Case

We affirm.

Our First Contention is Connecting Europe

Chatzky '19 of the Council on Foreign Relations finds that the Belt and Road Initiative, or BRI, is the most expansive infrastructure project ever conceived. While the BRI is mainly known for its roads, railways, and bridges, Shahria '19 of Northwestern University writes that China has also created other mechanisms for trade, such as regional trade agreements.

Ohashi '19 of Senshu University confirms that China has already established 56 economic and trade cooperation zones along the BRI. Thus, Xinhua '19 concludes that a network of free trade areas has taken shape through the BRI, with over 1.3 trillion dollars worth of trade in 2018.

If the European Union does not join the Belt and Road Initiative, it will be cut off from this economic prosperity. Over time, Hilton '19 of the AGC Group writes that the BRI will become a self-sufficient "free trade zone" that excludes non-participating countries.

Herrero '16 of the Bruegel Institute confirms that Chinese authorities are excluding European countries from BRI trade agreements because they have not joined the Initiative. Thus, Herrero explains that, if it doesn't join the BRI, "the EU would be isolated from a sizable free trade area [right] next to its borders."

Fortunately, if Europe joins the BRI, it would be integrated into these regional trade agreements, allowing it to become a part of the prosperity.

The impact is directing development.

Foreign direct investment, or FDI, is investment into one country by an entity based in another country. Cardamone '10 of the University of Macerata quantifies that developing countries received 50% more European FDI if they signed a trade agreement with the EU.

Fruman '16 of the World Bank explains that foreign investment allows the spread of advanced technologies and best practices, which ends up enhancing domestic businesses. Thus, Razin '04 of Tel Aviv University finds that each one-dollar of FDI increases local investment by a dollar.

Moreover, in the long-term, the Journal of Developing Countries finds that FDI contributes to a stronger middle class and fosters education. This is why Richmond University concludes that FDI is positively associated with democracy, civil liberties, and workers' rights.

Historically, The World Bank quantifies that FDI helped create "26 million direct jobs and 42 million indirect jobs."

Our Second Contention is Connecting Asia

The Brookings Institute '17 writes that, in some Central Asian countries, imports and exports need dozens of documents and it can take months to go through export procedures. These delays hurt economic activity, especially agricultural goods, many of which become worthless if stuck at the border for 2-3 days.

The World Bank '19 finds that reforming border management issues is complex and requires expertise. Moreover, Kruessman '19 of the London School of Economics finds that, since China is mainly interested in Central Asia's natural resources, it has little interest in improving border procedures in these countries.

Thus, Kruessman finds that the EU is the only actor with the desire and ability to promote economic progress in Central Asia.

Unfortunately, Kruessmann explains that the EU's connectivity efforts in Central Asia "are likely to be heavily restricted by China's...influence in the region." Moreover, Bossuyt '19 of Ghent University finds that the EU's concerns about the BRI are the main obstacle to direct cooperation between the EU and China over Central Asia.

Thus, Bossuyt concludes that, if Europe joins the BRI, it will be able to cooperate with China and upgrade the soft infrastructure of BRI countries. Specifically, Turkstra '18 of the Europe Now Journal finds that the EU can connect Central Asia to the rest of the world through "the simplification of border crossings and customs procedures, harmonisation of logistics, and trade regulations."

The impact is lifting millions out of poverty.

The World Bank finds that, if customs reforms were implemented, Central Asian countries would see an 11 percent increase in income because they would now be able to sell their products on the market. Trade facilitation reforms would reduce poverty in the BRI and beyond. With the reduction in border delays, 6.5 million people would be lifted from extreme poverty and 12.6 million from moderate poverty.

We affirm.

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Two impacts:

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Second impact is war.

AGC continues that China is becoming economically self-sufficient through the BRI. Jungwall ‘17 finds that if China decouples itself from the West it will be able to provoke regional actors with no fear of economic punishment.

Panda '19 explains that China is provoking Vietnam through stealing resources, causing protests in Vietnam and forcing the government to escalate. Even if Vietnam doesn't respond, this will embolden China. Kulacki '16 explains that China believes it can invade Vietnam without US retaliation, but America believes that it has to respond to deter future aggression, meaning conflict would go nuclear.

Fitzpatrick '16 finds that if the US doesn't intervene, it would destroy American credibility with its allies, which Fintan '16 finds would cause Japan to pursue nuclear weapons. Cimbala '14 concludes that Japanese proliferation would spark a nuclear arms race in the region, prompting pre-emptive strikes, miscalculation, and nuclear war.

Fortunately, Jungwall finds that if the EU integrates with BRI supply chains, it'll have leverage to prevent Chinese aggression.

Our Second Contention is Connecting Asia

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Recessions Weighing

- **Time-frame**: Johnson '09 of the Economist: Developing countries recovered from the 2008 recession within one year.
- **Link-in**: Recessions are inevitable, but a more interconnected world through trade ensures that every future recession is less severe. Rather than putting all of our eggs in one basket, trade ensures that everyone's economy is diversified and more resilient, which is why Cato finds that every 10% increase in trade decreases the chance of recession by 33%.

Developing countries recovered in one year. Capital flows recovered within two.

Johnson, Adrian. "Counting their blessings." The Economist. 2009//SK

https://www.economist.com/briefing/2009/12/30/counting-their-blessings

Developing countries have come out of the recession stronger than anyone had expected. This will have profound consequences for the rest of the world. THE political and social consequences of the worst economic crisis since the Great Depression have been milder than predicted. In developing countries, at least, governments have not fallen in a heap, as they did after the Asian crisis of 1997-98. They have not battled their own people on the streets, as happened in Europe during the 1930s. Social-protection programmes have survived relatively unscathed. There have been economic-policy shifts, naturally, but no panicky retreat into isolation, populism or foreign adventures. The good news has not been spread evenly, of course: some countries have ridden the storm more successfully than others. And these are only first-round effects: things could still get worse. **So far, though, resilience has been the order of the day**. This was not expected a year ago. Then, it seemed likely that normal rules would apply—that when the rich world sneezes, developing countries get swine flu. In the fourth quarter of 2008, when rich economies were contracting by 5% to 10% a year, real GDP fell at an average annualised rate of around 15% in some of the world's most dynamic economies, including Singapore, South Korea and Brazil. The fall in Taiwan's industrial output—down by a third during 2008—was worse than America's worst annual fall during the Depression. Emerging markets seemed likely to suffer disproportionately because of their trade and financial links with the West. Exports in that dreadful last quarter of 2008 fell by half in the Asian tigers at an annualised rate; capital flows to emerging markets went over a cliff as Western banks "deleveraged". The Institute of International Finance (IIF), a think-tank in Washington, DC, forecast that net private capital flows into poor countries in 2009 would be 72% lower than at their peak in 2007, an unprecedented shrinkage. As people peered ahead into 2009, no forecast looked too dire. "The end of globalisation" was a common refrain. Some thought emerging markets would turn inward to protect themselves from the contagion of the West. Others forecast that hundreds of millions of people would be tipped into hunger. The IMF's managing director, Dominique Strauss Kahn, fretted that unless governments did the right things at the right time, there was a "threat of civil unrest, perhaps even of war". At the start of 2010 there are indeed a billion hungry people, for the first time in 40 years. But the **other forecasts now look excessively gloomy. Whereas the last three months of 2008 saw one disaster after another, the end of 2009 was a period of healthy recovery, as measured by capital, bond and stockmarkets**. **During 2009 the largest developing-country stockmarkets recouped most or all of the losses they had suffered during 2008** (see table). **October 2009 saw the largest monthly inflow into emerging-market bond funds since people started tracking the numbers in 1995**. Russia's central bank estimated that the country would attract $20 billion of capital inflows during the fourth quarter, compared with capital outflows of $60 billion in the first nine months. **The IIF now reckons that net private capital flows to developing countries will more than double in 2010 to $672 billion** (still a long way below their peak). So much new money is flooding into emerging markets that calls for capital controls are echoing around the developing world. This craze for emerging-market paper could perhaps prove a bubble. But as a measure of reputational change, it is accurate. **Countries that were disaster zones at the start of 2009 achieved gold-rush status by the end of it. This turnaround reflects a resilient economic performance during the recession. It also reflects a stunning degree of political and social cohesion**. The most important economic reason for this is that emerging markets were less affected by the rich world's recession than seemed likely early in 2009. Big populous countries—China, India, Indonesia—did not tip into recession; they merely suffered slower growth. Brazil and the Asian tigers saw output fall but bounced back. The pattern, though, was variable.

The Baltic states endured a depression; Mexico suffered from its dependence on America; eastern Europe was harder hit than Asia; poor African countries suffered more than middle-income Asian ones.

Interconnectedness not bad

Griswold, Daniel. "Worried about a Recession? Don't Blame Free Trade." Cato. 2008//SK

https://www.cato.org/publications/free-trade-bulletin/worried-about-recession-dont-blame-free-trade

America's recent experience of a more globalized and less volatile economy has not been unique in the world. Other countries that have opened themselves to global markets have been less vulnerable to financial and economic shocks. **Countries that put all their economic eggs in the domestic basket lack the diversification that a more globally integrated economy can fall back on to weather a slowdown**. A study by Jeffrey Frankel and Eduardo Cavallo for NBER found that **a country that increases trade as a share of its gross domestic product by 10 percentage points is actually about one-third less likely to suffer sudden economic slowdowns or other crises than if it were less open to trade**. As the authors conclude: Some may find this counterintuitive: **trade protectionism does not "shield" countries from the volatility of world markets as proponents might hope. On the contrary...economies that trade less with other countries are more prone to sudden stops and to currency crises**.[7]

Interconnectedness not bad

Griswold, Daniel. "Worried about a Recession? Don't Blame Free Trade." Cato. 2008//SK

https://www.cato.org/publications/free-trade-bulletin/worried-about-recession-dont-blame-free-trade

In recent decades, **as foreign trade and investment have been rising as a share of the U.S. economy, recessions have actually become milder and less frequent**. The softening of the business cycle has become so striking that economists now refer to it as"The Great Moderation." The more benign trend appears to date from the mid-1980s. As a recent study from the Federal Reserve Bank ofDallas found: **On average, the five recessions from 1959 to 1983 were 47 months apart, lingered 12 months and were associated with a 2.17 percent peak-to-trough decline in real gross domestic product. By Contrast, the 1990 downturn came after 92 months of expansion,lasted eight months and involved a 1.26 percent decline in GDP. The 2001 slump ended a record 120 months of uninterrupted growth, lasted eight months and involved a GDP decline of only 0.35 percent. More generally, quarterly growth in both real GDP and job became markedly less volatile after 1983**.[3]

Contention One Frontlines

F2 EU can do FTA/RTAs outside of BRI

- Negotiating FTAs often takes years of negotiation and lots of political capital—it's infeasible for Europe to make free trade agreements with the 60-plus countries in the BRI, which is why affirming is key.
- European Commission: Each trade deal often takes several years

FTAs take a long time

"Negotiating EU trade agreements." European Commission. 2012//SK

https://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149616.pdf

2. **How we reach a final deal** In a nutshell **Reaching a final agreement usually takes several years. It involves over 30 stages. These include: Preparing** Analysing a deal's likely impact Consulting the public Setting out areas to negotiate Getting Council authorisation **Negotiating Holding trade talks** Reporting to the Council, Parliament Publishing texts online Finalising Signing the negotiated text **Legal review** and formatting Signing Translating the text Checking by Commission departments Formally asking for EU signature Decision-making Council and

Parliament jointly deciding whether to approve Full or provisional application Depending on whether responsibility for the deal's content lies solely with EU institutions or jointly with EU states For 'mixed' agreements only **Ratifying in EU countries**, using their own procedures Conclusion Signing by partner country(ies) Publishing in the EU's Official Journal Entry into force

F2 EU not interested in RTAs

- They want to find a new market for their products.

F2 China doesn't want to compete with EU

- China and Europe have comparative advantage in different sectors

F2 22/28 countries joined

- Herrero of Bruegel: Current EU countries that have joined the BRI cannot strike individual free trade agreements since only the EU can do that. Thus, the EU as a whole has to join.

EU excluded

Garcia-Herrero, Alicia. "China's Belt and Road initiative: can Europe expect trade gains?" Bruegel. 2016//SK

https://bruegel.org/wp-content/uploads/2016/09/WP-05-2016.pdf

Figure 7 shows the five biggest winners from the establishment of a free trade agreement within the Belt and Road area, and compares their trade gains with those obtained from reduced transportation costs. The biggest winners are Middle Eastern and central and east Asian countries, with trade increases of more than 15 percent. This compares favourably with the trade gains of 3 percent stemming from a reduction in transportation costs that were estimated for this group of economies. EU countries, whose trade gains were the largest under the reduced transportation cost scenario, would now experience weak losses. The result is intuitive, because **the EU countries would be outside the Belt and Road free trade agreement, so EU trade would be expected to be substituted to some extent by enhanced trade within the Belt and Road region. This is true even for EU countries formally included in the Belt and Road initiative, such as Hungary and Poland. This is because EU members cannot strike separate trade agreements with China, so they could not take part in a potential Belt and Road free trade agreement** (Table 1).

Impact Defense

F2 Trade diversion

- Oxford '06: On net, the effects of trade creation outweigh the effects of trade diversion from regional trade agreements. Trade increases incomes, which results in higher demand for products from countries inside and outside of the agreement.

F2 Trade diversion

"Regional Preferential Trade Agreements: Trade Creation and Diversion Effects." Oxford University. 2006//SK https://www.jstor.org/stable/pdf/3877187.pdf?refreqid=excelsior%3A69b209fde2ff5070a07c56773502fb1a

particular RPTA can simply proxy other preferential trade agreements with nonmember countries that were not explicitly included in the linear regression. The EU can be an example of the latter argument since EU member countries have preferential trade agreements with countries in Eastern Europe and North Africa. **The net effects of preferential trade agreements on agricultural trade, obtained by comparing trade-creating and trade-diverting effects, were positive overall**. However, the Andean agreement and NAFTA were trade-diverting since these coefficients were negative and statistically significant and trade-creating coefficients corresponding to those agreements were not statistically different from zero. **Finally, we tested for the overall statistical significance of trade-creating and trade-diverting effects** (table 1). The hypothesis that trade-creation and trade-diversion effects were zero was rejected at conventional statistical levels. The trade-creation effects were positive, as expected. However, the trade- diverting effects were also positive, although slightly smaller than the trade-creation effects. **This may indicate that the demand-increasing income effect of RPTAs outweighs any trade-diversion effect**. Conclusions The effect of preferential trade arrangements on agricultural trade were analyzed using a gravity model. **The overall effects of RPTA are positive and significant, indicating that RPTAs, in general, increase trade volume among member countries** through both inter- and intraindustry trade. The trade-creation effects of NAFTA were not significant, possibly because these countries already have a strong trade relationship as a result of their close proxim overall trade-diverting effect was positive, indicating that RPTAs do not displace agricultural trade with nonmember countries. **One reason may because of a low degree of substitutability between traded products**. An potential reason for this result is that the trade-creating effect of RPTAs co increase overall demand to such an extent that the income effect outweigh trade-diversion effect of the agreements. Although the benefits of RPTAs are greater for member countries than for nonmembers, the results of this analysis indicate that RPTAs are not harmful to nonmember countries. This suggests that RPTA improve global welfare increasing agricultural trade volume among member countries and, to a degree, among nonmember countries. This implies that, in general, RPT welfare enhancing with respect to agriculture for both member and nonmembercountries.

Increased demand for member and nonmember countries

“Regional Preferential Trade Agreements: Trade Creation and Diversion Effects.” Oxford University. 2006//SK

https://www.jstor.org/stable/pdf/3877187.pdf?refreqid=excelsior%3A69b209fde2ff5070a07c56773502fb1a

We also measure the effects of nonparticipation in a RPTA using a trade-diversion dummy. This variable is expected to have a negative sign since trade is likely to be diverted from nonmember countries. However, **there are several reasons why the trade-diversion dummy may have a positive sign**. In this study, agricultural trade is highly aggregated. Therefore, if agricultural products traded with member and nonmember countries are not substitutes, increased trade with member countries from the preferential trade agreement may not preclude expansion of agricultural trade with nonmember countries. Also, agricultural products often constitute a small part of the wide variety of products and services included in preferential trade arrangements. **Increased trade between RPTA members can generate an income effect, resulting in increased demand for imports from both member and nonmember countries**.

F2 European multinationals outcompete domestic firms

- The warrant for why domestic firms fail is lower prices, meaning even if there are failing firms in the short-term, in the long-term, people gain access to life-saving technology, cheaper food, and are better-off on the whole
- Also read the card in case abt transferring tech

F2 FDI hurts domestic firms

- Fruman of World Bank: The spread of advanced technology and best practices accelerates the development of domestic industries. That's why Razin finds that FDI bring a one-for-one increase in domestic investment.

False choice between FDI and domestic investment

Fruman, Cecile. "The false debate: choosing between promoting FDI and domestic investment." World Bank. 2016//SK

https://blogs.worldbank.org/psd/false-debate-choosing-between-promoting-fdi-and-domestic-investment

Policymakers in developing economies often ask this question when the World Bank Group advises them on how to improve their countries' investment climate or investment promotion efforts. Our answer is: They do not need to choose one over the other. In order to grow and diversify, an economy needs both domestic investment and foreign direct investment (FDI). The two forms of private investments can be strong complements. Recognizing the Potential Benefits of FDI The economic benefits of FDI were identified a long time ago. A Harvard Business School paper published 30 years ago summarized the benefits of FDI based on an extensive review of economic literature (Wint, 1986). In short: **Benefits traditionally attributed to FDI include job creation, transfer of technology and know-how (including modern managerial and business practices), access to international markets, and access to international financing**. Granted, some of these benefits also occur thanks to domestic investment. For instance, domestic investments create jobs in a host economy – usually many more than FDI. However: **What FDI does well is enhance or maximize some of the benefits already generated by domestic investments in a developing economy**. To stay with the example of job creation: Foreign firms might not create as many jobs as the domestic private sector, but they often create better-paid jobs that require higher skills. That helps elevate the skills level in host economies. The same can be said for other FDI benefits. **For instance, more advanced technologies and managerial or marketing practices can be introduced in a developing economy through foreign investment, and at a much faster rate than would be the case if only domestic investment were allowed**. Moreover, through partnerships with foreign investors who have existing distribution channels and commercial arrangements around the world, developing countries' firms can benefit from increased market access.

FDI has a one-to-one effect on domestic investment

Razin, Assaf. "INTERACTIONS BETWEEN CAPITAL INFLOWS AND DOMESTIC INVESTMENT: ISRAEL AND DEVELOPING ECONOMIES." Tel Aviv University. 2004//SK

https://poseidon01.ssrn.com/delivery.php?ID=550083013021094025093124092101118109019053019081050000104122074004027104095114096007032035042036057108108083070113115001119015107011054000040118127097119124108025087001059076064073104014122087026075068017002107085002001028089021093126089102119072122123&EXT=pdf

A comprehensive study by Bosworth and Collins (1999) provides evidence concerning the effect of capital inflows on domestic investment for fifty-eight developing countries during 1978-95. The authors distinguish among three different types of inflows: FDI, portfolio investment, and other financial flows—primarily bank loans. Both capital inflows and domestic investment are expressed as percentages of GDP. They find that an increase of one dollar in capital inflows is associated with an increase in domestic investment of about 50 cents. This result, however, masks significant differences among types of inflow. **FDI appears to bring about a one-for-one increase in domestic investment**; there is virtually no discernible relationship between portfolio inflows and investment (little or no impact); and the impact of loans falls between those of the other two. **These results hold both for the sample of fifty-eight countries and for a subset of eighteen emerging markets** (see Figure 1; source: Loungani and Razin, 2001).

F2 Capital flight from Europe bad

1. Lozado of NBER: Every one dollar of foreign investment is associated with 3.5 dollars in domestic expenditure as firms have access to new markets and can get tax breaks from investing in other countries.

FDI increases domestic investment in Europe

Lozada, Carlos. "Does Overseas Investing Reduce Domestic Investment?" NBER//SK

https://www.nber.org/digest/aug05/w11075.html

Desai, Foley, and Hines examine investment data covering a broad set of high-income countries during the 1980s and 1990s and confirm earlier findings that outbound foreign direct investment (FDI) appears to reduce aggregate domestic investment. However, when they focus solely on the domestic and foreign capital spending of U.S.-based multinational corporations, they find the opposite result. When the foreign affiliates of U.S. multinational corporations engage in higher capital expenditures, the American multinationals also tend to increase investment back home -- suggesting that foreign and domestic investment are complements, not substitutes. Specifically, the authors find that "**an additional dollar of foreign investment capital expenditure is associated with 3.5 dollars of domestic capital expenditures by the same group of multinational firms, strongly suggesting a complementary relationship between foreign and domestic investment**." The common intuition is that a firm's resources are fixed, so a dollar invested abroad would necessarily mean one less dollar available to invest at home. "Unsurprisingly," the authors acknowledge, "growing overseas activities of multinational firms have become a source of economic insecurity for workers, managers, and tax collectors." But Desai, Foley, and Hines point out two reasons that such thinking may be misguided. First, when financing new projects and investments, **multinationals and their foreign affiliates can tap both world markets and local capital markets depending on many factors that can make different financing arrangements more or less advantageous -- such as financing terms and tax considerations.** Second, the type of investment might make a difference. So-called "horizontal investment," whereby a multinational invests abroad in order to replicate business activities conducted at home, can (though need not) divert economic activity away from the home country. But "vertical" investments, in which production processes are broken into various stages around the world, often lead to situations in which foreign and domestic production activities complement one another. "Vertical foreign investments can raise the demand for domestic capital," the authors argue, "by permitting greater exploitation of intangible assets produced by domestic activity or by increasing the profitability of domestic production that can b e combined with foreign output."

F2 FDI is hot money

1. Loungani of IMF: FDI has historically been resilient during financial crises like the one in East Asia from 1997-1998.
2. The Economist: In the 2008 recession, FDI recovered within one year.

FDI is not hot money, helps with reforming bad governments

Prakash Loungani, Assistant to the Director in the IMF's External Relations Department, 6-1-2001, "Finance and Development,"
http://www.imf.org/external/pubs/ft/fandd/2001/06/loungani.htm

Foreign direct investment (FDI) has proved to be resilient during financial crises. For instance, in East Asian countries, such investment was remarkably stable during the global financial crises of 1997-98. In sharp contrast, **other forms of private capital flows—portfolio equity and debt flows, and particularly short-term flows—were subject to large reversals during the same period** (see Dadush, Dasgupta, and Ratha, 2000; and Lipsey, 2001). The resilience of FDI during financial crises was also evident during the Mexican crisis of 1994-95 and the Latin American debt crisis of the 1980s. This resilience could lead many developing countries to favor FDI over other forms of capital flows, furthering a trend that has been in evidence for many years (see Chart 1). Is the preference for FDI over other forms of private capital inflows justified? This article sheds some light on this issue by reviewing recent theoretical and empirical work on its impact on developing countries' investment and growth. The composition of capital inflows has shifted away from bank loans and toward FDI and portfolio investment Economists tend to favor the free flow of capital across national borders because it allows capital to seek out the highest rate of return. Unrestricted capital flows may also offer several other advantages, as noted by Feldstein (2000). First, international flows of capital reduce the risk faced by owners of capital by allowing them to diversify their lending and investment. Second, **the global integration of capital markets can contribute to the spread of best practices in corporate governance, accounting rules, and legal traditions. Third, the global mobility of capital limits the ability of governments to pursue bad policies.** In addition to these advantages, which in principle apply to all kinds of private capital inflows, Feldstein (2000) and Razin and Sadka (forthcoming) note that the gains to host countries from FDI can take several other forms: FDI allows the transfer of technology—particularly in the form of new varieties of capital inputs—that cannot be achieved through financial investments or trade in goods and services. FDI can also promote competition in the domestic input market. Recipients of FDI often gain employee training in the course of operating the new businesses, which contributes to human capital development in the host country. **Profits generated by FDI contribute to corporate tax revenues in the host country.** Of course, countries often choose to forgo some of this revenue when they cut corporate tax rates in an attempt to attract FDI from other locations. For instance, the sharp decline in corporate tax revenues in some of the member countries of the Organization for Economic Cooperation and Development (OECD) may be the result of such competition. (For a discussion, see the article by Reint Gropp and Kristina Kostial in this issue.) In principle, therefore, FDI should contribute to investment and growth in host countries through these various channels.

Developing countries recovered in one year. Capital flows recovered within two.

Johnson, Adrian. "Counting their blessings." The Economist. 2009//SK

https://www.economist.com/briefing/2009/12/30/counting-their-blessings

Developing countries have come out of the recession stronger than anyone had expected. This will have profound consequences for the rest of the world. THE political and social consequences of the worst economic crisis since the Great Depression have been milder than predicted. In developing countries, at least, governments have not fallen in a heap, as they did after the Asian crisis of 1997-98. They have not battled their own people on the streets, as happened in Europe during the 1930s. Social-protection programmes have survived relatively unscathed. There have been economic-policy shifts, naturally, but no panicky retreat into isolation, populism or foreign adventures. The good news has not been spread evenly, of course: some countries have ridden the storm more successfully than others. And these are only first-round effects: things could still get worse. **So far, though, resilience has been the order of the day**. This was not expected a year ago. Then, it seemed likely that normal rules would apply—that when the rich world sneezes, developing countries get swine flu. In the fourth quarter of 2008, when rich economies were contracting by 5% to 10% a year, real GDP fell at an average annualised rate of around 15% in some of the world's most dynamic economies, including Singapore, South Korea and Brazil. The fall in Taiwan's industrial output—down by a third during 2008—was worse than America's worst annual fall during the Depression. Emerging markets seemed likely to suffer disproportionately because of their trade and financial links with the West. Exports in that dreadful last quarter of 2008 fell by half in the Asian tigers at an annualised rate; capital flows to emerging markets went over a cliff as Western banks "deleveraged". The Institute of International Finance (IIF), a think-tank in Washington, DC, forecast that net private capital flows into poor countries in 2009 would be 72% lower than at their peak in 2007, an unprecedented shrinkage. As people peered ahead into 2009, no forecast looked too dire. "The end of globalisation" was a common refrain. Some thought emerging markets would turn inward to protect themselves from the contagion of the West. Others forecast that hundreds of millions of people would be tipped into hunger. The IMF's managing director, Dominique Strauss Kahn, fretted that unless governments did the right things at the right time, there was a "threat of civil unrest, perhaps even of war". At the start of 2010 there are indeed a billion hungry people, for the first time in 40 years. But the **other forecasts now look excessively gloomy. Whereas the last three months of 2008 saw one disaster after another, the end of 2009 was a period of healthy recovery, as measured by capital, bond and stockmarkets**. **During 2009 the largest developing-country stockmarkets recouped most or all of the losses they had suffered during 2008** (see table). **October 2009 saw the largest monthly inflow into emerging-market bond funds since people started tracking the numbers in 1995**. Russia's central bank estimated that the country would attract $20 billion of capital inflows during the fourth quarter, compared with capital outflows of $60 billion in the first nine months. **The IIF now reckons that net private capital flows to developing countries will more than double in 2010 to $672 billion** (still a long way below their peak). So much new money is flooding into emerging markets that calls for capital controls are echoing around the developing world. This craze for emerging-market paper could perhaps prove a bubble. But as a measure of reputational change, it is accurate. **Countries that were disaster zones at the start of 2009 achieved gold-rush status by the end of it. This turnaround reflects a resilient economic performance during the recession. It also reflects a stunning degree of political and social cohesion**. The most important economic reason for this is that emerging markets were less affected by the rich world's recession than seemed likely early in 2009. Big populous countries—China, India, Indonesia—did not tip into recession; they merely suffered slower growth. Brazil and the Asian tigers saw output fall but bounced back. The pattern, though, was variable. The Baltic states endured a depression; Mexico suffered from its dependence on America; eastern Europe was harder hit than Asia; poor African countries suffered more than middle-income Asian ones.

F2 FDI is bad for democracy

1. d
2. Richmond University: FDI has a positive impact on civil rights in a country as foreign investment typically increases the more they honor civil liberties

https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=1145&context=global

Recent literature and empirical evidence demonstrate that FDI has a positive impact on civil and political rights. There remains, however, a discrepancy between empirical evidence and the sentiments of human rights advocates. The popular view is that countries trying to attract FDI are in a race to the bottom with civil and political rights to appease MNCs, who prefer "repressive states capable of crushing efforts by labor to secure better wages or working conditions."146 **Yet several studies have found a positive relationship between "the extent to which a country honors civil liberties . . . and the amount of foreign investment that the country receives."**147

https://books.google.com/books?id=KoiBAgAAQBAJ&pg=PA109&lpg=PA109&dq=FDI+increases+democracy&source=bl&ots=1vcJP4k4Av&sig=ACfU3U3kaihxlgfyJh-FQWetqJEB5vOesg&hl=en&sa=X&ved=2ahUKEwjLlYTkkJ3lAhXI854KHcJSCZ84HhDoATAGegQICRAB#v=onepage&q&f=false
Moving on to the causal relationship between democracy and FDI, I find reciprocal causality between democracy and the level of MNC influence in economies. **FDI stock-to-GDP Granger-causes democracy, and the long-run effect is positive, a result that is statistically significant at the 5 percent level**. FDI shows a small long-run impacts on democracy, which is positive. **A percentage-point increase in the FDI stock to GDP ratio increases democracy on the Vanhanen index by 0.1, or 1/10 of a point**. This is not entirely insignificant, given that the mean value for democracy among the LDCs is only 12.5 in the time-series data. A standard deviation increase would raise the democracy score by 1.2 points. The reverse relationship, democracy to the ratio of FDI stock to GDP, is also statistically significant, with the long-run effect showing a negative association.

https://www-jstor-org.ez2.pausd.org/stable/pdf/23612173.pdf?ab_segments=0%252Fbasic_SYC-4631%252Ftest&refreqid=excelsior%3A066366e2c197cfc7dd6678e8109de3bb
After World War II, the spread of democracy has been a desirable policy goal for advanced democratic countries and Washington-based institutions to reduce regional conflicts and secure peace in the world. Many policy makers in developed democracies have long assumed that **capital flows and financial liberalization encourage democratic improvement in developing countries** (Rudra, 2005; Armijo, 1999; Rodrik, 1997). Findings in this study should help to eliminate the doubts of policy makers about the negative political effect of FDI and encourage more investment from democratic countries and in non-primary sector to the developing would, especially to economies with authoritarian or communist regime type. The regional variation of the effect of FDI on democracy also suggests that **more FDI in manufacture, service, and technology sectors from developed democracies are needed in Asia, Africa, and the Middle East**. If economic efficiency maximization is the only policy objective, then it does not matter if FDI exerts different political effects for the policy makers in developing countries.

https://www-jstor-org.ez2.pausd.org/stable/pdf/23612173.pdf?ab_segments=0%252Fbasic_SYC-4631%252Ftest&refreqid=excelsior%3A501c63ea9559d713bfe7872dd14a1a83
Second, by promoting economic growth, **FDI boosts the middle class, reduces income inequality, and improves education, eventually fostering democratization**.

F2 Debt-Traps

1. Because FDI creates economic opportunity in their target country, Pettinger '16 finds that FDI inflows can reduce a country's current account deficit.

FDI reduce debt traps

Tejvan Pettinger, Economics teacher (A Level students) at Greenes College and formerly with Cherwell College, Oxford,2-16-2016, "Foreign Direct Investment,"
http://www.economicshelp.org/blog/4987/economics/foreign-direct-investment/
Advantages of Foreign Direct Investment (FDI): Capital inflows create higher output and jobs. **Capital inflows can help finance a current account deficit**. Long term capital inflows are more sustainable than short term portfolio inflows. e.g. in a credit crunch, banks can easily withdraw portfolio investment, but capital investment is less prone to sudden withdrawals. Recipient country can benefit from

improved knowledge and expertise of foreign multinational. Investment from abroad could lead to higher wages and improved working conditions, especially if the MNCs are conscious of their public image of working conditions in developing economies.

F2 Interconnectedness bad

1. <u>Griswold of CATO:</u> a country that increases trade by 10 percentage points is ⅓ less likely to suffer slowdown or crises because an integrated economy of many countries can dampen the effects of a crisis in one.
2. <u>Griswold:</u> as trade has gone up, recessions have empirically been less frequent and severe.

Interconnectedness not bad

Griswold, Daniel. "Worried about a Recession? Don't Blame Free Trade." Cato. 2008//SK

https://www.cato.org/publications/free-trade-bulletin/worried-about-recession-dont-blame-free-trade

America's recent experience of a more globalized and less volatile economy has not been unique in the world. Other countries that have opened themselves to global markets have been less vulnerable to financial and economic shocks. **<u>Countries that put all their economic eggs in the domestic basket lack the diversification that a more globally integrated economy can fall back on to weather a slowdown</u>**. A study by Jeffrey Frankel and Eduardo Cavallo for NBER found that **<u>a country that increases trade as a share of its gross domestic product by 10 percentage points is actually about one-third less likely to suffer sudden economic slowdowns or other crises than if it were less open to trade</u>**. As the authors conclude: Some may find this counterintuitive: **<u>trade protectionism does not "shield" countries from the volatility of world markets as proponents might hope. On the contrary...economies that trade less with other countries are more prone to sudden stops and to currency crises</u>**.[7]

Interconnectedness not bad

Griswold, Daniel. "Worried about a Recession? Don't Blame Free Trade." Cato. 2008//SK

https://www.cato.org/publications/free-trade-bulletin/worried-about-recession-dont-blame-free-trade

In recent decades, **<u>as foreign trade and investment have been rising as a share of the U.S. economy, recessions have actually become milder and less frequent</u>**. The softening of the business cycle has become so striking that economists now refer to it as"The Great Moderation." The more benign trend appears to date from the mid-1980s. As a recent study from the Federal Reserve Bank ofDallas found: **<u>On average, the five recessions from 1959 to 1983 were 47 months apart, lingered 12 months and were associated with a 2.17 percent peak-to-trough decline in real gross domestic product. By Contrast, the 1990 downturn came after 92 months of expansion,lasted eight months and involved a 1.26 percent decline in GDP. The2001 slump ended a record 120 months of uninterrupted growth,lasted eight months and involved a GDP decline of only 0.35percent. More generally, quarterly growth in both real GDP and job became markedly less volatile after 1983</u>**.[3]

F2 FDI creates income inequality

1. <u>FRBS</u>: Increased high-skilled industry also boosts demand for low-skilled labor, increasing wages across the board. Which is why <u>Klein</u> finds that FDI reduces income inequality in the long term.

FDI doesn't cause income inequality Klein '01, Michael Klein, Carol Aaron, and Bita Hadjimichael, "Foreign Direct Investment and Poverty Reduction", "POLIcy RESEARCH WORKING PAPER", June 2001

Better social and environment standards - race to top. Many critics of FDI allege that multinational companies tend to locate production in countries or regions with low wages, low taxes and weak environmental and social standards. They argue that FDI thus contributes to a "race to the bottom", where countries are forced to lower their standards so as not to lose investment and jobs. It is certainly true that these features of the business environment play a significant role in the decisions of multinationals. However, these items are all just part of the cost side of a business. In the end it is not costs that matter, but profits. Foreign investors balance cost considerations with others that determine the productivity of operations in a particular country. **Overall, FDI flows to places where the net profitability is**

highest, not where costs are lowest. This is reflected in the basic fact that some three quarters of FDI flows to developed countries and not to low cost developing nations. Among OECD countries the experience of Canada and Switzerland is of interest in this regard, because there labor and capital can move freely across provinces with different tax regimes. Studies suggest that firms and individual taxpayers take the tax burden into account, but. that other factors such as the state of infrastructure and other available services are even more significant factors for location decisions (OECD, 1998). Regarding FDI numerous studies suggest that special tax incentives are not the key to attracting FDI, but that the presence of business opportunities is much more important. Business opportunities are in turn enhanced by the rule of law, the quality of a country's labor force, its infrastructure, and so on. ductivity when wages and other costs are low enough to offset the productivity disadvantage. **By the standards of developed economies foreign investors in developing countries pay low wages. Relative to local wages, however, they tend to pay high wages, because foreign companies tend to be more productive than local ones (Graham and Wada, 2000; Mazumdar and Mazaheri, 2000) . The first round effect of greater foreign investment is often to raise wages of relatively well skilled workers in developing countries. This would increase inequality there. Over time as productivity improvements spread in the recipient economy other people benefit and incomes become again more equal than they would otherwise be.** In time, FDI thus helps improve income growth in the low wage countries. **To this extent FDI actually helps equalize the global distribution of incomes .** For developing countries FDI thus creates a race to the top. For advanced countries the situation is somewhat different.

There the move of companies to low wage locations places downward pressure on the wages of relatively low skilled workers. Only better training and upgrading ofjobs will help these workers improve their relative income position. Hence the distrust and dismay, with which many workers in developed countries regard "globalization". Such dismay is a sign that growth that redistributes incomes towards the less well off- as FDI tends to do across countries - easily runs into political constraints, regardless of how many people feel strongly that we need a more equal world. Arguably the relative downward pressure on incomes of workers in high income countries has been one of the major factors behind the disruption of globalization in the beginning of the 2 0 th century (O'Rourke and Williamson, 1999). FDI can also create a race to the top for environmental and social standards, for example labor standards in developing countries. Again this is not because managers of multinationals are particularly nice people. A number of detailed cases show that some foreign companies have operated with weak environmental and safety procedures or allowed labor to be treated badly by international or by developed country standards. In this they rarely behave worse than is the general practice in the recipient country (Box 2).

https://www.frbsf.org/economic-research/files/wp2016-25.pdf

FDI expands the production set of the economy toward more sophisticated goods or introduces more advanced technology, thereby increasing the demand for skilled labor. This results in higher overall labor demand, higher wages for skilled labor, leading to a higher skill premium and increased average wages, and higher labor productivity. These effects are especially large in countries where skilled labor is scarce and the technological gap is substantial.

F2 FDI has no effect on/decreases wages

1. Abed: FDI increases wages by 1) increasing productivity and 2) increasing the demand for workers.
2. FRBS: Increased high-skilled industry also boosts low-skill industry, increasing wages across the board.

FDI inc wages Abouelfarag '18, Hanan A. Abouelfarag1 & Mohamed S. Abed, "The Impact of Foreign Direct Investment on Real Wages in Egypt: A Sectoral Empirical Analysis", Topics in Middle Eastern and African Economies Proceedings of Middle East Economic Association Vol. 20, Issue No. 2, September 2018 /

In this research, we tried to assess the dynamic impact of FDI on average wages in Egypt during the period 1985-2014 , implementing a number of ARDL models in two stages; first, we used aggregate data, then, a set of time-series models

were conducted for a number of basic economic sectors that were selected according to their high share in GDP. The novelty of this research resides in several aspects; to the best of our knowledge, this is the first study to examine the impact of FDI on wages in Egypt taking into consideration the differentiation between basic sectors in the economy. In addition, we conducted our analysis utilizing the ARDL model that allows us to explore both the short and long-run impacts. **Moreover, we tried to incorporate to our analysis some factors affecting wages other than FDI**

to get more precise empirical results [talks about Wage Bargaining on pg. 74]. The empirical analysis reveals that FDI has a positive long-run effect on wages on the aggregate level , also, the individual-sector models ensure the positive effect in all sectors except the tourism sector, the manufacturing sector has the highest

impact of FDI among other sectors followed by the financial sector, this may be attributed to the fact that those sectors have the lion's share of FDI (57% collectively) coming to the six studied sectors, while the tourism sector has one of the smallest shares of FDI coming to the six sectors (only 9%). **This positive effect of FDI on wages can be explained either by productivity spillover effect (as labor productivity has positive effect on wages especially in the manufacturing sector) or by the fact that local and foreign firms compete for the limited supply of skilled labor in Egypt, thus, enhancing increase in wage rates.** Our findings are of a significant importance to policy makers as attracting more FDI in general and

manufacturing FDI in particular will have positive effect on average wages of workers, consequently, increasing their spending power and raising the economy's output and overall income. As panel data models give more variability, less collinearity among the variables, more degrees of freedom and more efficiency (Baltagi, 2001), we will conduct a panel ARDL model, in addition to cross-sectionally augmented ARDL models for the basic economic sectors in the upcoming research.

https://www.oecd.org/daf/inv/mne/40848277.pdf
Policy-makers have tended to emphasize the potential benefits that FDI can bring to the host economy, including by improving pay and working conditions. These benefits may be direct or indirect. The former refer to benefits for employees in foreign-owned firms, whereas the latter refer to benefits for workers in domestic firms. **MNEs are able to provide higher wages and, possibly, working conditions because of their higher productivity which, in turn, is explained by greater technological know-how and modern management practices** that allows them to compete effectively in foreign markets and to offset the cost of coordinating activities across different countries. This transfer of technological and managerial know-how across affiliates of MNEs may give rise to direct benefits. **But, it may also lead to indirect benefits by increasing the productivity of domestic firms when the productivity advantage spills over from foreign affiliates to domestic firms**. Productivity spillovers represent positive externalities to the host country and may explain why policy-makers have sometimes treated foreign investment more favourably than investment by domestic firms. **Although not automatic, increased productivity in domestic or foreign- owned firms may lead to higher incomes, better working conditions and more employment**.

https://www.frbsf.org/economic-research/files/wp2016-25.pdf
FDI expands the production set of the economy toward more sophisticated goods or introduces more advanced technology, thereby increasing the demand for skilled labor. **This results in higher overall labor demand**, higher wages for skilled labor, leading to a higher skill premium and increased average wages, and higher labor productivity. These effects are especially large in countries where skilled labor is scarce and the technological gap is substantial.

F2 FDI leads to HRVs

- Richmond University: As countries see higher growth and lower unemployment, their people are less susceptible to exploitation. Long-term correlation between FDI and core labor standards like the right to collective bargaining and lower child labor.
    - Weigh an entire population being less susceptible over a few firms exploiting their workers
    - Weigh on timeframe because the tech and best-practices lasts in the long-term, while these companies don't last forever

https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=1145&context=global

Freedom House154 evaluates the civil and political rights of countries by looking at freedom of expression or belief,155 associational and organizational rights,156 rule of law,157 individual rights, electoral process,158 political participation,159 and functioning of government. Law finds a positive correlation between Freedom House's scores and globalization.160 A study sponsored by the International Labour Organization found a **positive relationship between "core labour standards" and FDI**.161 **These labor standards included fundamental workers' rights such as freedom of association, the right to collective bargaining, elimination of forced or compulsory labor,162 abolition of child labor,163 and the elimination of discrimination**.164

https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=1145&context=global

FDI has demonstrated a potential to be a positive force for human rights. It can result in transfers of human capital and more efficient and greener technologies, **reduced unemployment and poverty, improvements in agriculture, and other things that positively impact human rights conditions**. Human rights advocates should attempt to harness FDI to improve human rights conditions consistently

F2 FDI harms labor laws

- Richmond: Empirical correlation between FDI and better labor laws.

https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=1145&context=global

Freedom House154 evaluates the civil and political rights of countries by looking at freedom of expression or belief,155 associational and organizational rights,156 rule of law,157 individual rights, electoral process,158 political participation,159 and functioning of government. Law finds a positive correlation between Freedom House's scores and globalization.160 A study sponsored by the International Labour Organization found a **positive relationship between "core labour standards" and FDI**.161 **These labor standards included fundamental workers' rights such as freedom of association, the right to collective bargaining, elimination of forced or compulsory labor,162 abolition of child labor,163 and the elimination of discrimination**.164

F2 FDI leads to resource extraction/increases emissions

- World Economic Forum '15: Most of the FDI has started going into the services sector and manufacturing rather than resource extraction.
- Formation of middle class would demand better environmental regulation, which is why Bailey '15 finds that increasing income reduces resource exploitation

FDI not going into extraction anymore

"10 trends on foreign investment in Africa." World Economic Forum. 2015//SK

https://www.weforum.org/agenda/2015/07/10-trends-on-foreign-investment-in-africa/

6— **FDI into services has been gradually but steadily dominating the cash globally, edging out manufacturing and the primary sectors—such as extractives and agriculture**. Africa is not left out—while most of the growth in primary industries took place in the region (nearly six-fold to $22 billion), **services, including in the fast-growing mobile telephony, now account for the largest share of flows in the region, at $37.5 billion last year, or 48% of the total**. Notably highest was "business services", a wide field that includes offshore financial activities.

Prereq to coal argument

Bailey, Ronald. "Fast Growth Can Solve Climate Change." Scientific American. 2015//SK

https://www.scientificamerican.com/article/fast-growth-can-solve-climate-change/

Lower population growth means less demand for energy and other resources than there would otherwise have been. According to the latest World Bank data on 212 national jurisdictions, 85 countries are currently at or below the replacement rate, including Japan, China, Russia, Brazil the U.S. and all of Europe. Total fertility rates in large developing countries like India, Bangladesh and Mexico are also near the replacement rate. Economic development initially worsens environmental externalities such as deforestation and pollution, including the accumulation of climate-damaging greenhouse gases in the atmosphere and oceans. But long term, pollution and deforestation can start to improve as economic growth boosts the incomes of once poor people. The wealthier people become the more they demand and get improved environmental quality via regulation and market mechanisms that promote cleaner and less resource-intensive processes and technologies. For example, since 1980 carbon monoxide, sulfur dioxide and nitrogen dioxide air pollution is down 85, 80 and 60 percent, respectively, even as real U.S. GDP more than doubled. Data from the Food and Agriculture Organization of the United Nations' latest global forest trends report shows that **deforestation halts and reverses when per capita incomes reach a threshold of around $4,200. Economies increasingly grow by squeezing more value out of less stuff**.

F2 Hurts the environment

- Richmond University: FDI introduces more efficient and greener technologies that emit less greenhouse gases by replacing less efficient, harmful technologies.
- Weigh: Industrialization is inevitable but we set these countries on the right track with more efficient technology.
- MDPI '19: Higher income = demand better environmental protections

https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=1145&context=global

The human rights impacts of environmental damage are well documented,117 but the fact that MNC activities can have positive and needed impacts on the environment and, ultimately, human rights conditions, is often ignored. When **FDI introduces more efficient and greener technologies that emit less greenhouse gas, it replaces less efficient, environmentally harmful technologies**.118 Replacement technologies are especially beneficial in developing countries, which typically have limited access to electricity and rely primarily on carbon-emitting fuel sources.119 With the improvement of environmental conditions, developing countries will inevitably see improvements in health and reduced risk of diseases associated with environmental damage. It is therefore counterproductive for human rights advocates to ignore that FDI is essential to spread greener technologies to developing countries with weak environmental standards.

Reduces pollution

"Environmental Impacts of Infrastructure Development under the Belt and Road Initiative." MDPI. June 2019//SK

this [117]. Additionally, a logging moratorium in China's Heilongjiang province caused spill-over e ects for forests abroad [12]. The extent to which this may be a problem has been questioned by empirical evidence from the economic literature which suggests that only marginal firms relocate, while most remain and comply with stricter laws [118]. In addition, trade-related changes in industrial composition may facilitate production at lower relative emission intensities [119 ,120]. Suggesting an interplay of these factors, **an econometric study found evidence for** the pollution haven e ect in BRI countries from non-Chinese investment but found that **Chinese investment reduced emissions** [121]**. Trade also transforms techniques of production and consumption, changing income and thus pollution levels** [122]. According to the environmental Kuznets curve, **pollution increases initially as income grows, but above a turning point, pollution falls as higher incomes bring technological improvements and increasing demand for environmental amenities**. Although the evidence and theory behind the environmental Kuznets curve is highly contentious [123 –126], evidence suggests that environmental policies, clean technology and economic liberalisation can help to flatten the Kuznets curve [127 ,128].

Contention Two Frontlines

F2 China can do it on its own

- Kruessman '19 of the London School of Economics finds that China is mainly interested in Central Asia's natural resources and has little interest in improving border procedures in these countries. Thus, the EU is the only actor that can promote economic progress in Central Asia.

F2 EU can coop outside the BRI (France MoU)

- Kruessman explains that China is heavily restricting EU influence in Central Asia. This is because the EU and China are competing with each other right now, as the EU has its own connectivity plan and even struck a deal with Japan over infrastructure. If the EU joined the BRI, Europe and China would be on the same page. [Herrero].

F2 EIB/EBRD already doing it

- Bossuyt '19: Most of the cooperation between banks is indirect cooperation, meaning both China and the EU are just financing projects. China and EU still lack direct cooperation over BRI projects, which we would argue is more important for implementing customs reforms, rather than just throwing money at the problem.

F2 Central Asia doesn't want others to interfere in their infrastructure/opposes the BRI

- Brookings '19: Central Asian countries are trying to open up their economies, but can't overcome poor border efficiency

F2 Central Asia already has its own connectivity plan

- This is within Central Asia, not with the rest of the world
- The main problem halting this plan is a lack of trust. Fortunately, Boonstra of VCA finds that the EU can act as a neutral actor to facilitate cooperation.

EU can help integrate the region

Boonstra, Jos. "Three Reasons Why the EU Matters to Central Asia." Voices on Central Asia. 3/13/18//SSK

https://voicesoncentralasia.org/three-reasons-why-the-eu-matters-to-central-asia/

The EU is a substantial donor to Central Asia. Most funding goes to Kyrgyzstan, Tajikistan, and regional initiatives. Even though these two countries are to a degree dependent on international development aid, its efficiency is seriously hampered by endemic corruption. Turkmenistan has received minor funding, while Kazakhstan—which is assessed as an upper-middle-income country—only receives funding through regional projects and EU global instruments. Support to Uzbekistan has been modest so far, but could see a boost in the coming years if it follows through on its recent plans for political and economic reform. Central Asian interest in the EU's regional initiatives has a mixed record. As the EU is itself a grand experiment in regional integration, it looks to promote regional cooperation in its foreign policy and sees the world in different coherent regions. The EU seeks to rally the Western Balkans around EU integration and has also developed extensive programming for "Eastern Partners" in its "neighbourhood". In Central Asia, several regional initiatives have been developed to address concrete issues of mutual interest, though these projects are far more modest than those in regions closer to the EU. Central Asian states have, however, been hesitant to participate wholeheartedly in these initiatives, instead preferring to develop bilateral ties with the EU and its member states. This is exemplified by Central Asian governments' interest in talking security with Brussels despite taking only a modest interest in the regional High-Level Security Dialogues that the EU holds every year. **But there are grounds to suspect that the EU can enhance its role as a facilitator of regional cooperation in the coming years.** Uzbekistan's strides toward better relations with its neighbors could offer an opening for such engagement, although the country has thus far initiated new cooperation only on a bilateral basis. **The development of a new EU approach is an opportunity for Central Asian states to work with an experienced and relatively neutral partner to bring their countries together to address**

concrete subjects, ranging from water management to border management. Still, Central Asian states will want to avoid being pushed into "group therapy sessions" led by Brussels. As almost all regional cooperation initiatives in Central Asia are externally driven by Russia, China and the US, Brussels will need to carefully assess what is of interest to a group of Central Asian states and if other countries adjacent to the region (Afghanistan, Azerbaijan, Mongolia) might also want to take part.

F2 Alt causes for lack of connectivity such as lack of knowledge of foreign markets

- The reason why they have a lack of knowledge about foreign markets, if we open up Central Asia's borders, they'll gain experience and become competitive
- Europe could share expertise, as they have an interest in a prosperous/stable Central Asia

F2 EU has no funding for Central Asian infrastructure/Central Asia is not a priority

- More about reducing bureaucracy, sharing techniques, and information-sharing rather than direct funding.
- Turkstra '19: Europe released Central Asia strategy in 2019, because Central Asia's economic potential is bringing the EU closer to Central Asia

EU doing soft infra

Turkstra, Alberto. "Central Asia in the Age of Connectivity." Europe Now Journal. 2018//SK

https://www.europenowjournal.org/2018/06/04/central-asia-in-the-age-of-connectivity/

The EU is expected to release two important strategies in the coming months that will hopefully attach a greater weight to links with Central Asia. As new **geopolitical and geo-economic realities are bringing the EU and Central Asia closer together in various fields, from energy to transportation**, the **EU Strategy on Connecting Europe and Asia and the EU Central Asia Strategy (due in 2019) provides new opportunities for engagement**. The new EU Central Asia Strategy, in particular, will need to be more pragmatic, interest based and result oriented, more flexible than its predecessor, and perhaps less normative and values-driven (despite the evident reluctance of certain EU Member States). The EU should focus on a few areas where the EU presence can be of visible added value, such as the development of the private sector (SMEs in particular, as the engines of growth, innovation, competitiveness and job creation in an economy) and border management, through its Border Management Programme for Central Asia (BOMCA).

F2 EU Central Asian infrastructure plan will fail b/c of internal divisions in Europe

- They agreed on a Connectivity Strategy for Central Asia, in which they identified soft infrastructure as a key goal
- EU has a common interest in gaining access to new markets

F2 BRI trades off with EU connectivity plan

- EU's connectivity plan failing right now b/c of Chinese influence restricting it
- Not mutually exclusive because they can merge the two plans, which is our advocacy

F2 China doesn't want competition in Central Asia

- Kruessman '19 of the London School of Economics finds that China is mainly interested in Central Asia's natural resources. It wouldn't care if other countries traded with Central Asia.

F2 China wants geopolitical influence in Central Asia

- The EU is only establishing customs reform, not trying to take the region over.

F2 22/28 countries joined

- You need the entire EU to join. Putz of the Diplomat finds that individual EU countries are divided on how to approach Central Asia, which limits its capability to act in a unified manner. The EU as a unified body would be more effective.

European countries will be divided

Peyrouse, Sebastien. "A Donor without Influence: The European Union in Central Asia." PONARS Eurasia. 6/17//SSK

http://www.ponarseurasia.org/ru/node/9221

However, even dynamized, the EU Strategy in Central Asia remained without measure compared to its attention to Eastern Partnership states, namely Ukraine, Belarus, Moldova, and the three South Caucasian countries. Central Asia is not meant to be a part of the Eastern Partnership and the EU's normative impact on the region is therefore destined to remain limited. The EU involves many actors, which lends it diversity and new ideas, but also limits its capability to act as a unified player, thereby inhibiting its visibility and impact, particularly on foreign policy issues. The EU is a complex structure with multiple spokespeople and three heads: the Commission, the Council, and the Parliament. **Individual member states have conflicting perceptions of their interests in the Central Asian region. Germany in particular, but also Italy and to a lesser degree France, have advocated for a clearly utilitarian view of Central Asia, promoting economic cooperation and energy-centered projects, while the UK and the Nordic countries lean toward emphasizing a values agenda.** In addition, the EU collaborates closely with other transatlantic organizations such as the OSCE and with international donors such as the UNDP, and it delegates some of its activities to them. Three elements have been competing within the European interest in Central Asia: 1) the promotion of human rights, civil society, and the rule of law, which are fundamental to EU values as a basis for engagement; 2) energy interests that aim to link Turkmenistan to the Southern Corridor; and 3) fostering security in "Greater Central Asia," first through NATO's military engagement in Afghanistan from 2001 to 2014, and since then by continuing to equip and train Afghan border posts. In practice, these objectives have sometimes contradicted one another and the EU often lacks the means to resolve internal contradictions. The economic and financial crisis in several EU countries as well as the ongoing refugee crisis diverted attention from non-priority areas such as Central Asia. EU policy has remained torn between these different approaches, with a visible trend to prioritize energy and security over a values agenda.

F2 Chinese trade war

Impact Defense

F2 World bank is about entire BRI

- It's about specifically customs reforms; call for it.

F2 European multinationals cause firms in Central Asia to fail

- Cheaper access to life-saving goods like food and medicine is a good thing in the long-term
- Small-and medium-sized businesses are hurt the most by customs costs, as they are unable to meet that burden. Thus, smaller companies would see the biggest benefits, not multinationals

F2 Fossil fuel extraction

- Peyrouse '17: Fossil fuel trade is non-unique, 80% of trade right now is oil. Oil/fossil fuels isn't what would be mainly affected by customs reforms, it would mainly be agriculture and *time-sensitive* goods.

Fossil fuels and not profitable for EU companies

Peyrouse, Sebastien. "A Donor without Influence: The European Union in Central Asia." PONARS Eurasia. 6/17//SSK http://www.ponarseurasia.org/ru/node/9221

EU-Central Asia trade is driven by the energy sector. **About 80 percent of EU imports from Kazakhstan are oil products. After hydrocarbons, the nuclear sector constitutes a major portion of Europe's presence in Central Asia, whether through the extraction of Kazakh and Uzbek uranium, or the construction of nuclear power plants.** The military industry also has a rising influence since Central Asian military budgets have been growing steadily since 2007. To this group of drivers can be added the extraction of precious minerals and metallurgy as well as Central Asia's electricity sector, in which European firms are established despite strong international competition. Commercial involvement may foster wider European values/goals in the region, such as to: consolidate the overall EU-Central Asian relationship; prevent the Central Asian countries from having to rely too heavily on a few markets; help strengthen civil society and good governance; and address poverty as the root cause of instability. In theory, the EU could make use of its business potential to help disseminate the societal model that it wishes to embody, and choose to privilege business relations that commit to respecting the rights of local workers, the fight against corruption, promoting fair competition and good corporate governance, and recognizing the importance of contracts. The long-term objective would be to augment the social responsibility of Central Asian enterprises, something that is supposed to have indirect repercussions on the societies themselves insofar as it favors the emergence of a middle class with potential political clout. However, in a globalized wor

F2 Central Asia not profitable b/c of high labor costs and political instability

- Eurasian National University: Europe is interested in Central Asia as a valuable new market to sell products, not a place where it could set up shop.

EU sees Central Asia as key market for products

Kilybayeva, P. "THE EU STRATEGY FOR CENTRAL ASIA – 2019: GOALS, CHALLENGES AND PROSPECTS." Eurasian National University. 2018//SSK file:///Users/skarnati20/Downloads/the-eu-strategy-for-central-asia-2019-goals-challenges-and-prospects.pdf

Another essential issue of relations between Europe and the countries of Central Asia is security and joint struggle against the threats of terrorism, Islamic fundamentalism and radicalism. The situation in this area in the period from 2007 to 2017. also significantly changed. The main center of instability moved from Afghanistan to Syria, where a protracted military and political crisis created a favorable environment for the spread of extremist ideologies and the emergence of new terrorist organizations. Both the European Union and Central Asia are under direct terrorist threat, as both regions are leading in terms of immigration indicators to join such groups as, for example, the Islamic State (a terrorist organization banned in Russia). Europe, which has been subjected to a series of major terrorist attacks, is actively seeking mechanisms to limit and control these processes. Located in close proximity to the region, Central Asia provides great opportunities for this. In addition, Central Asia itself was strongly influenced by radical Islam. Therefore, the second important motive of the EU in the region is the intention to maintain its stability and prevent the transformation of Central Asia into a new hotbed of terrorist activity [2, 7]. Finally, transport and infrastructure are the third area in which the interests of the European Union and Central Asia intersect. The potential for cooperation in this field is really great. First, **for Europe, Central Asian countries are valuable as new markets for products. Today's level of trade between the EU and the countries of Central Asia is far from the potential level, therefore the European business is strongly interested in the development of infrastructure in the region, which will bring the trade relations to a new level.** Secondly, the transit potential of Central Asia is no less important for Europe, because in the long term it can connect it with the largest European trading partner, China, which is also very active in this direction, in particular, within the framework of the One Belt, One Way . Of course, the Central Asian countries in the heart of Eurasia are enthusiastically ready to accept any new projects that simplify access to world markets. Given the degree of interest of Europe in the Central Asian region, it is quite natural that the recent announcement that at a meeting in Luxembourg on June 19, 2017, the foreign ministers of the European Union countries agreed on the formation of a new foreign policy strategy for Central Asia by 2019, which will replace the obsolete morally and politically the document of 2007 [8]

Nuke War Scenario

AGC finds that China is becoming economically self-sufficient through the BRI. Jungwall '17 finds that if China decouples itself from the West it will be able to provoke regional actors with no fear of economic punishment.

Panda '19 explains that China is provoking Vietnam through stealing resources, causing protests in Vietnam and forcing escalation. Even if Vietnam doesn't respond, this will embolden China. Kulacki '16 explains that China believes it can invade Vietnam without US retaliation, but America believes that it has to respond to deter future aggression, so conflict goes nuclear.

Fortunately, Jungwall finds that if the EU integrates with BRI supply chains, it'll have leverage to prevent Chinese aggression.

This outweighs all other nuke-war scenarios:

1. Time-frame: Vietnam dispute is happening right now, so it causes immediate extinction; all of their heg scenarios happen years in the future.
2. War inevitable so it's try or die

Tensions worsening as of October

Varga, John. "South China Sea panic: 'Region on the brink' as Beijing's real mission in area revealed." Express. October 4th 2019//SK

https://www.express.co.uk/news/world/1186251/south-china-sea-latest-world-war-3-news-beijing-vietnam-tension

Since the beginning of the year Chinese vessels have made repeated intrusions into Vietnam's UN-recognised economic zone. Beijing claims that these coast guard ships are undertaking a survey of the seabed. But the truth is that they have been menacing Vietnamese-Russian gas drilling operations, as Beijing tries to assert its hegemony in the region and its control over energy resources buried in the seabed. Experts believe that the South China Sea has up to 11 billion barrels' worth of oil under the South China Sea along with 190 trillion cubic feet of natural gas. The value of these energy resources is estimated to be worth $2.5 trillion. Under international law, a large part of the South China Sea comes under Vietnamese sovereignty. However, Beijing disagrees and says that the entire waterway up to the coasts of the Philippines, Malaysia and Taiwan belongs to it, a claim rejected by an international court of arbitration in 2016. This has led to a growing conflict between Vietnam and China, with the Vietnamese Foreign Minister Pham Binh Minh warning the United Nations over the weekend that "unilateral action" in the South China Sea risks escalating already high tensions. He said: "Vietnam has on many occasions voiced its concerns over the recent complicated developments in the South China Sea, including serious incidents that infringed upon Vietnam's sovereignty. "Relevant states should exercise restraint and refrain from conducting unilateral acts, which might complicate or escalate tensions at sea, and settle disputes by peaceful means." China's conflict with Vietnam is now directly threatening Russian economic and political interests in the region. The Russians are currently involved in a joint oil exploration venture with Vietnam through their oil and gas company Rosneft. According to Hanoi the operation has already lost some $295 million due to Chinese interference. Mr. Putin has worked hard over the past few years to develop strong political and economic ties with President Xi. He sees an alliance with China as the perfect way to counterbalance and oppose US and Nato influence. As Cailin Birch, global economist at the Economist Intelligence Unit, told CNBC " "There's a growing consensus that a partnership between Russia and China is quite a powerful force, led by China rather than Russia, but that between the two of them they could represent quite a powerful bloc. "Russia would be the junior partner based on the size of markets and its prospect for growth, so obviously in that sense, Russia would be pulled into China's sway slightly." Moscow has also been selling billions of dollars worth of military equipment to China, which includes SU-35 combat aircraft, as well as S-400 surface-to-air missile systems. China bought roughly $15 billion worth of weapons from Russia in 2017 alone. And only this September China took part in Russia's huge "Tsentr 2019" war games. Russia

reciprocated by dispatching its ships and warplanes to participate in Chinese exercises in the disputed east and south China seas. Mr Putin is keeping tightlipped over the situation. Officially it has held a neutral position over the ownership of the South China Sea, like the US. Both countries purport to maintain the status quo and freedom of access and trade. But Moscow fully supports Beijing's insistence that any nation not bordering the sea should keep out of the dispute. The Kremlin also loudly agrees with the Chinese Communist Party line that attempts to portray the territorial dispute as a matter of international significance is a "cynical" expression of US "imperialism". With the Russian president staying silent, Hanoi seemingly cannot count on any public Russian support any time soon in its ongoing struggles with China. And things look likely to get worse, as a large crane ship has been spotted some 90km off Vietnam's coast, well within its 370km exclusive economic zone. Named Lan Jing, its job is to install oil and gas rigs. For Beijing.

China picking a fight with Vietnam as of September

Bradley, Charlie. "China bombshell: How Beijing is 'picking fight with Vietnam before bigger battle with US'" Express. September 2019//SK

https://www.express.co.uk/news/world/1176188/china-news-vietnam-us-south-china-sea-world-war-3-picking-fight-spt

The South China Sea has become a cauldron of tension with the US and China squabbling over its distribution. Trade and military presence are the two main motives behind the congested competition in the area. China has already tried to influence Australian foreign policy in the past, using businessmen's political donations to try and change Canberra's stance to being pro-Chinese ownership. Australia enjoys key strategic links with the UK as a member of the Commonwealth but also with the US, as troops regularly touch down for military exercises. The Association of Southeast Asian Nations (ASEAN) is an organisation maintaining cooperation between states on factors such as military, political, trade and alliance issues in the region, therefore playing a vital role over the South China Sea and China. **Beijing is trying to pressure Vietnam into halting its exploration of seas and resources in contested waters, but in July China sent fleets to the Vanguard Bank, an area that lies in the Vietnam economic exclusion zone**. Occupying the Vanguard bank would mean Chinese ships would no longer need to return to mainland China for refuelling and maintenance during journeys into the South China Sea. It also means they can patrol much closer to the Vietnamese coastline and for longer periods of time. In his article for the Asia Times, David Hutt outlines that **the rising tensions between the countries could lead to a repeat of 2014 when a Chinese oil rig Hai Yang Shi You 981 moved into Vietnamese waters**. China's behaviour has not escalated the situation just yet, but **increasing pressure on Hanoi has coincided with increased military spending by the Vietnamese government that could reach $7.9billion by 2024**. According to Derek Grossman, a defence analyst at RAND, China would most likely initiate any violence towards Vietnam first because **Beijing sees the state as a beatable opposition and their "preferred warm-up fight".** Chinese and Vietnamese forces last came to blows in 1988 during a skirmish around the South China Sea's Johnson South Reef, a clash that killed 64 Vietnamese soldiers. That followed on a brief but bloody border war in 1979 where both sides lost thousands of soldiers. Vietnam has also signed new defence agreements with the EU and Japan this year.

Ljungwall '17// Integrating the West into the BRI is the only way to stop Chinese aggression AND this will shift Chinese foreign policy to focus on economic drivers

Christer Ljungwall, 11-29-2017, "Mending Vulnerabilities to Isolation," Taylor & Francis, https://www.tandfonline.com/doi/abs/10.1080/03071847.2017.1401905, accessed 8-20-2019 //TP

Ultimately, the only way to deter a nationalistic China from taking aggressive action in the South China Sea or Taiwan is to make sure that the economic losses of such action continue to be so massive that the CCP deems it too costly, given the risks to stability and its own survival. The US has pursued this goal mainly by strengthening its ability to militarily cut off China from vital supply lines and trade. The key problem with such policies, however, is that they are likely to trigger further arms races and competition. The other way to ensure that

China remains dependent on the West is by engaging Beijing economically. **As China expands lifelines and seeks to decouple itself from dependence on Western countries, it becomes essential for these states to 'be there' and integrate their economies into the BRI supply chains. This would ensure that in the case of Western withdrawal, these supply chains would not function.** China would thereby be discouraged from undertaking provocative action in its neighbourhood. **Also, cooperation and joint projects in the BRI development phase would make it harder for China to act aggressively abroad without putting the project at risk**. Engaging China on its new economic strategy may seem nonsensical to Western policymakers, mainly because regions along the BRI routes, such as Central Asia, are not profitable markets for North America and Western Europe. The West also does not rely on these countries for resource inputs. Yet opportunities should be explored and financial assistance, trade and investment should be encouraged when a basic level of economic viability is present. Naturally, decisions would be made on a case-by-case basis, but the overall approach should not be to dismiss the initiative due to economic irrelevance or lack of interest. When engaging the BRI, Western governments should hold China to its word when it says that the initiative is nothing but a win-win project. Otherwise their support will serve simply to legitimise Chinese geoeconomic expansion. Investment, trade and assistance should come with demands for transparency, oversight and the equal say of stakeholders. **EU member states have reportedly already insisted on this, as they backed away from a joint statement during the BRI forum due to concerns over transparency and sustainability.30 Beijing may be reluctant to accept such demands, but economic drivers and voices in China are often stronger than those that prioritise geopolitical goals. Chinese foreign policy is not locked on a predetermined path, and while it has become more assertive under Xi, it is constructed by a plethora of domestic interests and institutions**. In a best case scenario, **the expansionist motives that underpin the BRI would become completely overrun by economic drivers and China's pursuit of economic wellbeing for its people.** In conclusion, supporting a giant Chinese geoeconomic initiative may seem counterintuitive to competitors such as the US. And while it is true that the BRI will most likely help China to attain its growth and development goals, this is not necessarily a bad thing, even for the US. Economic simulations show that the negative trade impacts of the BRI for the US would be close to zero, even if a BRI free trade zone were established.31 Also, and more importantly, there are indications that an economic downturn in China may lead the leadership to lash out against Taiwan as a way to distract an unhappy domestic audience if the CCP was struggling and left with no other option. It is therefore in the interest of the West that China's economy remains stable and deeply integrated in the international trade and financial system, so that losses caused by severing these connections are almost unthinkable**. To achieve this, participating in the BRI to shape China's future foreign policy is the better option. Failure to do so is likely to increase the risk of a major conflict.**

Panda '19// Since early July 2019, China has engaged Vietnam in a standoff over natural gas—could provoke protests in Vietnam like in 2014, triggers French

Dr. Rajaram Panda, 8-10-2019, "China's South China Sea Policy Flawed – Analysis," Eurasia Review, https://www.f.com/29072019-chinas-south-china-sea-policy-flawed-analysis/, accessed 8-10-2019 //TP

In the most brazen and vulgar display of assertiveness and bullying tactics, ***China that has adopted a confrontationist posture for quite some time is embroiled in a stand-off with Vietnam over the control of the strategic oceanic space of South China Sea believed to be endowed with precious resources. Since early July 2019, vessels of both the countries have been engaged in a tense stand-off over natural gas resources in waters off the coast of southern Vietnam.*** The on-going confrontation near the Spratly Islands is just one incident in a pattern of increasingly assertive Chinese behavior in the South China Sea. ***Unless handled carefully, the incident could provoke anti-Chinese protests in Vietnam, a repeat of what happened in 2014. This time around, the escalation could be more perilous.***

Woo '11// China's economy dependent on oil if China takes the economy collapse

Woo, Dee. "Why A War Between China And Vietnam is Inevitable." Business Insider. July 2011. https://www.businessinsider.com/sino-vietnamese-south-china-sea-warblood-oil-and-american-interest-the-inevitable-2011-7 //RJ

The fragile Vietnamese economy hugely depends on the South China Sea oil production, which accounts for 30% of its GDP. ***Vietnamese economy will collapse if it loses its oil assets in the region***. ***Vietnam is in dire straits***: ***The inflation is running rampant*** while the consumer price index rose 20.82 percent in June from a year ago, the fastest pace since November 2008; ***The bank system is teetering with bad loans*** amid tight monetary conditions and busting economic bubbles; ***the widening trade deficit has eroded the country's foreign-exchange reserves***—estimated at $12.2 billion at the end of 2010, down 53% from the peak of $25.8 billion reached February 2008, which will deter foreign investment, worsen liquidity and increase systemic insolvency. ***All this will seriously aggravate social unrest and threaten the communist regime***. ***Therefore, stoking tension with China will be a good way for Hanoi to direct national grievance away from its domestic mismanagement and vindicate its legitimacy of rule with patriotism and even war. To Hanoi, the South China Sea is worth shedding blood for.*** Now let's look at this from Washington's perspective: the diminishing American economic influence in Asia-pacific will force the US to sustain its engagement with the region in alternative capacities, for example, maintaining military power balance. China now serves as the hub for the region's global supply chain, gobble up components, commodities and capital goods and is coming into its own as a vital pillar of support for the region's economies, particularly at a time Western demand is lagging. "According to ASEAN statistics, China's trade with ASEAN has jumped six-fold since 2000 to US$193 billion in 2009, surpassing that of the US. China's share of Southeast Asia's total commerce has increased to 11.3 percent from 4 percent in that time, whereas the US's portion of trade with the bloc fell to 10.6 percent from 15 percent. During that time, ASEAN's trade deficit with China widened by five times to US$21.6 billion. The bloc reported a US$21.2 billion trade surplus with the US in 2009, down 12 percent from 2000." China is also a very important source of investment and the largest source of foreign tourists in the region. Meanwhile, Asia today is the region with the highest increase in defense spending in the world, and that combined with China's skirmishes over territory disputes with Japan, Vietnam and Philippine, etc. present the US Military-industrial complex with a grave challenge and perfect opportunity. ***The South China Sea dispute offers the US a golden opportunity to come back to Asia, talk about friendship, energy deals and arms sales.*** Now let's look into the stakes for Beijing: the energy-intensive nature of Chinese Economy will underwrite the assertiveness of China's south China sea stance and naval force buildup. " China's oil reserves have shrunk almost 40 percent since 2001 as the economy expanded 10.5 percent a year on average, according to data compiled by Bloomberg." "Currently ***China depends on foreign imports for over fifty percent of the oil it consumes, and half of this imported oil is from the Middle East.***" However, the Arab Spring and stand off between the US and Iran have intensified the volatility of the region to the extent that ***China must diversity its energy supply.*** China's rapid economic development, expanding middle class population, motorization, and urbanization will aggravate its thirst for energy even further: IEA has predicted that China's dependence on foreign energy will increase to over 60-70 percent of its total consumption in 2015. ***The fragile state of its energy security will leave China with few options but securing its oil supply more and more from the South China Sea. Failure to do so will not only threaten China's status as World Factory but also its future survival***. Furthermore, ***any concession on the sovereignty will seriously undermine CCP's legitimacy of rule while it faces serious calls for democracy and freedom of speech***. It is well known that China suffered a lot of humiliation, territory loss and slaughters in past wars with foreign countries. Nationalist sentiments are abundant for the government or the anti-government to tap into when necessary. CCP can't afford to lose such a powerful initiative when it can tip the balance of power. ***All these variables will play out until we smell the blood and gun powder rippling across the South China sea.***

US would get drawn into a China-Vietnam conflict.

LIEVEN, professor in the War Studies Department of King's College, 12

[Anatol, June 12, New York Times, "Avoiding a U.S.-China War", http://www.nytimes.com/2012/06/13/opinion/avoiding-a-us-china-war.html?_r=0, accessed 7/12, CC]

With communism dead, the Chinese administration has relied very heavily — and successfully — on nationalism as an ideological support for its rule. The problem is that if clashes erupt over these islands, Beijing may find itself in a position where it cannot compromise without severe damage to its domestic legitimacy — very much the position of the European great powers in 1914. In these disputes, Chinese nationalism collides with other nationalisms — particularly that of Vietnam, which embodies strong historical resentments. The hostility to China of Vietnam and most of the other regional states is at once America's greatest asset and greatest danger. It means that **most of China's neighbors want the United States to remain militarily present in the region**. As White argues, even if the United States were to withdraw, it is highly unlikely that these countries would submit meekly to Chinese hegemony. But if the United States were to commit itself to a military alliance with these countries against China, Washington would risk embroiling America in their territorial disputes. **In the event of a military clash between Vietnam and China, Washington would be faced with the choice of either holding aloof and seeing its credibility as an ally destroyed, or fighting China. Neither the United States nor China would "win" the resulting war outright, but they would certainly inflict catastrophic damage on each other and on the world economy.** If the conflict escalated into a nuclear exchange, modern civilization would be wrecked. Even a prolonged period of military and strategic rivalry with an economically mighty China will gravely weaken America's global position. Indeed, U.S. overstretch is already apparent — for example in Washington's neglect of the crumbling states of Central America.

US abandoning Taiwan makes Japan lose faith in the US commitment to its defense – causes proliferation.

Fitzpatrick, 16, Mark Executive Director, The International Institute For Strategic Studies-Americas, previously US Department of State Deputy Assistant Secretary for Non-proliferation, Asia's Latent Nuclear Powers: Japan, South Korea and Taiwan. Routledge, 2/12/2016. http://www.cpdnp.jp/pdf/disarmament/WS%20flyer-2016.02.12.pdf.

The single-most important variable affecting Japan's continued non-nuclear posture is the credibility of the US extended deterrence. Credibility is a highly subjective criterion, depending on perceptions more than reality. **Over the years, US credibility in the eyes of some Japanese variously has been threatened by US loss in Vietnam**, force reductions in the region, the Guam Doctrine, withdrawal from the Philippines, inability to prevent China from becoming nuclear-armed and failure to stop North Korea's nuclear programme. Polls in 1969, 1971 and 1996 found that fewer than half of Japanese respondents believed the US would come to Japan's defence if it were exposed to extreme danger.140 Most recently, **the credibility of the nuclear umbrella has come under question due to US defence budget austerity**, a reduced emphasis on nuclear deterrence, **the failure to stop Russian aggression in Ukraine and Obama's decision not to employ military force against Syria** after it ignored his red line on chemical weapons use. Japanese strategists understand that the Ukraine and Syria cases did not involve US security commitments. More analogous to Japan's situation would be US failure to come to the assistance of a defence partner, such as if China threatened Taiwan. **The concerning scenario need not involve conflict. If Washington were to cut Taiwan adrift in deference to greater US national interests, as some American pundits have argued** (see Chapter Three), **it would give the Japanese reason to question the durability of the US commitment in their own case**. **The fact that the US does not have a treaty commitment to defend Taiwan, as distinct from the commitment to Japan, would probably be lost in terms of perceptions**. China's ever-growing dominance as a US trade partner already gives rise to nightmares in Japan that the US might someday choose China over Japan.

Belief in US protection stops Japan from proliferating

Hoey 16 [In "Japan and Extended Nuclear Deterrence: Security and Non-proliferation," http://www.tandfonline.com/doi/pdf/10.1080/01402390.2016.1168010, Journal of Strategic Studies, 4/21/16. Fintan Hoey teaches at the Department of History, Franklin University Switzerland]

Japan's nuclear weapons policy is a complex tapestry of apparently contradictory elements as reflected in the varying policy pronouncements quoted above. **There's the reliance on America's extended nuclear deterrent (END), the acknowledgement of its role in both Japan's own security and that of the region, and the close US–Japanese cooperation in recent years to enhance the deterrent's credibility and Japan's involvement in its conventional aspects**.4 There's also the high-minded commitment to and responsibility for global disarmament and non-proliferation from the only country to have experienced the apocalyptic effects of nuclear warfare. Finally there's the increasingly open acknowledgement of a latent deterrent, i.e. the maintenance of the ability to develop quickly a nuclear deterrent. In fact these three disparate elements form a coherent, if complex, posture. The central pillar, however, is the reliance on the US END. Even the high-flown rhetoric on disarmament in the Ministry of Foreign Affairs document quoted above is quickly followed by the statement that 'nuclear weapons still exist and ... they serve as a deterrent'.5 In April 2013 Japan's permanent representative to the Geneva Conference on Disarmament declined to endorse a joint statement urging that nuclear weapons never be used in any circumstance given Japan's reliance upon the US END.6 **Furthermore, Japan can maintain a latent or tacit deterrent** (as outlined in the above statement by former defence minister Ishiba

Shigeru in 2011) rather than a fully developed one **because of the security guaranteed by the US END**. Moreover, **END was offered by US policy-makers concerned about the global proliferation of nuclear weapons states (NWSs) as a means of ensuring that Japan did not develop its own nuclear weapons**. In the context of the gulf between Japanese public opinion, which is largely ill-disposed towards nuclear weapons and security hawks at the elite level eager to push back against this 'nuclear allergy' the END offered and continues to offer a neat and practical solution. It keeps nuclear weapons away from view and from public consciousness while also acting as a guarantor of Japan's security and a deterrent against nuclear attack and/or blackmail. The US END has a major stabilising influence in the alliance and in the region as a whole. It avoids placing Japan and is neighbours in an awkward 'security dilemma' over the implications of an independent Japanese deterrent. This neat solution is not without challenges, however, since successive Japanese governments have felt it necessary to conceal the true nature of Japan's facilitation of America's nuclear strategy. The provision of and reliance on the END was not the only option open to Japanese or American policy-makers. As this article describes, other alternatives, ranging from an independent deterrent to nuclear-sharing options, were seriously explored in a crucial period from 1964 (when China successfully exploded a nuclear device) to Japan's ratification of the NPT in 1976. In addition the intersecting elements of the negotiations over the reversion of Okinawa and US anti-proliferation policy were brought to bear on this question. Understanding the decisions taken in this period is crucial to understanding one of the key and enduring elements of US security policy in Northeast Asia and its continued importance.

Asian proliferation goes global and nuclear

Cimbala 14 Stephen J. Cimbala, professor of political science at Pennsylvania State University, "Nuclear Weapons in Asia: Perils and Prospects", Military and Strategic Affairs, Volume 6, No. 1,March 2014

Failure to contain proliferation in Pyongyang could spread nuclear fever throughout Asia**. Japan and South Korea might seek nuclear weapons** and missile defenses. **A pentagonal configuration of nuclear powers in the Pacific basin** (Russia, China, Japan, South Korea, and North Korea – not including the United States, with its own Pacific interests) **could put deterrence at risk and create enormous temptation toward nuclear preemption**. Apart from actual use or threat of use, North Korea could exploit the mere existence of an assumed nuclear capability in order to support its coercive diplomacy.19 In Paul Bracken's terms, North Korea can use its nuclear weapons to support either a "strategy of extreme provocation" or one intended to "keep the nuclear pot boiling" without having crossed the threshold of nuclear first use.20 In October 2013 there were reports of the DPRK renewing nuclear activities, and perhaps preparing for new nuclear tests. A five-sided nuclear competition in the Pacific would be linked, in geopolitical deterrence and proliferation space, to the existing nuclear deterrents of India and Pakistan, and to the emerging nuclear weapons status of Iran. **An arc of nuclear instability from Tehran to Tokyo could place US proliferation strategies into the ash heap of history and call for more drastic military options, not excluding preemptive war, defenses, and counter-deterrent special operations**. In addition, **an unrestricted nuclear arms race in Asia would most likely increase the chance of accidental or inadvertent nuclear war**. It would do so because: (a) some states in the region already have histories of protracted conflict; (b) **states may have politically unreliable or immature command and control systems, especially during a crisis involving a decision for nuclear first strike or retaliation**; (c) unreliable or immature systems might permit a technical malfunction resulting in an unintended launch, or a deliberate but unauthorized launch, by rogue commanders; (d) **faulty intelligence and warning systems might cause one side to misinterpret the other's defensive moves to forestall attack as offensive preparations for attack, thus triggering a mistaken preemption**.