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B&R initiative to reshape regional geography

DIALOGUE 对话

Editor's note:
Parag Khanna (**Khanna**), senior research fellow at the Center on Asia and Globalization at the Lee Kuan Yew School of Public Policy, National University of Singapore, has suggested in his new book *Connectography* that the China-proposed Belt and Road (B&R) initiative is promoting regional integration, which will help reshape the meaning of geography, steering the globe into a new form of integration and unification through supply chains. How can the B&R initiative achieve that? Global Times (**GT**) reporter Li Aixin recently talked with Khanna about these issues in an exclusive interview.

GT: What does the new form of integration and unification look like in your opinion? And why do you think the B&R initiative will play a vital role in it?
Khanna: A lot of people think about integration as governments fusing together, creating a new supra-national entity like the EU or the UN. That's not what infrastructural integration looks like. Infrastructural integration is what I call functional integration. You don't have to bring your governments together, you have to bring your utilities together.

Supply and demand are the most powerful forces in the world. Supply and demand are what connect China through infrastructure to its neighbors. So it will reshape geography, because geography is a friction, geography is a barrier, geography slows things down. But with functional integration with infrastructure, the things like B&R initiative and the Asian Infrastructure Investment Bank (AIIB), that friction will become less.

GT: What influence will the B&R initiative have on geopolitics?
Khanna: Geopolitics is the relationship between power and space. In geopolitics, power can take many forms. Infrastructural and economic reach is a kind of power. The AIIB and the projects of the B&R embody China's infrastructural power and commercial power. So this institution, the more it extends, the more Chinese influence extends at the same time.

You cannot influence what you are not connected to. The US said Iran must not be connected, we will not trade with or invest in Iran. But other countries like Russia, Turkey, India and China, they will engage with Iran, they will trade with Iran. The more you connect to Iran, the more you will have influence in Iran. So geopolitics changes based upon degree of connectivity.

GT: What challenges do you think the B&R will face?
Khanna: There are two categories. There are post-Soviet countries, like Uzbekistan, Kazakhstan, Tajikistan, Kyrgyzstan, where infrastructure is very bad. In those countries there is very little rule of law, so when you do a contract or a project, you don't know whether the deals will be cancelled or not. When I was here in June, Chinese President Xi Jinping was in Tashkent, Uzbekistan. Why was he there? Because you have to get government-to-government agreement support to make sure that this project will happen.

The other kind of countries are post-colonial countries like Pakistan and Afghanistan, which are very unstable politically. And the US has a strong influence in those countries. So the challenges are strategic and geopolitical in terms of diplomatic maneuvering. And then there are challenges of security. There are Chinese workers that have been kidnapped or killed, Chinese facilities that have been attacked. The bigger the project, the bigger the risk.

GT: How do you view some countries' doubts over the B&R initiative? What are their major concerns?
Khanna: There are concerns that this is a new institution, and it has no obligation to the existing Western institutions financially, or in terms of the governments.

The second objection is it can dictate the relations with these countries and there is no overall coordination like the UN or the Security Council. Then related to these concerns is about standards. These organizations try to impose very strong standards of project quality, human rights, labor standards and the environment. Maybe the AIIB will do it, maybe it will not. Then there are concerns about influence within the AIIB – China will dominate. It has 70 members, but only China will get to say yes or no in reality.

But the truth is that in all relationships and organizations, there is a cost-benefit calculation. More countries are saying they want to join, even US allies. If you don't think you will gain, then you do not join. I think that is the reality on the ground.

GT: According to your theory and prediction, how will Sino-US relations develop in the future?
Khanna: The most important thing about a relationship is that it has as many layers, as many issues as possible. The China-US relationship is about trade, defense, technology, resources, cyber, human rights. In a relationship like that, sometimes some of the issues are going badly, other issues are going well. But there is a balance.

My prediction is that even though there are tensions about the South China Sea, cyber, trade ... there are tensions about the most important issues. But with each issue, there is a sense that you have to cooperate, to figure out how to solve it.

Does the US want to fight a war with the Philippines against China in the South China Sea? No. The US made a statement last month and said they want to see a bilateral dialogue between Philippine President Rodrigo Duterte and Chinese government to settle the South China Sea dispute. The US wants to patrol the waters to demonstrate that this should be international waters, but does not want to fight.

In terms of trade, it wants China to reduce subsidies, it does not want to have a trade war. So you debate it, argue it, have a lawsuit at the World Trade Organization. You do a lot of things, but you do not escalate too far.

GT: You said that the US does not want a war against China in the South China Sea, but the case is so hyped up there. What's your take?
Khanna: I think it's too bad that it is so hyped up, because now there is no more room to talk about facts or solutions. The biggest problem is that when everything is so nationalistic, then it's very difficult to compromise.

The truth is there are very simple compromises that are possible. But it requires the issue to be less political and less nationalistic. For example, the oil companies of China, Vietnam, the Philippines, Indonesia ... form one consortium, create one common company for the South China Sea, just for that area. If you all agree which company extracts from which areas, and it all goes and sells on the market, and you share the profits.

China can still claim the islands in terms of law, but shares them in terms of commerce. You do not have to give up the political claims. But you can share it commercially. That will reduce the tension.

GT: An article by the Financial Times argues that TPP, which is often considered as a competitor to the AIIB, is dying, because neither of the two US presidential candidates support the trade deal. What is your view on this?
Khanna: It is unfortunate that neither Hillary nor Trump supports it. That is their mistake.

If you want Asian countries to reduce subsidies, to lower tariffs, to open their economies, to reform state-owned enterprises, you have to have an agreement with them. You cannot influence what you are not connected to.

If the US does not pass the agreement, then of course other countries will not either. But other countries are not waiting for the US to pass TPP to pursue relevant trade agreements. For example, Asian countries are trading more with South America, then there is the AIIB and Regional Comprehensive Economic Partnership (RCEP) in Asia, whether or not TPP happens, other countries will do their own liberalization. All of these things will actually happen eventually at different speeds.

A lot of people think it's "one versus the other," "TPP versus AIIB," that's false. It's like the Cold War. Economics does not work in that way at all. Trade is addictive. You get more, the more agreements you are in. I have made a chart of countries that want to be in TPP, RCEP, and the countries that are in the AIIB and ASEAN Economic Community. And there are 12 or 15 countries that are in the middle. How can it be either this side or that side? In economics you can have both sides.

Media focuses on huge potential of G20 Hangzhou meetings

As the annual Group of 20 (G20) summit draws closer, media across the world have been paying attention to Beijing's role in supporting the growth of less developed economies.

Leaders of the world's 20 largest economies are scheduled to meet in Hangzhou, East China's Zhejiang Province on September 4 and 5.

Hopes are high that China's leadership will breathe fresh life into the quest for an elusive global recovery.

According to The Herald of Zimbabwe newspaper, many African countries are hoping that the annual event will focus on issues dealing with the skewed development trajectory of the world.

The newspaper also highlighted China's stance that less developed countries urgently need to speed up the process of industrialization.

"This hope is pinned on China's stance that it will push the G20 members at the meeting to consider supporting the industrialization of Africa," it said.

"Given its status, China can successfully act as a 'broker' to leverage both political and economic power between developed and developing countries," it added.

Meanwhile, other diplomatic issues of global concern are also expected to be raised. British and Russian media paid close attention to the announcement that British Prime Minister Theresa May and Russian President Vladimir Putin will hold a meeting at the coming G20 summit.

Sky News reported that May and Putin agreed during a telephone conversation to see each other at the summit to seek closer and healthier ties between the two nations.

Both leaders had said they were unhappy with the current state of relations between Britain and Russia, Sky News quoted a Kremlin spokesman as saying.

Russia and Turkey have also been trying to repair their ties as Putin and Turkish President Recep Tayyip Erdogan could hold a meeting on the sidelines of the G20 summit, Turkish Ambassador to Russia Umit Yardim told Sputnik on Thursday.

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