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The belt and road initiative: A hybrid model of regionalism

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The Belt and Road Initiative: A Hybrid Model of Regionalism

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The Belt and Road Initiative: A Hybrid Model of Regionalism

WORKING PAPERS ON EAST ASIAN STUDIES, NO. 122, DUISBURG 2018

Abstract
Initiated under the Presidency of Xi Jinping in 2013, the Belt and Road Initiative (BRI) is still a young, yet a fast-developing and most ambitious regionalist project. Despite BRI’s great potential to shape international trade and – more broadly – international relations amongst participating countries and beyond, scientific studies so far have largely neglected the question of how BRI goes together with contemporary approaches of regionalism and regional integration. This article argues that BRI constitutes a type of hybrid regionalism that seems to largely elude the old-new-regionalism divide and instead, it embraces elements of both traditions. In order to elucidate this double nature of the project, we will first discuss the idea of integration theory that has been developed in the context of the European integration process as well as such approaches that came up in the context of approaches of new regionalism. On this basis, and by referring to central elements of BRI as well as current developments in the framework of the project, we will shed light on the parallels and differences of BRI with “old” and “new” regionalism.

Keywords
Belt and Road Initiative, New Silk Road, Old regionalism, New regionalism, Regional integration, China
1 INTRODUCTION

Since its foundation in 2013, the Belt and Road Initiative (BRI) developed into one of the most ambitious, fast-progressing and much debated regional cooperation projects worldwide. Yet, despite the attention the Chinese plan to establish a new Silk Road has drawn in scientific discussions, studies so far have largely neglected the question of how BRI goes together with contemporary approaches of regionalism and regional integration. At the same time, there is no lack of such approaches that have the potential to be applied to BRI and serve as grounds for fruitful theory-driven analyses and explanations. The crucial question rather seems which theoretical patterns are the best for explaining BRI.

In this article we will consider two main, partly opposed, partly complementary, groups of approaches for the study of BRI. On one side, a large body of theories that has been developed and tested against the backdrop of the experience with the European integration process. These have studied the integration process since its very beginning in the 1950s and, focused on central institutions, actors, motives, norms, and processes, they develop explanations for the course of integration and various aspects of policy-making in the European Union (EU) (for an overview see e.g. Grimmel & Jakobeit 2009; Wiener & Diez 2009; Saurugger 2014).

On the other side, there exists a growing number of approaches that are critical towards the transfer of such EU-centric models of integration to other world regions. Different to classical EU integration theory, these favor a perspective that highlights the specificities of certain regions, regional cooperation, and regionalism in a global context. Such studies have drawn attention to the regional and local contexts and preconditions that are shaping cooperation in various regional and institutional contexts by claiming that the European model is a rather unique case, symbolizing a very specific political, economic and societal situation but is no blueprint for other world regions (see e.g. Hettne 1999, 2005; for an overview see Söderbaum & Shaw 2003; Grimmel & Rüland 2015).

While the former approaches have sought to generalize insights from the integration process of the European Union and to transfer it to other regions, scholars of the latter have been critical to any such attempts by arguing that the post-colonial and post-Cold War generation of “new regionalism” follows a quite different pattern than the European integration process. Other than the “old,” EU based – or even, “EU-centric” (Acharya 2016) – model of regional integration with its objective of building an ever closer union by creating common institutions, establishing a common market and “pooling sovereignty” on the supranational level (Moravcsik 1993: 507), scholars have emphasized that these “new” projects followed the ideal of a “more multidimensional and pluralistic type of regionalism” (Söderbaum 2016: 26).

This does not preclude that there are continuities, similarities and even overlapping features of old and new regionalism (Söderbaum 2016: 17), or that it is insightful to engage in efforts of comparing different regions (Katzenstein 1996; Acharya & Johnston 2007; De Lombaerde et al. 2010; Breslin, Higgott & Rosamond 2002; critical towards such a perspective Sbragia 2008) or theories of regionalism and regional integration (Warleigh-Lack 2006; Robinson 2011). It has rather been underscored that neither the EU’s state of integration, nor its aims, institutions, and norms should be considered as criteria for success or failure of other regional projects (Acharya 2016: 109).

We will contend that, while both groups of approaches have proven to offer important insights into divergent models of regionalism and regional integration, BRI seems to largely
elude the old-new-regionalism divide, instead, it embraces elements of both. It follows an ambitious agenda to connect Asia with Europe and Africa by a comprehensive trade and infrastructure project that reminds of the EU’s functional, sector-specific, and incremental approach of integration of the Monnet method. Moreover, the outstanding role of China in setting the main impulses for the further development of the project together with China’s dominance in the framework of the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) point to a kind of “hegemonic regionalism” that has been identified as a part of old regionalism rather than to new regionalism (Acharya 1992). And even the far-reaching objective declared by China’s president Xi Jinping on the BRI 2017 summit to “defend and develop an open world economy, jointly create an environment good for opening-up and development, and push for a just, reasonable and transparent international trade and investment system”¹ can be understood as a sense of mission inhering the project that has been identified in the EU (Manners 2002, 2008) rather than in various other projects of regionalism of the post-Cold War wave of regionalism.

Yet, other than in old regionalism, BRI explicitly abstains from a catalogue of preconditions (such as the Copenhagen criteria in the EU) to be met to participate in the project, and it aims at a far reach of the cooperation, not only geographically, but in terms of membership. Another significant difference towards old regionalism is the institutional minimalism that is met by a maximum of self-declared flexibility, informality, and consensus-based pragmatism (Grimmel & Rüland 2015: 29), indicated in Xi Jinping’s declaration to connect “development strategies of different countries and complement each other’s advantages” but to abstain from intervening “into other nation’s internal affairs, export our social system and development model, nor force others to accept them”.²

Given this double nature of the project, we will argue that BRI constitutes a type of hybrid regionalism that merges elements of the EU-type of old regionalism with such of new regionalist models. Given this nature of the project, from an analytical point of view, BRI can be best understood by drawing insights from both theoretical strains: European integration research and broader regionalist and area studies.

In order to develop our argument, we will begin with a brief overview of central aspects of the underlying theoretical debate. Section 1 will discuss the idea of integration theory that has been developed in the context of the European integration process. Section 2 continues with the debate that came up in the context of approaches of new regionalism. Acknowledging that the EU must still be considered as the most sophisticated and effective model of regional integration, the aim here is to clarify some main differences between the European model and other regionalist models of the wave of new regionalism and their respective merits for the analysis of regional partnership and cooperation. On this basis, and by referring to current developments and data, Section 3 will argue that BRI can be best understood as a new, hybrid model and a merger of old and new regionalist approaches. In Section 4, the article concludes by considering the implications for the theory-based study of BRI.


² See Footnote 1.
Regionalism in Europe and Beyond

2 REGIONALISM IN EUROPE AND BEYOND

Scholars studying the multitude of regional cooperation and integration projects worldwide have identified either two (Väyrynen 2003; Nolte 2016), three (Telò 2007), or even four (Mansfield & Milner 1999) waves of regionalism after the end of the Second World War. Apart from the fact that these waves stand for specific historical phases in the development of regionalism, they also point to similarities that these projects share against the backdrop of certain contexts of global economics and politics. For the sake of our argument, we will neglect the more subtle differentiations and give preference to the basic distinction between "old" and "new" or "contemporary" regionalism as it has been widely echoed by two major strains of theoretical approaches that continue to dominate – or at least influence – the contemporary debate (Hettne 2005: 543; see also Söderbaum & Sbragia 2010).

Whereas the former is mainly directed towards a type of regionalism that has been developed in light of the massive challenge of interstate warfare in Europe and is orientated towards the integrationist aim of an "ever closer union," the later covers a variety of projects of regionalism that came up after the end of the Cold War and that follow a quite different logic.

By way of focusing on these rather "classical" and idealypical debates, we aim to engage in an eclectic perspective of comparative regionalism by asking for conceptual and structural similarities of China’s Belt and Road Initiative with different ideas of regionalism. Without being able to draw a full picture of the intellectual roots and more recent scholarly debates here (for a comprehensive overview, see e.g. Söderbaum 2016; Grimmel & Rüland 2015), we will focus on pointing out some of the main characteristics and significant differences of the EU-type of old regionalism on the one side, and new regionalism on the other. These will serve as a foil for comparison to be applied to BRI in the second part of this paper.

2.1 OLD REGIONALISM AND EUROPEAN INTEGRATION THEORY

The term "old regionalism" has been used to describe a type of initiatives that were originated in Western Europe after the end of the Second World War, mostly in the 1950s and 1960s. These were designed to overcome the "lust for power" (Morgenthau) of modern nation states and established a peaceful and prosperous political architecture. At the same time, old regionalism has been very much shaped by a bipolar setting of world politics in which rivalry instead of cooperation dominated the international system (Kim & Fiori 2014: 78–80). Although the initiatives that emerged in this context have not been limited to Europe, but have rather been spreading to Latin America, Africa, and Asia in the following decades, the European Union (EU) and its predecessors have developed into the most influential and widely studied of these projects. Due to this prominence of the European experience and the formative effect the integration process had in shaping European statehood, a variety of different theoretical approaches – mainly centered on the specificities of European integration – has been developed to encompass this early phenomenon of political and economic integration beyond the nation state.

An early strain of rather normative approaches has evolved around the question how to create a post-War political architecture that would prevent the outbreak of another warfare in Europe. Federalists aimed at a political grand design, based on the citizenship, a constitution, and common European institutions in order to create a peaceful union (Spinelli & Rossi 1941). Opposed to such plan, functionalists argued that such a federalist approach just copies the flaws of the nation state to a higher level and would, therefore, carry the seed of new conflict in itself. They preferred a global peace system, in which nation states are gradually substituted by func-
tional agencies, such as institutionalized in the UN family (Mitrany 1943, 1965).

With the launch of the European Coal and Steel Community (ECSC) in 1951, and later on with the signature of the Treaty of Rome (1957) the debate soon moved away from the political ideas of how to shape a “new Europe” to a rather scientific, analytical-descriptive discussion on how to explain the process of integration. Early such approaches can be found in process-oriented federalism (Friedrich 1964), transactionalism (Deutsch et al. 1957), or most influential, neo-functionalism (Haas 1958) and intergovernmentalism (Hoffmann 1966). After a phase of stagnation of the European integration process in the 1970s, a set of reformulated and further developed theories, such as liberal intergovernmentalism (Moravcsik 1991, 1993) and supranational institutionalism (Sandholtz & Zysman 1989) accompanied the relaunch of the common market program from the mid-1980s on. More recent approaches, such as multi-level governance and constructivist approaches, that came up during the 1990s, further enriched the debate, now less seeking explanations for the course of integration and explaining either phases of stagnation or integration, but looking for a broader understanding of the EU, the complex interplay of its institutions, actors, and the formative force of shared norms and ideas.

It is true that the merit of these approaches was mainly to widen our understanding of the European integration process. However, due to the generalist nature of many of these approaches (e.g. with regards to important actors and patterns of corporate behavior), explanatory patterns did not seem to be limited to the EU, but transferable to other projects worldwide – at least those that were inspired by the EU model, such as the ASEAN, the Andean Community, or the African Union. This theory transfer was soon scrutinized by an ever-growing number of scholars who criticized that the idea of regional integration can be understood as “distinctively Western European idea” that “is rather limited in scope” (Acharya 2012: 12). Others identified “a teleological prejudice informed by the assumption that ‘progress’ in regional integration is defined in terms of EU-style institutionalization” (Breslin et al. 2002: 11). And indeed, at least retrospectively and with regard to those initiatives during and after the “new wave” of regionalism, many of these features have remained characteristic for the European Union rather than for other regionalist projects worldwide. With regards to possible similarities between the “old,” EU-based model of regionalism and BRI, we understand the following three characteristics to be central.

First, the inclusion of a number of state and non-state (market) actors and their centrality for the progress of integration by including them in various roles and on different levels of governance (see Haas 1958); especially in the early days of integration, the success of the European Coal and Steel Community (ECSC) was heavily dependent on the support of a number of major industrial companies, such as Krupp, Vereinigte Stahlwerke, Thyssen in Germany, or the French Union Sidérurgique du Nord de la France (USINOR). In other words, the political idea of the Schuman Plan was heavily dependent on the interests and willingness of industrial actors to support it. This dependency on non-state actors to implement political initiatives is of central importance for the BRI as well and reminds of the early days of EU integration.

Second, a sector-specific and incremental mode of economic integration that is not built on a political grand design, but starts by integrating “modestly in areas of ‘low politics’ in the first instance, but ensure that these are key economic sectors” (Rosamond 2000: 51), and that expands the common fields of action to ever more sectors over time; the ECSC with its limited ambit and scope, but its strong potential to be connected to such sectors like transport infrastructure, energy, or, more broadly, product and working standards. Being a comparatively young project, BRI seems to be much more connected to the ideas of the beginning of EU integration and the
Monnet Method than to the EU today after a “dia-
dialectical” history of repercussions and adaptions (Corbey 1995).

Third, the foundation on economic integration and (intra)regional trade, notwithstanding politi-
cal ambitions and closer cooperation over time. Here, the EU and BRI seem to be rather opposed
to each other at first sight, due to the fact that the EU seeks for political integration as well,
and not just deepening economic ties. Yet, ma-
y of the EU’s political ambitions have not been
present at the launch of the project in the 1950s,
but features have developed over time and be-
came part of the model of “old regionalism” over
time. Following Balassa (1962), it would be like
comparing apples and oranges to contrast the
more advanced stage of economic integration
in the EU with the rather initial degree of eco-
nomic integration. However, what is striking in
both projects is the central relevancy of (intra)
regional trade – with or without a common mar-
ket – that builds the basis for the progress of co-
operation and integration. In BRI as well as in the
EU, enhancing trade is a central motive that has
created a strong impetus for deepening the ties
between participating countries right from the
beginning.

In its processual character, however, old region-
alism does not much differ from projects that
were founded more recently. In sum, the main
difference can be rather seen in the changing political contexts that these projects had to ad-
dress at the time of their foundation and that created different path-dependencies for their
further developments. This contextual depen-
dency also shaped the wave of new regionalism.

### 2.2 NEW REGIONALISM AND ITS
MULTIPOLAR CONTEXT

Not without ambiguity, “new regionalism” is
used to refer to a quite different type of region-
alist projects that started to come up against
the backdrop of a quite different world political
setting, in the 1980s and 1990s, with the end
of the Cold War. Being part of a fast developing
economic globalisation, regionalist approaches
now followed a plethora of different motives and objectives, and were driven by either diverse en-
dogenous, regional dynamics, or exogenous, by
the hegemonic role of powerful states, or by in-
fluences and processes of diffusion amongst dif-
f erent regions (Jetschke & Lenz 2011: 449; Risse
2016). Mostly, regionalist projects of that gener-
ation, however, aimed at “resisting, taming, or
advancing economic globalization” (Söderbaum
2016: 31).

This type of new regionalism, as Hettne says,
“took shape in a multipolar world order and in
a context of globalization. It formed part of a
global structural transformation. In this trans-
formation, a variety of non-state actors were to
be found operating at several levels of the glob-
al system” (Hettne 2005: 549). Being embedded
in a global and multi-polar context, that was no
longer dominated by two superpowers, but a
number of old as well as emerging major pow-
ers, right from the beginning, the new wave of
regionalism was facing a wide range of chal-
lenges and tasks, such as coping with the impact
of global market economy, transnational conflict
patterns, or the rise of new emerging powers. In
such a setting, regionalist projects necessarily
had to follow different paths to meet the growing
degree of political complexity.

We see three features to be characteristic for
this generation of regionalist projects that can
be found to be distinctive parts of the BRI as well:

- a general emphasis of the principle of non-
interference as the basis for common action
that was centered around norms of sovereign-
ty and intergovernmental bargains;

- an institutional minimalism reflected in small
secretaries and rather informal structures
and non-bindingness of common decisions;

- if at all, only a weak reference on a heritage
of common values, but a highlighting of princi-
ples of pragmatism and flexibility; a high degree
of political and economic heterogeneity of member states and low hurdles for the participation in the regionalist projects.

Admittedly, these and the above-mentioned characteristics can always only make tentative lists, since the twofold distinction of old and new regionalist models necessarily covers a broad range of very different projects that, at the same time, are in constant flux and change with the challenges they confront. In other words, there might be a dispute about the completeness of the criteria identified here, and we welcome refinements and amendments. Yet, our point is rather that there are elements that seem to be central to either “old” or “new” regionalism and that both can be found in BRI as the next section will elucidate.

3 THE BELT AND ROAD INITIATIVE: A HYBRID MODEL OF REGIONALISM

Since the birth of BRI, forging the idea of regionalism and regional integration has been one of the motivations for the initiative. When Xi Jinping first proposed the development of a “Belt” and “Road” during his visit to Kazakhstan and Indonesia in autumn 2013, he outlined a grand proposal with the overarching aim to establish closer economic ties and deepening cooperation in the Eurasian and Southeast Asia region. One year later, during a visit with the Board of Directors of the Boao Forum in October 2014, Xi announced that “the purpose of BRI is to jointly create a new pattern of regional economic integration along the route” (China News Service 2014). However, BRI covers a vast geographical region and a large number of countries, which are very heterogeneous in their economy, politics, society and culture. Besides, there is broad agreement that regional integration among developing regions is more difficult to achieve than among well-developed areas because intra-regional interdependence is usually much lower within developing areas than within those that are well-developed (Mattli 1999).

On this basis alone, it would be extremely difficult if not impossible to achieve a level of integration similar to the EU among these countries. Apart from this unlikelihood of BRI to follow the EU in its particular development, the Chinese government has never had the ambition to use BRI to achieve a type of institutionalized regional integration along the one-dimensional route described by Balassa (1962) from a free trade area and customs union to economic and political union, although some domestic scholars called for so. Also, the pursuit of BRI is not meant to reinvent the wheel by creating another ASEAN or similar regional cooperative mechanisms (Xinhua News 2017). Nonetheless, from an analytical point of view, we find that BRI constitutes a type of hybrid regionalism that merges both elements of the EU-type of old regionalism and aspects of the ASEAN-type new regionalist models and may also contain some new features with Chinese character.

3.1 ELEMENTS OF EU-TYPE REGIONAL INTEGRATION IN BRI

3.1.1 THE INCLUSION OF STATE AND NON-STATE (MARKET) ACTORS

One of the most striking features BRI shares with the early days of EU integration is the dependency on private market actors to implement political initiatives. A study of Esteban and Li (2017) has shown that some of the critical elements of BRI, particularly the idea of improving connectivity between China and other parts of Eurasia, were initially conceived at the local level and then elevated to the national level. After major IT industry companies, such as HP, Acer, ASUS, and Foxconn, etc., moved their manufacturing bases in China from the coastal provinces
to the inland provinces, they noticed the bottleneck of transportation and were eager to push for alternative logistic solutions through direct railway connection between China and Europe. The commercial interests of industries in the inland regions of China have played a key role in the ground-breaking launch of the China-Europe Railway Express (also known as the New Silk Road Railways). Moreover, modern production chains are heavily reliant upon offshoring and trade in intermediate goods. Intermediates have to be shipped back and forth between the different constituent affiliates throughout the production process. On-time delivery is, therefore, an important prerequisite for modern production chains. As more and more global companies seek to relocate their manufacture bases from China to Southeast and Central Asia, they have a strong incentive in solving the bottleneck for cross-border trade, in particular, transport infrastructure.

The same logic also applies to local industries in these countries, who want to attract more investment inflows and reduce the cost to export their products to other world regions through solving bottlenecks of infrastructure. Obviously, Beijing has bought the idea of enhancing connectivity and highlight it as the core of the political discourse of BRI. As Xi’s famous metaphor says, if “Belt and Road” is compared to the two wings of Asian take-off, then the interconnection is the veins of the two wings (Xinhua News 2014). Thus, similar to the early days of European integration, non-state actors, such as major industrial companies, play a central role in pushing forward the BRI.

Yet, the BRI infrastructure projects progress much faster than those in the context of the ECSC. By the end of 2017, China had opened 61 China-Europe rail routes, entailing the operation of 3,673 trains to 36 cities in 13 countries (Xinhua News 2018). China and 15 countries along the Belt and Road have signed 16 bilateral or multilateral agreements on facilitation of transport and opened 356 international transport routes running through 73 land ports. Furthermore, the government has signed 38 bilateral or regional ocean shipment agreements with 47 Belt and Road countries, and bilateral intergovernmental aviation transport agreements with 62 countries. A group of symbolic infrastructure projects is underway and some are already into service, such as the Addis Ababa-Djibouti Railway, the China-Laos Railway, the Hungary-Serbia Railway, the China-Russia High-speed Railway, the Jakarta-Bandung High-speed Railway, the Peshawar-Karachi Motorway, the ports of Piraeus, Hambantota, and Gwadar.

3.1.2 THE NEOFUNCTIONALIST LEGACY

Although the Chinese government never openly admits BRI takes inspiration from Monnet’s approach, it seems that BRI does contain some elements that have been outlined by theorists of neofunctionalism, especially the market-driven, sector-specific and incremental approach of integration (see Haas 1958; Rosamond 2000: 50–73).

The most emphasized sector by BRI is the connectivity of transportation passages, which is a functional issue area, as discussed in the last subsection. To solve the problem of funding, China also set up a New Silk Road Fund and a regional financing platform, Asian Infrastructure Investment Bank (AIIB), to support regional infrastructure building.

These new transnational infrastructure projects would reduce the cost of trade, travel and communication would generate new investment flows and cross-border transactions and would increase the demand for financial and other types of services. The increased level of transnational transactions would increase the perceived need for transnational rules, coordination, and regulation. Governmental actors would then continually adjust to the demand by enhancing their policy coordination and even gradually adopt some supranational policy making. Should BRI eventually take this possible path of regional integration, it would be very similar to the neo-
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In fact, the above scenario is not mere theory but already unfolds in some areas. For example, the sanitary and phytosanitary (SPS) measures for agro-food is a non-tariff barrier for trade in fruit between EU and China. But with the operation of the Yixinou Railway from Yiwu to Madrid, the Spanish authorities have taken advantage from the momentum created by this railway to successfully bargain agreements to change the SPS measures concerning rail transportation. Thanks to the successful change of regulations, in April 2016, Spain became the first European country allowed to export plums and peaches to China. Moreover, some important advances in customs procedures have been agreed on, too. Another example is that Yiwu Customs has opened a special cross-border “green channel”, which provides inspection, release, verification, custom clearance and other one-stop clearance services for the goods coming from Madrid by train (Esteban & Li 2017).

Similar developments can be seen almost everywhere in China, and countries along the rail lines now start thinking about revising the existing regulations on transportation and custom clearance to reduce transportation time and increase the variety of goods that can be transported by train. Sometimes local governments lack the ability and authority to harmonize rules and regulations. Then the issue will pass on to a higher-level authority up until the top decision makers. Consequently, enhancing connectivity of policies, rules, and standards so as to provide institutional safeguards for BRI has become an issue in meetings among high-level diplomatic delegations. China has even released several official work plans to accelerate the alignment of relevant standards and rules, such as the two Action Plans on Connecting the Belt and Road by Standards 2015–2017 and 2018–2020.

Although there is some similarity, it does not mean, of course, that BRI will fully converge with Monnet’s approach of an ever-closer union step by step. Undoubtedly, the most important obstacle to such a scenario is the fact that while China wants to enhance the alignment of rules, it resists to complete regulatory harmonization and wishes to retain a substantial degree of autonomy and flexibility in its policy settings (Ikenberry & Lim 2017).

3.1.3 THE MOMENTUM OF INTRAREGIONAL TRADE

BRI not only shares a far-reaching and ambitious objective with the EU. It also inheres a certain “sense of mission” (on this aspect of the EU, see Manners 2002, 2008) that becomes apparent especially in the words of China’s president Xi Jinping when he declared to “defend and develop an open world economy, jointly create an environment for opening-up and development, and push for a just, reasonable and transparent international trade and investment system” (Xinhua News 2017). This idea of participating in, shaping, and enhancing trade relations finds an interesting equivalent in the neofunctionalist idea of building on intraregional trade in order to increase interdependency of individual countries and generate neofunctionalist spillovers. Apart from that rather regionalist consideration, on a more general level, trade liberalization can increase the welfare of member states by exploiting comparative cost advantages and economies of scale (Krugman, Obstfeld & Melitz 2012) and thus lay a solid base for higher-level integration. Similar to the EU, BRI has put enhancing trade liberalization and facilitation as a priority of cooperation. This is especially evident in the claim in the official “Visions and Actions” of BRI, to “strive to improve … trade facilitation, and remove … trade barriers for the creation of a sound business environment within the region and in all related countries” and to “discuss with countries and regions along the Belt and Road on opening free trade areas so as to unleash the potential for expanded cooperation” (NDRC 2015).
Given the geographical obstacles and huge differences, perhaps trade is the most reliable rope to string all the countries together along the route. In 2016, the 64 BRI countries account for 16% of global GDP, and 21.7% of global trade. China’s fast economic growth has changed its status in world trade and its linkage with BRI countries. China has an intensified trade relation with BRI countries in recent decades. The share of foreign trade with the 64 BRI countries in China’s total foreign trade with the world has jumped from 19% in 2005 to 26% in 2014. As a benchmark, the US’s share only experienced a small increase from 13% to 15%. In fact, China has become a more important trading partner for most of BRI countries. It is also estimated that China will import goods worth US$ 2 trillion from the countries and regions along the Belt and Road in the coming five years (Belt and Road Portal 2017). Existing simulations based on the gravity and general equilibrium models have shown that as a consequence of the reduction in transportation costs (both railway and maritime), trade will be created and welfare will be increased among Belt and Road countries, especially landlocked countries (Garccca-Herrero & Xu 2016; Jackson & Shepotylo 2018; Li, Bolton & Westphal 2018). Nevertheless, some difficulties lie in the option of trade integration in the region, such as the imbalance of trade (Li & Schmerer 2017) and asymmetric economic interdependence with China (Esteban & Li 2017).

Besides trade liberalization, another developing field of action is investment integration. Slightly different from the EU which sets investment integration as a higher-level goal after trade integration, BRI tries to promote trade through investment. The vision and action of BRI call for “investment cooperation and build all forms of industrial parks … promote industrial cluster development … [and improve] the overall competitiveness of regional industries” (NDRC 2015).

When EU first started its integration process, the difference in productivity among its member states was not that significant, on the contrary, China and countries along the Belt and Road have much more fundamental differences in their productivity and level of development. Hence, it makes integration through the production process and industrial chain more appealing than trade. China has become the world’s factory and the largest exporter through the development of labor-intensive processing industries, however, with continually rising wages in China these industries have gradually lost their comparative advantages and have to be relocated to other countries with a comparatively low wage level. Most nations along the Belt and Road are ideal destinations for the relocation of China’s labor-intensive industries. The international relocation of labor-intensive industries can thus provide an opportunity for developing countries to shake off poverty and achieve rapid development (Lin 2015).

3.2 ELEMENTS OF NEW REGIONALISM IN BRI

The overall flexibility of BRI that is expressed in the openness of the project for diverse participating countries and actors alongside with the openness for future trajectories can clearly be understood as an expression of the devotion to principles of non-interference, institutional minimalism, centered around norms of sovereignty and intergovernmental bargains that are characteristic for projects in the context of new regionalism. For example, in promoting BRI, China claims to follow a policy of “wide consultation, joint contribution, and shared benefits” (NDRC 2015) and tries to make BRI an open and non-exclusive program. The cooperation mechanism is so flexible – it can be either bilateral or multilateral, either regional or sub-regional – that sometimes it gives observers an impression of laissez-faire.

The implementation of BRI has followed a pragmatic and gradualist roadmap, avoiding any reference to common values (apart from such that are trade-related), that is, “start with work in individual areas and link them up over time to cov-
er the whole region” (Xinhua News 2013). China has set up pilot zones for development and opening up in its border provinces, and has built bilateral border economic cooperation zones with its neighboring countries. Chinese enterprises further invested in trade cooperation zones and industrial parks in important junctures along the route, such as the China-Belarus Industrial Park, the Thai-Chinese Rayong Industrial Zone, and the Egypt Suez Economic and Trade Cooperation Zone, etc. China has gained a lot of experience in developing its domestic industry through the building of Special Economic Zones since the 1980s.

The designers of the plan hope these trade cooperation zones and industrial parks along the Belt and Road will stimulate upstream and downstream industries in its surrounding areas, promote industrial cluster development, and improve “the overall competitiveness of regional industries. Ultimately, new industrial belts or economic “corridors” would start to emerge by connecting all these areas. China has already planned six “corridors” along the Belt and Road. They are the New Eurasian Land Bridge Economic Corridor, the China-Mongolia-Russia Economic Corridor, the China-Central Asia-West Asia Economic Corridor, the China-Indochina Peninsula Economic Corridor, the China-Pakistan Economic Corridor, and the Bangladesh-China-India-Myanmar Economic Corridor.

There are also no hurdles for participation and no number limit on membership. In Xi Jinping’s words, BRI “will be a real chorus comprising all countries along the routes, not a solo for China itself” and, “China not only welcome all countries along the routes and in Asia, but also countries around the world, to take part in the initiative” (Xinhua News 2015). Because of its low hurdle, more and more countries are included in the map of BRI. Within four years, BRI has already extended to the whole European Union, Oceania, North and South America. Nowadays, there are more than 100 countries and international organizations participating in the initiative. International organizations such as the United Nations, the World Health Organization also signed agreements with China on the joint building of the Belt and Road. The UN Security Council even adopted a resolution, calling on the international community to strengthen regional economic cooperation through the BRI. This change has driven people to think BRI might go beyond an initiative of regional integration but could become a platform to let China lead a new round of globalization. It seems that Chinese government hopes BRI and globalization will mutually reinforce but not impede each other.

Besides, China emphasizes that BRI is not to replace existing mechanisms for regional cooperation, but build on the current basis (Xinhua News 2015). Many pundits fear the establishment of the AIIB might result in two exclusive blocs of economic influence in Asia – one led by China and the other by the United States and Japan (Ikenberry & Lim 2017). However, in reality, all projects of AIIB are co-financed by other Western-led multilateral development banks such as the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, and the International Finance Corporation (Gabusi 2017).

4 CONCLUSION

The argument of this paper shows that elements of both, the old and new regionalist approaches can be found in the BRI, which seems to largely elude the old-new-regionalism divide and renders the project a rather hybrid type, which takes on ideas and follows trajectories of both traditions. It is probably because policy makers in China have learned from many of the existing re-
gional integration experience when they design the blueprint of the BRI. Chinese officials confirm this point on various occasions. For example, the vice minister of the International Department of the CPC Central Committee has once explicitly mentioned that when designing the BRI, China has drawn on the experience of European Union, NAFTA, ASEAN, Eurasian Economic Union, etc. to find a new model of international cooperation (Guo 2016).

Nevertheless, it would be wrong to treat BRI just as an extension of the old or new regionalism. Although BRI contains some elements of the EU integration, it does not entirely follow the EU model. The differences between the BRI and the EU integration model are apparent. The BRI lacks a robust institutional architecture (such as the European Commission and the Court of Justice), a high degree of bindingness of common decisions that is monitored and safeguarded by supranational institutions, a general exclusiveness of organizational membership and a strong reference on a heritage of common values.

But BRI also does not entirely follow new regionalism as well. New regionalism aims to help regional member states to attract foreign investments and to increase their leverage in international trade negotiations (Krapohl 2017). The prospect of BRI is more open and much broader. It seems that the Chinese government wants to use BRI to enhance cooperation, the process of which is very flexible and not necessarily need to be institutionalized. Probably, the government hopes that such regional collaboration can lead to an ever-increasing inter-connected network of regional commitment. As the official vision of BRI said, “the Belt and Road Initiative aims to promote the connectivity ..., establish and strengthen partnerships ..., set up all-dimensional, multi-tiered and composite connectivity networks ...” (NDRC 2015).

As BRI is still in its beginning stage, the idea of regionalism embedded in it is still evolving – obviously drawing from “old” and “new” regionalist models and predecessors. The process reminds of “crossing the river by feeling the stones” – a pragmatic journey to an unknown destination in which BRI draws on a rich history of ideas and approaches of regionalism. The result may be something new though: the creation of a hybrid type of regional integration with Chinese character eventually.

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