



Philippine Defense Secretary Delfin Lorenzana (*left*), Chinese Ambassador to the Philippines Zhao Jianhua, and Philippine Armed Forces Chief Gen. Eduardo Ano (*right*) inspect Chinese-made CQ-A5b assault rifles 5 October 2017 during a turnover ceremony at Camp Aguinaldo in Quezon City, Philippines. The weapons and ammunition are part of China's military donation to the Philippines' fight against Muslim militants who laid siege to Marawi in southern Philippines. (Photo by Bullit Marquez, Associated Press)

China's One Belt, One Road Initiative and Its International Arms Sales

An Overlooked Aspect of Connectivity and Cooperation?

Capt. James Daniel, U.S. Army



In 2013, China's leaders proclaimed the One Belt, One Road (OBOR) policy was primarily aimed at integrating China with other Eurasian countries for the purpose of encouraging trade and investment. Since then, in specific examples of arms sales to OBOR countries, China has started to sell drones to Central Asian countries and submarines to Indonesia, and it has provided munitions and armaments of an undisclosed nature to Ukraine. While the OBOR story is centered on economic development, and experts focus on the economic ramifications of regional integration, Chinese arms sales that coincide with OBOR suggest that China's goals extend beyond peaceful development into the realms of strengthening military and defense cooperation as well as possibly developing patron-client relationships. By looking at China's arms trade relationships with OBOR countries by region and accounting for the types of weapons that are being sold, it is possible to understand the connection between China's OBOR policy and its arms sales. Since China has used arms sales in the past as a diplomatic tool, these observations will undoubtedly lead to follow-on questions, which deserve closer attention and analysis as China continues to execute and shape OBOR.

Historical Economic and Political Ramifications of Chinese Arms Sales

To understand the current situation, this article will assess the historical economic and political ramifications of Chinese arms sales to its chosen client countries from the 1980s until the present day. Chinese arms sales to OBOR countries will be assessed based on regional breakdown to include those categorized as Maritime Silk Road (MSR), eastern European, and Central Asian client states.

Limitations. The Stockholm International Peace Research Institute (SIPRI), an independent international institute dedicated to research into conflict, armaments, arms control, and disarmament, maintains an arms transfer database that shows all international transfers of major conventional arms since 1950.¹ However, since the existing SIPRI data includes only major conventional arms transactions that are recorded on international trade registers, and due to China's close-hold culture regarding its international arms sales and state-owned military-industrial complex, researching the OBOR-arms sales connection is limited by incomplete and opaque data. In fact, data on Chinese

arms export revenues and state-owned enterprises is so opaque that SIPRI specifically excludes Chinese firms from its tracker of top one hundred arms-producing and military services companies in the world, stating, "Although several Chinese arms-producing companies are large enough to rank among the SIPRI Top 100, it has not been possible to include them because of a lack of comparable and sufficiently accurate data."²

Without access to China's reliable small arms export volume, and without the means to determine unrecorded or classified state-to-state transactions, this author is challenged to assess, with a high degree of confidence, results that can measure a complete picture of China's arms sales as an instrument of state power. For example, regarding China's newly established relationships with Central Asian countries, would China risk drawing the ire of its important geopolitical neighbor, Russia, and damage OBOR prospects by selling arms to Central Asian countries or other key countries with which Russia and other friendly states have arms sales relations? Not attempting to claim complete understanding of the complex political and economic relationships at play beyond the scope of OBOR, it is the hope of the author that analyzing this narrowly focused question can shed new light onto China's strategic imperative and provide data points as to how China will choose to interact with future partners as it extends its influence beyond its immediate border and regional footprint.

Historical foundations. During the 1980s, China emerged as a top exporter of conventional arms to developing nations because Chinese arms were readily available, inexpensive to purchase, and easy to maintain and operate.³ However, Chinese arms export volume fell dramatically during the 1990s, after the conclusion of the Iran-Iraq War and the demonstrated superiority of high-tech Western weapons over inexpensive, low-quality Russian and Chinese arms.⁴ It was during this period that China established the procedural guidelines it used

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to make decisions on to whom to sell weapons. China sold its weapons abroad in light of both commercial and strategic considerations to include a desire to

- strengthen foes of rivals,
- expand political influence in regions in which it had long-term strategic objectives such as the Middle East and Southeast Asia,
- maintain its defense industries in the face of diminished domestic procurement,
- procure foreign exchange reserves,
- subsidize research and development programs with the inclusion of foreign recipients in the customer base, and
- stimulate more rapid weapons technology development by competing in foreign markets.⁵

A key aspect of Chinese arms sales is that they are frequently subsidized now as they were in the 1980s and 1990s.⁶ Despite Chinese arms being inexpensive and widely available, the Chinese government has refrained from selling weapons to potential foes in previous sales, which indicates the primacy of strategic considerations in Chinese arms sale decision-making.⁷

Current primary Chinese motivations to sell arms abroad are assessed to include arms in exchange for resources and hard currency, cultivation of friendly state relations by hardwiring security and military agreements, and support of Chinese security interests and China's 1980s client relationships. For example, the Iran-China arms for oil relationship rested on China's need for imported oil and a need for Iran to serve as a bulwark against Soviet expansionism.⁸ And, in another relevant instance, Myanmar became an important Chinese arms client in the 1990s due to Chinese interest in supporting a similarly minded autocracy in a democratizing world, complicating India's security planning, acquiring access to Myanmar's Indian Ocean naval facilities, and protecting Chinese commercial interests in Myanmar itself.⁹

Recent media syntheses of Chinese arms export data have determined that China's arms exports have increased 74 percent from the latest two five-year periods (2007–2011 and 2012–2016), accounting for 6.2 percent of world arms sales and ranking third behind the United States and the Russian Federation.¹⁰ China conducts sales with over forty-four countries; 60 percent of China's total arms sales are centered on key customer relationships in Pakistan, Bangladesh, and Myanmar. China has also continued its relationship

as a major arms supplier to African countries, which together constitute 22 percent of China's total arms export volume.¹¹ No other major arms exporter expanded its arms sales volume to the extent China did between 2007 and 2016; its efforts to expand its market can be seen in its increased presence as a seller in Latin America, exemplified by the sale of Type 90 multibarrel rocket launchers to the Peruvian army in 2015.¹²

Although China's arms sales during the 2010–2014 period amounted to \$15 billion, they paled in comparison with the U.S. and Russian totals of approximately \$96 billion and \$70 billion, respectively. However, its outreach to new markets suggests that arms sales have and will remain a pillar of Chinese strategy to engage in outreach with countries with which it is interested in expanding both geopolitical and economic ties.¹³

One Belt, One Road Background

In autumn of 2013, China's General Secretary Xi Jinping visited Kazakhstan and Russia while Premier Li Keqiang paid calls to Southeast Asian countries. During his visit, Xi announced an initiative to create an economic belt linking China with Mongolia, Central Asia, Russia, Iran, Turkey, the Balkans, eastern and Central Europe, and ultimately Germany and the Netherlands.¹⁴ While calling on Southeast Asian countries, Li announced China's plans to develop the MSR, which would connect China with Southeast Asian countries via Malaysia, Vietnam, and Indonesia; Bangladesh; India; the Persian Gulf; the Mediterranean; and ultimately Europe, terminating in the Netherlands and Germany.¹⁵ Integrated together, the twin projects became known as the OBOR initiative, through which China would usher in a new age of connectivity and cooperation amongst its immediate neighbors and throughout the Eurasian landmass (see figure, page 106–107).

To fund this initiative, China, through the financial support vehicles of the Asian Infrastructure Investment Bank as well as through the China Development Bank, has allocated up to US\$1 trillion that is to be executed over a time span of thirty-five years.¹⁶ By seeking to upgrade and develop new lines of rail, sea, energy, and communications infrastructure, China has the potential to exert its influence over sixty countries with a combined population of over four billion people that together comprise one-third of the world's gross domestic product.¹⁷

Whether arms sales are directly related to OBOR or not, it is important to ascertain how economic and security interaction between China and OBOR countries is happening. OBOR's official narrative, according to the Chinese State Council, is that OBOR is China's initiative to connect Eurasian countries with China and each other for the purposes of peaceful development

loans to poverty stricken countries in a bid for influence and preferred access to political and economic resources.

Since China's leadership officially announced OBOR as a foreign policy initiative in September and October 2013, according to SIPRI and open source data, its arms sales have expanded to include the OBOR participant countries of Kazakhstan, Uzbekistan, Turkmenistan,

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and economic integration.¹⁸ However, the expansion of Chinese arms sales to OBOR countries adds another dimension with which to view China's future geopolitical intentions. This hardwiring of economic, security, and diplomatic relations could be a strong sign of a trend set to continue as OBOR develops.

China's diplomatic efforts to integrate and exert influence over OBOR countries will be in part underscored by the scope and direction of Chinese international arms sales. Analyzing China's new and strengthened arms client countries by conducting a before-and-after comparison of existing arms trade register data for ten years prior to OBOR's announcement from 2001 to 2012, and after its announcement from 2013 to 2016, will help clarify the relationship between OBOR and arms sales. Historically, China has used arms sales as a tool of diplomacy. How will it use arms sales as a tool of diplomacy in the OBOR context?

While OBOR's potential economic benefits are well publicized, often with allusions to the Silk Road of old that connected China to the Middle East and Europe, the possibility of changes to the political and security status quo remain unclear. Common narratives from foreign observers have noted that OBOR's policy value to China is to spur economic competition and development, resist U.S. influence, and vie for leverage across the Eurasia landmass.¹⁹ Key to achieving the objectives mentioned above is the concept of Chinese neoimperialism. This model involves heavy Chinese investment and subsidized

Belarus, and Ukraine.²⁰ Existing relationships prior to the announcement of OBOR that have been sustained and strengthened in terms of arms export volume include the countries of Sri Lanka, Bangladesh, Egypt, Malaysia, Kenya, Iraq (indirectly due to planned rail passing through the country), Indonesia, and Iran.²¹ China's increased scope and volume of arms exports ostensibly is due to their low-cost appeal, a lack of Chinese political scrutiny, and having no strings attached. However, the sudden expansion of Chinese arms exports to OBOR countries with which no previous arms relationship had existed prior to OBOR's announcement could hint at China's future geopolitical intentions for OBOR countries as well as a continuation of its influence model of hardwiring defense, economic, and political ties with countries of interest.

Data Analysis and Trends

According to SIPRI data from the international arms trade register covering recorded activity from 2002 to 2012, China placed sixth in the world rankings of major arms exporters by dollar-based revenue (see table 1, page 108).²² Its major customers included countries such as Iran, Pakistan, Bangladesh, and Myanmar.²³ In the final four years of data, Chinese arms exports expanded dramatically to account for a 100 percent increase year on year from 2008 to 2009. This trend continues through the end of the observation period. Concerned about its image to the





(Figure and information by Mercator Institute for China Studies [MERICS], May 2018)

Figure. The One Belt, One Road Initiative

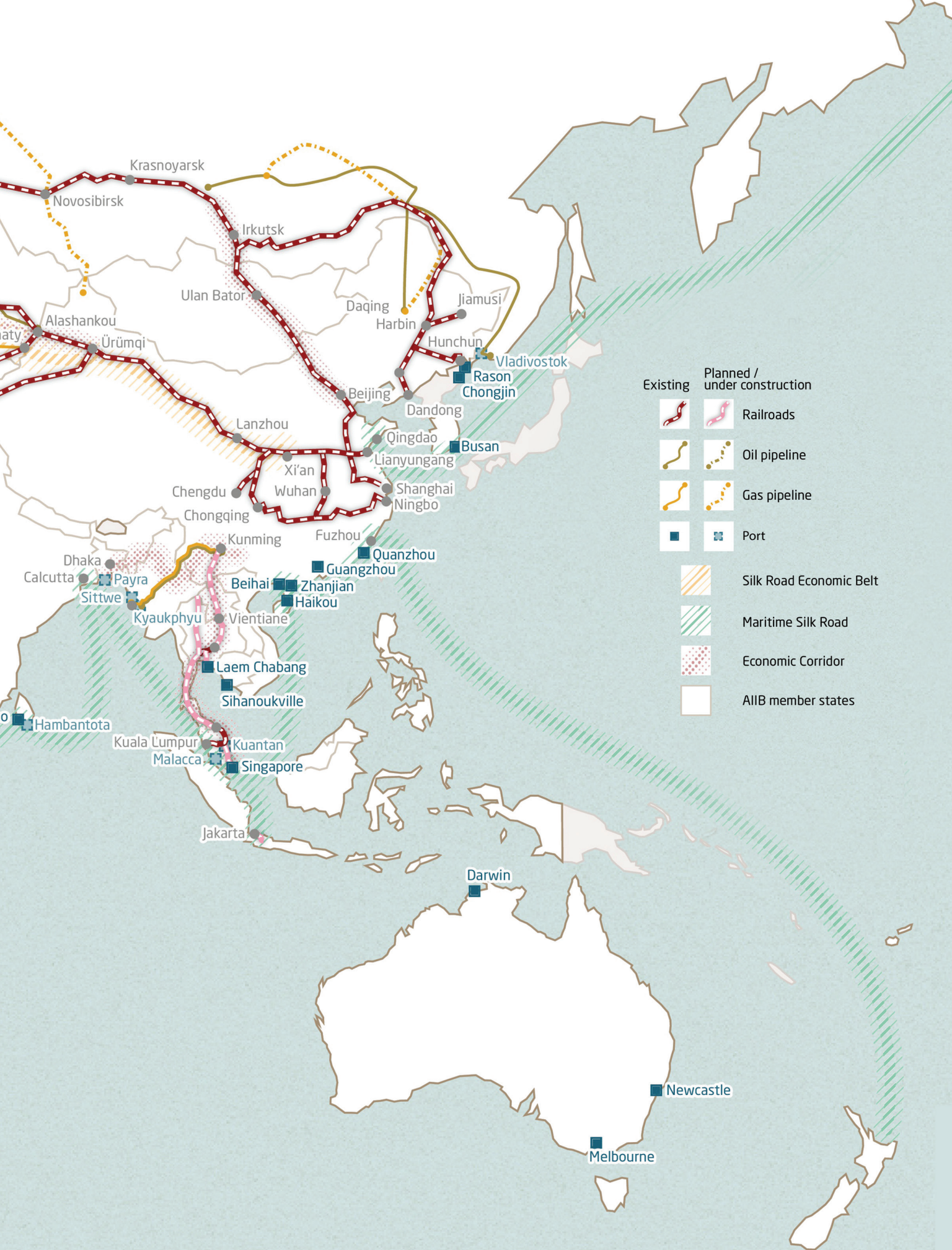


Table 1. Stockholm International Peace Research Institute (SIPRI) 2002–2012 World Rankings of Major Arms Exporters by Dollar-Based Revenue (in millions)

Rank 2002-2012	Supplier	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
1	United States	4964	5647	6833	6790	7505	7892	6828	6927	8090	9100	9132	79709
2	Russia	5736	5171	6284	5175	5194	5568	6265	5030	6172	8658	8317	67569
3	Germany (FRG)	902	1660	1121	2063	2762	3310	2378	2534	2735	1345	820	21630
4	France	1474	1441	2324	1842	1706	2410	2007	1929	899	1766	1033	18831
5	United Kingdom	1090	744	1206	1060	987	974	967	1050	1151	1025	899	11153
6	China	526	700	400	286	670	505	3636	1140	1477	1274	1599	9212
7	Italy	478	365	263	832	541	725	422	521	529	939	753	6367
8	Netherlands	233	336	218	505	1156	1209	463	486	381	540	805	6333
9	Israel	574	444	679	510	406	544	359	737	655	572	449	5920
10	Ukraine	307	307	198	282	544	626	382	415	479	568	1492	5610
	Others	1632	2334	2081	2193	3384	2939	3464	3551	3240	4354	3054	32225
	Total	17917	19147	21608	21549	24854	26701	24162	24319	25808	30141	28353	264560

(Table generated from SIPRI Arms Transfers Database, <http://armstrade.sipri.org/armstrade/page/toplist.php>, data accessed 17 April 2019)

international community during the buildup to the 2008 Olympic Games, the data suggests China was very careful to limit its arms export activities. Once the event had been successfully staged and concluded, export revenues could rise without the risk of incurring any negative international attention.

Countries that would be included in the OBOR footprint to include Egypt, Iran, Bangladesh, Indonesia, Iraq, Kenya, Malaysia, Sri Lanka, and Syria all had existing and, in most cases, sustained arms purchasing and licensing agreements from China.²⁴ Two countries that obtained licenses to import and assemble Chinese weapons domestically were Egypt and Iran.²⁵ Both of

these countries had historical arms transactions with China. Egypt, besides ordering eighty Karakorum-8 training aircraft in 1999 (delivered from 2001 to 2005), was one of the first countries to order Chinese unmanned aerial vehicles (UAVs).²⁶ Eighteen Aisheng ASN-209 Chinese drones were ordered in 2010 and delivered to Egypt from 2012 to 2014.²⁷ In the case of Iran, it licensed the right to manufacture antiship missiles, portable surface-to-air missiles (SAMs), and armored personnel carriers.²⁸ Since only two countries were granted a license to manufacture and assemble Chinese weapons, this indicates China's acknowledgment of both states being friendly to China's interests and is a strong

Table 2. SIPRI 2013–2016 World Rankings of Major Arms Exporters by Dollar-Based Revenue (in millions)

Rank 2013-2016	Supplier	2013	2014	2015	2016	Total
1	United States	7647	10312	10184	9894	38037
2	Russia	7779	5103	5554	6432	24869
3	France	1517	1705	2080	2226	7528
4	China	2113	1168	1764	2123	7168
5	Germany (FRG)	727	1762	1792	2813	7092
6	United Kingdom	1580	1575	1139	1393	5687
7	Spain	728	1050	1150	483	3412
8	Italy	877	700	692	802	3071
9	Israel	432	399	694	1260	2784
10	Ukraine	671	640	347	528	2186
	Others	2982	2865	3052	3120	12020
	Total	27053	27278	28448	31075	113854

(Table generated from SIPRI Arms Transfers Database, <http://armstrade.sipri.org/armstrade/page/toplist.php>, data accessed 17 April 2019)

predictor of future arms transactions. Both states have a strong role in the development of OBOR, Egypt especially as an MSR port of call and because of its possession of the Suez Canal.

Designated OBOR countries to include Bangladesh, Egypt, Indonesia, Iran, Iraq, Kenya, Malaysia, Sri Lanka, and Syria collectively purchased antitank missiles, air search radar, armored personnel carriers, training aircraft, infantry fighting vehicles, fighter aircraft, short-range air-to-air missiles, light transport aircraft, tanks, naval patrol craft, helicopters, portable SAMs, antiship missiles, land-based SAM systems, artillery, and armored recovery vehicles.²⁹ This suggests China is looking to

expand its commercial interests by direct sales or, as with Iran and Iraq, access to oil reserves. China also is likely seeking to shore up its long-term influence by using these conventional weapons sales to develop friendly state relations. While some of these transactions were one-time deals, many of them were organized as initial orders followed by sustained deliveries lasting many years.³⁰ Many of the export orders that took place in the years leading up to OBOR continued to be delivered after the policy was announced. For the purpose of this paper, which seeks to explain the relationship between OBOR and Chinese arms sales, these long-term and sustained transactions will be identified and isolated.

Compared with the decade preceding the OBOR initiative, in September-October 2013, China accelerated its international arms sales to supplant both the United Kingdom and Germany to place fourth in total worldwide arms export revenues from 2013 to 2016 (see table 2).³¹ Based on 2012–2016 data, major importers of Chinese arms continued their defense relationship as Pakistan accounted for 35.14 percent of total Chinese exports, Bangladesh accounted for 17.85 percent, and Myanmar

for 10.07 percent (see table 3, page 111).

Countries that continued to transact with China based on existing orders placed in the pre-OBOR era of 2002–2012 included Bangladesh, Egypt, Iran, and Indonesia. These countries and others expanded the scope of their imports, demonstrating a strengthening of their security relationship with China following the announcement of OBOR. States such as Malaysia, Bangladesh, Iraq, Indonesia, Kenya, Sri Lanka, and Syria placed more orders for Chinese arms, which included antiship missiles, naval vessels, SAMs, training aircraft, submarines, artillery, naval ordnance to include torpedoes, naval guns, anti-aircraft guns and



associated fire control radar, UAVs and appropriate ordnance, helicopters, naval patrol aircraft, and anti-tank missiles.³² Most of these countries comprise the region designated as the MSR, and Beijing is clearly willing to provide naval weaponry to them, perhaps in a gambit to expand its client network for intermilitary cooperation and ensure its continued access to critical sea lanes in support of OBOR's development.

By grouping other OBOR countries in an alternate category, those who did not have a preexisting relationship with China and only started to import Chinese arms after the policy was announced in 2013, it is possible to examine China's geopolitical intentions behind the policy. OBOR countries that initiated an arms importing relationship with China after 2013 include Belarus, Ukraine, Kazakhstan, and Turkmenistan.³³ Each of these country's purchases of arms will be examined in greater detail than those already mentioned in previous categories.

Kazakhstan placed an order for two Pterodactyl-1 UAVs in 2015, and these were delivered in 2016. Neighboring Turkmenistan purchased ordnance for the CH-3 UAV in the form of ten AR-1 antiarmor air-to-surface missiles.³⁴ Both Central Asian states receiving high-tech weaponry with no precedent for doing so indicates that Beijing most likely is looking to secure access to natural resources, to quickly develop friendly relations, and to potentially provide support for antiterrorism operations to secure its own investments in the region.

The countries in this group are all members or associate parties to the Commonwealth of Independent States and traditionally in Russia's sphere of influence. As such, one would expect the dominance of security and defense relationships to be between these countries and Russia, so China's willingness to initiate limited arms sales to these countries is a new development that merits analysis. It could be that because of OBOR, the limited scale of weapons sales, Russian willingness to tolerate minor transactions, the nature of the weaponry itself, and the domestic situations of each of these countries, Chinese weapons are both necessary and attractive from a buyer's perspective.

Central Asian Arms Sales

A 7 July 2015 military affairs article for iFeng, an online news website, roughly titled "China's increased arms sales to Central Asia has resulted in a stern warning from Russia," referenced a report written in

Kanwa Asian Defence.³⁵ The magazine is a publication prepared and disseminated from a registered Canadian organization on Asian defense affairs. A 2015 magazine report indicated that China seeks to use OBOR as a vehicle to execute an energy import/weapons export strategy with Central Asian countries.³⁶ Specifically seeking to secure supplies of oil and natural gas, the article makes assertions with evidence derived from the Kanwa report that China has signed oil and gas agreements with Kazakhstan, Turkmenistan, Tajikistan, Iran, Turkey, Saudi Arabia, Oman, and Kuwait, while all the mentioned countries have purchased Chinese arms.³⁷ In addition, the report revealed that Kazakhstan has already employed Chinese-made drones and, furthermore, has submitted purchase-accompanying ordnance orders for Hongqi-9 missiles.³⁸ This deal was borne out of an arrangement to trade Chinese weaponry for Kazakh natural gas.³⁹ SIPRI data discussed earlier in the paper seems to collaborate this claim that Kazakhstan did indeed purchase Chinese drones, while no transactional record is available from SIPRI's international trade registers for the Hongqi-9 missiles.

At the same time, Turkmenistan and Uzbekistan were both reported to be in talks with China in the hopes of purchasing Hongqi-9 missiles in exchange for exporting energy resources as well as driving away U.S. military influence from Central Asia.⁴⁰ Of particular interest are China's extensive sales of weaponry to Azerbaijan to include rocket artillery, drones, and fighter planes.⁴¹ This conventional weapons trade is indicative of China's desire to develop friendly relations with Azerbaijan and to offer it an alternative to Russian imports.

From an international affairs perspective, the article reports that China not only has engaged in a contest to secure Central Asian energy, but it has also received a stern rebuke from Russia for selling weapons that have the potential to "kill or injure."⁴² It can be inferred that from this rare rebuke reported over open media that Russia is uncomfortable with Chinese arms being exported to its neighbors that have traditionally been tied to its own sphere of influence. In a potential foreshadowing in the development of arms exporting relationships with OBOR countries, the article further notes that China has already signed energy-for-conventional-weapons trade agreements with Saudi Arabia, Sudan, Algeria, and Egypt for systems such as self-propelled artillery, drones, and Guardian

Table 3. Top Twelve Importers of Chinese Arms, 2008–2018

	Pakistan	Bangladesh	Myanmar	Algeria	Venezuela	Tanzania	Indonesia	Thailand	Morocco	Nigeria	Iran	Sudan
2008	\$250 M	\$10 M	\$10 M	—	\$41 M	—	\$3 M	—	—	—	\$47 M	\$28 M
2009	\$758 M	—	\$17 M	—	\$54 M	\$25 M	—	\$12 M	—	—	\$47 M	\$6 M
2010	\$747 M	\$13 M	\$5 M	\$18 M	\$89 M	—	\$2 M	—	\$221 M	\$156 M	\$62 M	\$17 M
2011	\$578 M	\$81 M	\$277 M	—	\$8 M	\$76 M	\$8 M	\$2 M	\$34 M	—	\$52 M	\$18 M
2012	\$583 M	\$151 M	\$254 M	—	\$51 M	\$113 M	\$65 M	\$20 M	\$34 M	—	\$31 M	\$29 M
2013	\$719 M	\$480 M	\$190 M	—	\$97 M	\$118 M	\$74 M	\$24 M	—	—	\$9 M	\$28 M
2014	\$413 M	\$204 M	\$64 M	\$68 M	\$74 M	\$14 M	\$35 M	\$8 M	—	\$57 M	\$9 M	\$32 M
2015	\$620 M	\$451 M	\$184 M	\$247 M	\$100 M	\$20 M	\$41 M	\$1 M	—	\$22 M	\$9 M	\$27 M
2016	\$751 M	\$261 M	\$169 M	\$499 M	\$76 M	—	\$42 M	\$77 M	—	\$36 M	—	\$12 M
2017	\$559 M	\$204 M	\$8 M	\$17 M	—	\$2 M	\$37 M	\$131 M	—	—	—	\$32 M
2018	\$448 M	\$75 M	\$105 M	\$33 M	—	—	\$30 M	\$50 M	—	—	—	\$32 M
Total	\$6.426 B	\$1.930 B	\$1.283 B	\$882 M	\$590 M	\$368 M	\$337 M	\$325 M	\$289 M	\$271 M	\$266 M	\$261 M

(Table generated from SIPRI Arms Transfers Database, <https://sipri.org/databases/armstransfers>, data accessed 16 August 2019; M=numbers in millions [USD] worth of arms; B=numbers in billions [USD] worth of arms)

1 and 2 long-range self-propelled rocket artillery systems.⁴³ In terms of trading naval armaments, both Algeria and Iran are noted for buying Chinese-made guided missile corvettes; the latter has also purchased ship-to-ship and ground-to-air missiles, and the two countries have exchanged military technology directly with each other.⁴⁴ China, while acknowledging Russia's warning through open media coverage, simultaneously chose to provide ordnance to both Uzbekistan and Tajikistan as drone customers.

An iFeng article, published by the Hong Kong-based Phoenix Satellite Television Holdings, referenced a 2015 Kanawa Defense report that mentioned 60–80 percent of arms transactions between China and OBOR countries

involve the use of trade credits in the form of loans that facilitate the exchange of commodities for weaponry.⁴⁵ Pakistan proves to be a strong example for employing this model, as it was granted Chinese loans so that it can be encouraged to purchase weapons such as its recent order of four missile guided corvettes and diesel submarines.⁴⁶

Sales to Maritime Silk Road Countries

Countries along the MSR to include Indonesia, Thailand, Malaysia, Sri Lanka, Myanmar, and Bangladesh are all identified as major conventional arms markets for Chinese exports.⁴⁷ China has followed the arms for oil and natural gas model with these governments as well.⁴⁸ The Kanawa report mentions that China





targeting these MSR countries is no accident; it has “plans to establish naval bases and ports in these countries in order to provide support for submarine operations that are inseparable from the development of OBOR.”⁴⁹

It is this added layer and depth of geopolitical analysis that reveals China’s further intent to add a security and arms component to its OBOR campaign to connect and cooperate with Eurasian countries. Following the decades old relationship China has had with its major end conventional markets, particularly in Africa and Southeast Asia, weapons sales have proven to be a means for China to obtain much needed raw material commodities while providing a means for it to exert influence over the development of its third-world partnerships. In its most mature relationships, weapons technology is exchanged in addition to conventional arms for energy as was the case with Iran in the 1980s and 1990s. The militarization of the MSR provides a concrete example of how China sees OBOR as a potential means to establish and maintain control of vital sea lanes through which critical natural resources are to be imported. However, not all of China’s MSR endeavors have been successful.

The Pakistani army tests Chinese-made weapon systems including the A-100 Multiple Barrel Rocket Launcher, the SLC-2 weapons locating radar, and VT-4 tanks during military exercise Azm-E-Nau in 2009. These weapons systems were later adopted into the Pakistani military. Over the past decade, China has supplanted the United States as Pakistan’s largest arm supplier. (Photo courtesy of the Inter-Services Public Relations Pakistan)

A recent example of how China’s effort to sell arms to an MSR country was reported in a local television report broadcast by a Chinese domestic media organization, Xiamen Media Group, that did not appear in the SIPRI data. Noted in the report, China initially won a contract to sell three S26-T submarines over South Korean and German competitors to Thailand. However, the Thai government later abruptly cancelled the order. The report, using this example, revealed the difficulties that China has had selling its weapons abroad.⁵⁰ The cancelled contract, originally valued at over \$1 billion, left Chinese commentators reasoning that it failed because of a technological shortfall, a Thai domestic political consideration, or international considerations.⁵¹ The failure of the Thai contract was not a singular case; in 2013,

Turkey invited competitive bidding for an anti-aircraft missile, and China's Hongqi-9 seemed to be the favored contract.⁵² Due to perceived U.S. opposition toward the deal through the National Atlantic Treaty Organization (NATO), Turkey abruptly cancelled the contract.⁵³

The Xiamen Media Group report recognizes a Chinese objective of OBOR being to establish a cooperative network of arms trade contacts for Chinese exports.⁵⁴ For the previous decade prior to 2015, commentators observed that China sold 74 percent of its arms exports to Asian countries, 13 percent to African countries, 7 percent to Middle Eastern countries, and 6 percent to South American countries.⁵⁵ Successes of Chinese arms exports include starting to sell weapon parts to Russia, deepening its existing weapons relationships with Pakistan, and building trust with Central Asian and Middle Eastern countries.⁵⁶ As a political reality of great powers, whose decisions to sell weapons to friendly states are often interpreted as a signal of trust and intent to deepen a client state's dependence on its arms due to ongoing ammunition and maintenance needs, the commentators agreed that China's way forward is to expand its network of friendly states.⁵⁷ While no government official is cited in this report, that it was both synthesized and allowed to broadcast on domestic television reveals a rare case in which sensitive government and international policy is subject to public scrutiny and opinion.

Sales to Eastern European One Belt, One Road Countries

In 2013, Belarus placed an order for six A-200 301 mm multiple rocket launchers that were ultimately produced domestically in 2016.⁵⁸ The conventional nature of this transaction suggests that China is likely looking to expand its network of friendly states and tie Belarus into the OBOR network.

Ukraine, while not reported in an international trade register for transacting major conventional weapons systems from China, was mentioned in a 2016 article from the U.S.-based Voice of America organization as having purchased unidentified weapons from Beijing.⁵⁹ The article summarized Ukraine's receipt of Chinese military aid despite its risks to China's geopolitical relationship with Russia. The secret nature of this transaction was likely out of sensitivity to Chinese-Russian relations, but it allowed Ukraine to receive much needed aid and for China to transact on a

weapons-for-weapons, grain, or technology basis and to cultivate friendly state-to-state relations.

Since several OBOR countries are located along Russia's periphery where potential for geopolitical discord and competition exists, Ukraine's example reveals the extent to which China will go to sell arms as an instrument of international policy for strengthening diplomatic relations. In a shift from condemning Ukraine's Orange Revolution jointly with Russia, from the beginning of 2014 to 15 July 2016, China assumed a neutral position on Russia's annexation of the Crimea while maintaining its military support.⁶⁰ As the only non-NATO country providing military assistance to Ukraine in the wake of hostile Russian military action in 2014, China ranks sixth amongst countries calculated by volume of military hardware behind the United States, Canada, Poland, the United Kingdom, and Australia while ahead of France and Turkey.⁶¹ Ukraine publicly announced that while donor countries supplied technological goods, which were sustainment necessities, China's contributions would not be disclosed but summarized by Ukraine's military as "nonlethal weapons," "classified materials," and possibly as "many categories of military hardware."⁶² Defense analysts predicted that Chinese hardware assistance could likely include motor vehicles and training jets that could be converted into ground attack aircraft such as the L-15, of particular interest since Ukraine has historically produced its engines.⁶³ As of late 2015, Ukraine has also entered into talks with China to produce the aircraft within Ukraine's borders under license.⁶⁴ In exchange for Ukraine's assistance in providing China restricted technologies that Russia has historically refused to disclose or sell, China has used its arms sales and assistance in part to recompense Ukraine.⁶⁵ Deepening economic and political ties evidenced by reciprocal heads-of-state visits, trade volume increases, united manufacturing efforts, and the simplification of bilateral visa procedures culminated with both Ukrainian and Chinese high-level officials declaring Ukraine a critical juncture of OBOR.⁶⁶

Ukraine's Crimean crisis provided China the perfect opportunity to use the tried and tested technique of providing military aid and arms sales as a diplomatic tool to strengthen bilateral relations for the purpose of establishing the foundations for OBOR and to sustain already existing technology for arms transfers. By keeping the nature and precise amount of Chinese aid secret, Ukraine could allow China to save face with Russia by



claiming its aid was nonthreatening. In keeping with China's policy for selling weapons to Russia's neighbors by claiming them to be of a nonthreatening nature, as evidenced in Chinese drone sales to Kazakhstan, obfuscation is a likely indicator of lethal military hardware being provided to the Ukrainian military. In a continued trend from Chinese sales of Hongqi-9 missiles to Uzbekistan

Kabul to set up an antiterrorism regional alliance with Tajikistan, Pakistan, and Afghanistan.⁷⁰

Another possible explanation for China's arms sales to Central Asia is the perception that waning Russian economic and political power requires an advance of Chinese power to secure China's safety against terrorism. That Russia provided intelligence to both the Taliban

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and Tajikistan, no SIPRI data from international trade registers exists for any bilateral arms sales or agreements between China and Ukraine. To what extent these patent examples of China disregarding Russia's warnings of selling lethal weapons to its neighbors, including former satellites in which it is engaged in clandestine proxy war, will damage Russian-Chinese efforts at geopolitical cooperation and the OBOR policy remains to be seen.

Central Asian Geopolitical Considerations

It is important to note the changes in the Central Asian arms market that are occurring independent of OBOR as well as the changing dynamics of the Russia-China-Central Asia relationship with China's rise. According to Stephen Blank's 2014 *Diplomat* article that covered the Kazakh arms deals, the Russians were considered to be losing ground to the Chinese as a result of the latter's process of importing the former's weapons and "indigenizing" them.⁶⁷ So while Russia continues to sell its weapons to Central Asia, it has failed to match the lower prices that East Asian sellers such as China, India, or Vietnam are able to offer.⁶⁸

Blank published another article in the *Central Asia Caucasus Analyst* that explains China's motivation to sell arms to Central Asian countries possibly lies in part because of ongoing worries about Islamic extremism in Xinjiang Province and potential spillover effects from bordering countries.⁶⁹ As recent as 2016, Chinese troops conducted joint exercises with the Tajikistan armed forces while the chief of staff of the Chinese People's Liberation Army also made plans to visit

resistance as well as to NATO and the Central Asian states demonstrates to the Chinese that neither Russia nor weak Central Asian governments can be counted on to secure Chinese interests against terrorism.⁷¹ Russia is deemed to lack the funds to support the region while also continuing its heavy-handed behavior such as demanding below market price for commodities and selling them at markup elsewhere.⁷² While OBOR is likely to be a major factor in China's decision to sell arms to Russia's Central Asian neighbors, continued political and security rivalry with Russia as well as the potential for instability has perhaps made Chinese involvement necessary. If Russia continues its retreat from Central Asia due to economic weakness and continued tolerance of China's investments and development of OBOR, initial orders for Chinese arms will undoubtedly increase. Even without OBOR, China has too much at stake to not secure political support in Central Asia. Conducting arms sales constitutes one option among many for China to do so.

Conclusion

China's OBOR will be a developing narrative of the twenty-first century. Its potential to change the geopolitical and economic landscape of Eurasia will undoubtedly result in changes in diplomatic relationships and great power strategies. Since September and October 2013, when China's maritime road and economic belt were announced by General Secretary Xi and Premier Li, China's customer base for arms exports has expanded to include OBOR participant countries that previously had no relationship with China. This development, while a result of the interplay of complex

geopolitical considerations between China and Russia as well as China's overall strategy to extend its influence beyond its national and regional borders reflective of Xi's nationalist China Dream policy, is part of a concerted effort by China to build stronger political and security ties with OBOR designated countries. As pipelines, telecommunications lines, roads, and other infrastructural projects "hardwire" country-to-country relations, arms exports are indicative of a maturing and long-term security relationship due to the deliberate decision for a client country to model their military development, organization, and capabilities along the lines of the selling country. The necessity for ongoing maintenance of military hardware as well as the need for continued munitions imports or licenses to manufacture adds another layer of depth for countries with military-to-military relations. Among China's preferred methods to sell its arms to mostly countries designated as emerging or frontier markets are to advance credits for the client country to purchase arms for debt, conduct a quid pro quo exchange of weapons for commodities, or in other cases, arms for cash.

Kazakhstan, Uzbekistan, Turkmenistan, Belarus, and Ukraine were added to China's arms sales base since OBOR. That half of these countries are situated in Central Asia is telling of China's future geopolitical and security intentions. Relationships with designated OBOR countries that existed prior to the policy announcement whose arms export volume has been

sustained and strengthened include the designated MSR countries of Sri Lanka, Bangladesh, Egypt, Malaysia, Kenya, Iraq, Iran, and Pakistan.

Since it has been only five and one-half years since the announcement of OBOR and few data points exist that could determine whether the OBOR policy is the driving force behind expanding China's arms sales footprint, the final assessment is inconclusive. Looking forward, it is worth considering China's historical motivations for selling arms abroad in the 1980s and 1990s, and whether China will continue its push to sign bilateral and multilateral agreements with designated countries. China may choose to further assert itself in the former Soviet republics through new agreements and more export volume while carefully managing the risk of upsetting the Russian-Chinese bilateral relationship. Past examples of China's actions in the nonaligned Third World provide the basis for the prediction that China will indeed continue to use arms exports as an instrument of diplomatic policy. While some transactions will be disclosed via international trade registers, China will most likely continue to obfuscate sales with new clients and with whom relationship management is sensitive. While in some cases acting out of pure economic incentive to expand its overseas markets, countries are generally very deliberate in choosing to whom they sell arms. The OBOR policy borne out of the China dream will provide justification for China to continue cultivating its defense relationships. ■

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CHINA'S BELT AND ROAD INITIATIVE MOTIVES, SCOPE, AND CHALLENGES

EDITED BY SIMEON DJANKOV AND SEAN MINER

China's Belt and Road Initiative: Motives, Scope, and Challenges is a volume of essays published in 2016—three years after China's Belt and Road Initiative was announced—that provides an especially helpful, succinct background tutorial for readers unfamiliar with the initiative. The authors analyze the original stated economic, political, security, and developmental goals China hoped to achieve, the prospects for success in achieving those goals, the challenges confronted, and the opportunities and potential risks it presented for the United States, China's neighbors, and the rest of the world. To view this publication, visit <https://piee.com/publications/pie-briefings/chinas-belt-and-road-initiative-motives-scope-and-challenges>.