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China's 21st Century Maritime Silk Road Initiative, Energy Security and SLOC Access

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In recent years, the Chinese leadership has increasingly turned its attention towards the maritime domain. This article discusses Beijing's latest attempts to secure China's maritime energy supply chain across the Indian Ocean region and the South China Sea through which the majority of its seaborne energy imports transit. As China increasingly relies on the seaborne energy trade, Beijing has come to attach more importance to the security of the sea lines of communication (SLOCs) and has a growing strategic interest in ensuring unimpeded access in these two areas. In this paper, the author discusses Beijing's efforts in the context of China's maritime power aspirations, particularly the 21st Century Maritime Silk Road initiative which is promoted by the current Chinese President, Xi Jinping. The author argues that Beijing's latest maritime agenda will be hampered by the strategic distrust and political risks China faces in the Asian region.

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Introduction

The International Energy Agency defines energy security as "the uninterrupted availability of energy sources at an affordable price". Long-term energy security deals mainly with "timely investments to supply energy in line with economic developments and environmental needs", whereas short-term energy security "focuses on the ability of the energy system to react promptly to sudden changes in the supply–demand balance."[1] In China's context, the quest for energy security has translated into a diversification strategy based on a wide mix of traditional and renewable energy types, ranging from coal, oil and gas, to nuclear, hydro-electric, and renewables. Given its growing reliance on oil and gas imports, Chinese national oil companies (NOCs), with the encouragement and support of the government, have also taken to securing multiple transportation modes and routes, and sources of oil and gas supplies.

The importance of the sea lines of communication (SLOCs) for China has greatly increased as it opened up to the world economy since the open-door policy of the late 1970s. As an export-oriented economy with growing energy demands, which can only be met through imports, China's survival and prosperity is closely tied to the seaborne trade. Today, Chinese NOCs have assets across the world in the Middle East, Africa, North America, Latin America and Asia, and China relies on seaborne deliveries for much of its oil and increasingly, natural gas, as well as coal. As the majority of China's seaborne energy imports transit through the Indian Ocean region and the South China Sea, Beijing is aware of the strategic importance of these western SLOCs.

In November 2012, the then-Chinese President, Hu Jintao called for more effort towards building China into a maritime power and developing the capability of safeguarding China's maritime rights and interests. This theme is continuing under the current President Xi Jinping, who has reiterated the importance of safeguarding China's maritime rights and interests and in building a maritime economy. On his first trip to Southeast Asia in October 2013, Xi proposed that China and the Southeast Asian countries join efforts to build a new "maritime silk road" and subsequently extended this call to Sri Lanka and the Maldives in South Asia in September 2014.

This article examines Beijing's current efforts and the challenges it faces in addressing its seaborne energy trade in the context of China's maritime power aspirations and its 21st Century Maritime Silk Road initiative (hereafter "MSR").

The analysis below is divided into six sections. Section 1 establishes China's energy profile and its need for imports to feed growing domestic demand. Section 2 examines the country's growing dependence on and security perception of the seaborne energy trade. Section 3 establishes the latest government strategies in protecting China's rights and interests along the strategic western SLOCs. Section 4 examines the MSR promoted by the current Chinese leadership under Xi. This is followed by section 5, which discusses the challenges hampering China's MSR efforts. Section 6 serves as conclusion.

1. China's Growing Energy Import Demand

Since its opening up in the late 1970s, China has undergone very high energy consumption growth due to its explosive economic expansion and industrialization, although the economy has slowed recently. China's total energy consumption in 2013 consisted mainly of coal (68%), followed by oil (18%), hydropower (7%) and natural gas (5%), and the consumption of renewables (2%) and nuclear power (under 1%) remained small.[2] The country's oil demand began to outstrip its domestic supply in the 1990s, and it became an importer of oil products from 1993 and an importer of crude oil from 1996. China consumed an estimated 10.7 million barrels per day (bbl/d) of oil in 2013, up 380 thousand bbl/d, or almost 4%, from 2012. The country's growth in oil consumption accounted for one-third of the world's oil consumption growth in 2013.China overtook the United States as the world's largest net importer of crude oil and other liquids in September 2013 and imported a record 7 million bbl/d of oil in December 2014.

China has the world's third largest recoverable coal reserves. As the largest producer and consumer in the world, China accounted for 50.3%[3] of the world's coal consumption in 2013. Coal consumption grew more than twofold between 2000 and 2012, and China became a net coal importer from 2009 onwards due to rising demand and the high cost of transporting coal from the producing regions located inland to the coastal areas where demand is concentrated. In 2012, China consumed 4 billion (short) tons of coal, and as coal imports became more cost competitive, total imports rose 30% from 2011 levels, reaching 323 million short tons in 2012.[4] The imports in 2012 came mainly from Australia (38%), Indonesia (34%), South Africa (13%), Russia (7%), United States (4%), Colombia (3%) and Canada (1%).[5]

China's demand for natural gas has rocketed since it first imported liquefied natural gas (LNG) in 2006 and it quickly became the world's third largest LNG importer in 2012. In a bid to reduce the reliance on coal, which is highly polluting, the government has looked to natural gas, being the cleanest burning fossil fuel, as an alternative. Natural gas accounted for about 4.9% of China's 2012 total energy consumption with consumption rising 17% annually, on average, from 2003 through 2013.[6] The Chinese government is expecting consumption, which stood at 108 billion cubic metres (bcm) in 2010, to grow to 8% of total energy consumption (230 bcm) by the end of 2015 and reach 10% (400 bcm) by 2020.While there are plans to boost domestic production in the deep waters of the South China Sea, including areas under dispute with some of its Southeast Asian neighbours, as well as develop unconventional gas resources on land, these are unlikely to meet total demand. The total import volume will continue to grow as a result of growing consumption and expanding infrastructure capacity in terms of import pipelines and LNG receiving terminals. The 12th Five Year Plan (2011–2015) for natural gas development estimates that the total import volume in China will be 93.5 bcm in 2015.

2. Growing Dependence on the Seaborne Energy Trade

The Indian Ocean and South China Sea are major transit routes carrying oil and gas from the Middle East and Africa to the major East Asian economies, including China. About 80% of China's oil imports pass through these SLOCs before reaching China. In 2013, China's largest LNG suppliers were from the Middle East (44%), Southeast Asia (28%) and Australia (20%).[7] In 2012, 72% of China's coal imports traversed across the South China Sea to reach the mainland.[8] The BP Energy Outlook has projected that China will become world's largest net energy importer as production, as a share of consumption, will drop from 85% today to 80% by 2035. As a result, China's oil import dependence will rise from 57% in 2012 to 76% in 2035, while gas dependence will rise from 25% to 41%.[9] Given such projections, it is likely that the country's already large oil and gas shipments traversing the Indian Ocean and the South China Sea will increase in the decades ahead.

The global energy transport system is vulnerable to disruption at key maritime choke points and such incidents could seriously impact the level and volatility of energy prices and also result in physical supply shortages.[10] From the 2000s, the Chinese policy intellectuals began to discuss the importance of SLOC security for

China's seaborne trade, identifying this reliance as a strategic vulnerability.[11] They began to refer to the Strait of Malacca as the "Malacca Dilemma" due to it being a chokepoint in China's seaborne energy trade. The other key chokepoints of concern are the Straits of Hormuz and Bab-el-Mandeb.[12] The government's inability to protect its interests and assets along these critical SLOCs became a serious concern given its traditional emphasis on self-reliance. China's anxiety can be traced to the embedded memory of the Sino-Soviet split when the abrupt withdrawal of the Soviet advisors from China's oil sector damaged the large-scale project under development and created serious energy shortages and this has come to shape the way the Chinese regard their dependence on overseas imports.[13] The government today understands that it would not be possible for China to attain energy self-sufficiency through domestic production, given its large and growing domestic demand. Beijing's sense of vulnerability provided a powerful imperative to diversify its energy import sources and to develop China's naval capabilities to protect its rights and interests overseas and to ensure unimpeded access along the strategic SLOCs.

3. Government Strategies

In November 2012, the strategy to develop China into a maritime power was included in a Communist Party of China (CPC) report for the first time. This report to the 18th National Congress of the CPC specifically called for China to develop the capability to safeguard the country's maritime rights and interests. In April 2013, China published a white paper entitled, *The Diversified Employment of China's Armed Forces*, which referred to the People's Liberation Army Navy (PLAN) as China's mainstay for maritime security operations "involving overseas energy and resources, strategic sea lines of communication (SLOCs), and Chinese nationals and legal persons overseas" and would include "vessel protection at sea, evacuation of Chinese nationals overseas and emergency rescue".[14]

Such missions are not new for the PLAN, which has been a developing blue-water capability. Since December 2008, the PLAN has sent 19 Escort Task Groups in succession to the Gulf of Aden for anti-piracy operations and offered protection to nearly 6000 ships. The Chinese navy completed its 800th escort mission in the Gulf of Aden in late December 2014.[15] The PLAN has also been involved in the evacuation of Chinese nationals overseas. During the Libyan civil war in 2011, a PLAN frigate helped evacuate 35,000 Chinese citizens including staff from the three major Chinese

NOCs China National Petroleum Corporation, China National Offshore Oil Corporation and Sinopec.[16] This was the PLAN's first operational deployment to Africa and the Mediterranean, and the largest non-combatant evacuation operation to date.[17] These two cases demonstrated China's long-range naval capabilities to address non-traditional security challenges and also reinforced the Chinese belief in the need to maintain a sustained naval presence in the Indian Ocean.

President Xi has continued the call to develop China into a maritime power. In a study session held with members of the Political Bureau of the CPC Central Committee in July 2013, Xi noted that in the 21st century, the ocean has an increasingly important role to play in economic development and opening to the outside world, and added that China will steadily build its maritime power through peaceful and mutually beneficial cooperation. During his first visit to Southeast Asia in October 2013, Xi proposed the MSR while addressing the Indonesian Parliament. In his speech, he expressed willingness to enhance mutual political and strategic trust with ASEAN countries, strengthen maritime cooperation with ASEAN countries by making use of the China–ASEAN Maritime Cooperation Fund and to work towards greater connectivity between China and ASEAN.[18] The MSR was extended to South Asia in September 2014, when Xi secured the support of the Maldives and Sri Lanka by signing major transport infrastructure investment agreements while visiting the two countries.

In Southeast Asia, China recognizes Indonesia's strategic role in its MSR given Jakarta's own vision to transform Indonesia into a "global maritime fulcrum" – a key component being the development of Indonesian maritime infrastructure and connectivity,[19] and the important SLOCs that pass in and around Indonesian waters (the Sunda and Lombok Straits are next to the Strait of Malacca).[20] The Chinese Foreign Minister Wang Yi noted that the MSR is compatible to Indonesia's vision of being a maritime fulcrum and has offered to boost bilateral maritime cooperation and infrastructure development opportunities.[21]

4. The 21st Century Maritime Silk Road Initiative

Historically the maritime silk road refers to the ancient maritime trade and cultural route between China and other parts of Asia, Europe, East Africa and the Middle East. Xi's MSR is an initiative to restore the historical maritime prestige and influence that China once wielded as a maritime power. It is the counterpart of the Silk Road

Economic Belt initiative that Xi announced in September 2013, which focuses on overland connectivity between China and Central Asia into Europe. The Chinese refer to this pair of initiatives as "One Belt and One Road". At the Central Conference on Work Relating to Foreign Affairs in late November 2014, Xi announced his foreign relations objectives, which included the agenda to "turn China's neighborhood areas into a community of common destiny … and boost win-win cooperation and connectivity with our neighbors."[22]

In the context of this plan, these two Silk Road initiatives are aimed at promoting bilateral and multilateral partnerships across Asia to consolidate China's leadership status in the region and are linked to China's continued efforts at national rejuvenation as a Comprehensive National Power.[23] However, the exact plans for the two initiatives are still being drafted by the National Development and Reform Commission.[24] As a result, the MSR, while focused on developing maritime connectivity and infrastructure access across Asia, remains a vague agenda thin on details.

The MSR is in part an investment-driven regional engagement strategy promoted by China against the backdrop of US re-balancing in Asia. Economically, it is meant to create more economic opportunities between China and the littoral states in Asia. Diplomatically, China is hoping to repair its image, which has been damaged by the South China Sea disputes. Strategically, it is to enhance China's access to the SLOCs through the development of a network of maritime facilities in the Indian and West Pacific Oceans. Such infrastructure investments are in part intended to enable China to secure better access to natural resources from abroad. For example, in Southeast Asia, the China-financed US$2.5 billion deep-water port and pipeline project in Kyaukphyuon Myanmar's west coast opened recently in January 2015. Through this energy corridor, China will be able to transport some of its Middle Eastern oil imports (up to 440,000 barrels a day) via a 771 km pipeline from the Bay of Bengal into Yunnan Province, China, bypassing the Strait of Malacca. In South Asia, China is also interested in developing Gwadar, Pakistan as a maritime hub. The deep-sea port of Gwadar is situated on the Arabian Sea at the mouth of the Persian Gulf, about 400 km from the critical oil supply chokepoint, the Strait of Hormuz. This port lies in the volatile Baluchistan Province but if it can be successfully developed, it would enable western China access to the Middle East and could potentially serve as the shortest route for overland oil imports into China if a pipeline connection can be built and secured.[25]

To support the two silk road initiatives, China initiated the creation of the Asian Infrastructure Investment Bank (AIIB) to provide infrastructure loans and invited other Asian countries to join as founding members. On October 24, 2014, the representatives of 21 countries signed the intergovernmental Memorandum of Understanding (MOU) on Establishing the AIIB in Beijing. As of January 2015, 26 countries have signed up as prospective founding members, including the 10 ASEAN members.[26] Negotiations on the AIIB Articles of Agreement (AOA) are underway, and this process is expected to be completed by the end of 2015. Countries that subsequently sign and ratify the AOA will officially become founding members of the AIIB.

The AIIB has an authorized capital of US$100 billion, of which China has pledged half the amount – US$50 billion – as initial subscribed capital. In November 2014, China further pledged another US$40 billion to a new Silk Road Fund to develop the infrastructure and resources along the land and sea trade routes. Earlier in 2009, China had established a US $10 billion China–ASEAN Fund on Investment Cooperation and a US $15 billion credit line for infrastructure projects in ASEAN. Two years later, it pledged RMB 3 billion (US$490 million) to the China–ASEAN Maritime Cooperation Fund. What makes the AIIB and Silk Road Fund significant compared to these earlier initiatives is that it is framed as part of a China-centric regional vision to "turn China's neighborhood areas into a community of common destiny."[27]

5. Challenges Hampering China's MSR Efforts

Given that the Asian Development Bank (ADB) has estimated that US$8 trillion is needed between 2010 and 2020 to overcome Asia's infrastructure development gap,[28] the MSR, AIIB and the Silk Road Fund should logically be welcome additions towards infrastructure development in Asia. However, China faces two key challenges in promoting its investment agenda, namely, strategic distrust towards China among some countries in Asia, and the political risks that befall Chinese investments.

5.1 Strategic Distrust

China already has a number of on-going port projects. It is involved in port projects in Gwadar in Pakistan and in Colombo and Hambantota in Sri Lanka. In Bangladesh, it is involved in Chittagong and has been lobbying to develop a deep-sea port at

Sonadia Island. These investments, while commercial in nature, could potentially serve a strategic function in ensuring China's energy security and SLOC access. There are in fact some who regard the MSR as a furtive attempt to advance PLAN access across Asian ports. Indians in particular have been suspicious of Chinese designs on the Indian Ocean since the "Strings of Pearls" concept was first suggested in a 2005 report prepared for the US Department of Defense (US DoD).[29] This report described a scenario in which China establishes a network of Chinese military and commercial facilities and relationships along its SLOCs from the Chinese mainland to Port Sudan in Red Sea, North Africa.

China has in fact progressively expanded the frequency and type of naval vessels that it sends to the Indian Ocean, including submarines, and this trend is expected to continue.[30] However, the limited logistical support remains a key obstacle for the PLAN to operate more extensively in the Indian Ocean. In 2014, the US DoD stated that China is seeking to develop access points in the next 10 years in the form of "agreements for refueling, replenishment, crew rest, and low-level maintenance."[31] Many Indian analysts regard the MSR as a disguised "String of Pearls" type of plan in which the Chinese would fund commercial ports to gain privileged access to use the logistical supply bases for the PLAN.

The on-going Indian anxiety stems from the suspicion that China could use these ports for strategic purposes to secure China's maritime energy supply route, undercut India's influence over the Indian Ocean and South Asia, and to encircle India, despite repeated Chinese denials.[32] The Indians pointed to events in September 2014 when a Chinese submarine and two preceding Chinese naval vessels that arrived in Sri Lanka did not dock at the Sri Lanka Port Authority berths in Colombo, which are mandated to accommodate military vessels. Instead, in violation of protocol, they docked at the Colombo South Container Terminal, which is a deep-water commercial facility that was built, controlled and run by a Chinese company.[33]

China also faces questions about the potential effect MSR would have in Southeast Asia. First, China is embroiled in the South China Sea disputes with some ASEAN members and there is concern whether such financial incentives may be used as political leverage by the Chinese during negotiations. Second, the Chinese have tied the MSR to China's national revival and rejuvenation as a maritime power. This has led to questions on whether China's attempts to shelf the boundary disputes with its neighbours is a delay tactic to improve its negotiating position, once it has consolidated its influence in the region.

The way the MSR has been framed is also regarded with some unease given its strategic intent and consequences. To give an example, the use of the deep-sea rig CNOOC 981, which has also been deployed in disputed waters claimed by Vietnam has also been framed in the context of China's pursuit of becoming a maritime power.[34] This has resulted in apprehension over the intentions and future character of China as a maritime power. As China rises, the question is whether China's reach into Southeast Asia through the MSR may further advance an asymmetrical power relationship, leading to greater Chinese assertiveness and the loss of ASEAN centrality in Asia.

It is strange that Beijing did not build on the lessons it learnt from its engagement with the Central Asian region and Russian the 1990s and early 2000s. Following the collapse of the Soviet Union in 1991 and the formation of the post-Soviet states, China became a border dispute party with Russia and three of the four newly independent Central Asian Republics – Kazakhstan, Tajikistan and Kyrgyzstan. In April 1996, the leaders of these five states signed the Agreement on Confidence-building in the military field in the border area in Shanghai. Following this, the leaders were able to capitalize on the nascent mutual confidence developed during the border negotiations to develop closer regional cooperation ties with the creation of the Shanghai Forum in 1996, and the group became collectively known as the Shanghai Five. In April 1997, the members signed the agreement on the Mutual Reduction on Armed Forces in the Border Areas in Moscow. The two agreements eased tensions in the Central Asian region and created a precedent of peaceful settlement of territorial disputes between the disputant parties. Significantly, this process allowed for the demarcation of the borders between China and three Central Asian states and Russia for the first time in history and was heralded by the parties involved, especially China, as a significant achievement, given the complex history between the parties.[35]

By 2000, regional relations among the Shanghai Five had improved to the stage where they agreed to turn the Shanghai Five into a regional mechanism for the five countries to conduct multilateral economic and security cooperation. In June 2001, Uzbekistan, which was not a party of the border negotiation, applied to join the group and the Shanghai Cooperation Organization was established. Since then, China's relations with Russia and the Central Asian states have flourished and one of the biggest achievements for China has been the creation of the China–Central Asian energy corridor, which feeds natural gas from Turkmenistan through Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan into Xinjiang. This piped gas from Central

Asia will supply China with 80 bcm of natural gas by the end of China's 13th Five Year Plan in 2020, which would account for at least 40% of China's total imported gas supplies by then.[36]

The purpose of this account is to demonstrate China's success at integration with its Central Asian neighbours and at establishing strategic energy ties with the region, while gaining Russia's tacit acquiescence. Central Asia was once commonly regarded as the venue of a "New Great Game" with Great Powers seeking to subjugate the Central Asian republics and to dominate the region. Such a scenario has not materialized and attention has since shifted to the South China Sea and Indian Ocean with warning of a new maritime Great Game at play.[37] A key factor for China's successful integration was that Beijing quickly and decisively settled the boundary disputes with its newly independent neighbours in this volatile region. In contrast, China's maritime disputes in the East and South China Seas, as well as the border dispute with India date back decades to the Mao Zedong period. These unresolved disputes fuel suspicions and apprehensions towards China, and are likely to hinder the implementation of Beijing's MSR agenda.

Until Beijing is able to resolve its territorial and maritime boundary disputes with its neighbours in the South, Southeast and Northeast Asia, China's rise and effort to gain regional recognition will result in polarizing governments across Asia. On one side will be those that are not in dispute with China and benefit economically from engagement. On the other side, there will be those who are wary of China's overtures due to unresolved boundary disputes and regard China's growing MSR and PLAN activities as a precursor to its expansion plans.

5.2 Political Risk

China faces a number of political risks in implementing the MSR. Some Chinese investments projects have faced political scrutiny and even cancellations following regime change in the host countries. A recent Chinese report indicated that, between 2005 and 2014, there were 120 failed outbound deals, 25% of which were due to political reasons. This is often attributed to the lack of familiarity with international practices by Chinese companies in overseas markets.[38] In Asia, there have been a number of high-profile cases in recent years, which have cast a spotlight on Chinese investments. In the Philippines, the former President, Gloria Arroyo is under arrest for corruption, in part over a telecommunications deal with a Chinese company, which has since been aborted. In 2011, the civilian government of Myanmar suspended the controversial Chinese-led construction of the Myitsone Dam, which had been approved by the previous junta government.

Recently, in early 2015, the new Sri Lankan government began investigating the family of former President, Mahinda Rajapaksa, who ruled for 10 years, for corruption linked to infrastructure projects, including the mega-projects awarded to Chinese companies. The new government is said to be reviewing the country's heavy reliance on China and is uncomfortable with the level of debt incurred as a result of the numerous large infrastructure projects funded by the Chinese. Under Rajapaksa, China became Sri Lanka's top government lender, largest investor and second-biggest trading partner. At the same time, Sri Lanka's debt burden reached US$55 billion, which is about 78% of the country's gross domestic product. About 40% of government revenues go to repaying interests from the loans.[39] As a result, the new government is seeking to borrow more than US$4 billion from the International Monetary Fund and other lenders to restructure the Chinese debt, which are regarded as expensive with interests that average 5–7% and in some cases, 8%.[40] In addition to the risk of financial loss, such negative episodes seriously undermine China's international image as a responsible foreign investor.

Moreover, these large-scale investments can trigger local community resentment. In Myanmar, both the Shwe gas pipeline and Kyaukphyu oil pipeline projects, which are funded by the China National Petroleum Corporation to transport oil and gas from the west coast region of Myanmar into China's Yunnan Province, have met with community protests in Myanmar over inadequate compensation from land confiscation, labour abuse, environmental damage leading to the loss of local livelihoods and exclusion from the benefits accrued from these projects.[41] Another unfolding case is the Chinese-backed Letpadaung copper mine project, also in Myanmar. This project is opposed by locals who are accusing the companies involved, including the Chinese company Wanbao Mining Limited – which is a subsidiary of a Chinese arms manufacturer, China North Industries Corporation – of land grabbing and environmental damage. In November 2012, the police used highly toxic and explosive white phosphorous incendiary munitions against protestors, leaving many with burn marks. As opposition continued, two Chinese nationals working as contractors on this project were kidnapped in May 2014, although they were eventually released unharmed. In December 2014, the police fired live ammunition at protestors who were against the mine project, killing one of them.

As Chinese investment abroad increases, more Chinese assets and civilians will require Chinese protection. The challenge is for Beijing to be seen operating with greater social responsibility and due regard for local communities. The need to protect overseas interests may also signal a slow shift away from non-interference.[42] Keeping the above cases in mind, any potential plan by the Chinese or host government to create port access facilities for the PLAN, especially in areas where tensions already exist between Chinese firms and local communities, may result in heightened anxiety and resentment towards the Chinese presence. If the grievance-carrying local populations misconstrue – or construe – the presence of PLAN vessels and personnel as a move to protect China's rights and interests in their own country, there may be even greater backlash against the Chinese presence.

6. Conclusion

This article covered China's attempt to attain energy security and SLOC access in the context of its maritime power aspirations focusing on Xi Jinping's 21st Century MSR initiative. It examined the growing role of PLAN in the protection of overseas Chinese rights and interests and provided an analysis on China's efforts in developing commercial ports in developing countries in Asia as a means to improve regional maritime connectivity through Chinese investments. It noted that China's infrastructure investment agenda is currently hampered by the strategic distrust and political risks it faces in the region.

The PLAN's attempt to develop the capability to safeguard China's maritime interests along the western SLOCs is a source of anxiety for some in Asia. There is apprehension that China's infrastructure investments, particularly port developments, while commercial in nature is a furtive strategic attempt to advance PLAN access across Asian ports to safeguard China's energy security interests and SLOC access. There is also concern that the rise of China as a maritime power could result in the loss of ASEAN centrality in Asian affairs. It is concluded that a key source of distrust stems from the fact that China remains embroiled in territorial and maritime boundary disputes with other Asian neighbours. This is a festering source of friction and distrust, which will affect China's maritime power aspirations and infrastructure-driven agenda in the region. Another conclusion relates to the political risk China is experiencing overseas with its investments. The Chinese government has to work more closely with its companies to adopt the best international practices, in terms of lending arrangements, community outreach and social safeguards.

There is a common Chinese saying: "to get rich, you start by building a road" (*yaoxiangfu, xianxiulu*). This author believes that Beijing's effort to speed up infrastructure development in the region, promote regional economic cooperation and to inject a new impetus for economic development in Asia[43] is well meaning. However, China's success at paving the two "Silk Roads" would ultimately depend on whether it can convince its Asian neighbours that it can continue to remain on the path of peaceful development as it continues to grow in power and size.

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