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A success of China's "Belt and Road" Forum may help improve Japan-China relations

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On May 14 and 15, China's "Belt and Road Forum for International Cooperation" (the Forum hereinafter) was held in Beijing with participation by 29 heads of states and governments, heads and representatives of international organizations including the United Nations (UN), the World Bank Group, and the International Monetary Fund (IMF), together with delegations from around 130 countries including Japan. A joint communique by the leaders sat on the roundtable was adopted, and a list of deliverables¹ with 270 specific items was released immediately after the Forum on May 15. The deliverables included among others an increase of capital to Silk Road Fund by 100 billion yuan (approx. 1.6 trillion yen) and an establishment of "China-Russia Regional Cooperation Development Investment Fund" to make joint investments for the development of China's Northeast region and Russia's Far East region. There were active dialogues between China and countries concerned and the whole event ended in success as the Chinese government intended.

The "Belt and Road" Initiative (Initiative hereinafter) was first revealed in the autumn of 2013 when President Xi Jinping introduced it in his speeches during his visits to Kazakhstan and Indonesia², and later on China advocated it to the whole world in a way to bring President Xi to the fore. The Initiative, which contains idealistic principles like pacifism, international cooperation, open economy, and mutual reciprocity and prosperity, aims to share the fruits of economic development among the countries concerned by promoting infrastructure construction with neighboring countries and to strengthen connectivity across the regions. Through this initiative, China claims that it wants to construct "a circle of friends" or "a community of common destiny" in the vast area spreading from China to the Eurasia continent and its coastal area that covers the Middle East and Africa; West, South, Central and Southeast Asia; Caucasus; Russia as well as Eastern and Western Europe, etc. This is really a great idealistic concept. Such idealistic characteristics made the Initiative acceptable to international organizations like the

¹ Dispatch by Xinhua News Agency on May 15. http://news.xinhuanet.com/english/2017-05/15/c_136286376.htm

² Please also refer to the "Characteristics of Chinese Belt and Road Initiative and its Prospect", IIMA, March 14, 2017 (Available only in Japanese) https://www.iima.or.jp/Docs/newsletter/2017/NL2017No_11_j.pdf

UN, the World Bank Group, the IMF, the Asian Development Bank, etc.

However, the world does not move according to such a set of cherry-pickomg ideals. India expressed strong backlash immediately. In India, there is a concern that, despite its advocated international collaboration, China together with Pakistan is independently promoting infrastructure buildup without paying due consideration to the sovereignty of India and its interests, and there is also a doubt that the initiative itself might be no more than a product for China's own convenience. Politicians' words should be ascertained and backed by their deeds. The initiative should be judged by taking into account the moves of the Chinese government, State-Owned Enterprises including financial institutions, and Peoples' Liberation Army. A gorgeous deliverable list should be also checked whether the expected level of its contents could be maintained in the future.

Besides, in order for the initiative to continue to bear deliverables, it is critical that China maintain stability in its domestic politics and economy. On politics, China suffered a risk of political instability around the time of the 18th National Congress of the Chinese Communist Party held in autumn 2012, when the political conflict sharpened among top party executives. After all, it ended with the purge of so called new "Gang of Four:" Bo Xilai (薄熙来), Zhou Yongkang (周永康), Xu Caihou (徐才厚) and Ling Jihua (令計画). However, even after the purge, the names of big shots are still whispered, which means under the Xi Jinping administration the anti-corruption movement has not yet been completed, and confrontations and tensions within the party still exist. Such situation shows any optimism is not allowed even when it looks like stable on the surface. The Chinese economy also has a problem. Since the latter half of 2016, China has again strengthened a tendency to gain economic growth rate relying on the expansion of liabilities. The active real estate transactions pushed the growth rate up, but there has been an emergence of bubbles with an intensified vulnerability in the financial sector, which is adding risks of crisis that will start from the Chinese financial sector, and may be spilled out overseas.

The 19th National Communist Party Congress will be held in autumn this year, and they will review Xi Jinping administration's achievements in the past five years and revise a vision for the next five years. On that occasion, they will proudly present not only the success of the anti-co6rruption movements but also the outward activity like holding the Forum, which has strengthened the presence of China in the world. From a global point of view, it is quite important that China has maintained a positive stance in promoting its external development based on the principles of pacifism, international cooperation, open economy, and mutual reciprocity and prosperity, not on its hegemonism supported by power of People's Liberation Army, nor on its new colonialism with economic invasion. If an apparent consensus is formed in the coming Party Congress on that China keeps aiming at economic development with those principles, the Asian region as well as the Eurasian region will surely be able to enjoy

significant benefits by peaceful development of China.

Hawks on the external policies gained power in China especially since the autumn of 2012, then Japan-China relations were on the verge of a crisis, and a stalemate continues. The success of the Forum may have significant meanings for normalization of relations between Japan and China.

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