As China's economic power grew in the 21st Century so did her geopolitical ambitions. But Beijing overreached. And this will have significant consequences for the future of China, says Joseph E Fallon.

By investing between one and eight trillion dollars in the "One Belt, One Road" Initiative (OBOR, also known as the Belt and Road Initiative, BRI), Beijing sought to elevate China to the world's leading economy by financing land and sea projects, such as airports, pipelines, roads, railroads, sea ports, and shipping lanes, to link the infrastructures and economies of Asia, Africa, and Europe to China.

Beijing has focused especially on building or buying interest in ports. In "China's Trojan Ports", The American Interest, November 19, 2018, John Lee wrote: "It is estimated that state-backed Chinese investors state own at least 10 percent of all equity in ports in Europe, with deals inked in Greece, Spain, Italy, France, the Netherlands, and Belgium...[including]...a 35 percent stake in the Euromax terminal at Rotterdam, a 20 percent stake in the Port of Antwerp (Europe's two busiest ports)...This is in addition to a growing investment portfolio of at least 40 ports in North and South America, Africa, the Middle East, Eastern Europe, Central Asia, South and Southeast Asia, Australia and the Pacific."

There is a military intelligence dimension to Beijing's interest in these ports. For instance, China's state-owned COSCO Shipping Corporation has controlling interest in Greece's port of Piraeus (100 percent), Belgium's port of Zeebruge (85 percent), and Spain's port of Valencia (51 percent). These are ports which the U.S. Navy regularly visits.

Mr. Lee continues: "In Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road: China tells us its economic aim in funding and building infrastructure along the Eurasian continental belt is threefold:
• to export excess industrial capacity, described by Beijing 'as the sword of Damocles hanging over its head' ... to overseas markets" (i.e., prevent domestic economic crises provoking social unrest). Ironically, Marxist China is pursuing an economic policy, which results in what Marxism calls the crisis of capitalism, overproduction, that inevitably leads to wars for markets overseas.
• "to spur development in its impoverished western regions by connecting these regions to economies and markets to the west" (i.e., colonize Tibet and Xinxiang); and
• "to form physical, digital, and financial networks with new and existing markets in Central Asia and Europe" (i.e., replace existing liberal trading standards with those preferred by Beijing).

To achieve these goals, China has extended $1.5 trillion to 150 countries in direct loans and trade credits, making Beijing the world's largest lender exceeding "the World Bank, the IMF, or all OECD creditor governments combined."

These loans and credits are the financial means to elevate China from a regional actor to a global power. But they are "soft power". They needed to be supplemented by "hard power", the ability to project military force globally, for purposes, when required, of intervention or intimidation. This is being done by using the wealth already acquired from economic reforms to finance an expansion of the size, capabilities, and deployment of China's military forces.

The result has been:
• China's military build-up in the South China Sea. "Since 2013 the Chinese government has dredged and mostly destroyed ecologically delicate reefs in disputed waters in order to build seven major military bases complete with ports, airstrips and radar and missile installations." These man-islands "function as unsinkable aircraft carriers."
• China's successful naval exercise on December 25, 2016 to break the "first island chain", a U.S. defense line extending from Malaysia to the Philippines to Taiwan to Japan created during the Cold War to contain China.
• China's creation of a "string of pearls". Following Beijing's anti-piracy naval operations in the Indian Ocean in 2008, Chinese bases were established across the Indian Ocean from Thailand to Burma to Bangladesh to Sri Lanka to Pakistan to Djibouti on the Horn of Africa. Identified as dual-purpose ports engaged in commercial activities but capable of military use, they follow the sea lanes taken by oil tankers from the Persian Gulf to the Strait of Malacca. They also complete a military encirclement of India and potentially compromise U.S. naval bases in the Indian Ocean.
• China's heightened tensions with India over their disputed boundaries in the Himalayan

Mountains.

But Beijing is experiencing a boomerang effect. As defined by the Merriam Webster Dictionary, "an act...that backfires on its originator".

First, the bases built in the South China Sea are crumbling. David Axe writes in "Sunk: How China's Man-Made Islands Are Falling Apart and Sinking into the Ocean", The National Interest, March 12, 2020, "Rumors suggest the new islands' concrete is crumbling and their foundations turning to sponge in a hostile climate. And that is before considering what a direct hit from a super-typhoon might do."

Second, while China's navy successfully "broke"; i.e., neutralized, the "First Island Chain", it only resulted in establishment of a new, expanded "First Island Chain" anchored by India, Australia, Japan, and the U.S.

Third, Beijing's "string of pearls" instead of containing India and compromising the U.S. naval presence in the Indian Ocean, now finds itself, as a result of the new "First Island Chain", potentially enveloped by the Indian and U.S. navies.

Fourth, China's border conflict with India in the Himalayas weakens Beijing's position. If China seeks to back Pakistan over the issue of Kashmir by "opening" a second front in the Himalayas, New Delhi can counter Islamabad and Beijing by supporting Baluch separatists in Pakistan's Baluchistan province. China invested $62 billion dollars in the China-Pakistan Economic Corridor, a key component of OBOR, to bypass the sea lanes and transport Middle East oil to the Baluch port of Gwadar then through Pakistani pipelines to China. A Baluch guerilla war funded by India would jeopardize operations of this corridor, a project Beijing deems vital for China's continued economic growth. Beijing would have to invest more money, perhaps dispatch troops, to secure the port and pipelines. These would be additional costs China did not anticipate occurring in times of economic volatility.

The pipelines, however, may be a chimera that will undermine China's economic growth and limit Beijing's military options elsewhere. As Rahul Jaybhay wrote in "China's pipeline dream in Pakistan", The Interpreter, June 20, 2020:

"From the Gwadar Port, as the offloading space for oil imports, through to its connection to Kashgar in China's Xinjiang province, the oil pipeline must traverse the formidable Himalayan region. Starting from sea level, it will have to cross the 4700-metre Khunjerab pass to reach the Chinese mainland, requiring heavy pumping equipment and significant power supply to keep the pipeline flowing. The physical geography is characterised by steep valleys, glaciers and waterfalls, and there is periodic danger associated with earthquakes and landslides, making for potentially burdensome repair and maintenance costs...Further, as temperatures at that altitude can go as low as negative 30 degrees Celsius, the pipeline will need extra heating as well as insulation material. Research has shown that pipeline-centric oil-supply projects tend to be economically unsustainable. One study estimates it would cost approximately $10 a barrel to move oil from Pakistan to western China through pipelines, with an additional $5 to deliver oil to demand centres in the eastern region. In comparison, it costs just $2 per barrel to ship oil from the Persian Gulf to the east coast in China. This translates to China losing roughly half a billion dollars per year through pipeline shipments."

Geopolitical ambitions trumping natural and economic realities poses a problem for China's future.

Furthermore, despite assurances from Beijing that OBOR is a "win-win" proposition for donor and recipient, there is a growing sense of suspicion about China's intentions.

First, as Daniel Kliman and Abigail Grace documented in "Power Play: Addressing China's Belt and Road Strategy", CNAS, September 20, 2018, OBOR "advances a 'China First' development model that maximizes its economic interests while offering minimal capacity building to countries receiving investment."

The extent of OBOR's China-centric nature was detailed by the CSIS Reconnecting Asia database, which revealed 89 percent of OBOR transportation projects have gone to Chinese companies. In contrast, projects funded by the World Bank and Asian Development Bank the participation rate is "29 percent are Chinese, 40.8 percent are local, and 30.2 percent are foreign."

Second, OBOR creates a "debt trap" for countries. Of the countries that participate in OBOR, "23 were found to be already at a 'quite high' risk of debt distress." A 2020 CSIS publication, "It's a (Debt) Trap! Managing China-IMF Cooperation Across the Belt and Road" cites findings of the Center for Global Development that "eight BRI recipient countries - Djibouti, Kyrgyzstan, Laos, the Maldives, Mongolia, Montenegro, Pakistan, and Tajikistan - are at a high risk of debt distress due to BRI loans. These countries will all face rising debt-to-GDP ratios beyond 50 percent, with at least 40 percent of external debt owed to China once BRI lending is complete."

This "debt trap" creates what Chinese state scholars call "strategic support states" insuring "China has the ability and resources to guide the actions of the country so that they fit into [China's] strategic needs." For instance, Djibouti, strategically situated at the southern entrance to the Red Sea and on the Gulf of Aden, has incurred a debt to China "equivalent to 70 percent of the country's GDP."

Third, the "debt trap" can lead to loss of collateral. China now controls the deep-water ports at Hambantota in Sri Lanka and Koh Kong in Cambodia. In Zambia, in exchange for debt relief, China seeks acquisition of that country's third largest copper mine.

The Covid 19 pandemic increased suspicions of China. According to Reuters, an internal report by the Ministry of State Security in April 2020 concluded "...global anti-China sentiment is at its highest since the 1989 Tiananmen Square crackdown..."

For its part, China has exploited the pandemic to employ social distancing and contract tracing as tools to oppress Uighurs, silence dissidents, and arrest Hong Kong pro-democracy activists.

However, two issues have emerged from the pandemic, which threaten China's global aspirations – Beijing's use of Uighur slave labor and its monopolization of pharmaceuticals.

According to The Coalition to End Forced Labour in the Uyghur Region, "Virtually the entire [global] apparels industry is tainted by forced Uighur and Turkic Muslim labour... including Gap, C&A, Adidas, Muji, Tommy Hilfiger and Calvin Klein." The coalition, composed of 190 human rights organizations, is demanding businesses end this practice. If the apparels industry does, in part or in whole, it will adversely impact China's economic growth.

Then there is the pharmaceutical industry. The world is dependent upon China for current supplies of many medicines. A U.S. Department of Commerce study "found that 97 percent of all antibiotics in the United States came from China." As one government economic official stated: "If you're the Chinese and you want to really just destroy us, just stop sending us antibiotics".

China overreached when an article in Xinhua, China's official state news agency, corroborated that U.S. official by stating Beijing "could impose pharmaceutical export controls which would plunge America into 'the mighty sea of coronavirus'."

As a result, bills are now piling up in the U.S. Congress some to require, others to offer incentives to, pharmaceutical companies to "onshore" drug manufacturing. Should an "onshore" bill become law, it too would negatively impact on both China's economy, China possesses the world's second-largest pharmaceutical industry, and Beijing's drive to become a super-power. Should the UK and the EU adopt similar legislation, it could only further destabilize the economy of China.

The Chinese Communist Party leadership studied the implosion of the Soviet Union and adopted different economic policies to insure it would not repeat the same mistakes. But China's economy. while more dynamic than the Soviet economy, is still brittle. It is a top down driven economy with questionable practices in its banking and real estate sectors that pose a risk to economic stability.

Therefore, the global ramifications of the Covid pandemic on China's economy, coupled with a sizeable loss of jobs should Western apparel and pharmaceutical industries withdraw from China, could engulf Beijing in a similar type of perfect storm, a combustible mix of social, economic, and political issues, which destroyed the Soviet Union.

Joseph E Fallon is a Senior Reserach Associate with the U K Defence Forum

A fuller version of this article with explanatory maps and diagrams can be found atÂÂ https://drive.google.com/file/d/1gAbtop8bUkqy87ZsjY3SYNHA-A53QPr3/view
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