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China's Economic Power in Asia: The Belt and Road Initiative and Local Guangxi Government's Role

Mingjiang Li

Abstract:

China's growing economic power has been identified as a major factor in generating profound transformations of the strategic landscape in Asia. Beijing's interest in using its economic power for the pursuit of geopolitical objectives remain strong. Many analysts believe that the ambitious Belt and Road Initiative (BRI) represents the continuation and even intensification of such Chinese policy. I attempt to unpack China's economy power in its external relations by focusing on the role that Guangxi, a subnational government in China, has played by facilitating the emergence of the BRI and by actively participating in the implementation of the initiative. My study suggests that in-depth knowledge about local governments' activism in socioeconomic engagements with neighboring countries contributes significantly to a more nuanced understanding of China's power, particularly its economic power in Asia.

Keywords: China, Southeast Asia, BRI, Chinese economic power, Guangxi

Introduction

The rapid growth of Chinese power has been perhaps the most significant factor that has affected regional security and transformed the regional order in Asia. On one hand, Chinese power has helped Beijing build a stronger strategic position in the region. On the other hand, Beijing's expanding power, particularly its military power, has been a source of concern for many regional states in Asia. In this context, China has spared no effort in reassuring neighboring countries of its peaceful intentions and goodwill

by proclaiming to pursue win-win outcomes. Such narrative has been particularly prevalent in the economic arena. Beijing has relentlessly stated that its economic engagement with other Asian states is meant to contribute to the economic development and prosperity of the whole region.¹ China has long desired to use its economic influence, together with various policy narratives, to soothe the strategic anxieties and security concerns of its neighbors.

Beijing's attempts have not been entirely futile. Its economic power has helped create asymmetric interdependent relations between Beijing and many Asian countries, providing significant leverages for China to deal with major-power contestations and maritime security disputes in East Asia. All signs suggest that China continues to be strongly interested in using geo-economic means to attain geopolitical ends in Asia. The Belt and Road Initiative (BRI or One Belt One Road as previously known), which the Chinese leadership rolled out in late 2013, appears to be such an economic tool and perhaps the most ambitious one that Beijing has employed to transform the regional strategic landscape to its favor. This initiative envisions closer cooperation among dozens of countries in Eurasia and even beyond in five principal areas: infrastructure and facilities, investment and finance, trade, macro-level policy, and people-to-people exchanges, both on land and along the sea lines, with China being the coordinator.² Regional and even cross-regional infrastructure connectivity appears to be the centerpiece of the initiative. Policy elites in China have high hopes of economic returns and strategic gains from this new initiative. In Southeast Asia, for instance, the BRI is expected to help China significantly increase its outbound

investment and draw the region closer to China's orbit of influence.

Existing studies of Chinese power, including its economic power, have almost exclusively focused on the national government and the elite decision makers at the central level. Most analysts have treated China as a black box while unpacking China's power and international strategy. As China becomes increasingly more pluralistic, it may be appropriate to describe its political and policy operations as "de facto federalism" (Zheng 2007). This conventional approach to studying Chinese power needs to be tested. The BRI is a good case to do this testing because it has been regarded by many pundits as China's grand strategy but at the same time, many subnational governments are heavily involved in the BRI policy formulation and implementation.

I will focus on the Guangxi Ethnic Zhuang Autonomous Region as a case study to examine the role it has played in the BRI and in China's relations with Southeast Asia in general. This case study shows that the local government of Guangxi has served as a policy propeller, implementer, a booster, and to some extent a competitor of the central government in the BRI and China-ASEAN relations in general. These findings suggest that the BRI originated directly from the cross-border initiatives that the local governments in Guangxi, for example, had strongly pushed for long before the emergence of the BRI. Much of the BRI's implementation in the coming years or decades will largely depend on the subnational governments' efforts. I also find that the local government is primarily motivated by economic interests. This finding raises an interesting issue for pundits who argue that the BRI is solely targeted at achieving

Beijing's geostrategic dominance in Asia and even beyond. Lastly, it is important to note that my findings show that factoring in the various domestic actors, such as the subnational governments, is crucial for a better understanding of China's power and its external strategy.

The hype surrounding BRI's impact on Southeast Asia

Chinese economic power has been often cited as a game changer in Asian affairs (Reeves 2016). Analysts have frequently highlighted the fact that China is now the largest trading partner of the majority of East Asian countries. Beijing has provided an impressive amount of aid and low-interest loans for regional states. Its investment in the region is rapidly increasing. And China is also increasingly playing a leading role in forging regional economic integration. All these suggest quite dramatic growth of Chinese economic power in East Asia. In Asia, the expansion of Chinese economic influence has had concrete strategic and security impact. Many analysts believe that Beijing's growing clout in regional economic affairs has created a bifurcated regional order: emerging Chinese leadership in regional economics and American primacy in the security arena. China's economic prowess has produced significant strategic constraints over many regional states. This effect can be observed from South Korea's predicament in dealing with China over the Terminal High Altitude Area Defense (THAAD) Issue and from Japan's response to China's tough measures in the East China Sea dispute in the past few years. Beijing's economic influence has also enabled it to practice what some analysts call "divide and rule" strategy over ASEAN.

Cambodia's decision to support China over the South China Sea issue at the ASEAN Summit in 2012 has been frequently mentioned as an example.

The above provides a context for many observers to understand the BRI. They believe that the BRI represents another major expansion of Chinese economic power in the Asian region and beyond. It has been acknowledged that the BRI is poised to become the Chinese leadership's foreign policy top priority (Rolland 2017; Hong 2017). The BRI has been described as "the most ambitious and all-encompassing economic development program in human history" (Luft 2017) and "the most ambitious global connectivity project ever launched by China or any country" (Chatterjee and Kumar 2017). Huge economic benefits, for China and other countries, are expected out of the initiative (Zhao 2016; Wang 2016; Liu and Dunford 2016).

It is widely believed that Beijing harbors both geo-economic and geostrategic intentions in rolling out the BRI (Blanchard and Flint 2017; Ploberger 2017; Clarke 2017). The BRI has been described as an effort for the realization of the "Chinese Dream" (Aoyama 2016). It is even hypothesized that the BRI could have strategic implications at the global level by shifting the focus of strategy and commerce to the Eurasian landmass from the waters surrounding it and reducing the significance of U.S. naval supremacy....This corridor could further intensify intra-European divergences over Asia policy, cause deep differences between the United States and its European allies, and sharpen commercial rivalries (Rolland 2015).

A key concern has been the BRI's impact on US position in Asia. It is believed that Beijing's decision to establish the Asian Infrastructure Investment Bank (AIIB) is a

policy tool to soft-balance the United States in Asia (Chan 2017). One report notes that “the most negative outcome for the United States would be a Sinocentric Eurasian order in which Beijing locks countries into exclusive economic relationships and U.S. interests are marginalized” (Wuthnow 2017). Many American strategists also tend to view the BRI as “a deliberate attempt to economically marginalize the United States, to create a Eurasian sphere of influence, or as a pretext for expanding China’s overseas military presence” (Chance 2016).

Many pundits believe that the BRI, in fact, may significantly augment China’s influence in Southeast Asia and beyond. Their reason is that China’s enormous financial power matches regional countries’ needs for infrastructure development. It is estimated that between 2010 and 2020, Asia needs to invest a total of around USD 8 trillion in overall national infrastructure and an additional USD 287 billion in specific regional infrastructure projects (ADB and ADB Institute 2009). It is widely agreed that Beijing is better positioned than any other major power to meet, at least partially, these financial needs.

Based on the above economic logic, some observers in Southeast Asia argue that although the implementation of the BRI will take time and likely encounter major challenges, the economic transformation that the BRI may be able to create will bring about “a new geopolitical landscape with China at the core” (Wong & Lye 2014). It is noted that if fully successful, the BRI will result in “the great rejuvenation of the Chinese nation” and “the rebirth of a China-centred Asia” (Arase 2015). Kuik asserts that the BRI “may well mark the emergence of a third pillar in the 21st century Asian

architecture, alongside long-standing U.S.-led bilateral alliances and ASEAN-led regional multilateralism” (Kuik 2015).

Partly because of the possible geopolitical consequences of the BRI, the initiative has been criticized on many fronts. The initiative is said to help Beijing promote its own development model and consequently undermine good governance and human rights in countries that constitute 65 percent of the world’s population and one-third of global economic output (Fontaine and Kliman 2018).

Another criticism is that since overcapacity in many Chinese industries has motivated Chinese investments in many infrastructure projects in other countries, those projects may not reflect what those countries actually need, leading to waste or misallocation of resources (*Financial Times* 2017). Unwise investments may lead to debt burdens for some countries. The Center for Global Development noted that 23 of the 68 countries involved in the BRI were “significantly or highly vulnerable to debt distress.” Pakistan, Djibouti, Maldives, Laos, Mongolia, Montenegro, Tajikistan and Kyrgyzstan have been identified as the most financially vulnerable (Dorsey 2018). A senior IMF official has voiced similar concerns (Financial Express 2018.). The most critical view of China’s BRI is that China engages in a “colonial race” through “capital” and “coercion” both to secure resources for the Chinese economy and to seek naval base rights in Myanmar, Pakistan, Sri Lanka, and the Seychelles in the Indian Ocean region (Alves, Vicente and Salum 2017).

All these conjectures hinge on the national central government’s policies which treat China as a unitary actor. In these analyses, Beijing has been described as a

rational player that launches the BRI for the sole purpose of aggrandizing China's geo-strategic influence in the world. This premise can be challenged by examining local governments' role in the BRI formation and implementation. And Guangxi is a good case for this purpose.

Guangxi Joins China-ASEAN Engagements: The Origin of the BRI

The Guangxi Ethnic Zhuang Autonomous Region borders Vietnam and has several ports in the Beibu (Tonkin) Gulf. It is one of the two provinces in China that has both land and maritime borders with China's neighboring countries. The other province is Liaoning Province. During much of the Cold War era, Guangxi served either as China's supporting base for Vietnam's war against the French and the Americans or as a frontline in China's hostile relations with Vietnam from the late 1970s to the early 1990s. The region, like Yunnan, remained underdeveloped largely because of Beijing's national security concerns. Beihai, a port city at the Beibu Gulf, was designated as one of the 14 coastal cities to open up in 1984. But because of strained relations with Vietnam and the weak industrial base in Guangxi, Beihai did not experience rapid economic development as the other 13 cities did; thus Guangxi was a late-comer in China-Southeast Asian relations. Even during much of the 1990s, Guangxi remained inactive in China-Southeast Asia relations.

The success of Yunnan's engagement with Southeast Asia in the 1990s and the changing domestic and external policy environment in the early 2000s prompted Guangxi to compete with Yunnan for more attention, support, and preferential policies from the central government under the framework of China-ASEAN economic

relations. Local leaders in Guangxi began to realize that the region had to rely on “reform and opening up” and regional cooperation as a fundamental approach to keep pace and even surpass the economic development of other Chinese provinces (Pang and Xie 2012).

In the early 2000s, Guangxi began to take actions. Through various lobbying efforts, Guangxi succeeded in winning support from the central government to have the annual China-ASEAN Expo permanently held in its capital city Nanning. The Expo, since its inception in 2004, has become the largest trade and investment consultation event between China and Southeast Asia. The scale and scope of the Expo have continued to expand. Since 2014, the organizers of the Expo have invited extra-regional countries, such as Australia, South Korea, Sri Lanka, the United Kingdom, and Kazakhstan to participate in the event. By 2014, trade agreements worth of USD 15.5 billion, international investment projects amounting to USD 66.4 billion, and domestic cooperation deals totaling RMB 646.2 billion were signed at the annual Expo activities. A series of forums on transport, science and technology, customs, quarantine, finance, environmental protection, culture, poverty relief, women rights, and youth development have been held at the annual Expo (Gan and Jiang 2014). By 2017, the China-ASEAN Expo hosted 63 national political leaders, 2,700 ministerial officials, and over 400,000 business leaders from China and ASEAN countries (*Guoji Shangbao* 2017).

Another major sub-regional cooperation platform that Guangxi became an active participant was the China-Vietnam “two corridors and one circle” economic

cooperation zone. The “two corridors and one circle” plan was proposed by Vietnam in 2004. The “two corridors and one circle” scheme refers to the Kunming–Lao Cai–Hanoi–Hai Phone–Quang Ninh corridor and the Nanning–Lang Son–Hanoi–Hai Phone corridor and the Beibu Gulf economic circle. In addition to Guangxi, the Beibu Gulf economic circle would include two other Chinese provinces Guangdong and Hainan and five provinces in northern Vietnam. Guangxi was expected to play a leading role in building the Nanning–Lang Son–Hanoi–Hai Phone corridor and the Beibu Gulf economic circle. In 2005, Guangxi became an official member of the Greater Mekong Sub-region (GMS) cooperation scheme in addition to Yunnan Province.

By the mid-2000s, these early successes further consolidated the local leaders’ view that their region’s economic future would have to rely on cooperation with ASEAN countries. Many economic development plans, which included industrial sectors, industrial parks, and major regional infrastructure projects, were aimed at long-term cooperation with ASEAN countries. It became trendy among leaders at the municipal and country levels in Guangxi to talk about cooperation with ASEAN and propose all sorts of cooperative projects with Southeast Asian countries. These Guangxi-based cross-border engagements laid a good foundation for the emergence of the BRI later. Of course, Guangxi was not alone. Many other local governments in the border regions, for instance Yunnan and Xinjiang, also actively pushed for various cross-border cooperation plans that would resemble some of the major elements that appeared in the BRI framework later (Summers 2016; Li 2016; Li 2014).

A Proactive Player in China-ASEAN Relations: Spawning the BRI

In 2006, local leaders in Guangxi came up with an ambitious regional cooperation strategy. They proposed that Guangxi and other ASEAN countries, such as Vietnam, Malaysia, Singapore, Indonesia, the Philippines, and Brunei could work together to build a Pan-Beibu Gulf Economic Cooperation Zone.³ The local government has organized many large-scale fora on this idea since 2006 and invited state leaders, senior officials, think tank analysts, and media professionals from Beijing and ASEAN countries to discuss various policy proposals under this scheme. Guangxi leaders initially explored the possibility of maritime cooperation with various ASEAN countries in the South China Sea, for instance ports cooperation, maritime tourism, joint exploitation of energy resources, and marine industries. At the same time, Guangxi government began to promote the idea of building an economic corridor from Nanning to Singapore. Local leaders believed that Guangxi could play a significant role in cooperating with other regional countries along the corridor in tourism, logistics, trade, investment, and industrial chains. Guangxi leaders and researchers frequently visited Southeast Asian countries, trying to persuade them to be more supportive of the Pan-Beibu policy framework.

Guangxi was strongly interested in pushing for this idea to be included as a major component in China-ASEAN official cooperation. As a result of Guangxi's lobbying, the Pan-Beibu scheme was written into some official policy statements agreed upon by China and ASEAN countries. These achievements sparked the local leaders' further ambition. They began to argue that all major cooperation mechanisms between

China and Southeast Asia could be conceptualized as “one axis and two wings” strategy. The “one axis” referred to the Singapore-Nanning economic corridor. The “two wings” referred to the GMS on one side of the corridor and the Pan-Bei scheme on the other side. At one point, Guangxi leaders desired the “one axis and two wings” conceptual framework to be accepted by Beijing and other ASEAN countries as the official blueprint for China-Southeast Asian relations. The Chinese Ministry of Foreign Affairs rejected Guangxi’s proposal, arguing that China’s ties with Southeast Asia are far broader than the “one axis and two wings” framework could encompass.⁴

In addition to pushing for these mega policy frameworks, Guangxi has actively involved in various cross-border cooperation projects. Some of those projects are quite innovative, for instance the three cross-border economic cooperation zones between Guangxi and its adjacent provinces in Vietnam: Pingxiang–Dong Dang, Dongxing–Mong Cai, and Longbang–Tra Linh, proposed by Guangxi in 2005. Two years later, Guangxi signed agreements with Vietnamese provinces bordering Guangxi to work together on the three economic cooperation zones. The long-term objective of these zones is expand cooperation at the border area to include trade, investment, manufacturing, and tourism (Xinhua News Agency 2011). The decision by the central government to designate Dongxing as a key development and opening experiment zone at the national level in 2012 is likely to speed up the various cross-border cooperation between Dongxing and Mong Cai (Weng and Zhang 2012).

Another area that Guangxi is putting a lot effort into is joint industrial parks with Southeast Asian countries. These industrial parks include the China-Malaysia

Industrial Park in Qinzhou, a coastal city in Guangxi, the Malaysia-China Industrial Park in Kuantan, the state capital of Pahang in Malaysia, the China-Indonesia Economic and Trade Cooperation Zone (CIETCZ) in Jakarta (Pang and Xie 2012). Guangxi government and enterprises in Guangxi are supposed to play a leading role in these joint industrial parks.

In addition to the above foreign-oriented initiatives, many major investments projects inside Guangxi have been made for the purpose of facilitating and enhancing economic cooperation with regional states. Guangxi has invested substantially to expand the port facilities at three coastal cities along the Beibu Gulf: Beihai, Qinzhou, and Huangchenggang. Other such major infrastructure projects include the nearly 5 million-square meter China-ASEAN Plaza, the Qinzhou Bonded Port Area, the Pingxiang Integrated Bonded Area, the Nanning Bonded Logistics Center, and the Beihai Export Processing Zone.

The above overview suggests that from the second half of the 2000s Guangxi intensified its engagement with Southeast Asia. Many of the policy initiatives that Guangxi advocated or attempted have been incorporated in the BRI blueprint. For instance, the Nanning–Singapore economic corridor has now become part of the China–Indochina economic corridor, which is one of the six major economic corridors planned under the BRI. Infrastructure connectivity that Guangxi government had favored is a core element in the BRI vision. It is no exaggeration to say that these local governments' effort directly contributed to the emergence of the BRI and significantly added to the substance of the BRI.

The Implementation of the BRI: Guangxi's Activism and the "Nanning Channel"

In the past few years, relations between China and Southeast Asia suffered largely due to tensions and disputes in the South China Sea. This round of disputes in the South China Sea can be attributed to many factors: intensification of strategic rivalry between the United States and China, collaboration between the United States and some regional claimant countries, regional states' pressure tactics on China, China's increasingly assertive policy, and rising nationalism in some countries. Regardless of the actual causes, it is undeniable that the animosities of the past few years have worsened China's relations with Southeast Asia to some extent.

Realizing that many Southeast Asian countries' trust in China has declined whereas their security cooperation with the United States has been enhanced, Beijing began to launch a new round of charm offensive in Southeast Asia. Beijing rolled out a whole set of new policies to reassure regional states of China's peaceful rise and mutual economic and trade benefits. China openly declared that it intends to build a "diamond decade" of relations with ASEAN countries. Premier Li Keqiang has outlined a "2+7" cooperation framework with Southeast Asia. Beijing proposed to hold occasional summits with ASEAN countries back to back with either the China-ASEAN Expo or the Bo'ao Forum. China also suggested that China and ASEAN countries' defense ministers meet informally on an annual basis. China offered to sign a treaty of good-neighborliness, friendship, and peace with ASEAN countries. Beijing proposed to upgrade the China-ASEAN FTA. Beijing urged ASEAN countries to work with China to reach the USD 500 billion and USD 1 trillion targets of bilateral trade by 2015 and 2020 respectively. In the security arena, China conceded to engage with ASEAN countries to negotiate and ultimately sign a formal code of conduct in the South China Sea.

Furthermore, in late 2013, Chinese president Xi Jinping proposed the Silk Road

Economic Belt and the Twenty-First Century Maritime Silk Road when he visited Central and Southeast Asia respectively. Since then, the BRI has become a catchy word in China's foreign policy statements. Beijing may have had many strategic and political considerations when it proposed the BRI. But one can also make a plausible argument that the BRI did not come from a vacuum but had its origins in the many local cross-border cooperative projects that have been implemented and envisioned by subnational governments such as Guangxi. For instance, it is important to note that Guangxi local government had long advocated the Maritime Silk Road in its policy deliberations concerning Southeast Asia.

Guangxi has clearly realized that the Maritime Silk Road initiative is a good opportunity for enhancing relations with Southeast Asia. Former Guangxi party secretary Peng Qinghua urged the local officials to be more proactive in taking advantage of the opportunity of the BRI and build Guangxi into an “new gateway” (*xin menhu*) and a “new nexus” (*xin shuniu*) for the Twenty-First Century Maritime Silk Road. Peng provided detailed policy instructions on further opening up Guangxi in the context of the national BRI strategy and on the five areas of connectivity with ASEAN countries after attending the National People's Congress session in March 2015 (*Guangming Daily* 2015). The local government has a strong desire for any major cooperation mechanism for the Twenty-First Century Maritime Silk Road to be based in Guangxi (*Guangxi Daily* 2014a).

The Guangxi government has taken steps to participate in the new Maritime Silk Road initiative. The theme of the 11th China-ASEAN Expo and the China-ASEAN Business and Investment Summit was the “21st Century Maritime Silk Road” (*China*

Industrial and Business Times 2014). Very soon after the BRI was discussed at the Central Economic Work Conference, the Guangxi government began to contemplate and develop ideas of cross-border free trade and cooperation experimental zones in the cities of Pingxiang and Dongxing. The free trade experimental zones are supposed to encompass the existing cross-border economic cooperation zones but have a much larger area and are expected to enjoy many more preferential policies (*Shanghai Security News* 2013). Fangchenggang and Dongxing plan to build coastal economic belts involving port economy, checkpoint economy, tourism, and marine industries. All these economic plans are open to Southeast Asian countries.

Local officials in Guangxi developed detailed policies of participating and implementing the Twenty-First Century Maritime Silk Road. The first plan is to build a grand passage between Guangxi and ASEAN countries involving five webs: a web of ports, a web of highways, a web of railways, a web of aviation, and a web of fiber cables. The second aspect plan is to build cross-national port-related industrial chains and clusters with ASEAN countries. The third key-area plan is to build China-ASEAN business and logistics bases in Guangxi and promote e-commerce with ASEAN countries. The fourth plan is to build comprehensive financial reform experimental zones in the border areas to encourage the use of Renminbi in cross-border trade. Lastly, the Guangxi government intends to build a people-to-people exchange circle along the Maritime Silk Road to promote education, culture, tourism, and science and technology cooperation with ASEAN countries. Among these policies, Guangxi is actively exploring the possibility of establishing a China-ASEAN University. In fact,

the local government has always been active in promoting these exchanges with Southeast Asian nations. For instance, in 2011, the Guangxi government decided to provide a scholarship of RMB 15 million every year to support students from Southeast Asian countries to study in Guangxi (*Guangxi Daily* 2014b). By 2012, as many as 9,312 students from ASEAN countries have studied in Guangxi and about 5,000 students from Guangxi have studied in ASEAN countries. Guangxi officials also pledged to work on poverty reduction and poverty relief in ASEAN countries.

The Guangxi local tourism department has sought cooperation from Vietnam, Thailand, Malaysia, Singapore, Indonesia, Brunei, and the Philippines to develop a few select tourism routes in the name of “Maritime Silk Road”. The port city of Beihai has been operating international cruises to Vietnam and Malaysia. Qingzhou has established a cooperation network with 47 port cities in ASEAN countries. In addition, Guangxi is also working on a China-Indonesian economic and trade cooperation zone, China-Cambodia modern agricultural demonstration center, and Beihai Singapore industrial park (*Guangxi Daily* 2014c). The local government is also preparing to build a China-ASEAN information portal and to organize a China-ASEAN e-commerce forum (*China Ocean News* 2015).

It has become part of Guangxi’s development strategy to develop its Beibu Gulf coastal region into a regional and international aviation and transport hub, tapping into the vast areas of southwest and central provinces in China. By 2015, those ports would be able to handle 336 million tons of cargos (*Guangxi Daily* 2014c). Guangxi has planned to expand the capacity of its major ports to handle 500 million tons of

goods in 10 years and 10 million standard cargo containers annually (*Security Times* 2014).

Regarding maritime ambition, Guangxi is now actively promoting the idea of an experimental zone of maritime cooperation with ASEAN countries. According to Peng Zhao, a deputy governor in Guangxi, the proposed China-ASEAN maritime cooperation experimental zone is likely to succeed because of many supporting conditions: demarcation of maritime boundary between China and Vietnam in the Beibu Gulf, the signing of China-Vietnam fishery cooperation in the Beibu Gulf, the emerging network of ports between China and ASEAN countries, the promotion of the Pan-Beibu economic cooperation zone, growth in China-ASEAN financial cooperation, particularly China's decision to provide RMB 3 billion to set up a China-ASEAN maritime cooperation fund. Peng suggested the establishment of a China-ASEAN maritime cooperation experimental zone in the Beibu Gulf, incorporated with the Twenty-First Century Maritime Silk Road initiative. He suggested that the proposed experimental zone work on ports connectivity, marine industrial cooperation, joint exploration of maritime resources, marine environmental protection, joint management of various maritime affairs such as disaster prevention and relief and China-ASEAN coordination in search and rescue for the fishing community. He added the elimination of barriers of bilateral investment and service trade on the agenda of the experimental zone (*China Reform News* 2014).

Guangxi continues to work with other provinces to highlight its importance in China-ASEAN relations. A senior Guangxi official noted that Guangxi is trying to

work with Guizhou to construct the high-speed railway from Guiyang to Nanning. There are already high-speed rail connections between Guiyang and Chengdu and between Chengdu and Lanzhou and Xi'an. The local official explained that if the high-speed railway between Nanning and Guiyang can be connected, Guangxi would serve as a hub in linking the Economic Belt of the Silk Road and the Twenty-First Century Maritime Silk Road (*Shanghai Securities News* 2014). Guangxi has also worked with Chongqing enhance its value in China-ASEAN relations. Following its success in opening the Chongqing–Xinjiang–Europe railway transport, Chongqing government joined hands with Guizhou province and Guangxi region to sign agreements with various ASEAN countries to build a grand Chongqing-ASEAN international logistics passage way (*Chongqing Daily* 2013).

The decision of China and Singapore to work on the Chongqing Connectivity Initiative (CCI) two years ago provided a good opportunity for Guangxi. Local leaders in Guangxi realized that their region could serve as a major transit between southwestern and central China and northwestern and southeastern parts of Asia. They labeled this policy idea as “southward corridor,” a key initiative for the local government. Guangxi hopes that many goods in China’s vast mid-west could use its ports in the Beibu Gulf for export to Southeast Asia and other parts of the world. It also expects that much of Southeast Asia’s trade with China would pass through Guangxi.

In the context of Guangxi’s strong interest in playing an active role in the BRI and China-ASEAN relations, now more and more government-affiliated think tank

researchers in Guangxi are advocating the so-called “Nanning Channel” for China-ASEAN ties. According to Huang Zhiyong, former deputy president of Guangxi Academy of Social Sciences, Nanning could further tap into the potential opportunities presented by some Nanning-based China-ASEAN institutions. For example, the Expo and the Business and Investment Summit could enhance political, diplomatic, economic, trade, cultural, and social exchanges and cooperation between China and ASEAN countries. In physical terms, the city of Nanning should serve as the center and strategic pivot for all two-way connectivity between China and ASEAN countries. Guangxi should fully take advantage of the regular meetings between Chinese and Southeast Asian leaders during the annual Expo to produce more “Nanning statements” or “Nanning declarations.” Guangxi leaders should also establish more direct consultation and exchange mechanisms with ASEAN leaders when they visit Guangxi during the Expo. Under the Expo, Guangxi should also promote China-ASEAN transportation ministers’ meeting, telecommunication ministers’ meeting, maritime affairs ministers’ meeting, and maritime consultation mechanism in Nanning. He also proposed that Guangxi leaders visit ASEAN countries more often to persuade their leaders and ministers to make better use of the Nanning Channel to expand China-ASEAN connectivity. His other proposals include those initiatives that Guangxi has already implemented. Examples include the network of ports between Guangxi and other ASEAN countries and the Nanning–Singapore economic corridor. Huang believes that Guangxi should promote the “Nanning Channel” as a national strategy (*Guangxi Daily* 2015).

Conclusion

Many analysts have noted the proliferation of actors in China's foreign policy (Jakobson and Knox 2010; Cabestan 2009; Lai and Kang 2014; Reilly 2014; You 2014; Zhao 2013; Wang and Wang 2014; Liu and Zheng 2014). But our understanding of the role of local governments in China's international relations is far from sufficient. I have described and analyzed the role of Guangxi in the BRI and China-ASEAN relations. What has emerged in the discussion is the fact that the subnational government has indeed played a very important role in laying the groundwork for the BRI and substantiating policy formulation of the initiative. Guangxi served as a policy implementer for the central government in Beijing. However, we must take note that the role of local governments in the case of Guangxi is more than that of a passive reactor to the policy initiatives from the central government.

In many cases, we have demonstrated, Guangxi also takes very significant initiatives and makes major proposals. And it actively lobbies the central government for consent and support. The impact of Guangxi government's Pan-Beibu scheme and the Nanning–Singapore economic corridor on China-ASEAN relations had exceeded the expectation of the decision-makers in Beijing. Local government leaders frequently travel to the capitals of other regional states to seek the support of foreign national leaders for their cooperation proposals. In this way, local governments have acted as semi-independent actors in China's foreign relations. In some instances, the local government has also attempted to compete with the central government in Beijing to frame China's relations with Southeast Asia. The cases of Guangxi's "one

axis, two wings” policy formulation and now the emerging “Nanning Channel” discourse are good examples.

Local government can play an important role in the BRI and China’s foreign relations due to a few factors. First, the policy preferences and proposals that originate from local governments do conform to the strategic considerations of the central government. In the case of Guangxi, Beijing’s rhetoric of pursuing a “good-neighbor” policy provided the framework and the political room for them to maneuver. Local leaders could quite easily justify their policy proposals. Second, local activism took place in the larger context of the central government’s decision to further open up the borderland. For many years, due to historical reasons, China’s border provinces have remained much poorer than other provinces. In the past decade, Beijing has urged the border provinces to accelerate economic development by opening up neighboring countries. This central government’s policy has provided a convenient condition for local governments to participate in external relations at the subregional level. Third, since the late 1990s, the central government has yearned to push for the grand western development plan. Further opening up of the border provinces was regarded as an important step for developing the economies of neighbors in the midwestern region. Guangxi has achieved substantial success when they played this card to support their policy proposals.

It is important to note that the local government’s initiatives are not without challenges. Major challenges include the domestic politics in China’s neighboring countries, the relatively poor infrastructure and under-developed economy in much of

the mainland Southeast Asia, strategic competition among China and some external powers, financial shortfalls, insufficient political trust between China and some ASEAN countries (particularly Vietnam), the negative societal views on some of Chinese investments in Southeast Asia, and the competition between Yunnan and Guangxi. Local officials in Guangxi also acknowledge that many subregional cooperation plans that they have put forth have neither been sufficiently consulted nor coordinated with their counterparts in Southeast Asian countries.

But so far, there seems to be strong political consensus among China and the other Southeast Asian countries that subregional economic and social cooperation ought to be a solution for the economic development of all parties. Regional transport linkages and cross-border economic cooperation are likely to make headway step by step. Such conditions enable the Guangxi government to play an important role in the implementation of the BRI in the coming years or decades. The case of Guangxi highlights the important role of China's subnational governments in ensuring the progress and in broadening the prospect of the BRI. It is also quite clear from this case study that local governments such as Guangxi play an important role in expanding China's economic influence in regions and states of Asia.

It also appears that the local Guangxi government has been primarily motivated by economic interests when it actively pushed for various cross-border cooperation plans and engaged with neighboring countries. The subnational leaders do not seem to be interested in geopolitical games but prefer to handle disputes such as the South China Sea peacefully so that their local pragmatic initiatives could move forward. The view

that the BRI is all for China's geopolitical ambitions may need to be moderated. This is neither to deny the asymmetric nature of the economic relations between China and many of its neighboring countries nor the fact that the growth of economic ties between them may naturally lead to political and strategic leverages in Beijing's favor. And local governments such as Guangxi play an important role in contributing to China's economic power over its neighboring countries in Asia.

Notes

¹ See for instance Chinese Premier Li Keqiang's speech at the ASEAN Secretariat on 7 May 2018 (PRC MOFA 2018).

² See *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road* (PRC NDRC 2015) and *Full text of the Vision for Maritime Cooperation under the Belt and Road Initiative* (PRC MOFA 2018).

³ For more details about the Pan-Beibu scheme, see Gu and Li (2009).

⁴ Interviews with Guangxi scholars, September 2017.

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