul: Korea National Diplomatic Academy, [Online: web] Accessed 8 May 2015, URL: http://m.kinu.or.kr/kinu_mobile/info/korRefer_list.jsp?page=8&num=33376&mode=view&field=&text=&order=&dir=&bid=REPORT01&ses=&category=16.

Lee, Yong Wook and Son, Key-Young (2014), *China's Rise and Regional Integration in East Asia: Hegemony or Community?*, London: Routledge.

Li, Kun (2015), "Strategic significance of second meeting by presidents of China, Russia and Mongolia", *CCTV*, 15 July 2015, [Online: web] Accessed 14 February 2016, URL: <http://english.cntv.cn/2015/07/15/ARTI1436944229967193.shtml>.

Li, Mingjiang (2009), "China's Gulf of Aden Expedition and Maritime Cooperation in East Asia", *China Brief*, 9 (1): 5-8.

Li, Yang and Huang, Ning (2013), "Four ASEAN countries to join the TPP Motivation and Strategy Selection of China (Dongmengsiguo jiaru TPP de dongyin ji zhongguode zhanlve xuanze)", *Contemporary Asia-Pacific* (Dangdai yatai), (1): 101-124.

Li, Zhanyang (2012), "Reflection on China-ASEAN relations after the Cold War (Dui

lengzhan hou zhongguo yu dongmengguanxi de fansi)", *Foreign Affairs Review* (Waijiao pinglun), (4): 14-15.

Liedy, Amy (2011), "The Great Power Rivalry in Central Asia", *Kennan Institute*, 7 July 2011, [Online: web] Accessed 12 September 2015, URL: <https://www.wilsoncenter.org/publication/the-great-power-rivalry-central-asia>.

Lin, Christina (2015), "Erdogan's neo-Ottoman vision meets Xi's Silk Road dream", *Asia times*, 29 December 2015, [Online: web] Accessed 5 January 2016, URL: <http://atimes.com/2015/12/erdogans-neo-ottoman-vision-meets-xis-silk-road-dream/>.

Luan (2016), "Xi Jinpings address at AIIB inauguration ceremony", *Xinhuanet*, 16 January 2016, [Online: web] Accessed 18 April 2016, URL: http://news.xinhuanet.com/english/china/2016-01/16/c_135015661.htm.

Lum, Thomas, Morrison, Wayne M. and Vaughn, Bruce (2008), *China's "Soft Power" in Southeast Asia*, Washington: Congressional Research Service (CRS).

Ma, Yuge (2014), "The Environmental Implications of China's New Bank", *The Diplomat*, 5 Dec 2014, [Online: web] Accessed 27 July 2015, URL: <http://thediplomat.com/2014/12/the-environmental-implications-of-chinas-new-bank/>.

Maciasojan, Amanda (2015), "The Longest Railway In The World Is Stalled In Madrid", *Business Insider India*, 26 January 2015, [Online: web] Accessed 7 May 2015, URL: <http://www.businessinsider.in/The-Longest-Railway-In-The-World-Is-Stalled-In-Madrid/articleshow/46021459.cms>.

Mao, Hanying (2013), "Prospect on cooperation of China, Russia and five Central Asian countries (Zhongguo yu eluosi ji zhongyawuguo nengyuan hezuo qianjing zhanwang)", *Progress in Geography*, 32 (10): 1433-1443.

Mashrab, Fozil (2012), "Anti-China mood threatens push for Kyrgyz railway link", *Asia Times*, 17 May 2012, [Online: web] Accessed 5 May 2016, URL: http://www.atimes.com/atimes/Central_Asia/NE17Ag02.html.

Mashrab, Fozil (2015), "Bishkek Puts Brakes on China-Kyrgyzstan-Uzbekistan Railway", *The Jamestown Foundation*, 3 November 2015, [Online: web] Accessed 5 May 2016, URL: http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=44562#.V0QuJfI97X4.

Mishra, Rahul (2014), "What China MUST do to get India on Silk Route", *Rediff.com*, 17 Sep 2014, [Online: web] Accessed 11 May 2015, URL: <http://www.rediff.com/news/column/what-china-must-do-to-get-india-on-silk-route/20140917.htm>.

Mohan, Raja (2014), "Chinese Takeaway : One Belt, One Road New Delhi", *Indian Strategic Studies*, 13 August 2014, [Online: web] Accessed 15 June 2015, URL: <http://strategicstudyindia.blogspot.in/2014/08/chinese-takeaway-one-belt-one-road>

new.html.

Mortimer, Andrew (2012), “Country Risk: Asia Trading Places with the West”, *Euromoney Country Risk*, April 2012, [Online: web] Accessed 5 November 2015, URL: <http://www.euromoney.com/Article/3006113/Euromoney-country-risk-Asia-trading-places-with-the-west.html>.

Moulson, Geir (2015), “China says new bank to complement existing institutions”, *The Washington Post*, 21 March 2015, [Online: web] Accessed 18 February 2016, URL: https://www.washingtonpost.com/business/china-says-new-bank-to-complement-existing-institutions/2015/03/21/5a881afa-cfca-11e4-8730-4f473416e759_story.html.

Mu, Xuequan (2013), “Xi’s Central Asia trip aimed at common development, all-win cooperation”, *Xinhua*, 15 September 2013, [Online: web] Accessed 6 March 2016, URL: http://news.xinhuanet.com/english/china/2013-09/15/c_125389057.htm.

Mulakala, Anthea (2016), “New Asian Infrastructure and Investment Bank Breaks Ground: What You Need to Know”, *The Asia Foundation*, 27 January 2016, [Online: web] Accessed 12 May 2016, URL: <http://asiafoundation.org/2016/01/27/new-asian-infrastructure-and-investment-bank-breaks-ground-what-you-need-to-know/>.

Muzalevsky, Roman (2012), “China-Kyrgyzstan-Uzbekistan Railway Scheme: Fears, Hopes and Prospects”, *The Jamestown Foundation*, 30 May 2012, [Online: web] Accessed 5 May 2016, URL: http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=39434&cHash=ad869f4737329931af936bc9e651949b#.V0Q6ufl97X4.

Ng, Teddy (2016), “All-weather friends: China, Sri Lanka agree to resume controversial Colombo Port City project”, *South China Morning Post*, 11 April 2016, [Online: web] Accessed 14 May 2016, URL: <http://www.scmp.com/news/china/diplomacy-defence/article/1935065/all-weather-friends-china-sri-lanka-agree-resume>.

Nye, Joseph (1990), *Bound to Lead*, New York: Basic Books.

Nye, Joseph S. Jr. (2012), “China’s Soft Power Deficit”, *The Wall Street Journal*, 8 May 2012, [Online: web] Accessed 8 May 2015, URL: <http://www.wsj.com/articles/SB10001424052702304451104577389923098678842>.

Oh, Gwan-chul (2015), “India and Pakistan joined Shanghai Co-Operation Organisation”, *Kyunghyang Daily News*, 7 July 2015, [Online: web] Accessed 9 March 2016, URL: http://m.khan.co.kr/view.html?artid=201507072203185&code=970100&med_id=khan.

Percival, Bronson (2007), *The Dragon Looks South: China and Southeast Asia in the New Century*, Westport: Praeger Publishers.

Philippa, Brant (2014), “Why Australia should join the Asian Infrastructure Investment Bank”, *The Interpreter*, 25 September 2014, [Online: web] Accessed 27 October 2014, URL: <http://www.lowyinterpreter.org/post/2014/09/25/Australia-should-join-Asian-Infrastructure-Investment-Bank.aspx?COLLCC=3105014737&>.

Pillalamarri, Akhilesh (2014), “Project Mausam: India’s Answer to China’s ‘Maritime Silk Road’”, *The Diplomat*, 18 September 2014, [Online: web] Accessed 13 August 2015, URL: <http://thediplomat.com/2014/09/project-mausam-indias-answer-to-chinas-maritime-silk-road/>.

Politi, James (2015), “Europeans defy US to join China-led development”, *Financial Times*, 16 March 2015, [Online: web] Accessed 31 December 2015, URL: <http://next.ft.com/content/0655b342-cc29-11e4-beca-00144feab7de>.

Pullin, Richard and Geoghegan, Ian (2015), “Taiwan to apply to join China-backed AIIB investment bank”, *Reuters*, 31 March 2015, [Online: web] Accessed 4 Dec 2015, URL: <http://in.reuters.com/article/asia-aiib-taiwan-idINKBN0MR07820150331>.

Radut, Constantin (2015), “The bright road of Kazakhstan”, *Nine O'clock Daily Newspaper*, 25 November 2015, [Online: web] Accessed 12 April 2016, URL: <http://www.nineoclock.ro/the-bright-road-of-kazakhstan/>.

Ramani, Srinivasan (2015), “Building ties for the 21st century”, *The Hindu*, 1 April 2015, [Online: web] Accessed 15 June 2015, URL: <http://www.thehindu.com/opinion/op-ed/building-ties-for-the-21st-century/article7054501.ece>.

Restall, Hugo (2007), “China’s Bid for Asian Hegemony,” *Far Eastern Economic Review*, 2007 (4): 10-14.

Rolland, Nadege (2015), “China’s New Silke Road”, *The National Bureau of Asian Research*, 12 February 2015, [Online: web] Accessed 19 September 2015, URL: <http://nbr.org/research/activity.aspx?id=531>.

Ross, Robert S. (2006), “Balance of Power Politics and the Rise of China: Accommodation and Balancing in East Asia”, *Security Studies*, 15 (3): 355-395.

Ross, Robert S. (1999), “The Geography of the Peace: East Asia in the Twenty-First Century”, *International Security*, 23 (4): 81-119.

Saipov, Zabikhulla S. (2014), “Uzbekistan Seeks to Reinvigorate Its Diplomatic Clout in the Region (Part One)”, *The Jamestown Foundation*, 3 October 2014, [Online: web] Accessed 5 May 2016, URL: http://www.jamestown.org/programs/edm/single/?tx_ttnews%5btt_news%5d=42917&cHash=76c9ea3ad322f1a76f66e4b574ed13af#.V0Q0Rv197X5.

Saran, Shyam (2015), “What China’s One Belt and One Road Strategy Means for India, Asia and the World”, *The Wire*, 9 October 2015, [Online: web] Accessed 18 April 2016, URL: <http://thewire.in/2015/10/09/what-chinas-one-belt-and-one-road->

strategy-means-for-india-asia-and-the-world-12532/.

Shen, Wenwen (2012), “China and its Neighbours: troubled relations”, *EU-ASIA Centre*, 1 March 2012, [Online: web] Accessed 10 on April 2016, URL: http://www.eu-asiacentre.eu/pub_details.php?pub_id=46.

Shi, Ze (2014), “One Road and One Belt and New Thinking with Regard to Concepts and Practice”, *China Institute of International Studies*, 25 November 2014, [Online: web] Accessed 10 May 2016, URL: http://www.ciis.org.cn/english/2014-11/25/content_7394056.htm.

Shin, Geum-mi (2014), “China Lead Asian Infrastructure Investment Bank, Is It a Bridgehead of Global Financial Hegemony?”, *Pressian News*, 30 Oct 2014, [Online: web] Accessed 10 May 2015, URL: <http://www.pressian.com/news/article.html?no=121398>.

Siegmund, Heiner (2016), “DHL-GF Inaugurates Rail Link China-Turkey”, *Cargoforwarder Global*, 4 January 2016, [Online: web] Accessed 8 May 2015, URL: <http://www.cargoforwarder.eu/2016/01/04/dhl-gf-inaugurates-rail-link-china-turkey/>.

Singh, Abhijit. (2015), “China’s ‘Maritime Bases’ in IOR: A Chronicle of Dominance Foretold”, *Strategic Analysis*, 39 (3): 293-297.

Singh, Zorawar Daulat (2014), “Indian Perceptions of China’s Maritime Silk Road Idea”, *Journal of Defence Studies*, 8 (4): 133-148.

Song, Dexing and Bai, Jun (2011), “In the New Security Strategy of the Indian Ocean (Xin shiqi yinduhaiyang anquan zhanlve tanxi,shijie jingji yu zhengzhi luntan)”, *World Economy and Politics* (Shijie jingji yu zhengzhi luntan), (4): 38-51.

Sonne, Paul (2015), “China to Design New Russian High-Speed Railway”, *The Wall Street Journal*, 19 June 2015, [Online: web] Accessed 10 October 2015, URL: <http://www.wsj.com/articles/china-to-design-new-russian-high-speed-railway-1434729400>.

Su, Nan (2013), “Xi Jinping delivered an important speech at the forum on the periphery diplomatic (Xijinping zai zhoubian waijiao gongzuo zuotanhuishang fabiao zhongyao jianghua)”, *Peoples’ Daily*, 25 October 2013, [Online: web] Accessed 15 May 2015, URL: <http://politics.people.com.cn/n/2013/1025/c1024-23332318.htm>.

Tang, Danlu (2014) , “Xi calls for win-win China-Arab cooperation”, *Xinhua News Agency*, 5 June 2014, [Online: web] Accessed 23 April 2016, URL: http://news.xinhuanet.com/english/china/2014-06/05/c_133386185.htm.

*The World Bank (2014), Statement by the Heads of the Development Banks and the IMF on Infrastructure, [Online: web] Accessed 14 May 2016, URL: <http://www.worldbank.org/en/news/press-release/2014/11/13/statement-heads-multilateral-development-banks-imf-infrastructure>.

Thomas, Andrea and Hutzler, Charles (2015), “Germany, France, Italy to Join China-Backed Development Bank”, *Wallstreet Journal*, 17 March 2015, [Online: web] Accessed 18 April 2016, URL: <http://www.wsj.com/articles/germany-france-italy-to-join-china-backed-development-bank-1426597078>.

Tian, Shaohui (2014), “Indonesia becomes 22nd founding member of AIIB”, *Xinhua News Agency*, 27 November 2014, [Online: web] Accessed 28 November 2014, URL: http://news.xinhuanet.com/english/world/2014-11/27/c_133818862.htm.

*United Nations, *Trans-Asian Railway, Economic and Social Commission for Asia and the Pacific*, [Online: web] Accessed 8 May 2016, URL: <http://www.unescap.org/our-work/transport/trans-asian-railway/about>

*United Nations (2016), *Sustainable development goals*, 20 January 2016, [Online: web] Accessed 18 April 2016, URL: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

*United Nations, *Global Economic Governance- 66th GA*, United Nations Financing for Development Office, [Online: web] Accessed 17 April 2016, URL: <http://www.un.org/esa/ffd/economicgovernance/>.

*United Nations (2015), *World Economic Situation and Prospects 2015*, [Online: web] Accessed 17 April 2016, URL: http://www.un.org/en/development/desa/policy/wesp/wesp_archive/2015wesp-ch3-en.pdf.

Wang, Yamei (2015) “Malta, Kyrgyzstan join AIIB as founding members”, *Xinhuaent*, 9 April 2015, [Online: web] Accessed 30 June 2015, URL: http://news.xinhuanet.com/english/2015-04/09/c_134137672.htm.

Wang, Yamei (2015), “Australia decides to join China-proposed AIIB”, *Xinhuanet*, 29 March 2015, [Online: web] Accessed 30 June 2015, URL: http://news.xinhuanet.com/english/2015-03/29/c_134106555.htm.

Watt Nicholas, Lewis Paul and Branigan, Tania (2015), “US Anger at Britain Joining Chinese-led Investment Bank AIIB”, *The Guardian*, 13 March 2015, [Online: web] Accessed 31 December 2015, URL: <https://www.theguardian.com/us-news/2015/mar/13/white-house-pointedly-asks-uk-to-use-its-voice-as-part-of-chinese-led-bank>.

Wills, Ken and Perry, Michael (2015), “U.K. and Switzerland follow Brazil to China-backed Asia investment bank”, *Reuters*, 28 March 2015, [Online: web] Accessed 25 April 2015, URL: <http://uk.reuters.com/article/uk-asia-aiib-china-idUKKBN0MO00N20150328>.

Wu, Xinbo (2012). “The Obama Administration’s Asia-Pacific Strategy”, *China International Studies*, May/June: 79-97.

Wang Yang (2015), “Hong Kong attended the preparing meeting of AIIB (Xianggang canjia yatouhang choubei huiyi)”, *guanCha.cn*, 31 March 2015, [Online: web] Accessed 13 April 2015, URL: http://www.guanCha.cn/economy/2015_03_31_314300.shtml.

*White House (2012), *President Obama, ‘Remarks by the President on the Defense Strategic Review’*, Department of Defense, Washington, [Online: web] Accessed 10 Oct 2015, URL: <https://www.whitehouse.gov/photos-and-video/video/2012/01/05/president-obama-speaks-defense-strategic-review#transcript>.

*White House (2014), *Expanding Economic Connectivity in Greater Central Asia*, U.S. Department of State, [Online: web] Accessed 5 May 2016, URL: <http://www.state.gov/s/d/former/burns/remarks/2014/232035.htm>.

*White House (2015), U.S. Support for the New Silk Road, U.S. Department of State, [Online: web] Accessed 10 May 2016, URL: <http://www.state.gov/p/sca/ci/af/newsilkroad/>.

*Xi Jinping (2014), *Xi Jinping The Governance of China*, Beijing: Foreign Languages Press.

Xia, Liping (2008), *Contemporary International System and Strategic Relations among Major Powers* (Dangdai guoji tixi yu daguo zhanlve guanxi), Beijing: Shishi Publishing House.

Xu, Xin (2015), “Luxembourg becomes AIIB's prospective founding member”, *Xinhua News Agency*, 27 March 2015, [Online: web] Accessed 25 April 2015, URL: http://news.xinhuanet.com/english/2015-03/27/c_134103774.htm.

Yahuda, Michael (2005), “The Evolving Asian Order: The Accommodation of Rising Chinese Power” in David Shambaugh (eds.), *Power Shift: China and Asia's New Dynamics*, Berkeley: University of California Press.

Yan (2015), “AIIB membership means opportunity for Iceland: official”, *Xinhua News Agency*, 18 April 2015, [Online: web] Accessed 25 April 2015, URL: http://news.xinhuanet.com/english/2015-04/18/c_134162430.htm.

Yan (2013), Xinhua Insight: Li Keqiang vows China-ASEAN “diamond decade”, *Xinhua News Agency*, 4 September 2013, [Online: web] Accessed 10 May 2016, URL: http://news.xinhuanet.com/english/indepth/2013-09/04/c_132688776.htm.

Yan, Shan (2015), “AIIB detailed OBOR policy affected areas and industry (Touxing xiangjie “yidai yilu” guoce yingxiang de quyue, hangye)”, *Globalview (Huanqiu shiye)*, 3 March 2015, [Online: web] Accessed 9 August 2015, URL: http://www.globalview.cn/html/zhongguo/info_1464.html.

Yan, Ting (2014), “21 Asian countries sign MOU on establishing Asian Infrastructure Investment Bank”, *Xinhuanet*, 24 October 2014, [Online: web] Accessed 15 May 2016, URL: <http://news.xinhuanet.com/english/business/2014->

10/24/c_133740149.htm.

Yan, Xuetong (2001), “The Rise of China in Chinese Eyes”, *Journal of Contemporary China*, 10 (26): 33-39.

Yang, Jiechi (2009), “Safeguard World Peace and Promote Common Development Commemorating the 60th Anniversary of Diplomacy of New China”, *Qiushi Journal*, (19): 23.

Yang, Ou and Li, Ning (2014), “China - ASEAN cooperation entered a new stage (Zhongguo dongmeng mairu hezuo xinjieguan)”, *Peoples' News Daily*, 9 August 2014, [Online: web] Accessed 10 May 2016, URL: <http://world.people.com.cn/n/2014/0809/c1002-25435848.html>.

Zhang, Lili (2014), “Evolution stage of Chinese periphery diplomatic strategy (Zhongguo zhoubian waijiao zhanlvede jieduan yanbian)”, *People's Forum (Renmin luntan)*, 446: 27-29.

Zhang, WeiWei (2012), *The China Wave: Rise of a Civilizational State*, Shanghai: World Century Publishing Corporation.

Zhu, Binbin (2012), “Consideration on the Northeast Asia’s institutionalization of regional economic cooperation in the period of post-crisis (Hou weiji shiqi dongbeiyu quyu jingji hezuo zhiduhua jianshe de jidian sikao)”, *Economic Review (Jingji zongheng)*, 2012 (8): 54-57.

(2013), “Xi Jinping summarizes the new Sino-US relations between big powers: no conflict, no confrontation, mutual respect, cooperation and win-win (Xi jinpings gaikuo zhongmei xinxing daguoguanxi: bu chongtu, bu duikang, xianghujunzhong, hezuogongying)”, *Xinhua News Agency*, 10 June 2013, [Online: web] Accessed 15 May 2015, URL: http://news.xinhuanet.com/politics/2013-06/10/c_116107914.htm.

(2014), “India okay with BCIM, wants details on China maritime silk road”, *The Economic Times*, 30 June 2014, [Online: web] Accessed 7 May 2016, URL: http://articles.economictimes.indiatimes.com/2014-06-30/news/50974672_1_maritime-silk-road-msr-bcim.

(2014), “India Okay with BCIM, Wants Details on China Maritime Silk Road,” *The Economic Times*, 30 June 2014, [Online: web] Accessed 12 July 2015, URL: http://articles.economictimes.indiatimes.com/2014-06-30/news/50974672_1_maritime-silk-road-mar-bcim.

(2014), “Colombo Port City Project Launched”, *The Official Government News Portal of Sri Lanka*, 17 September 2014, [Online: web] Accessed 14 May 2016, URL: <http://www.news.lk/news/business/item/2987-colombo-port-city-project-will-be-launched-today>.

(2014), “Why China is creating a new “World Bank” for Asia”, *The Economist*, 11 November 2014, [Online: web] Accessed 18 May 2016, URL:

<http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>.

(2014), "China Boao Forum China eyes closer Asia's economic integration through Asian infrastructure bank", *GBTIMES BEIJING*, 11 April 2014, [Online: web] Accessed 18 April 2016, URL: <http://www.lowyinterpreter.org/post/2014/09/25/Australia-should-join-Asian-Infrastructure-Investment-Bank.aspx?COLLCC=3105014737&>.

(2014), "The Guardian view on the Asian Infrastructure Bank: the US should work with it, not oppose it: It's no surprise that China is promoting a solution to the shortage of infrastructure capital in Asia", *The Guardian*, 27 October 2014, [Online: web] Accessed 2 April 2015, URL: <https://www.theguardian.com/commentisfree/2014/oct/26/guardian-view-asian-infrastructure-bank-united-states-work-not-oppose>.

(2014), "When meeting with Myanmar President Thein Sein, Premier Li Keqiang proposed to comprehensively promote China-Myanmar cooperation, and stressed that the two countries should remain good neighbours, friends and partners forever (Li Keqiang zongli tong miandian zongtong wudengsheng juxing huitanshi qiangdiao, quanmian tisheng zhongmian zhanlve hezuo shuiping, liangguo yongyuan zuo haolingju, haopengyou, haohuoban)", *People's Daily On-line*, 14 November 2014, [Online: web] Accessed 2 March 2015, URL: <http://politics.people.com.cn/n/2014/1114/cl024-26026867.html>.

(2015), "Spain, ROK, Austria join AIIB as founding members", *China Daily*, 11 April 2015, [Online: web] Accessed 25 April 2015, URL: http://www.chinadaily.com.cn/china/2015-04/11/content_20410888.htm.

(2015), "Georgia, Denmark, Brazil, Netherlands, Finland Join China's AIIB Bank", *Sputnik*, 12 April 2015, [Online: web] Accessed 31 March 2016, URL: <http://sputniknews.com/business/20150412/1020778720.html>.

(2015), "Egypt, Norway, Russia approved as AIIB founders", *China Daily*, 15 April 2015, [Online: web] Accessed 25 April 2015, URL: http://www.chinadaily.com.cn/business/2015-04/15/content_20437814.htm.

(2015), "Iran Joins China-Led Asian Bank", *Fars News Agency*, 7 April 2015, [Online: web] Accessed 25 April 2015, URL: <http://en.farsnews.com/newstext.aspx?nn=13940118001336>.

(2015), "Asian Infrastructure Investment Bank: Australia to sign Memorandum of Understanding to join China development fund", *ABC News*, 30 March 2015, [Online: web] Accessed 30 June 2015, URL: <http://www.abc.net.au/news/2015-03-29/australia-a-step-closer-to-joining-china-s-development-fund-aiib/6356352?section=business>.

(2015), "Asian Infrastructure Development Bank to be operational by year-end", *The Economic Times*, 2 January 2015, [Online: web] Accessed 22 January 2015, URL: http://articles.economictimes.indiatimes.com/2015-01-02/news/57611692_1_aiib-

asian-infrastructure-investment-bank-brics-development-bank.

(2015), “New Zealand becomes 24th founding member of AIIB”, *China Daily*, 5 January 2015, [Online: web] Accessed 25 April 2015, URL: http://usa.chinadaily.com.cn/business/2015-01/05/content_19239132.htm.

(2015), “Russia officially joins \$50bn China-led infrastructure bank”, *RT*, 14 April 2015, [Online: web] Accessed 14 April 2016, URL: <https://www.rt.com/business/249481-russia-aiib-china-founder/>.

(2015), “The infrastructure gap”, *The Economist*, 21 March 2015, [Online: web] Accessed 21 March 2015, URL: <http://www.economist.com/news/asia/21646740-development-finance-helps-china-win-friends-and-influence-american-allies-infrastructure-gap>.

(2015), “Turkey joins AIIB as founding member”, *Xinhua News Agency*, 11 April 2015, [Online: web] Accessed 25 April 2015, URL: http://www.chinadaily.com.cn/business/2015-04/11/content_20410311.htm.

(2015), “UAE joins AIIB as prospective founding member”, *Gulf News*, 5 April 2015, [Online: web] Accessed 25 April 2015, URL: <http://gulfnews.com/business/economy/uae-joins-aiib-as-prospective-founding-member-1.1486318>.

(2015), “No way North Korea — DPRK refused entry to China-led AIIB”, *Emerging Markets*, 27 March 2015, [Online: web] Accessed 15 May 2015, URL: <http://www.emergingmarkets.org/Article/3440430/No-way-North-KoreaDPRK-refused-entry-to-China-led-AIIB.html>.

(2015), “Construction of Sri Lanka’s port city to begin later this year”, *Colombo Page Sri Lanka Internet Newspaper*, 30 July 2012, [Online: web] Accessed 7 July 2015, URL: http://www.colombopage.com/archive_12A/Jul30_1343633133CH.php.

(2015), “Uzbekistan completes construction of railway Angren-Pap”, *Uzdaily.com*, 8 September 2015, [Online: web] Accessed 5 May 2016, URL: <https://www.uzdaily.com/articles-id-33502.htm>.

(2015), “Zhang Gaoli: China is actively planning the construction of six economic corridors (Zhang gaoli: zhongguo zheng jiji guihua liuda jingji zoulang jianshe)”, *Sohu.com*, 27 May 2015, [Online: web] Accessed 14 August 2014, URL: <http://news.sohu.com/20150527/n413877980.shtml>.

(2015), “OBOR start: embodiments solution of ministries, local convergence (Yidaiyilu kaiju: bewei tifang yanjie shishi fangan)”, *Sohu.com*, 14 April 2015, [Online: web] Accessed 16 July 2015, URL: <http://www.qiantiaowanxuan.cn/d2cdb1x50414n411225934.html>.

(2015), “China-proposed initiatives synergize with ASEAN’s development strategies”, *China Daily*, 22 December 2015, [Online: web] Accessed 6 March 2016,

URL: http://usa.chinadaily.com.cn/world/2015-12/22/content_22777265.htm.

(2015), “New Development Bank’s first loan will be in Chinese currency: KV Kamath”, *The Economic Times*, 24 July 2015, [Online: web] Accessed 27 March 2016, URL: http://articles.economictimes.indiatimes.com/2015-07-24/news/64817061_1_aiib-brics-countries-new-development-bank.

(2016), “Hambantota project talks with Sri Lanka should be speeded up: China”, *The Economic Times*, 8 April 2016, [Online: web] Accessed 14 May 2016, URL: http://articles.economictimes.indiatimes.com/2016-04-08/news/72161495_1_hambantota-port-colombo-port-city-project-maithripala-sirisena.