

CHAPTER I THE PERSPECTIVE OF CHINA

PRACTICAL MEASURE TO PUSH FORWARD CHINA-SPC BRI COOPERATION

Chen XIAOCHEN^{*}
Chang YUDI^{**}
Wang LIANGYING^{***}

SUMMARY: I. *Abstract*. II. *Introduction*. III. *Basic China-SPC BRI Cooperation*. IV. *What is Special: Advanced China-SPC BRI Cooperation*. V. *Approaches for Implementation*. VI. *Conclusion*. VII. *References*.

I. ABSTRACT

Amongst all directions of the Belt and Road initiative, the South Pacific direction of the 21st Maritime Silk Road attracts relatively less attention but occupies a particular position. However, our knowledge about the South Pacific countries remains insufficient. As a result of this, we propose a policy study on the practical policy measures for China to push forward China-South Pacific Countries (SPC) Belt and Road Initiative (BRI) cooperation. In this article, we put forward two interconnected sets of policy measures: “basic” and “advanced”, the former refers to the basic measures that lay the foundation for the BRI cooperation while the latter utilizes the specialties of South Pacific region. Then we drafted the implementation strategy for these policy measures that include enhancing policy coordination through the Multilateral Institutions and inspiring the local initiatives.

^{*} Director of International Studies, Chongyang Institute for Financial Studies, Renmin University of China.

^{**} Intern research fellow, Chongyang Institute for Financial Studies, Renmin University of China.

^{***} Student at School of International Studies, Renmin University of China.

II. INTRODUCTION

The “Belt and Road” initiative marked a new chapter of China’s opening-up processes. Since 2013, the Belt and Road initiative has been gradually gaining momentum around the globe. (Wesley-Smith 2013; Webb 2015) Considerable achievements have been made over the past years. Many joint projects have covered extensive areas, and cooperation has expanded into various fields (NDRC *et al.*, 2015; Wang 2016).

However, the development of the belt and road cooperation is not balanced from the perspective of geographic directions. The South Pacific Maritime Silk Road has attracted less attention if compared with other directions of the Belt and Road. In fact, the South Pacific region has a high potentiality for a deepening BRI cooperation in the future (Browne 2015; Connolly 2016). In this article, we analyzed the current political-economic situation of South Pacific countries and then suggested practical measures to promote China-SPC BRI cooperation (Zhang and Lawson 2017). The main idea of the practical measures to push forward the cooperation’s in a specific region is like gymnastics, which have two different sets of routines: “basic” and “advanced” sets. The “basic” sets provide the foundation for “advanced” measures while both are to be implemented practically.

III. BASIC CHINA-SPC BRI COOPERATION

To establish effective BRI cooperation with South Pacific countries, some basic requirements should be fulfilled, and practical measures must be taken to ensure that joint projects can cover a wider range of sectors and reach a certain depth in the major sectors. In our view, the fundamental requirements for BRI cooperation in this specific region at least include four among the “Five Priorities” of the “Belt and Road” initiative: Facilities Connectivity, Unimpeded Trade, Integration and People-to-People Bond, and Policy Cooperation is always the key throughout the process. (NDRC *et al.*, 2015) Laying basic foundations for further BRI cooperation, these priorities are like the core sets in gymnastics, which will lead to various future performances.

1. *Facilities Connectivity*

As one priority of the “Belt and Road” initiative, “Facilities Connectivity” underlines the significance of the infrastructural development in the

BRI cooperation. With the rich endowment of marine resources, the South Pacific countries reserve a considerable potentiality for future economic development. However, this region has been facing a bottleneck of infrastructural development for a long time that the development level remains stagnant (UNDP in China 2017). This bottleneck is the result of at least two main factors: geographical conditions and a lack of capacity and resources to launch large construction projects. Thus, overcoming the bottleneck should be the stake in future joint ventures.

The first and foremost, the cooperation over civil aviation and infrastructure should rank high on the agenda. In addition to Australia and New Zealand, the South Pacific region consists of a vast number of small islands and islets (Fry 1981; Herr 1988). The only way to reach these remote Pacific Isles in a relatively short time from China is to take flights. However, there is still no direct flight operated between mainland China and South Pacific isles by so far. We suggest conducting further researches on the feasibility of building the new direct route to South Pacific region via institutional cooperation with local partners. According to the research and analysis, domestic airline companies may pick certain coastal airports in Eastern China to serve as the hubs of direct routes from inland China to South Pacific. Also, the South Pacific region can also be the potential pivot of air routes from China directly to Latin America (Pacific Islands Forum Secretariat 2017). Especially Auckland, a city in New Zealand, bears this potential. To support these new air routes, that region also shows needs to strengthen the infrastructure of local airports and update the local airlines, which are excellent opportunities for domestic companies to grow the business and form new partnerships with local partners.

Secondly, the combination of Maritime Silk Road and the maritime economy will lead to a stronger economic growth. Although the South Pacific region covers a large scale of the ocean, the local marine transportation network remains underdeveloped due to a lack of financial and institutional capacity. To facilitate local maritime transportation and strengthen economic ties between Southeast China and South Pacific, institutional cooperation between China and local partners is needed so that joint efforts can be taken to deploy more financial, human and intellectual resources to expand and update local port facilities of several hub ports like Suva of Fiji (Lawson 2015; Bainimarama 2017). On the other hand, these port facilities set the building blocks of maritime economic cooperation. In our opinion, both marine tourism and fishery are promising sectors that future cooperations should cover.

Thirdly, ICT (Information Communications Technology) facilities and basic civil infrastructure play important roles in BRI cooperation. ICT facilities, especially communications infrastructure will reduce the isolation of South Pacific islands from the outside world (Cullen and Hassall 2017). Civil infrastructure can help local communities to address the environmental and climate challenges ahead. Throughout the whole process of developing joint infrastructure projects, we should keep the idea of green, low-carbon and environmental-friendly projects in mind and meet the local economic, social and environmental needs. We suggest that Chinese enterprises make further investment in the development of new energy industry in South Pacific. To address the natural disasters brought by climate change, intergovernmental cooperation can focus on the construction of an early alarming system of typhoon and tsunami, maritime environment monitoring system and climatological observation facility. By carrying out these plans and actions together with South Pacific partners, China will take an active part in global governance.

2. *Unimpeded Trade*

As a WTO member and major trading nation, China emphasizes the importance of trade in BRI cooperation by listing “Unimpeded trade” into the “Five Priorities.” The South Pacific region, with its diverse resources and products, is an indispensable part of the Asia-Pacific regional trade arrangements. However, the fragmented regional trade institutions lead to a certain degree of “Spaghetti bowl phenomenon”, which affects the further regional economic integration and economic cooperation with foreign partners. China should play an active role in regional trade institution-building through both bilateral and multilateral trade cooperation with South Pacific countries to meet the BRI vision of “Unimpeded Trade”.

Free trade agreements (FTA) between China and South Pacific trade partners will facilitate trade flows and increase the welfare of both sides (Hannan and Firth 2015). Exporting high-quality mineral and agricultural products to China, Australia and New Zealand are China’s main trade partners in this region. Meanwhile, they lead the trade cooperation in South Pacific. Therefore, we can give priorities to the updates of FTA between China and New Zealand. Since New Zealand is a developed industrial country, it will be a good chance for China to learn about the institution design of the “Next Generation” of FTA with developed countries. Besides, we should form broader and deeper trade relations with Australia and other

South Pacific countries to prepare for the future South Pacific FTA network. Gradually, we can integrate the network of bilateral FTAs into the multi-lateral institution structure of Regional Comprehensive Economic Partnership (RCEP), thus to some degree overcoming the fragmented “spaghetti bowl phenomenon” of the regional trade institutions that hamper further cooperation.

Polymakers in China should create a supportive policy environment to help Chinese enterprises gain competitiveness overseas without violating WTO trade regulation. Due to the different factor endowments of both sides, China imports a huge number of resource products from South Pacific trade partners while the South Pacific countries import a moderate number of Chinese manufactured goods. To some extent, result in a structural trade imbalance between both sides. Apart from that, Chinese manufacturers still have relatively low bargaining power over the trading of resource products. Their manufactured goods also confronted non-tariff trade barriers and competition in South Pacific markets. To improve the situation, on the one hand, Chinese government agencies should adopt policy levers to encourage domestic enterprises to enhance their competitiveness. These policy levers may at least include facilitation of merger and acquisition

(M&A) to optimize the allocation of productive resources, integration of domestic and international inspection and quarantine regulation, the creation of strategic rooms for Chinese enterprises over sensitive trade issues in trade negotiations. On the other hand, domestic firms need to learn more about new international trade rules and make full use of preferential terms in FTAs to enter the markets with fewer barriers and risks. Also, we should encourage the development of modern high-end business service sectors so that Chinese manufacture industries can enjoy better and cheaper business services when going global.

Confronted with increasing numbers of anti-dumping investigations and trade disputes, it is the right time for China to cooperate with South Pacific trade partners to establish dispute settlement mechanism and improve the negotiating skills of domestic enterprises. Macroscopically, since China is already a major player in global trade, its voice should be carefully treated when the international community sets trade and investment rules. We suggest that Chinese scholars and think tanks do more research on international trade standards and regulations and strive for more significant influence on international policy. From the medium view, to address immediate trade disputes, we attach more importance to the research of domestic regulation and protection policies of South Pacific trade partners done by

scholars, think tanks, and then they can provide more practical advice to Chinese enterprises and government agencies when dealing with disputes. Microscopically, Chinese companies should work together to meet the challenges when going abroad. They should establish cooperation platforms to facilitate information sharing and anti-risk capacity building.

3. *Financial Integration*

With the development of domestic financial sectors, China is gradually gaining ground in international monetary and financial system. As one priority of BRI cooperation, “Financial Integration” combines the strategy of RMB internationalization with the actual demand for investment and financing services of joint projects in BRI cooperation. In South Pacific region, there exists a relatively large funding shortfall in infrastructural investment and project financing, thus limiting the full exploitation of resources. This calls for closer monetary and financial cooperation between China and South Pacific countries.

Development financing is the key tool to boost infrastructural investment in South Pacific region. China has rich domestic experiences in the application of development financing in impoverished regions to build essential public health, education and agricultural infrastructures (UNDP in China 2017). These infrastructures, in turn, improve the local investment environment and attract private investment. The idea of development financing spreads widely both in China and other emerging economies, giving birth to the newly founded Asia Infrastructure Investment Bank (AIIB) and New Development Bank (NDB). Among the two banks, AIIB mainly covers Asia-Pacific region. Fiji, a main South Pacific island country, has just become a member of AIIB in 2017, showing that the AIIB has already started its business in South Pacific region. If the financing gap is filled by development loans allowed by AIIB and other development financial institutions, we can confidently expect that the infrastructure in South Pacific region will experience better development. Besides, since civil and transportation infrastructure is of vital significance for small island countries, the increase of Chinese infrastructural financing will help gain more support in local communities (Lowy Institute 2019).

Third, the “Go Global” strategy encourages Chinese financial institutions to expand their business overseas. Since the 2000s, Chinese state-owned commercial banks have experienced dramatic growth and expansion. However, these financial giants are now facing more fierce competition

and are slowing down at home. Policy studies show that a greater degree of two-way opening up of financial sector does improve the efficiency of state-owned banks. Then BRI cooperation, in fact, becomes an opportunity for Chinese financial sector to achieve further development overseas. In South Pacific region, China has already formulated official monetary and financial cooperation with Australia and New Zealand. Both two countries have relative complete financial infrastructures and systems, which provides a supportive environment for Chinese financial institutions to test the waters in the regional markets. So, we suggest that Chinese commercial banks and development bank enter the South Pacific region and expand their business to provide financial service to trade and investment between China and South Pacific.

4. People-to-People Bond

Evidently, the mutual understanding between China and South Pacific countries is still quite limited, which calls for a multidimensional “People-to-people Bond”. In history, the South Pacific region has been under the influence of western countries for such a long period that western cultural context mostly constructs their basic impression of China and its people. This impression is somehow biased by western media and may lead to various misunderstanding. Therefore, future China-SPC BRI cooperation must take public diplomacy into account and promotes people-to-people exchange to form firm human bonding with the people in South Pacific region.

There are various ways to facilitate people-to-people exchange in BRI cooperation in the South Pacific region (Yang 2011). Cooperation over tourism is a commercial way to increase civil exchange. With its large population, China is the potential market for South Pacific marine tourism. China welcomes South Pacific countries especially island countries such as Fiji, Palau and Vanuatu to promote their tourist spots to attract more Chinese tourists. In turn, the Chinese government and tour operators also need to promote tourist attractions in China to attract more tourists from the South Pacific region. Since China is becoming a new market for the cruise industry, we suggest touring operator and cruise companies to do more research on opening up cruise lines from China to South Pacific region so that cruise ships can directly bring tourist to South Pacific tourist spots. The development of tourism makes it possible for more people from both China and South Pacific region to see the reality and know

more about each other. In the meantime, it brings real commercial profits for local communities, thus stimulating the local economy of the South Pacific region. Cooperation over public affairs creates more public goods that serve the local community's immediate need, thus building a closer relationship between China and local grassroots community in South Pacific countries. For instance, the public health system in South Pacific island countries remains underdeveloped. Confronted with a critical shortage of public sanitary facilities, techniques and medical personnel, the people in South Pacific region suffer a lot from various diseases such as diabetes, hypertension and dengue fever. These diseases affect the quality of local labor, impeding development and economic growth for long. Previously, China has only provided temporary medical service through the visit of naval hospital ship Peace Ark to Tonga, Fiji, Vanuatu and Papua New Guinea in 2014, which is far from enough. Recently, China has been committed to fulfilling its international obligations to pursue the Sustainable Development Goals (SDGs) put forward by U.N. in 2015. Therefore, it is necessary for China to work together and cooperate further with South Pacific countries to cope with the public health challenges. (UNDP in China 2017) On the one hand, we can help building local hospitals and clinics to overcome the infrastructural bottleneck. By infrastructures, more armamentarium and medicines should be provided accordingly to ensure the accessibility of medical service. On the other hand, we should provide training programs for local medical personnel, only by training the local people can we improve the situation in the long run.

Public diplomacy and education cooperation will directly help to improve the image of China in South Pacific region. To promote understanding of humanity and culture traditions alongside with political-economic condition about the other side, universities and think tanks from both sides ought to launch more dialogues and provide joint training programs. Therefore, having a better knowledge of the cooperation partner, officials, businessmen and young volunteers from both sides can be exposed to the real local social environment and get their work done more smoothly when working together. Chinese television, social media, and Internet companies are now gaining greater and greater impact overseas. Their presence in the South Pacific region offers us flexible and diverse forms of publicity to shape an advanced image of a modern contemporary China. Although the joint programs have just started and the real effect is yet to come, our view remains positive.

IV. WHAT IS SPECIAL: ADVANCED CHINA-SPC BRI COOPERATION

Under the guidance of the basic cooperation, China can focus on more detailed and specific fields to deepen the cooperation with South Pacific countries. Those countries, headed by Australia and New Zealand, most of which are separate island countries, are rich in energy resources and other kinds of maritime resources. Also, they have unique geographical features. Consequently, China can make the best of the advantages and make up the disadvantages in South Pacific countries through formulating cognitive development and cooperation plans according to the real regional conditions, which are like the “advanced” exercises in gymnastics.

1. *“Energy Silk Road”: Natural gas boosts cooperation*

Energy is a fundamental sector in China-SPC BRI Cooperation, and natural gas is an excellent ally for China and South Pacific Countries to build an “Energy Silk Road jointly”. On the one hand, with domestic economic structural adjustment, China’s demand for overseas energy import has been increasing, and the energy trade, as well as investments abroad, have been extending. On the other hand, the energy strategies of South Pacific countries have been adjusted, in which they are intended to export more of their energy rich in the amount and varieties to China via ASEAN. In consideration of these two sides, there is no denying that China and South Pacific countries have potential in furthering their existing energy cooperation since their interest demands correspond to each other. Thus, centering on natural gas, China can build energy channels via the coastal area, the South China Sea, Indonesia to Oceania, which will play a major role in diversifying the energy source strategies in China.

The construction of the infrastructure networks is one of the priorities to deepen the energy cooperation with South Pacific countries, which can promote the connection and integration of resources in the whole region, accelerate regional economic development and boost the international cooperation in production capacity. Among the diverse energy resources in South Pacific region, China should emphasize the exploitation and trade of natural gas and liquefied natural gas and focus on the construction of channels and pivots of gas in short-range design. By making the use of the channels, China could rebalance the domestic structure of energy supply, and to a certain degree address environmental problems, especially atmospheric

pollution. Australia plays a prominent role in the exploitation and export of natural gas, with which China can increase the collaboration space to constitute the foundation of the whole China-SPC energy channels in a short-and-mid-term.

To connect the “supply” side with the “demand” side of the China-SPC energy channels, the first approach is to construct natural gas pipelines. The pipelines might start in the natural gas fields in Australia’s Northwest Shelf, go through Indonesia, South China Sea and finally, reach China. Since there exist many risks in the pipeline construction, China can divide this blueprint into different projects, respective but aligned with the whole structure, such as Brunei-China coastal gas pipelines, Cross-ASEAN natural gas pipelines, Australia-Gulf of Carpentaria pipelines, etc. China should pay more attention to are feasibility, political and diplomatic risks. Besides, the exploitation and infrastructure construction upstream and downstream of the channel need to be discussed and researched further, including gas field exploration, the building of refineries and trade pivots. Once the related investment occurs, we can expect that the construction of the transportation network of highways, railways and ports will be largely expanded.

The second approach is to gain the initiative of the trade of liquefied natural gas (LNG). Currently, Singapore, one of the countries along the route, is planning to build a pivot of natural gas trade. Under particular circumstances, China needs to seek other complementary partners to create energy pivots together in order to implement the energy strategies. As for LNG, China’s top priority is to transfer the pricing power over LNG from predominant Western international oil companies to Asian consumers.

On the premise of the gradual improvement of infrastructure, China should help to integrate the energy industry in South Pacific region by expanding investment, constructing cross-border electricity grid and information platforms. With the decline of oil price, China has more advantages in the acquisitions of energy assets in South Pacific region, and it is a chance to promote the development of energy-related industries. On the basis of the existing qualifications in South Pacific region, China should deepen the cooperation of connectivity of cross-border power grids with South Pacific countries while emphasizing exporting expertise, undertaking projects and management of power grids. There are several major projects in the whole plan, such as Papua New Guinea-Queensland high-voltage power lines, Indonesia undersea cable, etc. In the long run, China should pay attention to the standardization of data and information on energy production and trade since the connectivity of energy will raise demand for the establish-

ment of a specialized energy database. To achieve this long-term goal, China needs to strengthen the communication, jointly form agreements and ensure the sharing of energy information with South Pacific countries.

From the perspective of global governance, since investment and trade happen much more frequently, it is inevitable that more trade disputes and cross-border transportation problems will occur. Confronted with this reality, China should put it on the agenda to deepen the regional energy governance and strengthen the protection of overseas energy investment as soon as possible. To be specific, China needs to consider setting up institutions of energy cooperation focusing on China-SPC energy channels and conducted by China, through which China is capable of promoting energy trade with partners, investment and facilities connectivity. To accomplish the goal, China could hold forums on the theme of China-SPC energy channels by referring to the governance pattern of International Energy Charter and make full use of the existing achievements of global governance. Through the regular forums, China can gather experience of how to operate international organizations and reserve talent to make great preparation for adjusting the energy market structure in South Pacific region and enhancing the regional energy governance.

2. *“Green Silk Road”: Address Climate Change together*

In the world today, the environmental issues are brought to the forefront of international community’s attention to a larger degree. For South Pacific countries, especially island countries, climate change is such a vital issue as can threaten their existence and survival because of their common geographic features. In the process of pushing forward China-SPC BRI cooperation, how to address climate change together and build a “Green Silk Road” can’t be ignored since it plays such a special role among all the fields.

Alliance of Small Island States (AOSIS) is a radical group of nations that represent the interests of developing island countries and appeals to the reducing of emissions of carbon dioxide. Their voice gains the moral high ground and always has a significant effect on the process of international negotiation and conferences on the theme of global climate. On that account, with China’s emissions of carbon dioxide having ranked first, the pressure on China exerted by those island countries has been increased extremely. Donald Trump, the newly elected president of USA under whose leadership USA has presented the documents to the UN that mean their formal withdrawal from The Paris Agreement, seems to evade the respon-

sibility for the global environmental governance. Under this background, China needs to get involved in the global climate governance with a more positive attitude and fit it into the blueprint of the 21st-Century Maritime Silk Road.

To help South Pacific countries address climate change and realize sustainable development, China should integrate all kinds of resources and stick to the measures as follows.

First and foremost, China could set up a specialized fund to support the South Pacific region to address climate change under the bailout fund framework of South-South cooperation. Especially, Fiji is going to take over the presidency of the 22nd United Nations Climate Change Conference and can set the agenda. As a result, China should attach as much importance to China-Fiji bilateral climate partnership as to multilateral climate negotiations.

Instead of emphasizing and repeating the macroscopic slogans, China should focus on those small-scale but practical projects of benefit to local people and draw some valuable experience from Japan's foreign aid models, which can not only foster the infrastructure connectivity but also promote the people-to-people bond. In coming years, China should accelerate the construction of related infrastructures, such as bulwarks, new measures and structures of erosion resistant, shelters against hurricane and so on, in which we suggest that Chinese-English marks of "China's Aid" be highlighted. Also, China should strengthen the trilateral cooperation, for instance, constructing the drinking water projects together with New Zealand in the Cook Islands.

China should consider the adverse effects of climate change and put forward effective solutions. Among those countries in need, China should be more concerned for small island countries and improve the aid in the fields of agriculture and medical treatment. To be specific, China may send agricultural specialists to do research into the region's condition and enhance those countries' ability to resist climate change. Moreover, it is necessary to upgrade the level of aid in medical treatment and public hygiene because the possibility of the outbreak of dangerous diseases related to climate change, such as malaria and cataract. The guarantee of health and safety of Chinese medical workers staying in those island countries must be attached equal importance too.

It is a wise choice to increase the investment in clean energy and low-carbon infrastructure, using which China could incorporate the Green Finance into the whole plan in South Pacific region. Not only will it improve

China's national image in that area, but also expand the overseas market for solar and wind power industry and power grid technology. Given the excess capacity in a new energy field, China can even present South Pacific countries with free equipment and provide installation, debugging and training, which can further promote people-to-people bond.

Increasing education input is a far-reaching approach in which China could offer courses about China's energy technology, climate change policy, agricultural technology, medical treatment, new energy, etc. Under the bailout fund framework of South-South cooperation, China could provide scholarships to encourage more youth talent to study and attend training courses about addressing climate change.

Never can the climate issues be solved drastically if South Pacific countries have not broken away from their inherent tendency to depend on other nations, which is typical in South Pacific region. During the process of aiding South Pacific island countries, China should combine international capacity cooperation with aids to island countries organically and help them take the path of self-reliance by making use of their advantages, which is expected to lead to a win-win situation. For instance, starting with the tourism cooperation, we can get down to developing more industrial chains, such as mineral water, organic food, ecological recuperate, etc.

3. *"Blue Silk Road": A New Wave of Maritime Economic Cooperation*

In the South Pacific region, Australia is one of the countries that have the longest coastline. Also, although having small national territory, most of the South Pacific countries have a long coastline as well as relatively large territorial waters, contiguous zone and exclusive economic zone. Because of the unique geographical features, the economic structure of South Pacific countries has a particularly close connection with the ocean. (Lanteigne 2017) To push forward China-SPC BRI cooperation, it is one of the top priorities to boost maritime economic cooperation.

The South Pacific region has a long history of ocean exploitation, especially the exploitation of the marine resources. As the only two developed countries in the Southern Hemisphere, Australia and New Zealand own advanced technology in the fields of protection of maritime environment and development of the maritime economy. They have surveyed and conducted reconnaissance in South Pacific for a long time and possess a significant amount of information about the hydrological and environmental conditions as well as the resource reservation in that area. The exclusive eco-

conomic zone that belongs to the Pacific island countries accounts for 10% of the world's ocean area, which is conducive to develop the fishery and tourist economy (Aqorau 2014). To sum up, with South Pacific countries' high potential of maritime resources and lack of capacity to exploit, China has the opportunity to push forward the maritime economic cooperation with South Pacific countries from different aspects to promote economic growth and improve the economic structure of those countries.

On the essence, China needs to construct an innovative framework for action of China-SPC BRI maritime economic cooperation. Under that framework, the negotiation between government agencies and discussion between enterprises and other non-governmental organizations can work efficiently and effectively. Furthermore, China should give priorities to key areas by investing human resources and techniques into them, through which new economic growth will be generated. In cooperation, there are four general objectives that should be always kept in mind—economic development—, scientific and technological innovation, structural adjustment and environmental protection.

It is worth mentioning and emphasizing that maritime economic cooperation is not equal to merely exploiting marine resources and we can never ignore the assessment of comprehensive benefits of social development and environment. To maintain sustainable development, China should design a development pattern considering both maritime economic development and maritime environmental protection on the premise that the government, enterprises and research institutions are familiar with the local geographical condition, ecological environment and humanistic society. To be precise, China can establish regulations to limit the negative effects on marine biodiversity and encourage the implementation of projects of renewable clean energy. It is also helpful to establish an environmental compensation mechanism in which a part of the income of maritime economic cooperation will be invested in the projects of environmental protection. All the policies and measurements above can not only produce excellent social culture effect but also improve China's national image.

4. *“Future Silk Road”: New Frontier, New Cooperation*

Apart from cooperation in traditional sectors, China should combine financial and technological advantages with the local geographical advantages and rich energy resources to explore new frontiers, including ocean floor, polar region, spaceflight and space. It is a great opportunity for inno-

vative development and jointly building a “Future Silk Road” with South Pacific countries.

In the long term, cooperating with South Pacific countries to exploit the mineral resources in the ocean floor will be a major role in the maritime economic cooperation. It has been found out that there exists a variety of mineral resources on the ocean floor of the South Pacific, such as marine polymetallic nodules and hydrothermal sulfide, which is quite advantageous to facilitate the development of future science and technology. However, limited by technological and capital conditions, those countries are not capable of exploiting the enormous number of resources in seafloors. On the contrary, with the development of more than 20 years, China’s capability of investigation and exploitation of marine resources as well as other technological strength take the international forefront. In a word, China will be an appropriate partner for South Pacific countries to enhance bilateral and multilateral cooperation of maritime resources. As China conducts the exploration and exploitation of marine resources, the hydrology, geographical and ecological state of South Pacific will be further studied, which also shows significant value in China’s strategic disposition of future national defense and scientific research.

South Pacific region is the transfer station to the South Pole. To research into polar resources, China needs to strengthen the cooperation with countries with good scientific capability in that region, like Australia, New Zealand and Chile. Christchurch, a city in New Zealand, is both an important transfer station to the South Pole and one of the headquarters for scientific research of the South Pole, where the academic level of polar region ranks the first in the world. In order to improve China’s capacity of scientific research of the South Pole, we should strengthen the cooperation with New Zealand in the field of technological innovation under the guidance of China-New Zealand comprehensive strategic partnership. Furthermore, by sending students and young scientists to participate in the academic exchange and training activities in New Zealand and keeping close touch with the local scientific research institutions, such as the University of Canterbury, China can acquire talents for polar science research.

Since it is an important goal to develop the space industry and transform China into a space power, we should carry out the cooperation of aerospace observation and control with related countries in South Pacific region which have unique advantages in this field for their zero-latitude, zero-pollution and zero-altitude. In 1996, China built the Tarawa Space Measurement and Control Station in Kiribati, which was forced to with-

draw from there in 2003 because of the so-called establishment of diplomatic relations between Taiwan and Kiribati. In such situations, China should re-establish the diplomatic ties with Kiribati and try to establish diplomatic relations with those Pacific island countries out of our diplomatic system by all means, which can eliminate much of the hardship China would face and receive supports for the construction of overland space measurement and control stations from those countries.

V. APPROACHES FOR IMPLEMENTATION

To push forward China-SPC BRI cooperation politically, economically and culturally, China should attach enough importance to the existing framework of multilateral institutions, which represents the consensus that has been reached by the South Pacific countries. Moreover, it is not a one-person show of China's government, so the local initiative in China needs to be inspired to guarantee the smooth implementation of cooperation.

1. *Enhance Policy Coordination through Multilateral Institutions*

Making full use of multilateral institutions is an important way for China to enhance the policy coordination and gain the trust of South Pacific countries during the process of pushing forward China-SPC BRI cooperation.

Nowadays, there still lacks trusts and exists misunderstandings about joint construction of the "Belt and Road" initiative with China among South Pacific countries, which results in the weak supports in certain countries. On that account, in order to extend the influence of cooperation and draw the understanding and support of those stakeholders, it is essential for China to make the coordination process more transparent through the traditional global and regional multilateral institutions.

Since BRI started in 2013, South Pacific region has been attached more importance to in China's diplomatic strategies and played a much closer role with China in the multilateral field. Several significant cases are presented as follows.

Firstly, in multilateral institutions on a global level, including the UN, the World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO), China has taken efforts to coordinate its strategies with South Pacific countries in fields, such as the implementation of 2030 Agen-

da for Sustainable Development, international development aids, financial regulation and crisis prevention and early harvest of the Doha Round negotiations, etc.

Secondly, in regional multilateral cooperation including Asian Development Bank (ADB), Asia-Pacific Economic Cooperation (APEC), Pacific Islands Forum (PIF), China has forged a new partnership with South Pacific countries and deepened the cooperation over the topics of Asia-Pacific economic integration and other social issues. In November 2014, President Xi's visit to South Pacific upgraded the China-Australia and China-New Zealand relations to the level of comprehensive strategic partnership, which could lay a sound basis for the multilateral diplomacy in the region. Especially, by communicating with Pacific island countries in China-PIF Dialogue, China has played an important role in perspectives such as helping them addressing climate change and keeping sustainable development, as well as carrying forward Pacific-Regionalism.

Finally, under the newly developing multilateral institutions such as Asian Infrastructure Investment Bank (AIIB), the cooperation among China and South Pacific countries has faded into the next new chapter in the fields of developmental finance and infrastructure construction. On November 28, 2014, New Zealand submitted its formal application to become one of the members of the AIIB, also the first western member state, which came true on January 4 the next year. Hereafter, Australia, the largest economies in South Pacific region, also announced its membership as one of the AIIB founding members.

Under the pre-existing background, although the current predicament can be hardly ignored, the prospects are still bright for China to get out of the woods. Three precise measures are proposed here for China to enhance policy coordination through multilateral institutions.

Advance the functional cooperation through the multilateral institutions. Most importantly, China should give priorities to the economic field to strengthen the strategic alignment between the multilateral agencies and BRI initiative. Besides that, pragmatic cooperation should be carried out gradually in infrastructure construction, trade, energy, agriculture, direct investment, monetary finance, development aids and public health, etc.

Create and improve the multilateral institutions of China-SPC BRI cooperation in 3 to 5 years. On the one hand, more member states should participate the China-Pacific Island Countries Economic Development and Cooperation Forum. Since its potential influence on the cooperation and communication, the forum needs to be institutionalized to a higher degree

to become more influential and efficient. To become the dominant coordination institution in China-SPC BRI cooperation, the constitution of the forum should be established as soon as possible. On the other hand, to avoid the conflict between those existing institutions including China-Australia Strategic Economy Dialogue, China-New Zealand Partnership Forum, China-Pacific Island Countries Economic Development and Cooperation Forum and so on, it is necessary to integrate them into a unitary one, 21st Century BRI South Pacific Forum.

2. *Inspire the Local Initiative*

In the practice of international cooperation, it is the local governments, enterprises, and organizations that undertake the responsibility of specific projects. So not only should the central government endeavor to push forward China-SPC BRI Cooperation, but also all the provinces and cities in China should get engaged actively to make a difference.

Several vital coastal provinces including Shandong, Fujian, Hainan and Guangdong that have invaluable geographical resources together with Shenzhen should take the lead to forge a joint platform to push forward China-SPC BRI cooperation. As a developed commercial city, Shenzhen has its advantages in innovation, fund and talents, which make it one of the leading cities in respect of trade and investment with South Pacific countries. Further inspired and promoted, Shenzhen would play a more important role in the cooperation with South Pacific countries through combining its own advantaged with the requirements of those countries.

Apart from those coastal provinces, the inland provinces and cities are the same crucial in China-SPC BRI cooperation. Different from being able to connect with those South Pacific countries easily, the inland provinces are distinguished for their depth in geography and industrial sectors. First, the coordinated development in Beijing-Tianjin-Hebei Region and Bohai Bay Rim area should be boosted sparing no efforts. Moreover, the cooperation with Australia as well as Southeast Asia in those regions needs to be valued as much as possible. Also, the development in Yangtze River Delta needs to be attached enough importance to. To be precise, a host of pragmatic projects should be pushed forward and linked to South Pacific Region, such as China (Shanghai) Free Trade Experimental Area, Zhejiang Development of Marine Economy Demonstration Zone, Zhoushan Island New Area, Ningpo-Zhoushan Port Integration and so on.

Southwards, the coordinated development in Coastal Area of Pearl River Estuary and the regional cooperation in Pan-Pearl-River Delta Region (PPRD) should be enhanced. Specifically, the effects of the open cooperation zone including Nansha of Guangzhou, Hengqin of Zhuhai, Pingtan of Fujian and so on need improvement. Also, China should pay more attention to the construction of Guangdong (Shilong) Railway International Logistics Center, Fujian Straits Blue Economy Experiment Area and so on, which would have a significant influence on the cooperation with South Pacific Region. Moreover, having carried out specific policies favorable to trade and investment with South Pacific countries if utilized properly, Hainan Province should be further inspired, and several projects could be promoted to boost the international cooperation, for instance, the construction of Haikou Service Outsourcing Demonstration City, Yangpu International Energy Exchange Center, etc.

To sum up, a broader range of sub-national actors all over China should be inspired to fully exploit their respective advantages and get engaged in the BRI cooperation in South Pacific region. Besides, there are many other measures China can adopt to deepen the cooperation, like accelerating the development of cross-border e-commerce platform and perfecting the procedure of customs clearance in inland cities and provinces.

VI. CONCLUSION

According to the Vision for Maritime Cooperation under the Belt and Road Initiative issued by the National Development and Reform Commission (NDRC) and the State Oceanic Administration (SOA), in the near future, China aims to synchronize development plans and promote joint actions amongst countries along the Maritime Silk Road, set up the all-dimensional, multi-tiered and broad-scoped Blue Partnership and protect and sustainably utilize marine resources to achieve harmony between humankind and the ocean for common development and enhancement of marine welfare. (NDRC and SOA 2017) Thus, there will be increasing need for China to communicate and cooperate with countries alongside the Maritime Silk Road. Also, the Belt and Road cooperation practices will call for more forward-looking policy studies conducted by Chinese research institutions and think tanks, which poses new challenges to think tank researchers. At this moment, we provide our own research findings and we hold that in cooperation between China and South Pacific countries, both “basic” and “advanced”

policy measures should be implemented pragmatically so that the China-SPC community of common destiny can come true in the future.

VII. REFERENCES

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