The next chapter of the Gwadar story began on September 8, 2013, in far-off Nur-Sultan (Astana), Kazakhstan. Chinese president Xi Jinping stood in an auditorium behind a mahogany lectern emblazoned with the crest of Nazarbayev University. Flanked by a row of alternating flags, the bright red of China and the pale blue and sunny yellow of Kazakhstan, Xi described how imperial Chinese envoys had traveled through Central Asia more than two millennia earlier, claiming that their mission was to open the transcontinental Silk Road that linked Asia to Europe.\(^1\) The president’s plans unveiled that day were similarly ambitious: to build a “New Silk Road Economic Belt” that would knit together modern continental Eurasia.

In the years since his speech in Kazakhstan, Xi’s vision has matured and expanded to become the “Belt and Road Initiative,” or BRI for short, for which China has built new multilateral institutions, devoted high-level diplomatic attention, and directed hundreds of billions of dollars in financing. Even if only partly realized, the effort would constitute a breathtaking feat with the potential to transform economic and political conditions across a vast region of 4.4 billion people and an economy comprising a third of the world’s GDP.\(^2\)

China is pursuing the BRI for a wide variety of reasons, not all of which are publicly acknowledged by Beijing. China’s official justification was spelled out in March 2015 by a document jointly issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce. Entitled “Vision and Actions on Jointly Building Silk Road Economic Belt
and 21st-Century Maritime Silk Road,” the report presents the BRI as China’s noble attempt to “promote the economic prosperity of the countries along the Belt and Road and regional economic cooperation, strengthen exchanges and mutual learning between different civilizations, and promote world peace and development. It is a great undertaking that will benefit people around the world.”

During China’s 2015 Boao Forum for Asia, a homegrown attempt to replicate the gathering of global elites at the World Economic Forum in Davos, Switzerland, President Xi spoke of “China’s firm commitment to building friendship and partnership with its neighbors to foster an amicable, secure and prosperous neighborhood. Under the principle of amity, sincerity, mutual benefit and inclusiveness, China is working actively to deepen win-win cooperation and connectivity with its neighbors to bring them even more benefit with its own development.”

Notwithstanding these altruistic claims, self-interested motives also lie behind Beijing’s generosity. Massive infrastructure investments benefit China’s own economy, and not merely in a “rising tide floats all boats” sort of way. After decades of spectacular growth at home, China has—at least temporarily—over-built its domestic infrastructure. Empty roads, airports, high-speed trains, and entire ghost cities litter the Chinese landscape.

Chinese industrial enterprises with the capacity to build more will sit idle unless they can be set loose on projects outside China. As He Yafei, then a vice minister in China’s State Council, wrote in January 2014, the challenge of Chinese overcapacity for producing iron, steel, cement, aluminum, and other building materials is best turned “into an opportunity by ‘moving out’ this overcapacity on the basis of [China’s] development strategy abroad and foreign policy.”

Chinese loans to neighbors like Pakistan quickly cycle back into Chinese pockets when Chinese firms win construction contract bids. In the best-case scenario, Chinese companies are kept afloat by doing business in China’s neighbors. Even if loans are slowly or incompletely repaid, the entire effort amounts to China subsidizing its own firms. This is hardly unusual in China’s state-dominated (and still nominally communist) system.

A political rationale reinforces this economic logic. China’s ruling Communist Party has largely traded its ideological claims of legitimacy for claims founded in economic growth and effective governance. China’s leaders know that a recession or depression would pose the single greatest threat to their hold on power. The BRI is thus part of a wider set of initiatives intended to reform China’s economic model from the one that produced several decades of torrid growth—and permitted hundreds of millions of people to work their
way out of poverty and into the global middle class—to one that can cement China’s place as a developed economy over the long haul.

Domestic economic and political concerns explain much of President Xi’s agenda in Eurasia, but it would be a mistake to overlook the role of Beijing’s territorial aspirations and security fears. Prior to the modern era, China’s western frontier was the source of wars, conquest, and the dissolution of imperial dynasties. Today, Beijing is extremely sensitive about its hold over China’s western territories because they are home to the largest groups of non-Han minorities. Xinjiang’s Uighurs, with their Turkic ethnic roots, Muslim faith, and cultural ties to Central Asia, have chafed under the rule of the People’s Republic.

Uighur riots in the provincial capital of Urumqi left hundreds dead in 2009 and convinced Beijing of the urgent need to respond. Since then, as detailed in chapter 2, the full force of the Chinese police state—armed with old-fashioned and high-tech tools of political repression—has been imposed in Xinjiang. There are good reasons to anticipate that China’s repressive tactics will only worsen Uighur resentment, alienation, and political violence over time, but little evidence that Beijing is inclined to take a softer touch or reassess its strategy in Xinjiang altogether.

Beijing’s domestic security concerns also motivate some of China’s counterterror cooperation with neighboring Pakistan and the states of Central Asia under the auspices of the Shanghai Cooperation Organization. More recently, China’s security officials have turned their attention to Syria as well, where hundreds, possibly thousands, of Uighurs have joined ISIS and other terrorist organizations.10

Finally, China’s new initiatives in Eurasia are driven by the expansive global ambitions of President Xi Jinping. Unlike his predecessors, Xi has deviated from the famous twenty-four-character dictum established in 1990 by Deng Xiaoping: that China should “Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership,” so as to avoid conflict and continue along the path of rapid economic development during a post–Cold War era defined by global upheaval. To the contrary, President Xi has eagerly asserted China’s leadership and pressed China’s interests in dealing with neighbors throughout Asia and increasingly on the global stage as well. Xi’s China is also loosening its adherence to the principle of “non-interference” in the internal affairs of other states, even as Beijing zealously defends its own sovereign claims.

To be influential, China’s involvement in other states does not need to take the shape of old-fashioned empire or even modern investments in roads, railways, or ports. In this century, information and telecommunications
networks—and their supporting hardware, software, and standards—are also potent sources of power. In much of the world, China is already a leading provider of these technologies. As state-supported companies like Huawei undercut their Western competitors, China has the potential to cement its global dominance. The implications are not merely economic, but touch politics and security. China’s exports of tools that enable censorship and surveillance offer Beijing new opportunities to influence other states and, in some cases, gain access to their information.

The details of Xi’s initiatives are not set in stone, and when Beijing has experienced setbacks, it appears open to new tactics. That said, China remains steadfast in its commitment to extending its access and influence in ways that would make it not merely the most dominant state in east Asia, but a full-fledged Eurasian superpower and rival to the United States. In tandem with the BRI are other Chinese initiatives, including efforts to extend the reach of China’s military, energized forays into high diplomacy, and the construction of new multilateral political and economic institutions. All of these are discussed in greater detail in chapter 2.

Winners . . . and Losers

Pakistan found itself at the leading edge of the BRI in April 2015, when President Xi launched the China-Pakistan Economic Corridor (CPEC) during a trip to Islamabad. The two sides unveiled fifty-one memoranda of understanding and plans for $46 billion in Chinese investments and concessional loans for new power plants, industrial zones, and the transportation infrastructure to link all of them to ports of entry on land and sea. The effort was framed as a transformative opportunity. Pakistan would become, in time, a veritable freeway for commerce between China’s western provinces and the Arabian Sea. Once again, fifteen years after Musharraf’s surprising request to finance Gwadar, the deep-sea port was touted as a centerpiece of Sino-Pakistani cooperation. This time, however, it would also serve as a pilot project for the vastly more ambitious BRI as a whole.

David Ricardo’s classic theory of comparative advantage teaches that two states will always gain from opening trade with each other. On reflection, however, while states are likely to experience overall gains from trade, those gains will be distributed unevenly. Within each state some sectors will win, others will win less, and some will be outright losers. Politicians instinctively recognize that distributional consequences are politically salient; winners and losers
will mobilize for or against trade policies that suit their purposes without necessarily caring about how they affect the national economy.

In that context, Gwadar highlighted the political challenges facing Beijing as China projects its influence into continental Eurasia. China’s investment will create local winners and losers, even if China claims its goals are purely benign. Baloch politicians were, on the whole, no less skeptical about Gwadar port in 2015 than when the project was first announced in 2002. They continued to view the project as a new chapter of exploitation by outsiders, this time the Punjabi-dominated government and military backed by the Chinese state, financed with Chinese capital, and built by Chinese engineers. In November 2017, Pakistan’s federal minister for ports and fisheries, Hasil Bizenjo, briefed the Senate that 91 percent of profits from Gwadar port would flow to China over the next forty years. The other 9 percent would go to Pakistan’s federal government, leaving provincial and local authorities empty-handed.

Not surprisingly, Balochistan’s provincial leaders are less motivated by Pakistan’s national goals than by concerns about what the port’s development will mean for themselves and their constituents. In tangible terms, a ballooning real estate market around Gwadar port could displace locals from their homes. New jobs could be snapped up by outsiders. Traditional livelihoods, like fishing, could be lost forever. Early signs suggest that all of these steps are already underway. Prime real estate near Gwadar has been purchased by big private investors and the Pakistani navy, while fishing communities suffer limited access to traditional waters and some are being forcibly relocated away from the port.

If Beijing and Islamabad fail to prove the value of Gwadar in terms that matter to locals, the Baloch insurgency will be taken up by the next generation. The violence that follows will make it far less likely that Gwadar ever achieves its promise for Pakistan or China.

On the morning of November 23, 2018, three men calmly walked up to the security gate of the Chinese consulate in Karachi. Then, without warning, they opened fire with submachine guns and threw hand grenades into the compound in an attempt to storm the building. Within forty-five minutes all three attackers were dead, but not before they killed two policemen and two civilians. The Balochistan Liberation Army (BLA) immediately claimed responsibility via Twitter, posting a photo of the three attackers. Subsequently, BLA leader Jihand Baloch proclaimed that “The objective of this attack is clear: we will not tolerate any Chinese military expansionist endeavours on Baloch soil.”

The consulate attack came just a few months after another BLA member blew himself up alongside a busload of Chinese engineers, injuring five. And
the next May, three BLA gunmen struck Gwadar’s Pearl Continental hotel, targeting a group of visiting Chinese and Pakistani investors. In an English-language message to the media, the group’s intent was clear: “We warn China to stop her exploitative projects in Balochistan and do not support Pakistan in the genocide of Baloch people, otherwise, we would respond with more attacks.”

There is little reason to anticipate that the BLA will soon relent in its violent campaign against Chinese workers in Pakistan.

Balochistan’s politics are unusually violent, but they are not unique. Similar localized challenges await China at other points along the new Silk Road. Wary provincial politicians across Eurasia will judge the value of Chinese investments by whether they advance their own parochial interests, and in some cases, by whether they benefit relatively more or less than their nearby neighbors. Throughout the region, local identities—and jealousies—often run deeper than any sense of national unity.

In short, the multifarious forces of domestic politics within states across Eurasia, from separatist movements and special interest groups to opposition political parties, constitute the ground realities within which Chinese initiatives like BRI must operate. Much will remain outside China’s control, although Beijing is exporting tools of political repression throughout its neighborhood. Even so, China will find some circumstances fraught with hazard, while others prove more welcoming. All will also be susceptible to dramatic, even unpredictable change through democratic elections or other more violent turns of events.

Chapters 3, 4, and 5 of this book examine the domestic political contexts and consequences of Chinese involvement along its western horizon. Rather than attempting to deliver an encyclopedic account of developments across a vast and complex territory, this book trains its attention on prominent states with special strategic significance to China. In South Asia, the subject of chapter 3, Pakistan is the focal state. In the fourth chapter, on Central Asia, it is Kazakhstan. And in the fifth chapter, on the Middle East, Iran takes center stage. Each of these three states lies along a swath of continental Eurasia with a deep and consequential history of connections to China. Today, each is also experiencing a historically unprecedented level of interaction with Beijing. Looking ahead, these ties show every sign of tightening.

**Exacerbating Regional Rivalries**

Chinese initiatives will not merely affect the domestic political and economic storylines of its neighbors. They will also play into many of Eurasia’s defining
interstate relationships, such as the hostility between Pakistan and India, the historical dominance of Russia in Kazakhstan, and the sectarian-tinged competition between Iran and Saudi Arabia. These interstate relationships and China’s evolving place in them are also assessed in greater detail through chapters 3, 4, and 5.

Returning to the Gwadar example, the significance of a port development scheme in Pakistan cannot be understood without considering the dominant geopolitics of South Asia. Ever since 1947, those have been defined by Indo-Pakistani hostilities. As a consequence, when Pakistan and China trumpet Gwadar’s benefits for commerce and economic development, India perceives a nefarious strategic gambit. From New Delhi’s perspective, Gwadar strengthens a frustrating and often hostile Pakistan and opens a new beachhead for China on the Arabian Sea. No matter what China’s true or original intentions might have been, Gwadar now has the potential to exacerbate Indo-Pakistani tensions.

Chapter 3 picks up this story and offers a fuller account of China’s role in relations between India and Pakistan. Of course, this general pattern is not unique to South Asia. Across the region, heads of state will perceive the costs and benefits of China’s activities through the prism of their own geopolitical circumstances. They will nearly always care more about how China is tipping the scales in competitions close to home than about whether the region as a whole stands to benefit. Wherever possible, they will harness China’s wealth, power, and influence to serve their own agendas.

In Central Asia, Kazakhstan’s closer ties with China have the potential to unsettle Russia, which has long been the region’s dominant neighbor. Looking to the future, China’s increasing role is likely to heighten Sino-Russian tensions, possibly also spurring greater geopolitical turmoil. In the Middle East, Iran and Saudi Arabia both see China as the single most important market for their oil and gas. Rather than quelling tensions between Tehran and Riyadh, revenues from sales to China provide essential fuel for their conflicts. Beijing’s backing facilitates Iran’s quest to buck international pressures, especially from the United States.

Across these three cases, China’s involvement is, on balance, likely to exacerbate existing geopolitical and political-economic patterns that favor conflict, competition, and instability. This is true despite China’s claim that its primary motive for expanding its investments and presence in Eurasia is the desire to foster economic growth and, by extension, to enhance security.

That China’s initiatives could turn out to be so counterproductive might surprise some readers. Many scholars of international relations, however, begin with the core assumption that all states rationally pursue their self-interests, and more than that, tend to care about how they fare relative to other states.
more than they care about their gains in absolute terms. By this logic, Eurasian states should be expected to behave competitively in their interactions with each other and to seek advantage from their dealings with China.

This reminder of the self-interested nature of states is necessary mainly because China has been so eager to portray BRI and its other activities in the region as ways to generate mutual economic gain and to downplay or ignore geostrategic consequences. According to Beijing, the BRI is a manifestation of the “Silk Road Spirit,” described as “Peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit.” Chinese commentators frequently characterize the BRI in similar terms, and while some may simply be starry-eyed optimists, others are undoubtedly part of a concerted propaganda campaign surrounding China’s overseas initiatives.

One extreme case of the latter was Patrick Ho, a Chinese propagandist who headed a Hong Kong–based think tank until 2018 when he was arrested in the United States and charged with money laundering and violations of the Foreign Corrupt Practices Act. Before assembled guests at a December 2016 BRI conference in Washington, DC, Ho declared: “The Belt and Road is a vision rather than a project, and a vision which is constantly expanding and may always do so. It is a connection of hearts and minds connecting souls, connecting the Chinese Dream with the American Dream and other dreams, freedom from want, freedom from fear, harmony with nature, and peace.” However noble-sounding these goals may be, they should not obstruct clear thinking about the geopolitical motives and likely consequences of China’s policies.

**The Consequences for America**

Across continental Eurasia, China is “pushing” itself into new territory, led by economic and commercial activity, if often with diplomatic and military initiatives not far behind. At times, China will benefit from greater influence and access, and many of its initiatives are likely to advance Chinese commercial or strategic interests. China has much to gain from Eurasian markets, natural resources, arms deals, transit corridors, ports, and security partnerships.

Yet China is also being “pulled” by the leaders of Eurasian states who seek new means to advance their own domestic and regional agendas. As a consequence, China’s proclamations of benign intent, whether of “win-win” projects or of the exciting dreams of regional interconnectivity, need not be entirely suspect to be largely beside the point. What China says it wants is not irrelevant, but it is an incomplete guide to likely outcomes because those outcomes will
be so heavily contingent on the choices made by and for Eurasians. In South Asia, Central Asia, and the Middle East, China already feels the tug from the sorts of no-win geopolitical predicaments that other great powers—including the United States—have faced elsewhere throughout history. China will at times pay a price for overseas entanglements in a part of the world known for messy politics within states and long-standing hostilities between them.

All of this means that Eurasia will present a tricky set of strategic challenges for the United States. US policymakers will need to factor China into their specific policy calculations in the region, often in ways that would have seemed unnecessary only a few years ago. It is now blindingly obvious, for instance, that US nuclear sanctions on Iran or diplomatic pressure on Pakistan will prove far less effective if actively opposed by Beijing. China’s capacity to stymie or remake American policy initiatives in Eurasia is only likely to grow. More and more, asking the question “Where does China stand on this issue?” will become second nature to American diplomats in the region.

At the same time, the evolution of China’s role along its western horizon will have a direct bearing on its own aspirations for global leadership and, as a consequence, on its geopolitical competition with the United States. How Washington and Beijing relate to each other in Eurasia will often reflect the tone of their dealings on other vital issues, from bilateral trade negotiations to military buildups in east Asia and the Pacific. Yet even if continental Eurasia is not likely to be the primary theater for US–China competition, what happens there has the potential to influence the evolution of that competition in important ways. For its part, Washington has a wide spectrum of policy options in Eurasia, running from “benign neglect” at one extreme, to “militarized competition” at the other. Each of these is discussed at greater length in chapter 6.

In contemplating America’s geopolitical competition with China, some of Washington’s foreign policy hands will nostalgically recall the Cold War, when America’s plentiful resources conferred advantages over its Soviet adversary and the dividing lines between East and West often seemed simpler. Others may think back to the immediate post–Cold War period as the “end of history,” when US ideals seemed the envy of the world.23

Now, however, and for the foreseeable future, the character of the global order will be more fluid, the United States’ sway less dominant. In this new environment, and especially along China’s western horizon, US policymakers would be wise to implement a strategy defined by selective and differentiated competition with China rather than attempting a reflexive, one-size-fits-all effort to beat China at its own games. Along the way, as this book argues, gaining a firm understanding of how Eurasians perceive China in the context of their own interests will be essential to America’s success.