China's BRI Expansion Approach: Culture

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ABSTRACT

China’s BRI global expansion approach is shifting the balance of trade away from western nation domination. China is repositioning itself as a major global trading powerhouse. Its six land belts and three maritime roads are interconnecting China initially with 64 countries representing around 30% of the global economy and 62% of its population. These BRI nations are undergoing a subtle, but definite acculturalization process that is delivering social, psychological, and cultural change. A BRI cultural research agenda to deliver cultural change across BRI partnering nations is framed. These cultural shifts towards China, the strategic infrastructure builds, financed largely by China, are set to create a new wave of China-supportive rapidly-developing nations into the future. Hence China’s global influence is likely to remain on the rise.

Keywords: BRI, China, acculturalization, cultural change, one belt one road

1.0 Introduction

The Han Dynasty’s (200 BC) ancient transcontinental trade routes, displayed in Figure 1, and named by German geographer Ferdinand von Richthofen (1833-1905) as the ancient silk land and ocean trade routes, now form the basis of China’s modern trade routes approach (Figure 2). Introduced in 2013 in Astana by Chinese President Xi Jinping, this One-belt One-road now termed the Belt Road Initiative (BRI) approach forms a basis of China’s strategic economic and foreign policy.

Figure 1: China’s ancient Silk Road trade routes (accessed at: http://www.scmp.com/infographics/article/1558829/infographic-silk-road-revival-how-ancient-route-enhancing-chinas-trade)
China’s BRI approach today represents the nation’s long-term approach to securing its position as a dominant 21st century maritime-roads and land-bridges (belts) powerhouse. The BRI land belts represent China’s land-based inland trade projects as economic corridors across Pakistan, Mongolia, and Bangladesh. The BRI Roads encapsulate China’s maritime (ports, logistics and railways), especially through China's Southern and coastal provinces across south-east Asia, east Africa, and beyond.

The Chinese BRI approach aims to grow trade and to build extensive China-engaging trade route logistics. It is a major infrastructure build process across Central Asia to Europe, and it is providing a Chinese FDI building boom.

![Figure 2: China’s 21st century six major BRI land belts and three major maritime roads](http://www.oal.cuhk.edu.hk/beltroad/)

To develop the BRI approach requires strong, focused Chinese leadership, and cooperation between nations. Funding for BRI infrastructure is financed by bonds, equity and commercial loans emanating from Beijing, Hong Kong, Shanghai and London. High-speed rail, communications, connectivities, power-generation and energy-pipelines are technology supported from Beijing and Shenzhen. Operations across borders are managed by Beijing, Hong Kong and London. RMB is promoted as the preferred currency rather than USD or Euros.

1.1 Plans
China plans to initiate transcontinental networks of infrastructure across its BRI trading countries. It is establishing 118 economic and trade cooperation zones (ETCs) in 50 countries with 77 ETCs in 23 of its 64 BRI countries - as manufacturing, resources-utilization, agricultural-processing, or logistics hubs. So far 2,790 Chinese production enterprises have invested in ETCs. The current value of these investments total around $US48B. All external Chinese ventures currently operating now employ around 1M Chinese as foreign employees working across 25,000 BRI external enterprises. These enterprises with Chinese financial support are investing into external assets worth around $US3T (BDO, 2017).

1.2 Strategies
China’s BRI strategy is delivering it partial global leadership – at least across its targeted 64 affiliated trading countries. This strategy is moving the RMB into a world currency. It is channelling excess Chinese capacities (manpower, resources and products) into external construction, management and operational roles. It is driving an internal business shift towards higher-end industrial manufacturing. It is creating trade efficiencies and trade friendly alternatives across ‘near’ neighbour’s and emerging market economies. It is spreading external Chinese financial influences, developing high-speed rail (freight, services, commodities, and transport), creating efficient energy and power systems, and building global telecommunications connectivities (Anon, 2016).

Internally BRI is helping to fix the Chinese provinces inequalities-gaps by helping western provinces develop direct and external trade connections, whilst driving wealthy east-coast provinces globally.
connected maritime trade. It is also re-writing world trade and other associated agreements, and it is an alternative to the current US domination of global trade.

1.3 Funding
China’s BRI strategy is aiming for a global economy share of around 30%, and capturing a combined population of 4.4B (62%). So far China has invested $US1.3T into BRI projects and holds $US3T in current reserves. China plans to outlay up to $US5T. Some funding is available from the Asia Infrastructure Investment Bank ($US400B & $US100B). The remainder comes from Government reserves, Chinese policy banks, China Development Bank, Export and Import Bank of China, Asian Infrastructure Investment Bank, Shanghai-based New Development Bank (Yu, 2017). Current flagship projects target placing $US46B into the China-Pakistan corridor. Other key infrastructure being funded is the China-to-Singapore 3,000km high-speed railway, and gas pipelines across central Asia.

1.4 Benefits
China is aiming at drawing on international co-operation across its 64 BRI targeted countries. It is facilitating, building and financing build infrastructure along, into and across these largely developing countries. BRI is offering increased trade with China, fast transits of goods, services and commodities. It is generating selective global economic growth, and delivering new pathways from poverty such as across The Stan countries of Afghanistan, Kurdistan, Turkmenistan, Uzbekistan, Tajikistan, Kirgizstan, and Pakistan (Hancock, 2017).

1.5 Challenges
China’s BRI approach is complex. It requires trust between nations and a consistent suite of cohesive trade arrangements between all participating nations. Hence, China must be prepared to bankroll around two-thirds of these nations – as many of this group-of-nations currently hold low credit ratings.

There is also a Chinese workforce risk, a Chinese business investment risk, a Chinese financing risk and an external political risk faced by Chinese businesses when operating in some of these poorer, less-stable BRI nations. Risks may also arise from unwise Chinese investment decisions, through poor Chinese project-feasibility studies and through external political or social upheaval.

1.6 Economics
China is also imposing various economic and strategic domination partnership arrangements which can sometimes undermine external or national communities, especially in poorer BRI nations. This is likely first observed amongst those BRI nations who become strongly indebted to China. However, many nations like Pakistan and Malaysia remain heavily in favor of China’s economic, technical and ongoing advancements involvement.

Byproducts of the China BRI approach can emerge - such as emerging economic corridor disputes between Sri Lanka and India Who are opposed to the $US57B China-Pakistan via Kashmir (disputed) fast-transport corridor-to-port, and the China-Bangladesh fast-transport corridor-to-port (Hayes, 2017) trade routes. However, these are strategic Chinese alignments decisions, and they are unlikely to be majorly compromised.

2.0 BRI’s Maritime Roads
The China vision remains to construct an array of three enhanced maritime-road routes from China to Europe and Africa – linking them via Chinese funded and developed ultra-modern ports plus infrastructure connected by transport-centric economic zones and surrounded by efficient, logistically-located, key manufacturing zones, power-plants, business centres, and sometimes even new state-of-the-art cities (BDO, 2017). Operational rules are standardized by Chinese oversight.
Since 2013 China’s fully state-owned-and-operated global shipping entities now run 29 ports in 15 countries, plus 47 terminals in 13 countries. In addition, smaller Chinese state-owned entities including Shanghai International Port Group, Ningbo-Zhoushan-Port-Group, and Port-of-Lianyungang, are also now competing for control (or lease) of other BRI major global sea and land ports.

China’s seaport development and operational rights acquisitions now include: Brazil’s port operator TCP Participações (~$1B), Lithuania’s Klaipeda port, Abu Dhabi’s Khalifa Port (~$300M), Sri Lanka's Hambantota deep sea port (~$1.12B), Malaysia’s Melaka Gateway super-city & Kuantan port (3x Chinese state-owned companies = US$6.8B), Pakistan’s Gwadar port (plus 2,281 acres seafood processing plants), Greece’s Piraeus Port (€368.5M), Singapore’s Container Port, Myanmar’s Kyaukphyu Port, Sri Lanka Colombo International Container Terminal, Egypt’s Safaga Port, Djibouti’s Container Port, Israel’s Haifa New Port, Italy’s Naples Container Port, Belgium’s Port of Antwerp (media sources, Yu, 2017), plus other major ports in Kenya, Morocco, Spain, Côte d’Ivoire, Australia, along with several other ports of national importance.

The Port of Singapore Authority, Denmark’s Maersk Line, Switzerland's Mediterranean Shipping Co, and Dubai’s DP World are current key competitors to this Chinese control approach. However, the Chinese approach remains unique, value adding, long-term, politically-controlling, and expansionary in its port logistics and surrounds vision. China’s strategy included the lease control of each port’s surrounds – from which it efficiently-delivers integrated ports-associated businesses – completed with digital logistical connectivities.

China’s maritime road strategy is visionary. For example, a China-Thailand 102 km canal (Figure 3) is proposed. This marginalises Singapore, changes and shortens by days existing BRI shipping routes, and adds to Chinese maritime road security.

This complex array of strategically-targeted, logistically-positioned, BRI nodes and canal roads allows China to securely control much of its inbound supply chain – including raw materials, commodities, energy, and much of its outbound value-added global products. This is geared towards ensuring China’s strategic positioning as an ongoing, globally-dominant nation across the 21st century. It also enmeshes China’s influence into that of a political, economic and societal director of its engaged, but subservient, BRI partnering nations.

3. BRI’s Land Belts

Through its land belts China aims to secure its key global supply chains, create new materials, food and production global sites, enhance its global trade capacities, create Chinese business expansion and worker mobility, and create global geo-economic leverage.

China’s BRI is asserting China’s regional leadership. It is deploying vast economic integration programs into external partnering BRI nations. This economic stimulus is driving China-linked regional and external production lines and supply chains. Here, China is the central distributor of advanced manufacturing and innovation. It is also the BRI quality standards setter. Here, China also has limitations. It needs to (1) better integrate with its external partnering belt economies, (2) upgrade and expand Chinese industry while exporting acceptable Chinese high-quality standards, and (3) address the problems it creates when the BRI produces excess capacity.

China is also experiencing financial (capitalization) limitations and this is restricting some external BRI progressions. For example, today Chinese financiers are requiring a 2.5% return on loans to foreign entities and governments. In some cases China is spreading its new venture risk by taking on partners – such as the SUS18B North-East Chinese Sino-Singapore Jilin Food Zone. This 1,450sq km integrated, world-class super-farm is to harvest items including: corn, soybean, rice, wheat, barley, oats rye, sugar-beet, poultry, beef, pork, dairy, fruit, vegetables, blueberries, strawberries, flowers, perilla-leaves, and ginseng (Anon, 2018a). China is also creating its own internal mega-farms including its Mudanjiang City 100,000 cow dairy created to supply Russia with milk. This dairy is around 50 times bigger than UK’s biggest dairy.

China’s internal development includes projects like the 50 km, SUS10.6B Hong Kong–Zhuhai–Macau Bridge. This now facilitates fast Perl River Delta border-crossings, greater worker-mobility, improved logistics, easier tourism movement, and expanded economic development from Hong Kong.

Externally, the $US57B China-Pakistan Economic Corridor between Kashgar in China’s Xinjiang Province and the Gwadar Port in Pakistan is projected to deliver infrastructure, energy, economic and national security dividends into both nations. This connection pens-up China’s Xinjiang province and creates the shortest path to the oil-rich Middle East, to Africa, to ‘the West.’ At Gwadar port a further 2,281 acres seafood processing plants is planned. To realize the opportunities emergent across this BRI belt, China’s manufacturing industry parse must recalibrate itself away from its current cheap and voluminous supply chains and into leading in the delivery of innovations and highest-quality. This process still requires fundamental management and process changes, along with significant Government and financial support.

This Chinese BRI belt strategy has much to offer. It brings FDI to poorer BRI partnering nations. It diversifies BRI partnering economies. It brings large-scale infrastructure into other BRI partnering nations. It raises living external and internal standards. It increases global trade and increases supply chain efficiencies. It creates technologies transfers and creates new global economic zones. It gives China long-term economic dominance across its partnering BRI nations, and moves China into a globally dominant trade position (Casarini, 2016).

China’s BRI foreign and economic policy initiative is aimed towards binding its neighbouring countries closer whilst also helping China achieve its geo-political goals (Ferdinand, 2016). The most achievable goals are likely the upgrading of China’s manufacturing into high-tech quality products delivery such as high-speed rail, power generation, telecommunications, and digital/logistical connectivities. This also requires a skilled, motivated workforce, innovative and research-driven technopreneurial leadership and targeted financing. It also requires a Chinese leadership capable of managing the competing demands placed from within and across the initial 64 BRI countries.

4. Culture and Trade across Borders

The logistics of trade between nations is often equally shares and many free trade agreements now exist. However the BRI trade between nations is China-centric. China builds the infrastructure, controls significant it and enforces certain rules (currency is RMB; quality standards are Chinese; trade rules are
in-line with China’s; Chinese legalities are inter-mixed with each BRI partnering nation and its governance rules (Du, 2016), yet these routes span across Asia, into Europe and into Africa, and they require economic cooperation (Cheng, 2016). Thus, BRI brings new cultural challenges to China and its BRI partnering nations.

The cross-cultural fit between BRI nations also needs negotiation. Nations are not likely to surrender their cultural heritage, and these trade route developments need to be peaceful developments - bringing all partnering nation participants on board into the overarching BRI schemes. This requires cultural acceptance, a recognition that locals are to benefit, yet retain their national independence.

Hence, for China and its BRI understanding, there remains a need to: gather cultural information, access local and Chinese expat worker societies, and analyse relevant company communications. This data extension includes its interpretation of in-context religious and language nuances and differences. This unlocks a Chinese data pathway allowing it to access, assess, and develop the values, attitudes, manner, and customs that offer closest mergers towards the Chinese high context cultural perspective of social trust, personal relationships, and slow rigorous ritualistic negotiations (Hofstede, 2003). This knowledge interpretation extends through to the new BRI material cultures - specifically drawing on: economic infrastructure (transport, energy, communications), social infrastructure (housing, health, education), and financial and marketing infrastructure (banks research and innovation). Thus, an understanding of the cultures along the BRI trade routes provides another knowledge pathway whereby China can skilfully influence, and draw its BRI partnering nations’ ever-closer towards its own culture, and into ever-closer relationships with China.

The vision of China’s Premier Xi is create a new form of regional economic community that frames into a sense of common destiny (Fallon, 2015). This also means China must ensure all its BRI partnering nations gain a competitive advantage over their prior global positioning - as collectively they all transform the political, economic and financial BRI trade routes across Eurasia and Africa (Winter, 2016). Here, as power, telecommunications, connectivities, logistics laws, IT, and transportation improve cultural change also occurs, and a global balance of power shifts for over 4B people (Fallon, 2015).

Positive Chinese cultural strategies deployed here can include assimilation and integration (Berry, 2005). In contrast negative strategies can include marginalization and separation. However, integration and separation are at times preferred, and generally offer the most successful acculturization approaches (Berry 2005; Mishra & Berry, 2017). These strategic acculturization effects can arise when high rates of migration occur - such as Chinese migrant workers moving into another country to construct BRI projects. These substantive migrations and resultant integrations do influence the partnering nation’s cultural identity, and this Chinese influence can be felt at both the individual level, and at the societal or group level (Schwartz et al., 201x). At the societal or group level such cultural changing Chinese migratory influences can extend to levelled changes across societal structures, local institutions and/or cultural norms (Finnemore, 1996), whilst also psychologically influencing local behaviours, and initiating a personal cultural shift dimension (Henrich, 2001).

Thus, an acculturization process accompanies these Chinese BRI trade route developments. Here, China’s BRI partnering nations are undergoing a subtle, but definite, social, psychological, and cultural change and shifting towards China. This process of learning and incorporating values, beliefs, language, customs and mannerisms from China and its global BRI Chinese construction workforce also affects the partnering nations’ local behaviors. This, in time also extends to religion, education, health and living conditions. Thus, these partnering nations are likely to be blending Chinese culture with their own and this is likely occurring subtly at multiple levels - resulting in a China-Centric acculturation within the BRI partnering nations’ original cultures. This relative ‘fit’ of BRI partnering nation societies and their Chinese immigrant development projects workforce must also deliver positive inter-group relations (Zagefka and Brown, 2002; Tadmor, Tetlock and Peng, 2009).

In line with Premier Xi’s strategy Tadmor et al. (2009) find greater integrative complexity occurs among bi-cultural mixing when acculturation pressures exist, but this does not always bring all groups closer as some cope better than others (Berry, 2005). With BRI partnering nations undergoing cultural shifts (supported by economic and political imperatives) towards China, China is then able to exert a more forthright global-power and global-influence position (Hofstede, 2003) - especially along its BRI trade
routes. Hence, it can then advocate more vigorously for its own international successes recognition, and for the recognition of the successes achieved within its BRI partnering nations.

Hence, we set a BRI cultural research agenda as framed in Figure 4. We propose to gather duplicate data sets from China and individual BRI nations, and to run statistical cultural comparisons - pursuing where acculturization misalignments remain significant, and then seek to propose ways to overcome these cultural disparities between China and its collaborating BRI nations.

<table>
<thead>
<tr>
<th>China OBOR Motivational Intention Drivers</th>
<th>Impact on OBOR Partnering Nation’s Cultural Engagement Connectivities</th>
<th>OBOR Partnering Nation’s Cultural Alignment Change Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• RMB Currency</td>
<td>• Personal context (language, religion, values/attitudes, and manners/customs)</td>
<td>• Cognitive (shared language and rituals)</td>
</tr>
<tr>
<td>• Legal System/Rules</td>
<td>• Societal context (language, religion, values/attitudes, and manners/customs)</td>
<td>• Relational (trust and relational values)</td>
</tr>
<tr>
<td>• Technologies Systems</td>
<td></td>
<td>• Network ties (logistics and efficiencies)</td>
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<td>• Management Systems</td>
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<td>• Qualities Deliverance Systems</td>
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<td>• Technologies Systems</td>
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<td>• Infrastructure Systems</td>
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**Figure 4:** Delivering cultural change across BRI partnering nations

### 5.0 Conclusion

China’s BRI foreign and economic policy initiative remains aimed towards binding its neighbouring countries closer and securing its chosen global positioning, whilst also helping it achieve its geo-political goals. The most achievable goals are likely the upgrading of China’s manufacturing into high-tech quality products delivery such as high-speed rail, power generation, telecommunications, and digital/logistical connectivities. This also requires a skilled, motivated workforce, innovative and research-driven technopreneurial leadership and targeted financing. It also requires a Chinese leadership capable of managing the competing demands placed from within and across the initial 64 BRI countries, whilst also managing trading relations with other developed nations. All these contributing BRI engagement factors are under the direct and visionary control of China.

China’s BRI strategy offers pathways to disperse its industrial over-capacities. These extension pathways also increase its global political influence, and help China to become a global financial director - allocating considerable major foreign direct investments (FDI) to its partnering nations and others beyond its BRI commitments (Yunling, 2015). To date, no comprehensive ‘western’ global response to this initiative has been provided by existing global powerhouses outside China. Hence China continues to push its complex economic, trade, infrastructure, monetary, financial, political, strategic, and security controlling approach, and it continues its expansionary approach towards becoming an influential, global, and dominant economic powerhouse.

China’s BRI global expansion approach is shifting the balance of trade away from current western nation domination. China is repositioning itself as a major global trading powerhouse. Its six land belts and three maritime roads are interconnecting China initially with 64 countries representing around 30% of the global economy and 62% of its population. Strategic infrastructure builds, financed largely by China, are set to create a new wave of quickly developing BRI partnering nations into the future.

The logistics of trade between nations is often equally shares and many free trade agreements now exist. However the BRI trade between nations is China-centric. China builds the infrastructure, controls significant it and enforces certain rules including (1) currency is RMB; (2) quality standards are Chinese; (3) trade rules are in-line with China’s; (4) Chinese legalities are inter-mixed with each BRI partnering
nation and its governance rules, (5) development processes are largely under Chinese control; and political alignment is closely associated with China. However, these routes span across Asia, into Europe and into Africa, and they require considerable behavioural and economic cooperation (Cheng, 2016). Thus, BRI brings new cultural challenges to China and its BRI partnering nations.

The cross-cultural fit between BRI nations is progressing as a slow acculturization process - with BRI partnering nations undergoing subtle, but definite, social, psychological, and cultural shift changes. As the BRI partnering nations become more economically aligned with China, their cultural shifts towards China are likely to be very apparent. The BRI cultural research agenda as framed in Figure 4 offers a pathway to research and monitor the delivery of cultural change across BRI partnering nations.

Findings from this research agenda can also help China become an increasingly more powerful global economic director, and a confident, politically-focused prosperous nation. This likely brings a strong and forthright China into global trade negotiations. Here, China can use its successes and advancements across its BRI partnering nations to advocate and promote a global expansion of its BRI programs. China also remains in an increasingly strong position to further support the economic successes (GDP per capita) and the cultural advancements (education, health, quality-of-life) of its BRI partnering nations, and to then push for their further recognition as reliable trading nations.

Hence, China’s global influence is likely to remain on the rise. The BRI international approach supports China’s strategic and steady progression towards becoming the world’s largest economy, and towards it being the world’s most-dominant global trading nation, and towards it being a culturally significant influence upon is many BRI partnering nation and beyond.

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Authors’ Backgrounds

Dr. John R. Hamilton is Chair Professor of Management and Governance. He researches competitiveness, innovation and strategic futures. He has extensive corporate national (and international) leadership and management experience. He consults on online and/or offline engaging interactive environments, and develops capabilities for business-consumer real-time interfacing. Current research interests include: big data business value extraction, digital leadership, value-deliverance, social networks, corporate and virtual intelligences, cloud business scenarios, major-events management, tracking, and interactive learning. John’s Acute Futures Group (AcuteFutures.com) engages international R&D task teams (Hong Kong, Indonesia, Singapore, and Australia) in pursuit of latest digital value-deliverance systems for global and futures-focused organizations.

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Ms Linda Forbes is Regional Manager of Education Queensland International (EQI). She combines her business, teaching, and guidance-and-counselling skills into managing suites of EQI international student programs across Education Queensland’s Cairns and FNQ primary and secondary schools. She is executive member of the Study Cairns international cluster. Linda regularly visits China - promoting and marketing Education Queensland’s international education activities, whilst also meeting: students planning their studies abroad, parents of international students, and education and agents. Linda’s research interests include: cross-cultural integration, international student societal/language acculturation, and connectivities of mobile global societies.

Note: statistics provided herein are sourced, compiled, and cross-checked where possible, but due to their dynamic, and ever-changing values, they are, at-best, considered as approximations in early 2018 when this paper was prepared. Various BDO papers, news articles, past presentations, and publications included herein and elsewhere support the included statistics.