The Rise of the Geopolitical Thinking in Asia: An Analysis of the “One Belt One Road” and the AIIB Policy of China from the Perspective of Taiwan

«La politique d’un État est dans sa géographie»
Political decisions of a country depend on its location
Napoléon [Chaliand, Rageau, 1994, p. 1]

Abstract
The rise in power has been a very important issue in geopolitics, and power politics is, moreover, a major mode of operation in geopolitics. The Author conducts a preliminary analysis on how Taiwan confronts China’s setting up of the AIIB and forming of the “One Belt One Road” strategy as well as the geopolitical strategy and strategic thinking it has represented in the region. The article gives an in-depth insight into China’s setting up of the AIIB along with its considerations and discuss its implicit thinking of national interests.

Keywords: Geopolitics, One Belt One Road, AIIB, Taiwan

Introduction
The rise in power has been a very important issue in geopolitics, and power politics is, moreover, a major mode of operation in geopolitics. The emerging powers in the early 20th century have been the United States, Germany, Japan and Italy, etc., making an impact on the international order of that time. The emerging power of the 21st century is China. With the rapid development of its economic power, it has also experienced fast development and it has had an influence on the international
community. Similarly, the Asia-Pacific region has been well established on the international stage, so Taiwan’s national power cannot be ignored. If someone compares 200 countries in the world, Taiwan’s power belongs to the medium-sized one in the national rankings of the world. The medium-sized power plays a role that does not have a global influence, but in a particular area it exhibits a range of settings. The Taiwan Strait missile crisis in 1996 and the Asian financial crisis of 1997, allow us to observe that the safety/security and stability of Taiwan does affect the steady development of the entire East Asia region. In the aftermath of the European debt crisis of 2010, Greece, of which total gross domestic product accounts for 2% of the E.U., drove the entire E.U. into a financial crisis, and even caused that the Euro region was on the verge of collapse. Through this, the international community understood the depth of interdependence of the globalised society in the 21st century and the influence of medium-sized countries, which cannot be ignored, whether it is positive or negative.

The aim of this paper is to discuss the rise of China in Asia, its meaning represented in geopolitics and to examine its challenges to regional security order from Taiwan’s point of view. Because of a special relationship between Taiwan and China, the angle is naturally different from that of the other countries, but there are also international interests shared with some countries in other regions. Taiwan cannot participate in most international organisations and is also excluded from most international political activities. But if Taiwan was annexed by China, it would be without any doubts a serious shock to Asia’s geopolitical order.

In fact, Taiwan’s geopolitical goal since 1949 has been to maintain the existence of the state as well as to avoid being annexed by China’s military, politics and economy. In the strategy formulation of the geostrategy, Taiwan’s overall national strength has advanced from a developing country to a medium-sized power, and it has strategically transformed from land power thinking to the sea power thinking government.

At the same time, China’s highest geopolitical strategy is to regain the territory lost in the 19th century, rebuilding the glorious history of being in the political and economic center of Asia. The Asian Infrastructure Investment Bank (AIIB), which has evoked a great discussion in Taiwan and around the world, was founded under

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1 The total gross domestic product of China is number two in the world, already having a considerable right to speak and influence, but because its political system is not a democratic one, China did not participate in the world G7 group meeting, continually held this year in Munich, Germany. Russia, which annexed the Crimea had been excluded from the major power meeting in 2014.

2 Currently, among nearly 200 countries around the world, the only country which has a global economic, military and political influence is the United States. The E.U. also has a similar influence, but as it is an international league, its influence is not equal to the United States. Other powers like Russia, China, Japan, India, Brazil, Germany and France have their own geopolitical limitations.

3 Due to the rule by Kuomindang from China after World War II, Taiwan’s primary national strategy thinking was inherited from China’s land power thinking.
China’s dominance in 2015. Its headquarters will be in Beijing with the authorised capital of $100 billion. Together with the original set of ‘one belt one road’ construction project, it will be an important geostrategic policy for China to regain the position of the political and economic center in Asia.

The idea of Asian Infrastructure Investment Bank has not been the first idea that emerged in the world. In the current international community there are three international institutions similar to AIIB by nature: the Asian Development Bank founded in Manila, the Philippines with the authorised capital of $175 billion; secondly, it is the European Bank for Reconstruction and Development (EBRD) established in London, England to rebuild Eastern Europe after the collapse of the Soviet Union, with its authorised capital of 40 billion euros [EBRD, 2011]; and, finally, the World Bank that is assisting developing countries to foster their education, agriculture, industry and other issues, with its headquarters in Washington DC, the United States with a total capitalization of $223.3 [WB, 2015]. As for the scale of the participating countries, among nearly 200 sovereign nations in the world, there are 188 nations in the World Bank, 67 in the Asian Development Bank, 64 in the European Bank for Reconstruction and Development (if including Taiwan as the 65th nation, which is not recognised as a nation, but has participated in investment assistance), 57 in the Asian Infrastructure Investment Bank. However, the three major development assistant international financial institutions listed above (the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development) were not dominated by the world’s second economic power, China.

The “One Belt One Road” (OBOR) plan put forward by Xi Jinping in 2013, launched in 2014, tries to establish a program of international economic cooperation in the Eurasia region. Basically, the established thinking of ‘One Belt One Road’ and the Asian Infrastructure Investment Bank is the national overall strategic goal of China to create a new geopolitical order following its rise in the 21st century.

Taiwan’s Ma Ying-jeou government, although facing many doubts and opposing views within the country, after consultations with the United States [UDN, 2015], put forward a formal application of joining the Asian Infrastructure Investment Bank in March 31, 2015, but was rejected by China’s Taiwan Affairs Office in April 13, 2015 [AD, 2015]. However, China also said: Welcome Taiwan “to participate with an appropriate name”. Under the one-China principle, the Chinese president Xi-Jinping expressed his welcome position for Taiwan’s participation in the AIIB during the Xi-Zhu meeting on May 4, 2015 [CNAb, 2015].

This paper will conduct a preliminary analysis on how Taiwan confronts China’s setting up of the AIIB and forming of the “One Belt One Road” strategy, the geopolitical strategy and strategic thinking it has represented in the region. It will also give
Considerations of China’s New Strategy from the Traditional Geopolitical Viewpoint

Who rules East Europe commands the Heartland
Who rules the Heartland commands the World Island
Who rules the World Island commands the World.

Mackinder, 1919 [Mackinder, 1950]

One of the issues the article addresses is geopolitics, so before an in-depth discussion about the strategic significance of China’s rise represented, we must first discuss what is the substance of classical geopolitics. Basically, the international order after World War II was led by the United States’ international relation theory. However, before the war, geopolitical thinking is the mainstream of relations between nations of the world. Political geography is the predecessor of geopolitics, these two subjects belong to social sciences developed in Europe from the 19th century till the early 20th century. The concept of political geography may be derived from an early development of geography, as Aristotle (384–322 BCE) mentioned 2,300 years ago the relationship between population and territory of the state model. Aristotle especially emphasised the impact of it on the position of capital, the border, the navy, the army, the natural geographical environment and the weather on a nation’s development.

The British economist with the Irish roots, William Petty (1623–1687), focused on the so-called political anatomy in the 17th century. Petty focused on making maps, to explain the relations between territory, population, economy and politics. The national zoning map called Hiberniae Delineatio, made it exquisite that new products emerged after one century [Goblet, 1955, pp. 5–8]. Petty developed the concept of political geography in modern countries’ implementation of economic and political control on the basis of population and territory concentration.

200 years later, the German geographer Friedrich Ratzel (1844–1904) theorised geography in the late 19th century. He wrote the book “Politische Geographie” published in 1897, in which he, for the first time, put forward the so-called ‘the theory of living space’ (Lebensraum). Such a theory deeply influenced scholars of that time, like Kjellén (1846–1922) and a later geopolitics scholar, Haushofer. Kjellén later became the founder of geopolitics (1899). Geopolitics derived from political geography, in which professor Ratzel’s and professor Kjellén’s research is the most crucial.
On the basis of professor Ratzel’s and professor Kjellén’s research, the international world of politics has begun doing a lot of research into geopolitics. However, studies of geopolitics were used by Germany and Japan to rationalise their aggression during World War II. Thus, after World War II, the research and exposition related to geopolitics were immediately banned by academic circles. At the same time, political geography was under a considerable impact, but it did not disappear thereby. Martin Ira Glassner in “Political Geography”, published in 1966, listed the following research results from the modern political geography scholars [Glassner, 1996]:

1. The study of the variation of political phenomena from place to place in interconnection with variations in other features of the Earth as the home of man [Hartshorne, 1954].
2. Political Geography, a subdivision of human geography, is concerned with a particular aspect of the Earth-man relationships and with a special kind of emphasis…the relationship between geographical factors and political entities [Weigert, 1957].
3. The study of political regions or features of the Earth’s surface [Lewis, 1963].
4. The geographical nature, the policy, and the power of the States [Pounds, 1972].
5. The study of political phenomena in their area-specific context [Jackson, 1971].
6. The study of the interaction of a geographical area and political process (Ad Hoc Committee on Geography, Association of American Geographers).
7. The study of the spatial and area structures and interactions between political process and systems, or simply, the spatial analysis of political phenomena [Kasperson, 1973].
8. Political geography is concerned with the spatial attributes of political process.
9. Political geographers are concerned with the geographical consequences of political decisions and actions, the geographical factors which were considered during the making of any decisions, and the role of any geographical factors which influenced the outcome of political actions [Pacione, 1985].
10. Humanistic political geography is concerned with uncovering the dynamic social processes whereby the spatial dimensions of the natural and social world are organised and reorganised into geographically delimited and symbolically meaningful provinces by national and transnational groups.

In Europe, due to the war launched by the Nazi Germany, political geography and geopolitics almost became a taboo. In 1970, under the so-called new geography’s cover, Roger Brunet began to add an economic and political concept into geography [Brunet, 1992], in which the world’s polarisation phenomenon of the analytical framework was divided most by economic development, the concentration of power and geographical location. Professor Yves Lacoste of the University of Paris, defended
the reconstruction of political geography and geopolitics as a starting point. In his book geography is used in the meaning of a war "La géographie ça sert d’abord à faire la guerre" [Lacoste, 1976]. The author made the most direct connection between the geographic environment and a country’s foreign policy.

From the classical physiography viewpoint, political geography evolved and further developed to geopolitics, these are social sciences that take location, space, border, power and foreign policy of the state as the object of study. Professor Stéphane Rosière tried to make a distinction between these concepts [Rosière, 1993, pp. 18–22]. Professor Rosière of International Relations, the University of Paris, thought that the so-called political geography takes location and space in a relatively static range, context (cadre); the so-called geopolitics takes location and space as a dynamic performer of roles, it is a stake which has to be strived for and should be obtained by means of competition (enjeu); the so-called geostrategy takes location and space at a stage (Théâtre). Political geography describes the symbol and connection between spatial geography and political power at a certain point in time, while geopolitics is concerned more with their future development and conflict that it will lead to. Geostrategy is to set out the most appropriate and effective policy approaches to achieve the political aims of the country according to the analysis results, ensuring a country’s prosperity and influence. Therefore, the analysis of geopolitics focuses on mover’s identification, the discussion of conflict causes and on how to use the positivity of the geographical environment conflict. The author believes that the so-called political geography is to describe statically the interaction between geography and politics, such as how climate or topography influence people’s thinking and the policy-making of a country. These are the tactical considerations when designing a national policy. Geopolitics is the strategic consideration while designing a national policy. Geostrategy is the overall strategic thinking to achieve the ambition of a positive development goal of the country.

However, the major impact on the world’s geopolitics studies, that can also coincide with China’s 21st century strategic thinking “One Belt One Road”, is the British and American geopolitical thinking. This is the so-called Anglo-Saxon countries’ geopolitical theory. The studies led by the British and the United States pay attention to the sea power grasp.

There is the same context on the theorisation of sea power and the control of the Eurasia land power. In spite of the below mentioned Mackinder’s heartland theory or Spykman’s rim land theory, they refer to taking control of Eurasia as the basic point. Only general Mahan looked at how Germany united the sea power countries to contain Germany’s sea power plan after its domination on land power.
The Heartland theory and the World Island geopolitics: Mackinder (1861–1947)

Halford Mackinder as well as Karl Haushofer are scholars of military origin. Mackinder was a British Admiral, who later taught at Oxford University, then held the post of a principal at the London School of Politics and Economics. The gist of his theory is ”The geographical pivot of history” published in 1904, which is divided into two main parts: 

The first one: the world’s power centers concentrate on the heartland theory: all the world’s geopolitical power turns around the heart of Eurasia. That is, the center of the European continent is the axis of the world’s political operation, a place which the naval forces of the sea power countries cannot reach. It is Russia that dominates the Eurasia land power center, but the one that dominates the European operation center is Germany.

The second one: the heartland controlled by the rim land theory: Mackinder took the Eurasia center as a religious sanctuary. Therefore, he thought that various sanctuaries are protected by some natural barriers. These natural barriers are an inner crescent, including Siberia, the Himalayas, the Gobi Desert and Tibet. However, as long as the rim land outside the barrier got controlled, including Western Europe, the Middle East, South Asia and East Asia, the forces could be extended inwardly, and the outcome would be to finally control the heartland of Eurasia and the whole world. Therefore, ruling Eastern Europe means controlling the heartland; ruling the heartland means controlling the World Island; ruling the World Island means controlling the World.

Mackinder’s nightmare is to control the World Island, which is the combination and an ally of Germany and Russia. Thus, after World War I, Mackinder’s fully supported the geopolitical policy of France to establish numerous small, nation-buffering areas between Germany and the Soviet Union. In the area after the collapse of the Austro-Hungarian Empire and the Ottoman Empire, Serbia, Slovenia, Vanya, Romania, Czechoslovakia and Poland established their states. Although there have been a wave of nationalists but it coincided with England’s and France’s geopolitical strategic thinking.

After Britain became the maritime supremacy, its consistent geopolitical foreign policy was not to break out a direct conflict with the Continental Europe power, but it also actively involved in Continental Europe’s disputes to avoid a European superpower emergence. And this geopolitical foreign policy to this day can be even reflected in the E.U. policy of the U.K. In the past, Britain’s biggest nightmare were Napoleon, Hitler, and Stalin. If anyone’s dream of a unified Continental Europe comes...
true, the British Empire’s sea power will be destroyed⁴. Thus, Mackinder’s Eurasia heartland geopolitical theory just reflected and theorised the British geopolitical foreign policy in Europe.

Figure 1. Mackinder’s Heartland Theory Published in 1904
Source: P. Lorot [1995, p. 21].

The rim land theory geopolitics: Spykman (1893–1943)

Nicholas J. Spykman’s previous occupation was a news reporter, who had always been interested in the Middle East and Asian affairs. Later on, he taught in the Department of Politics, the University of California, then entered Yale University, taking charge of the Institute of International Relations as a director. Spykman’s most famous academic achievement is to theorise the United States’ containment policy” in the Cold War.

Spykman’s theory is similar to that of Mackingder’s, about taking control of Eurasia as the center. However, Spykman thought that Eurasia’s heartland is no Man’s land

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⁴ The German-Soviet Treaty of Friendship and Alliance signed on August 23, 1939 is the British darkest period in its modern history. After the outburst of World War II, the United Kingdom did not have any allies in the Continental Europe. Spain kept neutral, France was defeated, Italy, Germany and the Soviet Union stood on the same side, and the United States had not yet taken part in the war. The British had to cope with large forces from Eurasia, and also face a formidable challenge from Japan in the Far East. As for the traditional British foreign policy, there had never been such kind of a tough challenge to confront with.
and the climate is not suitable for human habitation, so it cannot become the world’s power center. Spykman believed that though the world’s power center takes controlling the Eurasia continent as the basis, but the Eurasia continent’s power center is in the rim land. In fact, starting from Western Europe, the rim land countries that take the Mediterranean as the center, the Middle East, the Indian subcontinent, Indochina, China’s coast area, Taiwan, Japan, Korea and even Russia’s Far East, belong to the richest and densely populated areas. That is why Spykman thought that controlling the rim land would allow to rule the Eurasia continent; controlling the Eurasia continent can have the fate of the mankind of the world.

Figure 2. Spykman’s the Rim Land Theory

Between the 19th century and the 20th century, the fight for global hegemony is the fight of control power between the U.K. sea power and Russia’s land power in the rim land. In the battles between China and the Middle East, Central Asia, India and Tibet, the conflict of forces between Britain and Russia can be seen. Around the 20th century, France, being located in the rim land became the battlefield or stage for the U.K. sea power and Germany’s land power to content. After World War II, Georges Kennan in 1946 and President Truman in 1947 identified Spykman’s geostrategic view, developing the containment of a global geopolitical foreign policy. NATO, OEEC, CENTO, and SEATO have been established in the rim land, together with the signing of the Treaty of Security and Safeguard between Japan and the United

**The sea power theory: Alfred Thayer Mahan (1840–1914)**

Mahan was a historian who previously had been an American Navy Admiral. He graduated from the U.S. Naval Academy in 1859, and then participated in the American Civil War from 1861–1865. Mahan became the second president of the U.S. Naval War College in Newport. His most important two books are: “The Influence of Sea power upon History (1890)”, “The Interest of America in Sea power (1897)”.

Some historical background from that time: the United States bought Alaska from Russia in 1867; the United States started a war in 1898 against Spain due to Cuba, and as a result obtained Guam, Puerto Rico, Hawaii and the Philippines. For the first time, the United States became the first country that had started wars in two oceans at the same time. In 1898, the Monroe Declaration was formally put into effect. Pan-Americanism took Washington's interests at the center and the whole America in the United States’ sphere of influence. In 1901, the United States began building the Panama Canal. In 1914, the Panama Canal was open to navigation.

Mahan’s insistence on sea power in fact originated from the American Civil War period. He observed that the North had been able to win not only because of its industrial power, the most important factor were the naval forces, which the North army had successfully blocked to supply the South army. This experience had a great influence on Mahan in theorising the importance sea power has to a state’s power.

And then Mahan developed the sea power theory including several important points [Chauprade, 1999, pp. 27–28]:

1. The United States must cooperate with the U.K. navy to achieve the purpose of controlling each ocean.

⁵ On July 3, 2003, the French Le Monde News reported that the United States stopped military aid to 35 countries, because those countries did not want to sign agreements with the United States on refusing to extradite the American citizens accused by the International Court of Justice of war crimes or a crime against humanity. These countries included Eastern European countries, African countries and South American countries. However, the report cited the allied countries took by the United States as indispensable. If those allied countries were reluctant to sign the bilateral treaty, they were not included. Those so-called most important countries included NATO countries, Argentina, Australia, Bahrain, Egypt, Israel, Japan, Jordan, New Zealand, South Korea, the Philippines, and Taiwan. We can see that in addition to Argentina from South America, Australia and New Zealand, those allied countries basically were the rim land countries from Spykman’s theory.
2. The United States must try to diminish the role of Germany’s hegemony on the Eurasia continent, and oppose the German marine development plan.

3. The United States must cooperate with European countries to stop the rise of Asian powers.

At that time, Mahan thought that the United States had the potential to become the world's first power, therefore it had to abandon isolationism as soon as possible and build a powerful navy. Mahan strongly supported the United States’ policy of expansion in the Pacific, considering the Philippines, Hawaii, Panama as being of great help with establishing the United States' maritime strategy, which was called a “blue water strategy”. He strongly advocated the United States to march into the Pacific, but had reservations on the Pacific's getting involved in the Asian continent. The strategy Mahan imagined was just the British Empire’s maritime strategy from the 16th to the 20th century. The British relied on the control of the strategic points in the world: The Gibraltar Strait, Cape Town, the Suez Canal, the capital of Yemen – Aden, the Strait of Hormuz, Singapore and Hong Kong. General Mahan must have been the first scholar who established strategy and predicted the establishment of the United States hegemony in the 21st century.

Mahan’s sea power theory affected afterwards the global naval thought. All the naval academies started to teach Mahan’s sea power theory. His thoughts also deeply affected other hegemony countries like Great Britain and Germany. Especially as Germany had no history of sea power, it was proofed from Mahan’s sea power theory that Germany needs a strong navy to support the German Empire’s geopolitical policy [Lorot, 1995, pp. 37–38]. Though Mahan's sea power thought had not been verified in World War I, but later the Atlantic and the Pacific War after World War II completely coincided with Mahan's sea power theory. Currently owned by the United States active 9 aircraft carriers and 4 fleets are the world’s most powerful naval fleet and the most important tool for the United States to keep the world's hegemony and maintain the world order. These are the geopolitical thinking and logic inherited from Mahan's sea power theory.

However, in the case of China, since the mid-eighteenth century imperialist invasion, it has been at a crossroads of geopolitics and international role. China’s position of dominating the Asian continent for thousands of years had been seriously challenged, especially after the 1894 Sino-Japanese War and the 1900 Eight-Nation Alliance, China’s status suffered a disastrous decline, facing the crisis of being divided up by great powers. Until the establishment of People’s Republic of China in 1949, China’s internal geopolitical order was slowly rebuilt. But in the first 30 years of China’s establishing regime, its strategy mainly focused on defense, because of its relatively weak state. Later, with its reform and openness, enhancement of national
strength and exaltation to be the United States’ major rival, except keeping its canonical thinking of the “Chinese World view” and the frontier theory, China also began to rethink and define its role in the world system and geopolitics. Specifically, China’s defense mission at that time was divided into 5 categories: (1) Deterring the United States superpower from attack on China; (2) Preventing China’s territory from being violated; (3) Recovering China’s “lost territories”; (4) Expansion of China’s influence in the region; (5) enhancing China’s global leader status. With the collapse of the Soviet Union and the end of the Cold War, China has actively conceived its role in the new international system of the new century. Its attempt and desire to become a hegemony in Asia and in the world has become more obvious.

China’s Strategic Intentions and Execution Strategy

After Deng Xiaoping’s carried out reforms and designed an open policy, China’s national power gets stronger year on year. According to the IMF statistics, in 2014 China’s GDP reached $1.03 trillion, exceeding Japan’s $460 billion and Germany’s $380 billion, after the United States’ 1.74 trillion and the E. U.’s 1.85 trillion, accounting for the world’s GDP 13.3% of 7.73 trillion [WEQD, 2015]. There is no exception with military spending. According to the estimation of the Stockholm International Peace Research Institute, in 2014, the world’s largest military spending was covered by the United States, reaching 610 billion USD, the second largest was China (216 billion USD), far exceeding Russia’s 84.5 billion USD, France’s 62.3 billion USD, Japan’s 45.8 billion USD and India’s 50 billion USD.

Table 1. SIPRI Estimates of the World’s Military Spending

<table>
<thead>
<tr>
<th>Rank</th>
<th>2014</th>
<th>2013</th>
<th>Country</th>
<th>Spending, 2014 ($ b.)</th>
<th>Change, 2005–14 (%)</th>
<th>Spending as a share of GDP (%)b</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>USA</td>
<td>610</td>
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<td>3.5</td>
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<tr>
<td>2</td>
<td>2</td>
<td>China</td>
<td>[216]</td>
<td>167</td>
<td>[2.1]</td>
<td>[2.0]</td>
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<tr>
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<td>3</td>
<td>Russia</td>
<td>[84.5]</td>
<td>97</td>
<td>[4.5]</td>
<td>[3.6]</td>
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<td>10.4</td>
<td>7.7</td>
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<td>5</td>
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<td>2.2</td>
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<td></td>
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[] = SIPRI estimate.
Source: S. Perlo-Freeman, A. Fleurant, P.D. Wezeman, S.T. Wezeman [2015].

Figure 3. The Range of Member States Covered in the Asian Investment Bank Lead by China
Source: BRICS [2015].

After being the world’s second largest economic and military power, based on the consideration of national interests, China naturally wanted to have its influence on the world’s political level. Establishing such kind of an international political influence status can be reached by implementing three international strategies: (1) international organisations (the Asian Investment Bank), (2) geopolitics (“one belt one road”), (3) be opposed to the universal values and building China’s own values. Following
this article it will be analysed how China – through these three aspects – has built its new international status and international order in the 21st century.

1. In the new international order in the 21st century, China’s main national interests are leading major international organisations

The previously mentioned fact is that at an economic level, China has become the world’s second largest power. Its GDP surpassed Japan in 2009 and even doubled compared with that of the third largest power Japan in 2014. However, China has such a national strength, but it lacks the relative status of the leading international organisation within the international community. In Asia, the only international organisation led by China is the Shanghai Cooperation Organization. Among the Shanghai Cooperation Organization member states, only China and Russia are bigger countries with a relative influence. Among other associations of the Southeast Asian nations, the APEC and the Asian Development Bank, China plays an important role but not as a dominant country. In 2012, the IMF had attempted to carry out a series of major reforms to increase its influence in the world. One of them was to increase its capital, so that China and India’s influence can also be increased. However, this reform program has halted the Capitol in the United States. In fact, in order to maintain their influence in these international organisations, the United States has opposed to take the reform of the power influence redistribution in these international organisations [BRICS, 2015].

Among the international organisations familiar to everyone, like the World Bank, the IMF, the WTO, the Asian Development Bank etc., China is just an important participant, but not a leader. Taking the World Bank as an example, its 12 presidents are all Americans. Since 1966, the Asian Development Bank’s 9 presidents have been Japanese. The Presidency of the EBRD was held in turn by France, Germany and the United Kingdom.

Therefore, establishing the China-led Asian Investment Bank as the world’s second economic power is an important strategic goal. What is more, comparing to the first power the United States’ domination in most of the international organisations, the third economic power, i.e. Japan’s domination in the ADB and the fourth and fifth

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6 The Shanghai Cooperation Organization was founded in 2001. It is an international organisation with six member states, including China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its official website is: http://www.sectsco.org/CN11/. Its range covers mainly the Eurasia countries.

7 See the World Bank’s official website for the description of successive presidents [ADB, 2013]. The current president is Jim Yong Kim, a Korean-American, who has held the post since 2012.

8 See the official website of the Asian Development Bank [ADB, 2013].
economic powers of Germany and France’s domination in the European Union and the European Bank for Reconstruction, China really wanted to find its international position by establishing the Asian infrastructure Investment Bank in the form of a platform of international organisations.

2. The geopolitical strategic thinking of “one belt one road”

As mentioned above, international relations after World War II were mainly affected by the United States’ way of thinking. In the era when the world was dominated by European powers, classical geopolitics was once an important ground that influenced the power houses’ decision. Among them, the British geopolitics scholar Halford John Mackinder at the London conference of the Royal Geographical Society in 1904, proposed the “heartland theory” that any country which can control Eurasia would be able to control the whole world. Of course, the era in which the land power geopolitics was put forward was completely different from what it is now. The land power geopolitics at that time was completely broken by the British and American sea power.

![Figure 4. China’s One Belt One Road Plan](image)

Source: Liu Ying [2015].

But when the 21st century came, the development of technology has been completely different from that in the 20th century. Aircrafts and railway transportation
were not developed in the early twentieth century as they are now. Countries of the world were stuck in the crisis of economic development and the lack of energy. With regard to China, going eastward meant it had to break the U.S.-Japan Alliance, going southward meant it had to face India’s doubts, only going westward through the ancient Silk Road seemed to give China the opportunity of a breakthrough in geopolitics. This is why the “one belt one road” plan gives China an opportunity to lead the Eurasia continent. Through the domination on the Eurasia continent, China will have the opportunity in the future to be on an equal footing with the United States. And to lead the Eurasia continent and conduct the economic construction, China could not just count on its power. The establishment of the Asian Infrastructure Investment Bank may, on the one hand, meet China’s plan of leading an important international organisation, and, on the other hand, it could bring the necessary construction funds and international support to China.

3. On substantial interests, China opposes the importance of “universal value” for its economic development.

In June 1999, the World Bank dominated by the western world agreed to the “China Western Poverty Reduction Project” put forward by China to displace 60,000 poor Chinese farmers to Tibet. However, because of the violation of the World Bank concerning transparency information, minority policy, environmental policy and the protection of culture policy, it was finally rejected. International organisations dominated by the West usually thought highly about human rights, freedom, democracy, the environment, information transparency and the protection of culture. According to the Wall Street Journal report of March 31, 2015, the World Bank plan in Fuzhou had caused a lot of confrontation between China and the World Bank because of different standards. Considering those important values a lot of controversy has arisen about the aid policy for developing countries. China’s policy spindle is non-intervention into the internal affairs of the other states. The new Asian Investment Bank was bound to adopt a policy to ignore the universal values treasured by the Western world not only to help attract funds to build China, but also to help China build a certain influence when facing many difficulties in its development. However, whether this will help the entire human civilization to step into the world of legal system is yet another argument.
Based on the Eurasia Continent, to Develop the Global Geopolitical Strategy

What was previously mentioned in this article is that, as getting stronger, China has actively developed toward the Eurasia continent in order to be able to dominate the emerging market mainly in Central Asia. “One belt one road” and the Asian Investment Bank are China’s major strategy in developing its land power concept westward. However, China still has to develop its sea power eastward. Currently, under the protection of the international sea law, China’s major ocean lifeline is safeguarded and dominated by the United States. However, based on its national interests, China does not want to put its lifeline under the dependence on the United States. This is why China has actively engaged in the geopolitical structure in the world, hoping to break the current international order led by the United States. In the world’s geopolitical structure there could be observed China’s strategic considerations from construction and control in the North Pole, the Americas, Southeast Asia and the South China Sea. The east of China is the Pacific Ocean. There are substantially three sea lifelines to maintain: the first one is northward, that is the Arctic new channel that emerged after the iceberg dissolved. The second one is eastward to America and the European market and it was supposed to go through the Panama Canal. In the future it will have a second option, which is the Nicaragua Canal. The third is southward going through the South China Sea and the Malacca Strait. Therefore, to control the South China Sea and establish a new Thai Kra Isthmus Canal is yet another important strategic issue. In the following part of this article there will be described China’s role in the world to consolidate the Eurasia continent.

1. Arctic waterways

The greenhouse effect caused the global warming, and it has also had a serious impact on the ecology of the entire planet. Many studies indicated that as a result of the global warming, icebergs will dissolve, resulting in the sea level rising, forming a major challenge to the security of many countries. However, at the same time, the dissolving of icebergs form a new channel, giving many new business opportunities. According to scientists’ prediction, this new channel can save 40% of time than other channels, and China’s MV Xue Long icebreaker came from China to Reykjavik, Iceland in August 2012 using this waterway for the first time [SA, 2012]. In order to formulate this kind of business strategy, China actively invested in Iceland, hoping to include Iceland in its range of influence power houses [INDEPENDENT, 2011]. In
2012, China and Iceland signed a cooperation agreement that included six items regarding the Arctic, navigation and science [LP, 2012]. In 2013, China and Iceland signed a free trade agreement, hoping to strengthen its economic partnership with Iceland [LE, 2013a]. In fact, an attempt by China to strengthen the relations with Iceland to construct future Arctic waterways has been carried out on a daily basis [NYT, 2013].

![New Arctic Waterways Which Shortened the Sail to 12 Days](source: LE [2013b].)

**2. The Nicaragua Canal**

The idea of building a canal did not come from China. In the 19th century, the Federal Republic of Central America had such an idea at that time, and hoped to get the U.S. support, but according to an unstable political situation, it had not been passed by the U.S. Congress. In June 2013, the Nicaraguan Congress approved the Hongkong – Nicaragua Canal Development Investment Co., Ltd. (HKND) with China’s investment to dig canals within five years. Nicaragua agreed to grant this company 50 years of operating concessions after the formal operation has started.
At that time, China’s investment plan cooperation with Nicaragua is expected to provide 50,000 career opportunities and the investment of over 50 billion dollars [Collet, 2014]. Nicaragua is Taiwan’s official political ally so China’s substantial investment outlay should be expected there. If China has any knowledge of the plans of Taiwan’s government, it will try at any time to ask Nicaragua to break off diplomatic relations with Taiwan and establish official diplomatic relations with China. At the same time, the United States has been concerned about China’s establishing a canal project in their backyard [BBC, 2015]. There is no doubt that the international political observers generally regarded this project as a challenge to the U.S. interests in the Pacific [LR, 2015]. Some experts even predict that Nicaragua Canal would become a major road for China’s warships to cross the Pacific to the Atlantic routes, not necessarily through the Panama Canal which is controlled by the U.S. In any case, with the project of constructing the canal in 2019, it could be imagined that the United States will face taking shape of China’s geopolitical strategy of intervention into the Pacific order.

Figure 6. The Nicaragua Canal Constructed in 2014 Will be Able to Accommodate Larger Cargo Ships
Source: VF [2014].
3. Thailand’s Kra Isthmus Canal

Thailand’s Kra Isthmus Canal project was also quite a historical planning case. The China Times reported: “The Kra Isthmus is called an oriental Panama Canal. Early in the 17th century, Thailand had the idea of digging this canal. About 100 years ago, the King V (reigned from October 1868 to October 1910) formally proposed to build it, but this project has not been realised due to the high costs as well as the outbreak of two world wars. Until 2004, it was once again proposed by the former Prime Minister Thaksin” [CT, 2015]. Similarly, according to the report: “Ningbo Maritime Bureau official Microblogging announced on 15th that China and Thailand signed a memorandum of cooperation over “The Kra Isthmus Canal” in Guangzhou, making this 10-year delayed last century’s engineering project, started to make a big step.

Preliminary they estimated that this project would take 10 years to complete with the total investment of $28 billion. Once opened, the mainland’s “Malacca dilemma” will be solved. “The Kra Isthmus Canal” refers to digging a canal from
the Kra Isthmus Canal region connecting the Gulf of Thailand in the Pacific Ocean with the Andaman Sea in the Indian Ocean. If completed, international shipping lines would not have to pass Singapore via the Strait of Malacca, shortening sailing to at least 1,200 km and 2–5 days of shipping time. *Taking 100,000 tons tanker as an example, a single passage can save 3,5000 USD of transportation expenses*. Although the Thai government immediately denied that it has signed such agreements with China [CNA, 2015a], however the Thai government officials have also admitted that China actively promoted such an engineering project [STR, 2015]. However, the Thai government on account of its national interests, was not willing to agree. At the same time, Thailand’s relatively pro-China forces, have thought that this project cannot be avoided and the Thai government’s denying statement does not mean that it is infeasible [BP, 2015].

4. To create sovereignty in the South China Sea

Prior to going from China to Kra Isthmus in Thailand or to the Straits of Malacca, the South China have to be crossed. There are many conflicts in the South China Sea concerning the sovereignty over the disputed territories between the Philippines, Vietnam, Taiwan and China. To ensure the shipping lane and resources’ interests, China in recent years has actively reclaimed the sea and constructed artificial islands, attempting to create sovereignty, thus causing the serious protest from the Philippines and the United States. In March 2015, Vietnam once again made a protest against China’s project in the South China Sea [TWSJ, 2015]. The president of the Philippines Benigno Aquino in a speech in Japan, strongly accused China of its conduct in the South China Sea just like that of the Nazi Germany in World War II [TG, 2015a]. The U.S. Secretary of Defense Ashton Carter at the Shagri-La regional dialogue in May 2015 pointed out that, the territory which China claimed in the recent 18 months was more than that of all the other countries claimed in the whole region, and more than in the entire history of the region (*China has reclaimed over 2,000 acres, more than all other claimants combined, and more than in the entire history of the region. And China did so in only the last 18 months*). Thus, Carter has pointed out that *Turning an underwater rock into an airfield simply does not afford the rights of sovereignty or permit restrictions on international air or maritime transit* [TG, 2015b]. The G7 Summit participants in two consecutive years have expressed their concerns about the conflict in the South China Sea [PDI, 2015].
The Impact Caused by China’s New Geostrategy on Taiwan and the Whole World

1. European countries’ strategic thinking

For the E.U. countries, the diversified world system was established. In particular, the E.U. itself does not have direct strategic conflicts. That is, as far as the current international situation is concerned, E.U. countries have different national interests regarding China’s policy, but there is no danger of a direct conflict, unlike the sharp contrast with the Russian on Ukrainian issues. Instead, China with the right to speak out, gives the European Union more possibility not to follow the United States’ strategy on a number of issues. In other words, a diversified international community meets the E.U. strategic thinking. In addition, by participation in the Asian Investment Bank, the European countries want to insist on the values of democracy and transparency arising from internal supervision. In fact, participation in the Asian Investment Bank and the “one belt one road” economic construction does not only meet the European strategic interests of the diversified world, but the E.U. has also insisted on involvement in human rights, democracy, transparency of information in decision making, to develop their influence and gradually get more specific results.
Since the Ukrainian crisis in 2014, the E.U. has taken a different position with the United States, not in favor of direct confrontation with Russia. Taking Taiwan’s beef imports as an example, the E.U. has advocated that Taiwan must abide by international standards in opening the beef imports market. However, it took a different approach from the United States. It did not handle this beef issue as a serious Taiwan-US trade barrier, but adopted a more flexible channel of communication. Such an approach concerned the states’ sovereignty influence but also a more suitable way for the E.U. to pursue changes.

2. The doubts about the medium and small countries’ National Democratic Alliance led by the United States

The United states and Japan have the possibility of direct conflict with China on many issues. China with authority, strength and no adherence to universal values does not fit the United States and Japan’s strategic relations. The United States and Japan face the threat of a direct strategic and military conflict with China on such issues like the Korean Peninsula, South Korea’s nuclear weapon, Diaoyutai Islands, the Taiwan Strait and the South China Sea. Therefore, the United States was displeased by the U.K. joining the Asian Investment Bank, and Japan declared temporarily not to join the Asian Investment Bank before the deadline of becoming founding members on March 31. Therefore, Taiwan has to consider whether to incline to the Democratic Union of the United States and Japan or to accelerate toward the more authoritarian and threatening China.

3. Taiwan’s national strategic thinking

The international order in the 21st century is being organised. It is an indisputable fact! Globalization and sustainable development are the phenomena which Taiwan, the United States, Europe, Japan and China have to face together.

At the economic level, China due to the rise of its trade and economic power, has an increasingly strong voice in the international arena. However, this does not mean that China has received more and more international support. After China’s rising, relations between China and Japan, the Philippines, Vietnam and India have worsened day by day. Even the relations between North Korea and China exhibit increasing frictions, showing that China’s foreign policy has not been as successful as its trade and economic policies.

At the political level, democracy, freedom and human rights are becoming universal values. Not only is the number of sovereignty states increasing within the
international community (there were 50 member states of the United Nations in 1945, now there are 193 countries), but the voice of the people is getting more attention and a leading national policy. Regarding these issues, Taiwan has preceded China, by far. Overall, China is a big country. Its world number one 1.4 billion population market is in a dominant position. But in terms of the political and social values, the Taiwanese society is much more advanced and China still has to learn a lot.

![Figure 8. Taiwan Is the Center of the Asian Geopolitical Conflict](image)

Source: TWSJ [2015].

In addition, in terms of a potential military conflict in the world, Taiwan in fact has its geopolitical importance, which cannot be ignored. The last international war was the war between Russia and Georgia in 2008. The current war between Syria and Iraq is rather the war against terrorism than the war between countries. It seems impossible that the E.U. and the United States will fight for Ukraine against Russia. However, there have been three the most dangerous areas of potential conflict in East Asia: unpredictable danger on the Korean peninsula; after Tokyo, Japan’s nationalisation of Diaoyutai Islands in 2012, the military conflict crisis between Japan and China has emerged; in the South China Sea, the Philippines, Vietnam, China and the United States have a continuous military dispute over maritime sovereignty and the freedom of navigation. Not only did the Philippines launch legal proceeding against China with the International Tribunal [Batongbacal, 2015], but the United States has also sent most advanced warships cruising the South China Sea, and warned that China should not create sovereignty in the South China Sea [Lendon, Sciutto, 2015]. Making a circle around the territory of these great powers’ potential military conflict, Taiwan is just at the center of the disputed area. Such a geopolitical importance is
the main reason why the United States and the Treaty of Mutual Cooperation and Security between the United States and Japan have chosen the stability of the Taiwan Strait as an important national interest.

Conclusion

In the system of modern international relations, the world's international organisations have been divided according to their functions. The World Bank through its infrastructure and capital lending, carries the national development agenda. The Asian Development Bank under Japan and the United States' leadership, the EBRD under France, Germany and the U.K.'s coalition have the same function. The IMF is responsible for the stability of the financial order, so the Asian financial crisis of 1997–1998, the world's financial crisis and the European debt crisis in recent years have required the IMF's intervention. The WTO is responsible for breaking down trade barriers, hoping to build the world's barrier-free trade zone. Since Taiwan is a trading power, it can join the WTO and the APEC with some limitations. Because the Taipei government has no substantive rule on China, therefore under the United States' and Japan's support, it was able to become a founding member of the ADB with the identity of the Republic of China governing Taiwan. But also because of the ADB, the Republic of China of the time was only on behalf of Taiwan and cannot replace Taiwan or exclude it, though Taiwan was later forced by China to rename itself as Taipei China.

The new Asian Investment Bank is an important tool for the rise of China and the future hope for the Chinese government to get international funds for constructing the Great West. Like the World Bank, the founding of the Asian Investment Bank was to carry out infrastructure and raise capital for the developing countries. Taiwan's economy and industry, the construction ability, competitiveness of rail and road infrastructure are relatively weak. However, Taiwan's electronic industry, robotics industry and other manufacturing industries are relatively strong, this is not the economic opportunity which the Asian Investment bank can offer. Otherwise, as a founding member state of the Asian Investment Bank and the European Bank for Reconstruction's participant, Taiwan could have received a lot of economic investment interests.

However, a more important national interests way of thinking is that powerful China which leads the Asian international order, excludes the universal values and considers reunification with Taiwan as its major policy, is substantially not aligned with Taiwan's interests. Former Vice President of Executive Yuan Wu Rongyi who
has been long involved in national decision-making to assist the government of Taiwan to join international economic organisations has clearly stated that: “China has no mercy to suppress Taiwan to join any regional or international organisations. In addition to the United Nations and their related organisations, such as the World Bank, the IMF, etc. in which Taiwan cannot participate, even in the Asian Development Bank, in which Taiwan is a founding member state, Taiwan was excluded and treated unfairly” [Rongyu Wu, 2015]. In other words, under the existing Beijing’s one-China principle, China will not give Taiwan the national identity status.

Therefore, not only do Taiwan, the United States, Japan, the Philippines, Vietnam and other many East Asian countries have a common strategic thinking and nationally-based interests in the Asia-Pacific region, but Taiwan also needs a more in-depth strategic thinking when addressing the Asian Investment Bank and the “One Belt One Road” policy. This time, China’s Asian Investment Bank and the “One Belt One Road” project is an attempt to challenge the United States’ democratic league order and important geopolitical strategy to restructure the world economic order. The governments of all East Asian countries have to rethink that the establishment of the Asian Infrastructure Investment Bank and the forming of the “One Belt One Road” economic structure, in addition to economic interests, will bring about a new kind of geopolitical order changes and it will impact on Asia.

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