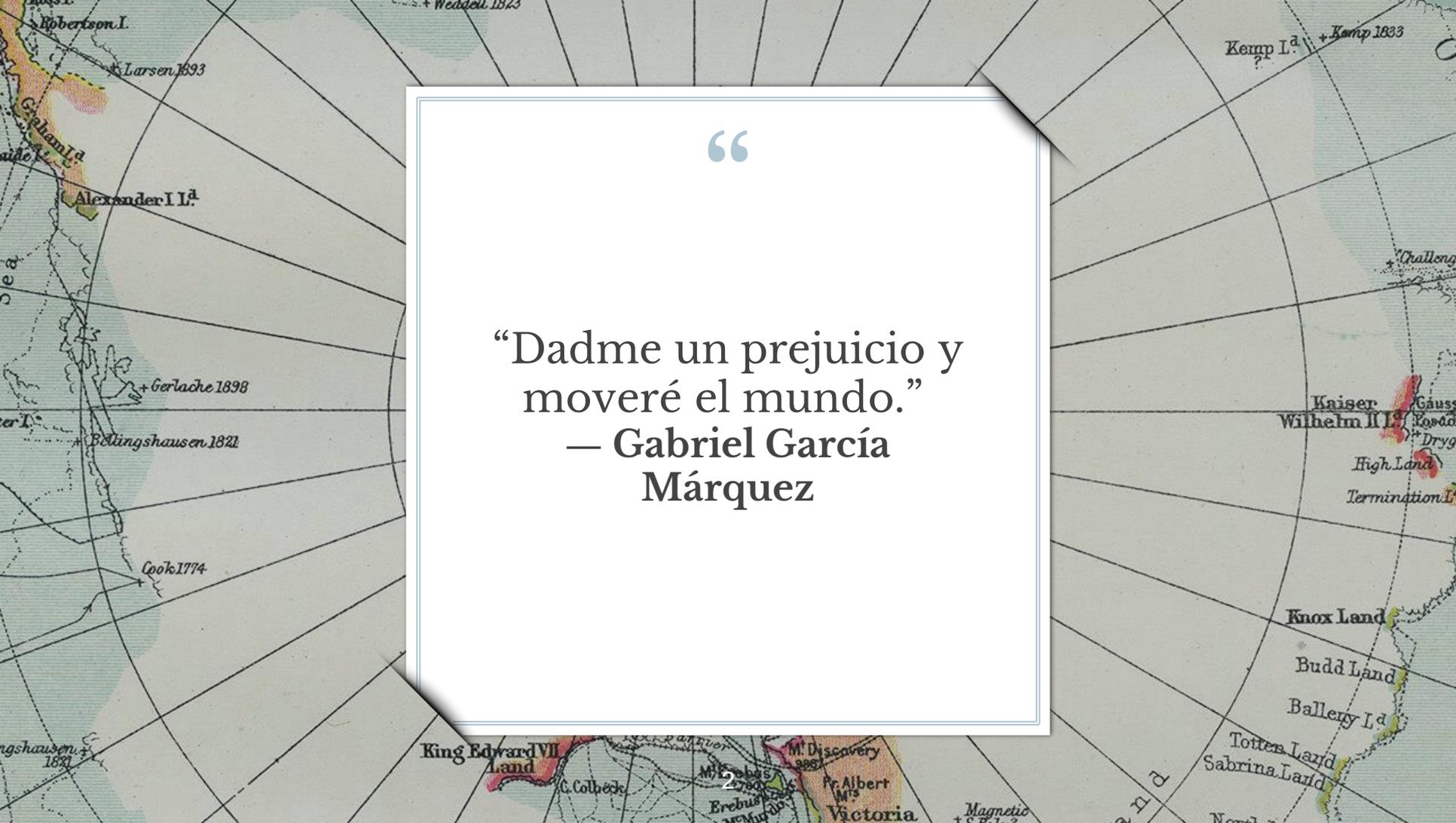


# Challenging Global Hegemony:

the geopolitics of China's  
financial expansion in the  
emerging world





“

“Dadme un prejuicio y  
moveré el mundo.”  
— Gabriel García  
Márquez



What is the geopolitical logic behind China's (financial) expansion in Eurasia?

## Following the Blueprint



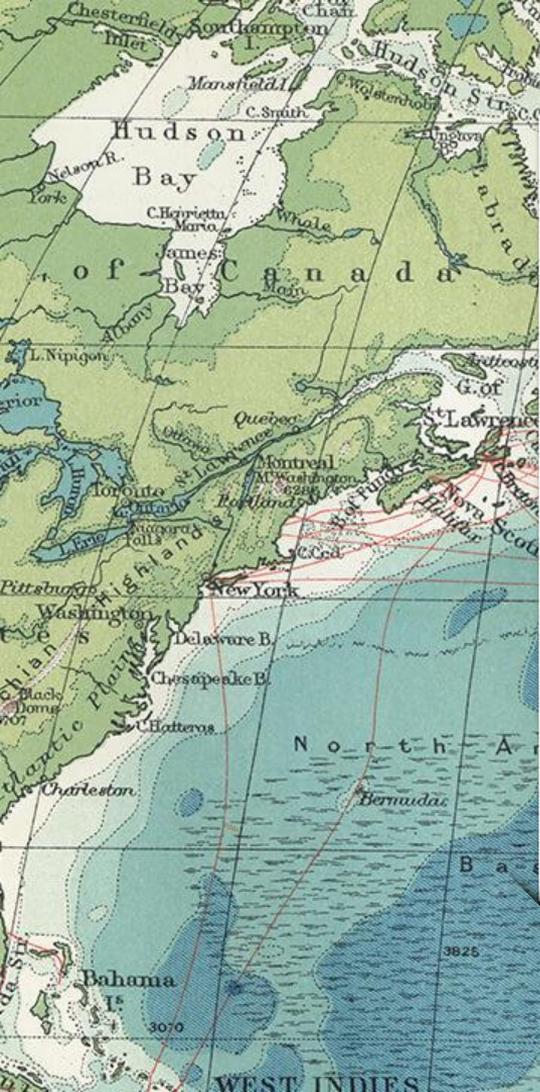
- “while the only exits Soviet fleets had for advancing to the Western Pacific were the **three** straits near Japan, China’s fleets have at least **nine** to eleven paths to the Western Pacific. Furthermore, China’s **economic performance is superior** to the Soviet Union”
  - The Wilson Center (2015)



## Table of Contents



- Conceptual Framework
- Historical Background
- Financial Hegemony
- Methods of Contestation
- Risks and Opportunities



# Concepts

A white rectangular box with a thin blue border. Inside the box, the word "Concepts" is written in a large, grey, sans-serif font. Below the text, there is a blue compass rose with eight points, indicating cardinal and intercardinal directions.

## Concepts



### Hegemony (dimensions)

- Asymmetrical interdependence (Straubhaar)
- Dominance and subordination (Hall)
- Ideology, culture, morality (Gramsci)

### Elements

- “Hegemony requires that ideological assertions become **self-evident** cultural assumptions.” [...]
- “It requires renewal and modification through the assertion and **reassertion** of power.”

-Lall (1995)

## Concepts (Cont.)

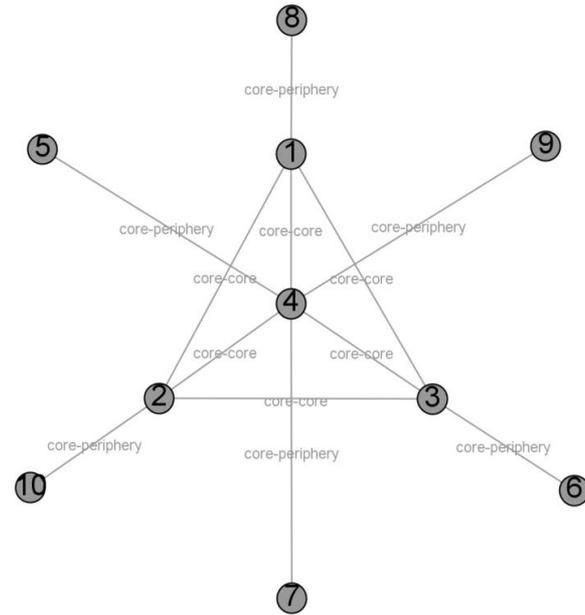


### Hierarchy

- Principle of organization
- Objective (exogenous) rather than symbolic
- Measurable

### International Structures

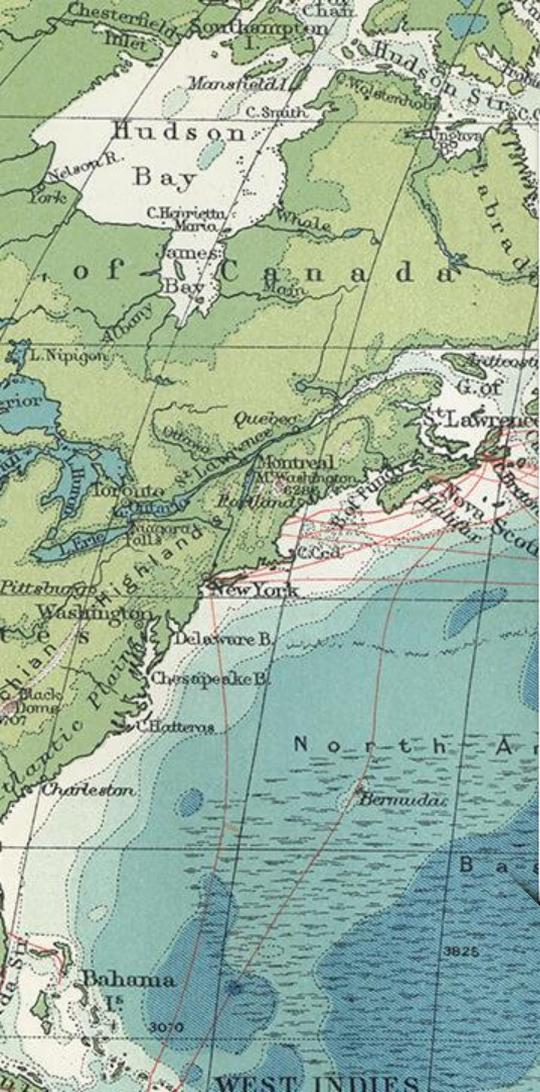
- Multipolar or Unipolar







- Challenging (US) hegemony is different from attempting to change the **hierarchical nature** of the international system



# Geopolitics

101

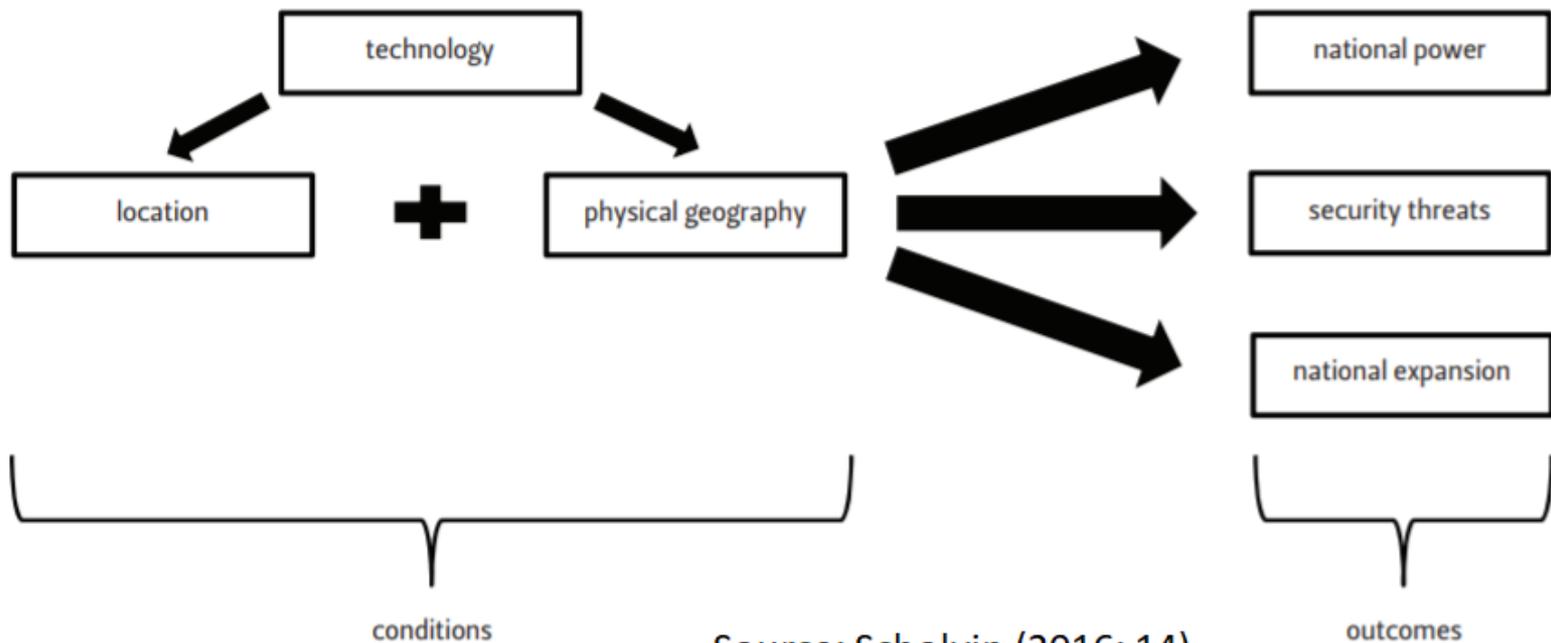
A white compass rose with eight points, centered on the page. The page has a white background with a thin blue border.

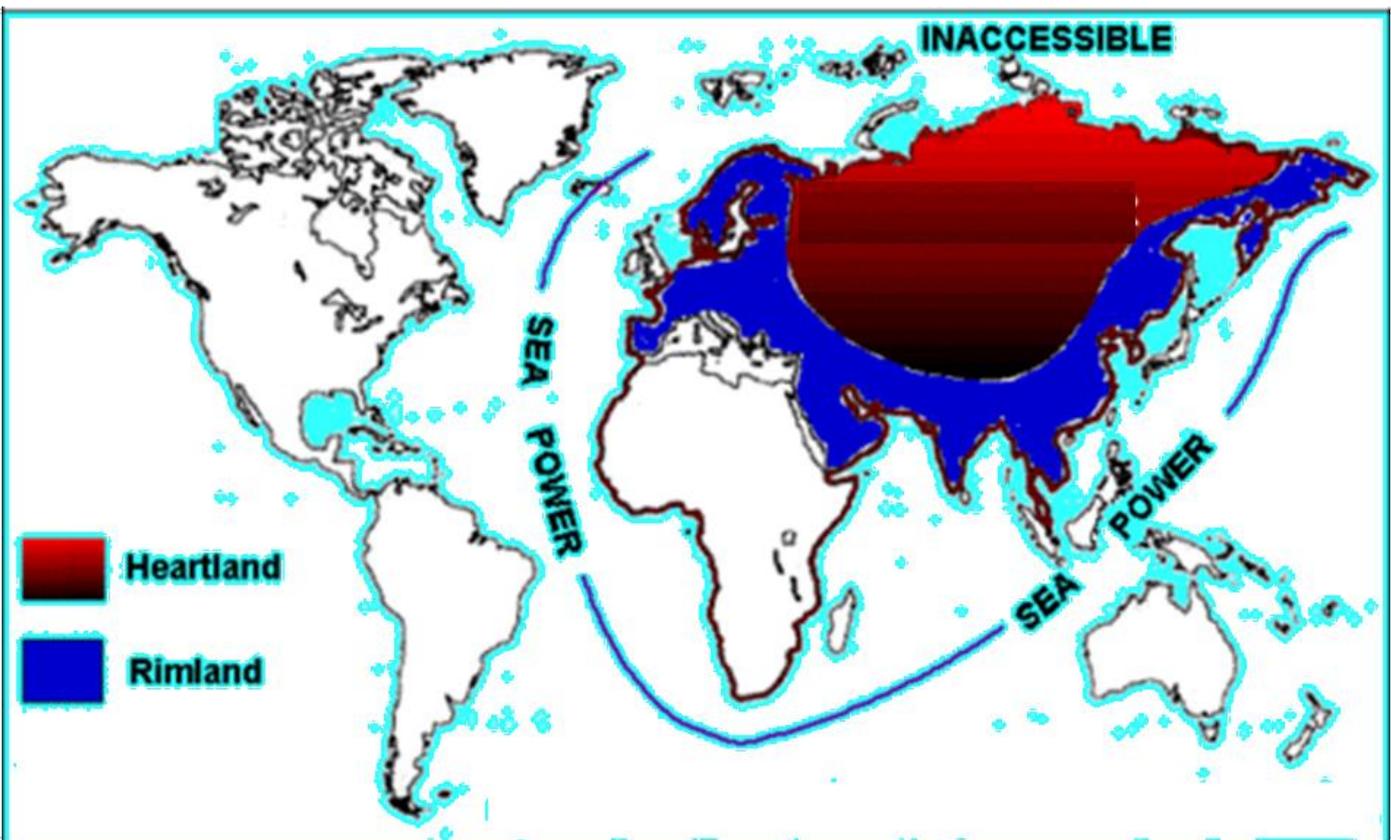


## Classical Approaches to Geopolitics



- McKinder & Spykman
  - ➔ The driver of history as land powers vs sea powers
  - ➔ Pivot areas of political control
  - ➔ Strategic importance of geographical barriers (mountains, lakes and rivers)

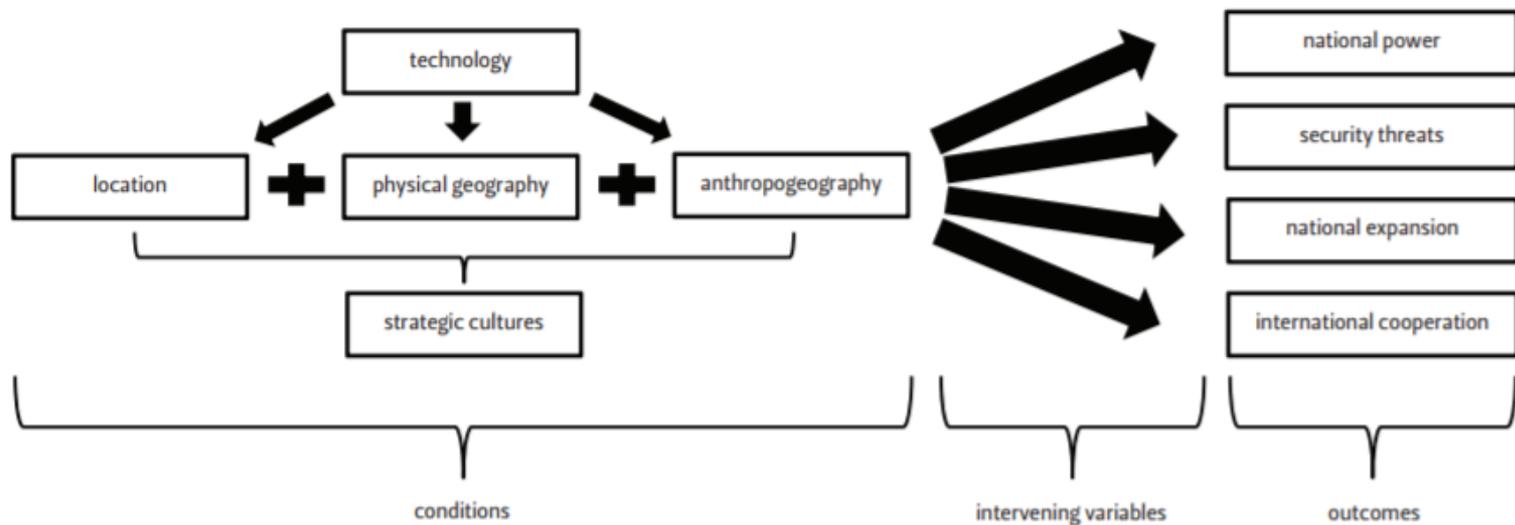




## Contemporary Approaches



- Critical geopolitics: challenges and opportunities are understood in culturally specific ways, which in turn reflect existing and **previous** relations of power
- Geographical challenges may be overcome through innovation and **cooperation** (constructivist understanding of int. pol.)



Source: Scholvin (2016: 23)

## Caveats



- Geography is not destiny, structure is independent from agency
- **General** patterns and **long-term** trends, not short-term predictions
- Political institutions and technology mustn't be dismissed as intervening variables

A historical map of the North Atlantic and Europe, overlaid with a network of red lines representing trade routes. The map shows the North Atlantic Ocean, the Gulf of St. Lawrence, and the Bay of Biscay. Major cities like London, Paris, and New York are marked. The red lines form a complex web connecting various ports and cities across the Atlantic and Europe. A white box with a blue border is centered over the map, containing the title and subtitle. A compass rose is located below the text.

# Financial Hegemony

And its discontents...



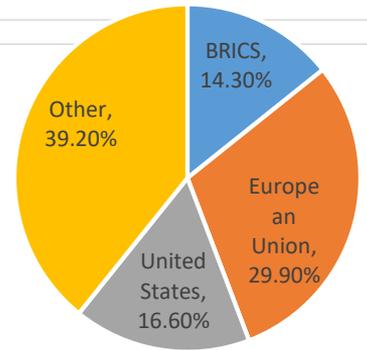
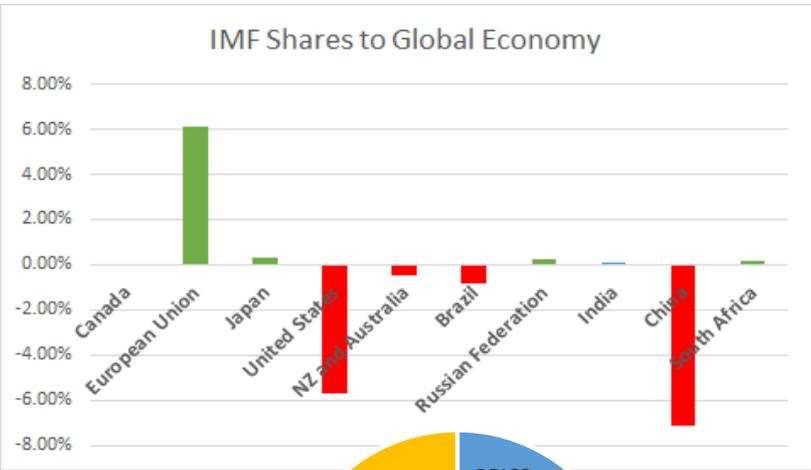
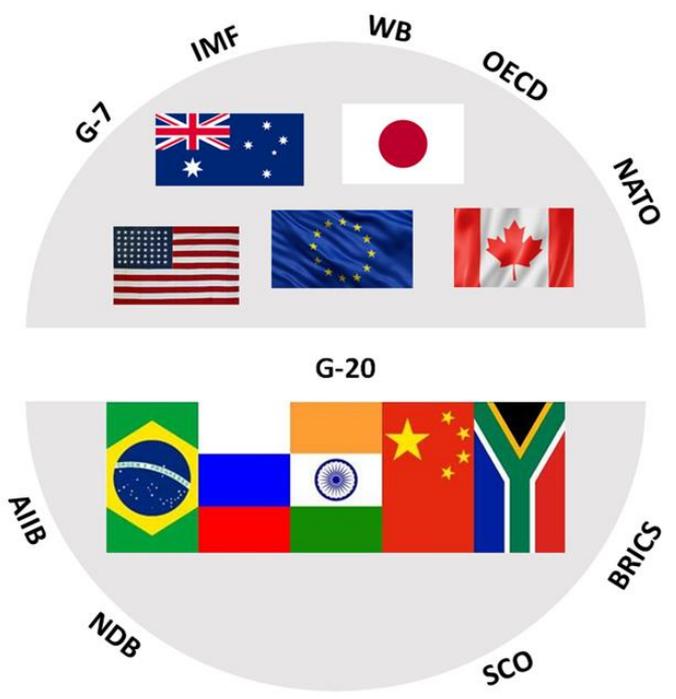
## Watering the hegemony tree



- A brief geopolitics of US (monetary) dominance:
  - ➔ World War II surpluses
  - ➔ The Marshall Plan
  - ➔ Harry Dexter White
  - ➔ The Nixon Shock
  - ➔ Sanctions

## Money as a Symbol





IMF (2016)

A historical map of the North Atlantic and Europe. The map shows the North Atlantic Ocean, the Gulf of St. Lawrence, and the Bay of Biscay. Major cities like New York, Montreal, London, Paris, and Rome are labeled. A white rectangular box with a thin blue border is overlaid on the map, containing the text 'Contestation' and 'A new Great Game?'. A compass rose is located at the bottom center of the box. The map is detailed with geographical features, latitude and longitude lines, and various place names.

# Contestation

A new Great Game?





2007



2015

Council on Foreign Relation (2018)

# China's Overseas Lending Surpasses World Bank's

January 18, 2011 · 5:10 PM ET

## China Passes Japan as Second-Largest Economy



The Lujiazui financial area in Shanghai, China has begun to reshape the way the global economy functions.

By DAVID DARDOZZA

Published August 11, 2010

#BIG STORY 10 MARCH 23, 2017 / 5:39 AM / 8 MONTHS AGO

## China-led AIIB approves 13 new members, Canada joins

After US drops TPP, China joins member states in trade talks

Nyshka Chandran | @nyshkac

Published 12:24 AM ET Tue, 14 March 2017 | Updated 1:08 AM ET Tue, 14 March 2017

## China overtakes eurozone as world's biggest bank system

Status reflects global influence but also reliance on debt to fuel economy

#BUSINESS NEWS JANUARY 17, 2017 / 11:84 AM / 10 MONTHS AGO

## In Davos, Xi makes case for Chinese leadership role

ESSAY September/October 2005 Issue

## China's "Peaceful Rise" to Great-Power Status

By Zheng Bijian

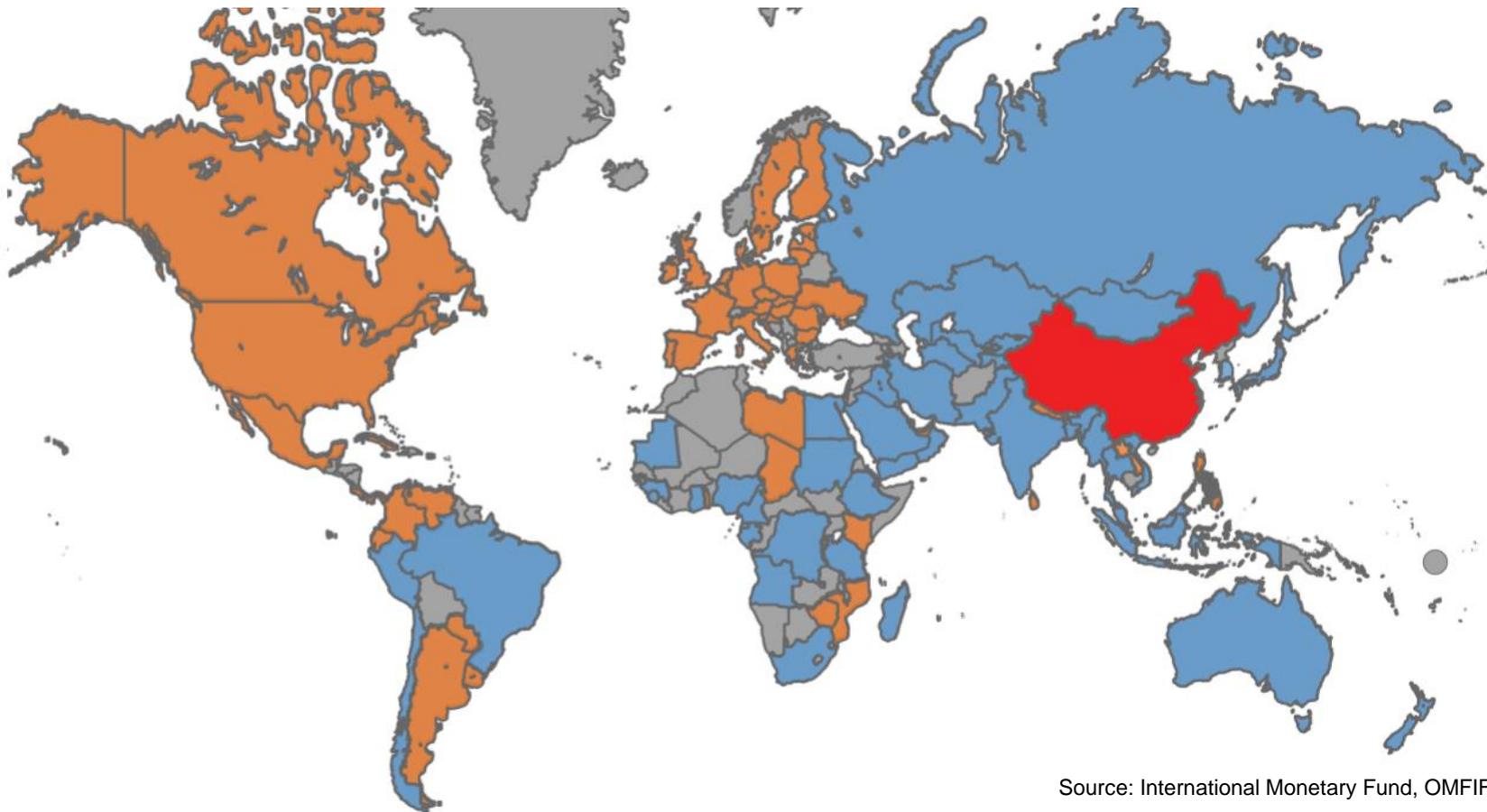
## China encircles the world with One Belt, One Road strategy

Beijing's \$900bn of planned investments include ports and railways across Asia

#BUSINESS NEWS OCTOBER 1, 2016 / 4:59 AM / A YEAR AGO

## China's yuan joins elite club of IMF reserve currencies

# China's trading partner status, by country, measured by total merchandise export and import volumes in 2015



Source: International Monetary Fund, OMFIF analysis.

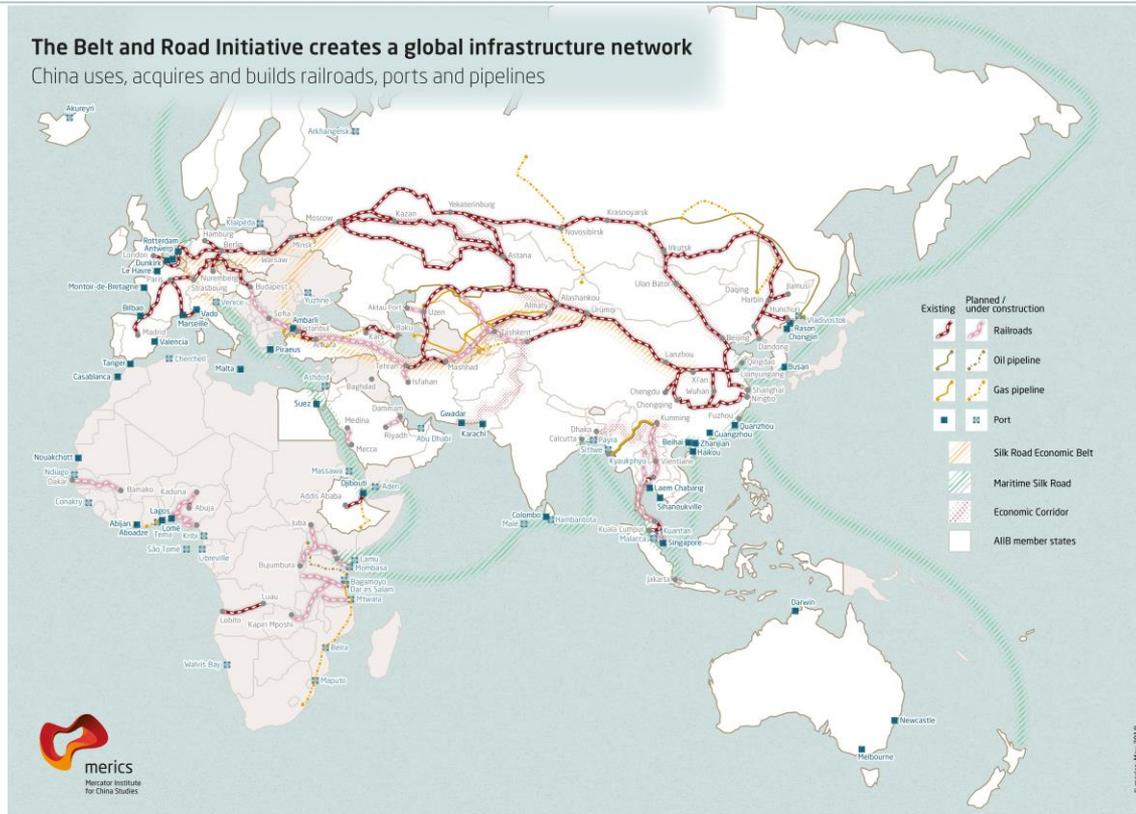
■ China is the largest trading partner

■ China is the second largest trading partner

■ Other countries

## The Belt and Road Initiative creates a global infrastructure network

China uses, acquires and builds railroads, ports and pipelines



## Global expansion

Chinese PSCs are increasingly active internationally



- Countries with known Chinese PSC activity
- Silk Road Economic Belt
- Maritime Silk Road

### EVACUATION

**Location:** Samarra, Iraq  
**Date:** late June 2014  
**PSC involved:** VSS Security (伟之杰安保公司)  
**Customer:** China Machinery Engineering Corporation (CMEC)  
**Incident:** VSS team evacuated 1,000 Chinese workers fleeing from Iraqi government standoff with ISIS.

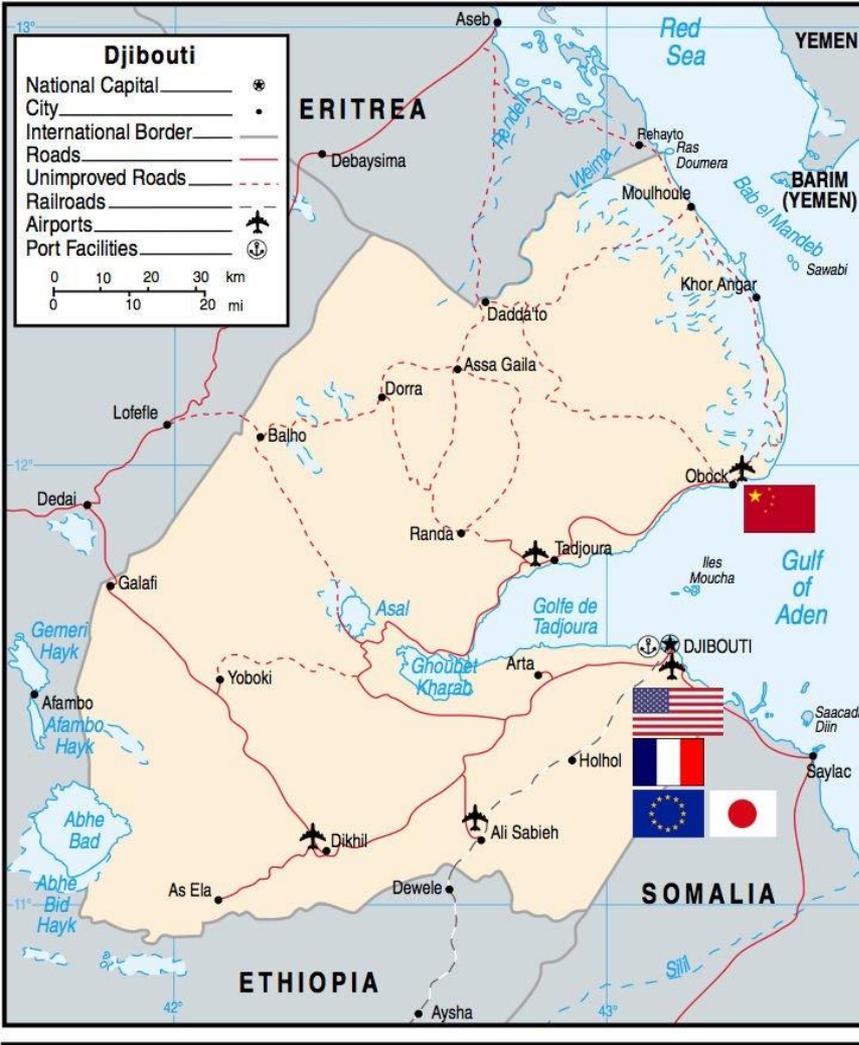
### HOSTAGE RESCUE

**Location:** Al-Abbasiya village, South Kordofan state, Sudan  
**Date:** late January 2012  
**PSC involved:** unknown  
**Customer:** unknown Chinese construction firm  
**Incident:** A dozen armed Chinese security contractors helped the Sudanese Army to rescue 29 kidnapped Chinese workers.

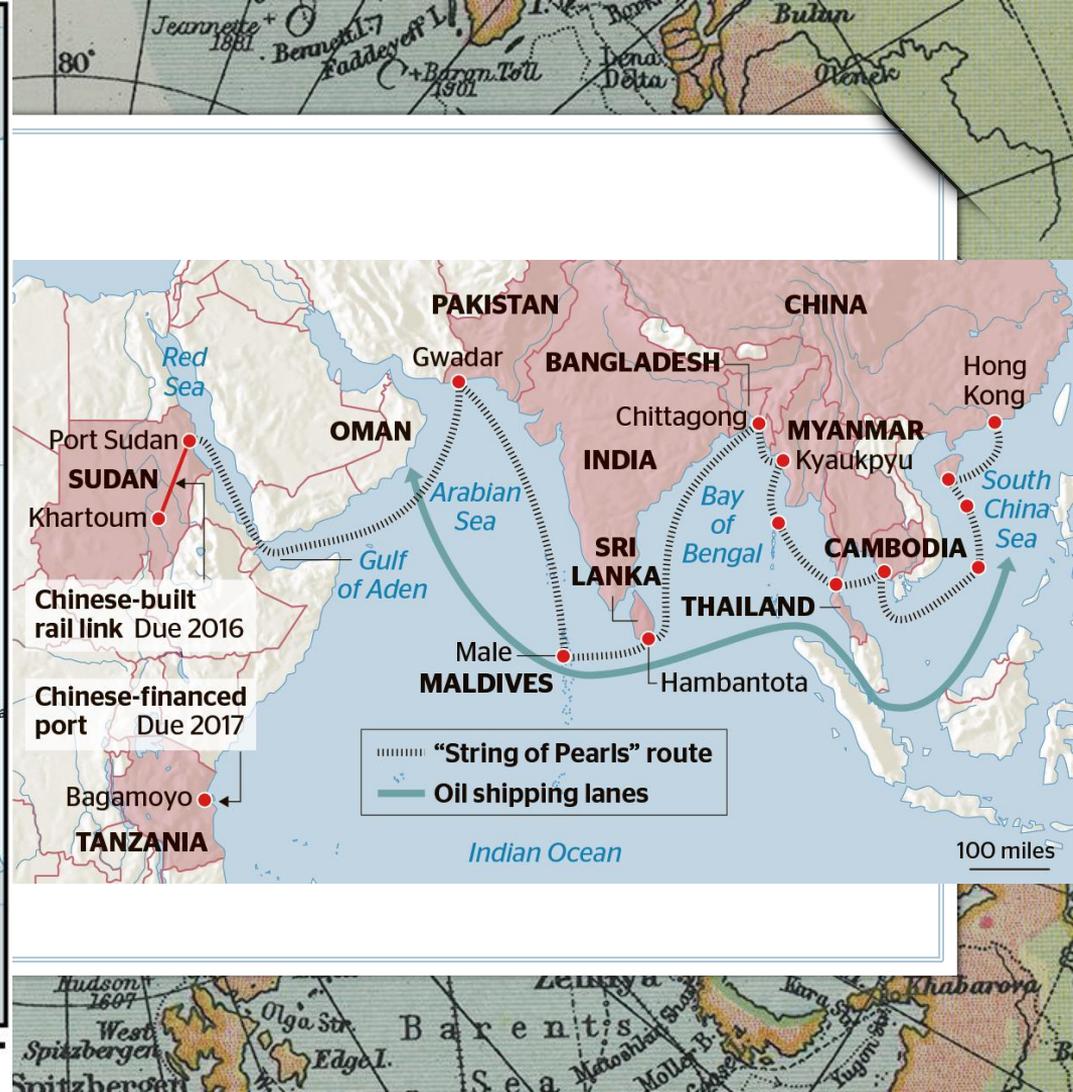
### SHOOTING AND EVACUATION

**Location:** Juba, South Sudan  
**Date:** 8 July 2016  
**PSC involved:** Dewle Security (北京德威保安服务有限公司)  
**Customer:** China National Petroleum Corporation (CNPC)  
**Incident:** Executed evacuation plan for 300+ CNPC workers and civilians caught in shooting standoff between local warring factions.

© MERICS



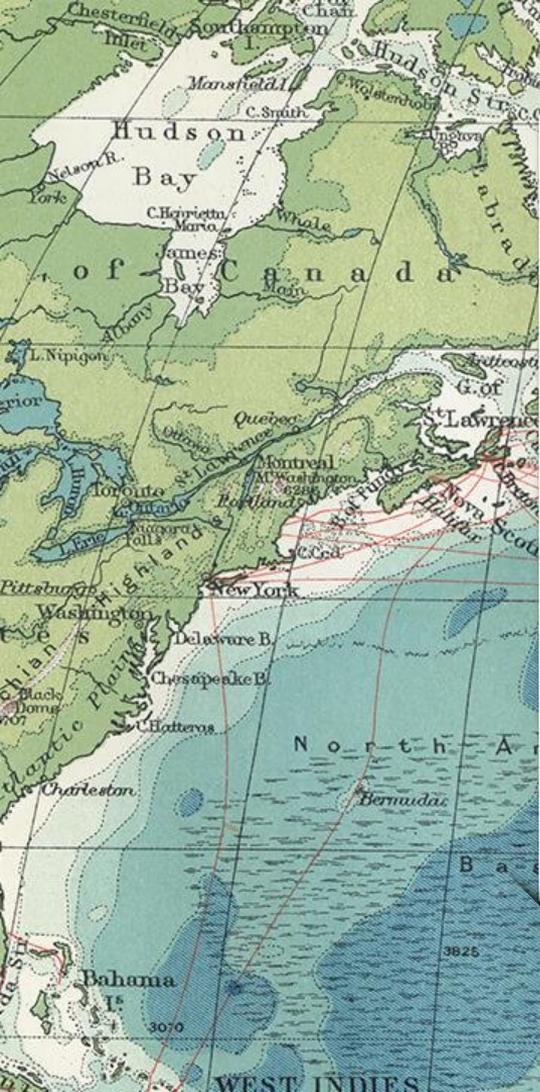
Transportation Network



The background is a detailed map of Antarctica, showing various islands and landmasses such as King Edward VII Land, Victoria Land, and the Ross Sea. The map includes latitude and longitude lines, with 80° and 90° latitude and 180° longitude clearly marked. Several expedition sites and dates are noted, including 'Larsen 1893', 'Cook 1841', 'Ross 1842', 'Borchgrevink 1900', 'Scott's Earliest', 'Shackleton Inlet', 'Barne Inlet', 'M. Discovery 1906', 'Pr Albert 1906', 'Erebus 1841', 'M. Longstaff 1900', 'M. Markham 1900', 'Kemp Ld. + Kemp 1833', 'Challenger', 'Kaiser Wilhelm II Ld.', 'Gauss', 'Drygalski', 'High Land', 'Termination L.', 'Knox Land', 'Budd Land', 'Battery Ld.', 'Totten Land', and 'Sabrina Land'. The text '40% of the US military budget (adjusted PPP)' and '2% of GDP (US 5%)' is overlaid in large white font. The name 'Robertson (2015)' is centered below the text.

40% of the US military  
budget (adjusted PPP)  
2% of GDP (US 5%)

Robertson (2015)



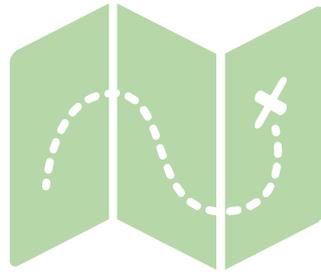
# Conclusions

## Risks and Opportunities





- China's challenge to US hegemony occurs at multiple levels and it reflects a **different strategic mindset** than that of the USSR
- Its encroachment on crucial geoeconomic links has been more **cost-effective**
- Still lacking the hard power to uphold its ambitions, it still relies on the political **goodwill** of its partners



Thank you for your attention!

### Contact Information

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