



# CHINA, THE BELT AND ROAD INITIATIVE, AND TURKEY

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REPORT



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**Diplomasi Arařtırmaları Derneđi**  
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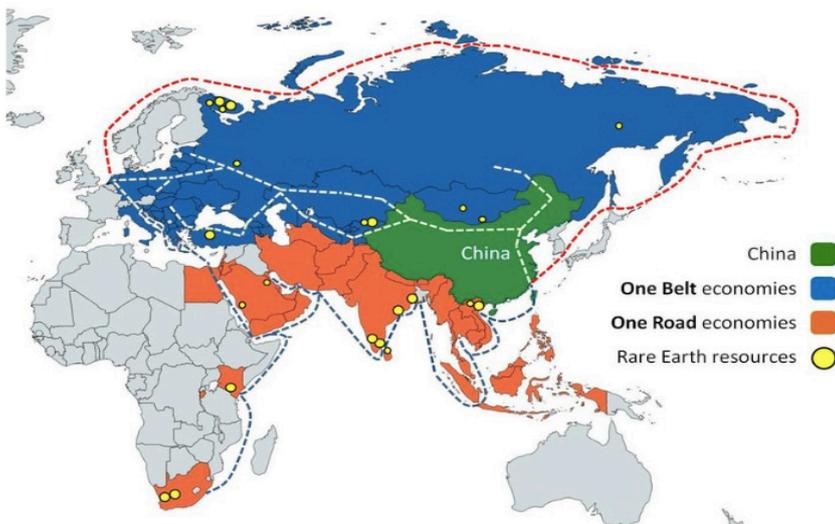
In today's world, the world public opinion on the People's Republic of China (PRC) or in short, China is that it is the most controversial state in world politics. The first stage of the grand strategy which was set forth in 1978 during the rulership of Deng Xiaoping aimed China to become an economic power through the establishment of a planned economy model. By means of the economic development this model has created, China has benefitted from the gap emerged in the international system in the post-Cold War period. Thus, China's rapidly growing economy soon started to bring results in mid-1990s and attracted all the attention to itself.

The most prominent question here is, whether this economic development would turn into a defiance or not. In fact, the world public opinion is still searching for an answer to this question. What is making it difficult to give an answer to this question is related to the feasibility of the stages of this project in short and medium terms. Whilst the second stage of the grand strategy involves the transfer of all regional resources to China, and the annexation of Taiwan; the final stage entails the implementation of all this development for the sake of becoming a military power, subsequently leading to become a superpower. Xi Jinping, who emphasized the dream of becoming a superpower for the first time, mentioned that "they will create a superpower in their 100<sup>th</sup> year that the Chinese people will be proud of" at the final party convention.

Will China turn out to be a superpower in 30 years? What type of conflict and/or cooperation behavior will China develop with other great powers in the system in order to be a superpower? Will internal conflicts become obstacles to realize its dream of becoming a superpower? In light of these questions, surely time will show us to what extent Xi's objectives would turn out to be realistic. Nonetheless, the statistical analysis shows that the average economic growth rate was recorded as 9.38% between 1990-2000; 9.57% between 2001-2010 and 7.58% between 2011-2018. This shows that the Chinese economy has grown approximately 8.84% over the last 28 years. Along with this economic growth, the Gross National Product (GNP) per capita at Purchasing Power Parity (PPP) increased from 317 dollars in 1990 to 9700 dollars in 2018. Besides, it

should not be forgotten that China attracts the highest amount of direct investment in the world. Despite these favorable figures, Chinese economy experiences several undisputable problems. At the utmost, Chinese economy suffers from energy import dependency which is much needed for industrial use in support of economic stability. In fact, China imports more than 70% of its energy resources. The US control over the energy transportation routes (sea) creates a security problem for China. The focal point in relations with the source countries therefore includes energy supply and security, i.e. “energy diplomacy”.

Another major problem is that Chinese economy is sustained mainly under the influence of direct investments. There are two main factors for China's attraction of direct investments: easy access to raw materials and cheap labor. These factors also make it difficult for other states to compete with China. The welfare differences among different regions constitute another problem for Chinese economy; which are also visible in education and health sectors for which the state has direct responsibilities. Besides, welfare differences among regions also cause certain regions to become subject to high migration rates. Additionally, the under-development of retirement, insurance and banking systems negatively impact on the elderly population. It is commonly known that the economic stability has been the most crucial problem for China throughout history; and it continues to be of crucial importance for coping with unemployment and scarcity. For this particular reason China would avert from going into major rivalries in the international system without discarding its dependencies in economic terms.<sup>1</sup>



The alleged Trade War/Economic War between the USA and China is obviously a condition that is not desirable for China itself. The economic interdependence (trade volume, treasury stock, dollar reserves etc.) between the two states creates mutual interdependence nearly worth 7 trillion dollars. The USA's attitude towards China in economic terms aims to prevent or

delay the emergence of a power with a potential of challenging them in the economic system they have created.

Furthermore, the economic sanctions against China imposed during D. Trump's rulership did not reduce the trade deficit of the USA to China. Another problem is the insufficient branding of the growing economy; and China is trying to eliminate this problem by purchasing major brands. Taking IBM's computer department and making it Lenovo and buying Volvo are the clear examples of these attempts. Besides, China is one of the leading states investing in the field of technology. In addition to technology, China has risen to the world leadership in the fields of renewable energy, artificial intelligence etc. This success is considered to be the main reason for the Huawei problem China faces today.

As it can be understood from these examples, China aims to bring its economic power to forefront in its rivalry with the USA; and the intrinsic part of this plan comes into view as the Belt and Road Initiative. According to the figures of the World Bank, the states involved in the project

<sup>1</sup> Map available at: [https://www.researchgate.net/figure/The-Belt-and-Road-Initiative-Roadmap-including-REE-sources-found-in-countries-involved\\_fig1\\_326271770](https://www.researchgate.net/figure/The-Belt-and-Road-Initiative-Roadmap-including-REE-sources-found-in-countries-involved_fig1_326271770) (Date of Access: 16.07.2019).

constitute more than 30% of the global Gross Domestic Product (GDP), 62% of the world's population and 75% of the discovered energy reserves. However, the Belt and Road Initiative should not be regarded merely as an economic project; or considered in terms of China's sole development project. As a matter of fact, the project abundantly includes various cultural and foreign policy matters.

For instance, the 13<sup>th</sup> Five-Year Planning (2016-2020) aims to turn Culture Industry into a branch of the national economy. In 2018, the total income of the cultural sector and related enterprises increased by 8.2% compared to the previous year and reached 8.93 trillion yuan (approximately 1.33 trillion dollars). Furthermore, Confucius Institutes like the British Council, Alliance Française and Goethe Institute were established. There are 548 Confucius Institutes and 1070 Confucius Classes in 154 states across the world. 249 of these institutes and 341 of these classes are in the states taking part in the Belt and Road Initiative. There is no doubt that, these institutions will be the most efficient way for China to establish open communication much more easily with communities en route the Belt Road.

One of the most significant factors that differs China from the rest of the states is the big budget it allocates to education and science-technology in recent years. In 2018, the total budget is recorded as 3.3 trillion dollars; 49.2 billion of which was allocated to science-technology and 27 billion dollars to education. None of the states partaking in the Belt and Road Initiative are in a position to afford such a big budget for education and science-technology. As a matter of fact, the total budget of Uzbekistan, Turkmenistan, Tajikistan, Mongolia, Kazakhstan and Afghanistan, as partakers of the Belt and Road Initiative, is 65.4 billion dollars; and this figure is clearly below the budget China has allocated for education and science-technology. In addition to that, China's allocated budget for education and science-technology is equivalent to the budgets of states such as Iran, Myanmar and Singapore; and it is almost equal to the half of Turkey's total budget. In this context, it seems difficult for these states to develop policies on education, science-technology policy towards China as part of soft power. Therefore, putting education and science-technology into effect as part of soft power will become unilateral for China.

The projects within the scope of the Belt and Road Initiative require an unprecedented level of investment financing. When this financing is analyzed, it is seen that the China Development Bank has financed more than 900 projects in 60 states, worth more than 890 billion dollars. The Bank of China has loaned around 100 billion dollars between 2016-2018. The Industrial and Commercial Bank of China (ICBC) has reviewed about 130 projects worth 159 billion dollars for ratification. The scope of the Belt and Road Initiative becomes even more pronounced when these figures are compared to the contemporary equivalent cost value of the Marshall plan (150 billion dollars) that included 16 European states in the post-World War II period.

The main question at this point is how China will manage the turnover of these investments. The USA has got a restructured Europe in economic, political and military terms in line with its own national interests in return for the aid it provided to Europe since the World War I. It is anticipated that China, as a state under an enormous economic burden which is even more demanding than the Marshall Plan, has the potential exercise political and military control over the states partaking in the Belt and Road Initiative. As for now, this type of maneuvers targeting the states that are not able to pay for the investments and loans have resulted in the passing in of the ports and free zones etc. to China in long period of time. The employment of Chinese experts and workers in projects with China-based investments and insufficient job opportunities for citizens of the concerning states constitute another major problem. From China's perspective, this can be interpreted as potential Chinese employment abroad, and a way of extenuating the problem of unemployment.

On the other hand, it should not be forgotten that for China it might only be possible in the long term to have a similar appeal to the USA and the EU as regional destinations in terms of democracy, human rights and prosperity. Therefore, for China, the Belt and Road Initiative exceedingly has the meaning for its own economic and cultural expansion.

In recent years, the relations between Turkey and China have shown great progress in political terms. For the last three years, the leaders of the two states have met 6 times and conducted mutual visits and summits; but the same progress is has not been reflected in their economic relations. The trade imbalance of Turkey causes a deficit worth 23 billion dollars; and when looked at the production of the two states, the surplus of substitute goods compels attention. Therefore, economically the trade imbalance among the two states does not seem to be improved. This imbalance might be compensated in the least by China's investments but the crucial thing to be noted here is that the size of these investments should not cause a payment imbalance. Besides, as in the case of the Port of Piraeus in Greece, this situation might lead the way to come across with new incidents.

Contrary to the political relations between the two states, the mutual perception of the citizens of each state is extremely negative due to the Uyghur Issue. The adverse fraction in Turkey-US relations forces Turkey to economically become closer to China which in turn prevents Turkey to diplomatically raise its concern on China's anti-democratic and inhumane policies. One last point that should not be forgotten is that political and economic relations cannot gain any further ground without developing good relations among the two communities.

**Prof. Dr. R. Kutay KARACA**



Ragıp Kutay Karaca who graduated from the Air Force Academy in 1991, had worked at various units at Turkish Armed Forces. Karaca completed his second undergraduate study at the Department of Public Administration at Anadolu University in 2000; and his postgraduate study at the Department of Strategy Science, at Gebze Higher Institute of Technology in 2003. Karaca obtained his PhD degree at the Social Sciences Institute, Gazi University with the thesis titled “Republic of Turkey-People's Republic of China Relations in Post-Cold War Period”. Karaca worked as a teaching assistant at the Institute for Strategic Research, at the National Defense University in 2010-2012; and received his associate professorship in the field of International Relations Political History in 2012.

Karaca worked as an Associate Professor at the Department of Political Science and International Relations, at İstanbul Gelişim University in 2013-2017 and acted as the Director of Social Sciences Institute. In 2017-2018 Karaca acted as the Head of Department of International Relations (English Track) and as the Deputy Dean of the Faculty of Economics, Administrative and Social Sciences at Nişantaşı University. Karaca received his professorship in the field of Political History in 2018. Since 2018-2019 Academic Year, Karaca acts as a faculty member at the Department of International Relations and as the Director of Postgraduate Education Institute, İstanbul Aydın University.

Karaca has an extensive list of published national and international articles. Karaca is also the author of books titled “Dünyadaki Yeni Güç Çin Tek Kutuptan Çift Kutba”, “Güç Olma Stratejisi Çin Soğuk Savaş Sonrası Türk Çin İlişkileri”; and the co-editor of books titled “Diplomasi Tarihi I”, “Diplomasi Tarihi II”, “SinoTurkey Relations Concept Policies and Prospects”, “New Concepts and New Conflicts in Global Security Issues”, and “Asya'da Güvenlik Sorunları ve Yansımaları”. Ragıp Kutay Karaca is a Member of the Middle East Institute Middle East-Asia Project Group and the Vice President of the Association for Research on Diplomacy.

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