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OVERLAND AND MARITIME INTEGRATION IN THE “ONE BELT, ONE ROAD” INITIATIVE

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ABSTRACT

The main goal of the present study guide is to address the impacts and possibilities of the One Belt, One Road Initiative (OBOR) across the many regions it comprises. By recreating the Ancient Silk Road, the OBOR can dramatically transform, not only Asian, but global economic and political dynamics, contributing to the crescent rise of Chinese prowess as a world power. At first, a historical background presents the importance of the Ancient Silk Road and how transportation infrastructure developed in Asia throughout the years, from colonial times to the present days. Then, we expose the different ways OBOR might boost regional cooperation and connect Asian countries through transportation investments. We also discuss the centrality of such initiative to China’s foreign policy, as well as the role played by the Asian Infrastructure Investment Bank (AIIB) in it. Afterwards, we highlight the main projects that have been executed by different international institutions and governments in order to better understand how the OBOR might impact regional and global relations.

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1 INTRODUCTION

Throughout history, integration between different regions has been a major aspect in enhancing economic activity and trade. This communication has long been facilitated by the different means of transportation, such as railways, roads and water systems. Technological innovation not only widened the possibilities of cultural and economic exchange, but also facilitated and fastened such interactions, promoting cooperation and setting up the bases for the globalized world in which we live today: motor vehicles, high speed trains and maritime navigation are some of the many examples that fostered and consolidated these interactions.

Infrastructure investment is one of the main pillars of economic growth. It peps economic activity, generating employment and reducing trade costs, improves productivity and directly supports growth in different sectors in the economy. Hence, it is very clear that a lack of well-developed infrastructure negatively impacts the economy, preventing production to reach its maximum capabilities and undermining national activity.

In 2013, the president of China, Xi Jinping, announced one of the main projects of its foreign policy: the One Belt, One Road Initiative. This ambitious plan seeks to promote regional integration through the resignification of the Old Silk Road. Well-known for establishing the first contacts - terrestrial and maritime - between eastern and western worlds, this route arose as the epoch’s main commercial network throughout different Chinese dynasties until its end in the XV century. The One Belt, One Road Initiative pursues the development of an economic corridor across Eurasia, by mitigating the infrastructure gap that haunts the continent. The extent of the project, which encompasses more than 60 countries and guarantees great expenditures, shows up as a turning point in today’s world economic order: China, as the main player in this scenario, gradually becomes the new economic gravitational centre, expanding its influence in the international system and establishing tighter relations among other nations.

The Asian Infrastructure Development Bank (AIIB) plays an essential role in enabling the execution of the Chinese initiative. It is a multilateral forum that was created in 2016, fostering interconnectivity by addressing infrastructure problems and financing projects, not only in transportation, but also in the sectors of agriculture, energy and telecommunications, for example. With Asian countries as its main shareholders - China, Russia and India - the AIIB represents an alternative towards traditional financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB).
2 HISTORICAL BACKGROUND

In order to understand the impacts of the One Belt, One Road Initiative in the Asian continent, we must analyze the dynamics of infrastructure and trade throughout history, from the first interactions between east and west till the colonialist expansion in the XIX and XX centuries. China was the centre of the economic relations between the states in the region till the XIX century, being isolationism the main feature of Asian continent. The colonial massive penetration only occurred in this century, even though European presence can be pinpointed since the XV century, mainly due to the contact established through the Silk Road. This route - which had a terrestrial and a maritime branch - emerged from the gradual trade connection between eastern and western worlds.

With European capitalist development, the needs for expansion widened, prompting the powers to seek new markets to penetrate and exploit. In this way, the openness of the Asian continent is intimately connected to the expansive needs of capitalism. The great powers sought the dominance over strategic zones, mainly the sites where the Silk Road used to run. In this sense, Central Asia and Southeast Asia - with its port cities and strategical maritime narrows - were two target areas chosen for facilitating colonial trade.

2.1 THE ANCIENT SILK ROAD

The Silk Road was an exchange route, which extended through Asia, Europe and Africa, dating from centuries BC but emerging as a strong and dynamic centre of economic activity only during the Han Dynasty. This Dynasty was the second Imperial power in China – ruling from 206 BC to 220 AD –, preceded by the Qin Dynasty, and was considered a key element for the promotion of the Ancient Silk Road. The main significance of the road relies on the fact that it permitted trade between West and East to arise vigorously, enhancing economic prosperity and cultural exchanges, as it blended different religious, artistic and political conceptions. Briefly, “the history of the Silk Road is a narrative about movement, resettlement, and interactions across ill-defined borders” (Waugh 1989, 9).

It all started through the silk-horse trade. Agricultural activity was characteristic of the Eurasian south, while nomadic herding was the main activity in the steppes. Nevertheless, climate change and political conflict with other nomadic peoples led to population displacements westward. Between 600 and 400 BC, horseback riding developed in the Eurasian steppe - particularly on the north border of the agricultural zone - not only for locomotion purposes, but also for military ones. Thus, it is within this period, when these
cavalries appeared, that systematized trade and contact along the steppe began (Liu 2010).

With the development of nomadic cavalry, looting of millet, wheat and silks proliferated, mainly on the three states of northeastern China: Qin, Zhao and Yan. Aware of this reality, such states appropriated the nomad’s military tactic, giving rise to the need for good horses. Yet, their societies did not have neither the ability nor the appropriate pasture to breed these types of horses - for military purposes (Liu 2010). Consequently, they had to exchange it by some other good, which was the silk, spreading the fame of Chinese textiles beyond the steppe. Therefore, the name “Silk Road” originates from this interchange between silk and other merchandise, where the former was well-known by the Chinese people and considered rare and valuable by the nomads on the western steppe (Lourido 2006).

The commercial expansion initiatives also originated in the West. The first significant contact between east and west was launched by Alexander the Great, who spread Greek influence to Central Asia through his conquests. Nearly the III century BC, his empire already reached from Greece in the west to Egypt in the south, and passed through Iran to northern India. When Alexander lost his domains, new powers ascended to control his conquests: the Romans dominated the western part of the empire, and the Parthians - who belonged to today’s Iran -, the eastern half. On the same period, China dispatched an envoy to Central Asia - Zhang Qian -, who became the first documented Chinese to get in the region (Mitchell 2017).

The Han Dynasty was responsible for the first major Chinese expedition to Central Asia. During its ruling, China’s territorial integrity was threatened by turbulences between different nomadic groups, which led the dynasty to send an agent westward to establish alliances against the ones who threatened its sovereignty (Liu 2010). The envoy was Zhang Qian, well-known for the route - identified as the Silk Road - that he opened, which passed the south of the Tianshan Mountains, through the Yumen Pass in Gansu, and through the Gobi Desert. Thus, the initiative consolidated the importance of the Silk Road and the connection between East and Central region. Furthermore, the envoy’s reports permitted China to expand its power on the west, till today’s Uzbekistan. After Zhang Qian’s expedition, the Han Dynasty started to send political and economic missions to the countries west of its territory, commercializing silk and cotton in exchange for horses (Lourido 2006, Mitchell 2017).
The strengthening of continental empires increased stability on land routes: the Han Chinese Empire in the Far East, Roman in the West, the Kushan Kingdom from Afghanistan to North India, and the Persian Empire (Lourido 2006). However, when these empires dissolved, the trade fluxes got impaired, since the merchandises had to pass through states that imposed different taxes. The viability of trade on the silk route augmented throughout the building of well-established regimes that could guarantee security in the region. Hence, the moments of instability were the ones where the vacuum of a great power existed. Nevertheless, exchanges through Silk Road continued, and were once again intensified in the VII century, when China was under the Tang Dynasty and Islam occupied Central Asia (Mitchell 2017).

The Silk Road also had a maritime branch, and its use was directly linked to the history of the land-based route. Whenever political instability threatened the merchants who used land-based routes, they drewed the trade to the sea (Lourido 2006). The maritime course had two different paths, one that extended from China to the East China Sea connecting to the Korean peninsula and Japan, and other from China to South China Sea, Southeast Asia, South Asia, Arabian Sea, Indian Ocean and the Persian Gulf (Cimsec 2016). Like its overland-based route, the Maritime Silk Road was used since the ancient times, fact that is verified, for instance, by the presence of silk in Japan approximately in 200 AD.

In the Han Dynasty, the city of Panyu (today’s Guangzhou) was the main navigation entrepot of the Chinese Empire to Southeast Asia. A mariti-
me link was established between the peninsula of Leizhou (today’s district of Yexian) and Huangzhi in India, and from there merchandise would be sent towards Arabia and the Mediterranean, passing through the ports of Vietnam, Thailand, Malaysia and Burma (Lourido 2006). Trade across the seas was a tendency in pre-colonial times, and China had an important role in promoting it during its different dynasties. In the Tang Dynasty, the importance of Guangzhou increased, due to the stability experienced on the period. Under Song control, China was considered to have one of the most important ports of the world, in the Zayton region, as relevant as the ones in Alexandria, Soudak - in Crimea - and two others in India.

Image 2: The maritime and terrestrial Silk routes

Source: Absolute China Tours 2017

The XIII and XIV centuries marked the period of Mongol domination, in which “much of Eurasia came under the control of the most successful of all the Inner Asian dynasties whose homeland was in the steppes of Mongolia” (Waugh 1989, 16). On the beginning of the XIII century, Genghis Khan, leader of the Mongols, conquered from China to the Mediterranean. His grandson finished his job by conquering and uniting China, which resulted on the complete dominance of the Silk Road by the Mongol Empire in the end of the period (Mitchell 2017). The Mongol Empire, which encompassed China, Central Asia and the Middle East, made the Silk Road land route easier to cross.

The land silk route was used from its opening by the Han Dynasty to its closure in 1453 A.D by the Ottoman Turkish Empire, which, according to Cassel (2006) interrupted trade with the western areas after defeating the Byzantine Empire. Following the collapse of the route, Europeans strived to find a sea alternative to the land-based Silk Road. Even though trade conti-
nued along certain parts of the course, most merchandises began to be commercialized through the sea, and the land routes lost their previous relevance (Mitchell 2017). The Chinese protagonism on the maritime Silk Road also crashed: The Ming dynasty and its isolationist policy towards navigation gave Portugal the opportunity to emerge as a key actor in this scenario. Hence, Macao was strategically founded by the Portuguese near the city of Guangzhou, the previous terminal of Sea Silk Route, turning them into intermediators between China and abroad (Lourido 2006).

2.2 THE EXPANSION OF COLONIALISM IN THE ASIAN CONTINENT

The colonial presence in Asia in the mid-XIX century was a result of the development of capitalism on the European continent, which created the need to search for new markets and raw materials for its products. This expansion was then essentially commercial, with financial relations only appearing at the turn of the century. However, for the products to circulate in the region, the European powers needed to develop an infrastructure that could meet their commercial demands. In this way, Russian presence in Central Asia was responsible for the development of railways, roads and cities, which facilitated trade by land. The English and Dutch presence, for instance, led to the domination of port cities in Southeast Asia as well as important straits where commercial routes passed through.

2.2.1 INVESTMENTS IN CENTRAL ASIA

After the Mongol Empire, the vacuum of power characterized the years that followed in Central Asia, since there was no hegemonic nation that could control it as a whole - in spite of the proximity with several great powers, such as the Persians, the Ottomans and the Russians. That changed in the XIX century - through Russian massive penetration in the region - when Central Asia became the stage for the Great Game, which was essentially the dispute between Britain and Russia for supremacy in the area. Russian conquests in Caucasus and Central Asia were considered a threat to British power in India, leading to the strengthening of protection in Indian colonies (Duarte 2012). Russia’s colonialist movements may be considered the last phase of its expansion, giving rise to an asymmetrical relationship between the Russian power and the states in the region (Forniau and Poujol 2005).

The geography of colonization was aligned to the economical and strategical objectives of Russia, developing new economic activities, such as mining and the oil industry, and redirecting the investments to the cotton production and the building of railways. Briefly, the Russian empire was engaged in constructing infrastructure that would allow its insertion in the
region, and these changes turned these Central Asian territories into colonial economies, dependent on the interests of the Russian empire (Abdurakhimova 2005).

Along the Eurasian steppes, the most important areas, in terms of economic and strategic relevance, were the eastern and western sides. On the former, the Irtysh River appeared as a key waterway, since it permitted an active trade with China and Mongolia. In the west side, the axis connecting the Aral Sea to Orenburg, and the region in between the Ural river and the Caspian Sea can be highlighted as the most significant areas. From the steppes to Transoxania, the linkage was provided by the region of Semirechye and by the basin of the Syr Darya, characterizing two important lines for colonial power. The Ferghana region and the Persian boundary, on the southern part of Russia’s domains, also acquired great relevance for the country’s permanence in the area (Forniau and Poujol 2005).

Image 3: The Eurasian steppes

Source: McNeill 2017

In terms of transportation, between 1880 and 1906, several railways and waterways were constructed, which led to the emergence of industries along these routes. The Trans-caspian military railway was built in 1888, followed by the Samarkand–Andijan line, with a branch to Tashkent, in 1898, which enabled the first to run from the Caspian to the Ferghana valley. This valley was the most important cotton plantation area, accounting for one third of all irrigated lands (Abdurakhimova 2005). Hence, considering the relevance of this valley, the significance of a railway that linked it to other territories is evident. The Russian empire committed itself in augmenting the irrigated lands, and did it by extending the canals, digging new systems and constructing new dams (Forniau and Poujol 2005).
The Russian presence in Central Asia resulted on the development of the region’s infrastructure. Without Russian maintenance and building of several corridors throughout these areas, probably the states that compose it would not have today’s format. Hence, even though a colonialist dependence had emerged, the Russian Empire led Central Asia to today’s cohesion, conquering the territories and developing the site where the ancient land-Silk Road ran.

2.2.2 SOUTHEAST ASIA

From XV to XIX century, Southeast Asia gradually experienced the presence of European powers in its territories, establishing a colonialist relationship with them. For instance, the Treaty Ports were unequal agreements, which forced port cities, mainly in Japan, China and Korea, to open its ports to foreign trade. By the 16th and XVII centuries, the maritime routes became subject of dispute between the Portuguese, Dutch, and British. The dominance of ports along these routes enabled the conquerors to establish themselves on these zones and to profit greatly, as they controlled the channels of maritime trade, allowing them to demand monopolies over specific goods, charging the merchant vessels (Facts and Details 2013).

Southeast Asia was divided between Netherland, France, Britain and the United States, and they controlled respectively, Indonesia, Indochina, Malaysia, Burma, Singapore and part of Borneo, the Philippines and Guam. Malacca Strait was one of the most important passages disputed by the western powers, as it served as the main corridor between the Indian Ocean and the South China Sea. In 1511, Portugal dominated Malacca, followed by the Netherlands, in 1641, and finally it went under Britain’s control, in 1867. The Singapore Strait was as important as the Malacca Strait, since it linked the South China Sea to Malacca, passing in between Singapore and Indonesia (Chew 2011).

Britain had great influence over the Southeast Asia region. In 1786, the British East India Company occupied the island of Penang on the Bay of Bengal, seeking out to safeguard the growing commercial relations with China and to guarantee British presence in the Malay Archipelago. The main issue was that the island was too far to become a central settlement, hence, the British had to search for another potential entrepot, which led to the occupation of Java - that belonged to Dutch control - on the beginning of the XIX century. Under Dutch rule again, Java was no longer an alternative for the Britain’s aims, fact that engaged the British once again on the search for alternative strategically located sites near the Straits (Dick and Rimmer 2003). Therefore, in 1819, the British conquered the island of Singapore.
The success of the new entrepot was evident: excellent location, which led to its emergence as a commercial center in the region. Towards this reality, the Singapore Strait gained even more relevance and Singaporean exports experienced a huge increase, turning the city into the pivot for the trade from Indochina, China, Thailand, Malay Peninsula, Indonesia and Europe. Hence, Singapore acquired a major role in the sea-trading scenario: it became the gravitational center which Intra-Asian trade would surround. On the other hand, Java could be seen as a peripheral part of Asian commerce, as it represented an outlying island of the Atlantic trading system (Dick and Rimmer 2003).

In sum, the colonial presence in Southeast Asia pepped maritime trade networks, especially intra-Asia ones. Since the ancient times, these maritime routes had been of great relevance for trade in the region, being used by China in the years BC and dominated by colonial powers mainly on the XIX century.
2.3 **The XX Century: economic changes and infrastructure development**

The events that unfolded during the XX century represented remarkable changes, not only in Asian history itself, but as well in the development of infrastructure investments in the region. From the outbreak of two World Wars to the processes of independence and the emergence of the Soviet Union in Central Asia, the continent embarked upon a new period of economic and political changes in which transportation infrastructure was profoundly affected.

### 2.3.1 The dynamics of Southeast Asia in the XX century

Asian political history, during the first half of the XX century, is deeply marked by two primordial phenomena: foreign domination and, therefore, lack of sovereignty. As a result of the absence of national autonomy, transport development in the region was strictly dependent on Western capital and technology; infrastructure was primarily responsible for improving imperial trade with the prerogative of fastening transportation between the colonies and the foreign empires. Even though investment rates differed substantially across colonial Southeast Asia, it is possible to trace a pattern: infrastructure connected local hinterlands to trading ports, doing little at improving real national integration. The imperial countries had no reasons to invest in projects that would not improve imperialistic exploitation or trade in the region (Dick and Rimmer 2003).

Based on an export-oriented economy, colonial Southeast Asia was profoundly associated to the Indian Ocean. Its major shipping line was the route, via Suez Canal, from Europe and East North America to China and Japan, passing through the Southeast Asian straits. The colonial governments invested in port infrastructure - such as dock facilities and expansions to support larger ships - , developing and creating port-cities that soon became of fundamental importance for maritime trade. Cities like Singapore, Bombay, Hong Kong and Shanghai expanded and acquired great significance in global and intra-Asian trade (Chew 2011).

During early XX century, the introduction of railways represented the major transformation in Southeast Asia’s freight technology. In 1900, around 5000 kilometers of tracks had been constructed, most of it in the Dutch island of Java and, by 1930, the region’s railway length had increased to around 20000 kilometers. Since then, construction ceased and the network did not change very much until the 1990s. The railway system in Southeast Asia was simple and scattered, doing little at integrating the region like the Indian and Japanese rails did; only Thailand, with a skeletal network,
was capable of promoting a bigger national integration (Dick and Rimmer 2003).

Throughout history, Thailand – formerly Siam – became the only Southeast Asian nation to have never been colonized by foreign powers. Nevertheless, Western influence in the region led to many reforms and concessions: from the end of the XIX century a new Thai nation was built under European models. Both French and British claimed Thai territory, which had its borders shrunk and became a buffer state among a colonial ruled region. Even though it embraced, under many unequal treaties, a semi-colonial control, Thailand’s independence was essential for the expansion of its railways, acquiring a network that contrasted from what was mostly seen in the rest of the region (Baker and Phongpaichit 2014).

Image 5: Colonialism in Asia

![Colonialism in Asia](source:Bos 2013)

While subordinated to British authorities, India slowly evolved into an empire capable of fighting for its own interests, “often forcing the home government into policies with which it was not in entire agreement” (Pannikkar 1961, 111). India was the location from where British power could expand across the region, thus it stood at the center of the European country’s

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6 One of the factors that contributed to Thailand’s independence was its geographical location: standing between both British and French possessions in Asia, the country became a buffer state in order to prevent any clash between the two European countries (Baker and Phongpaichit 2014).
policy in Asia; it emerged as a powerful state with an efficient and organized bureaucracy. Foreign exploitation was clear, but the country managed to develop, with local institutions and authorities, certain autonomy, a fact that contributed to the densification of its railways. The Indian system was considered an exception when compared to other colonial networks: it ranked among the most advanced and largest in the world, both in length and density (Panikkar 1961).

In the 1920s, road transportation began to undermine rail's monopoly, becoming an ideal way to fill the gaps that could not be completed by railroad connections. During colonial times, French Indochina possessed the best road structure in the region, being its main route - the “Mandarin Road” - a highway connecting the Chinese border, passing by Hanoi, to its southernmost regions. Road construction, which represented a cheaper investment, was the leading responsible for the slowdown of the expansion of railways, and the region's economic growth increasingly started to rely on them (Dick and Rimmer 2003).

The conclusion of the Second World War, alongside the Japanese withdrawal from its occupied territories, brought the end of colonial rule to the Asian continent. The devastation of two subsequent World Wars led to the downfall of Western domination; the European powers were lacking the necessary strength to regain control over its possessions in Asia, and emancipation movements started to emerge. In a few years, most of the colonies became free of direct foreign domination: the Philippines in 1946, India and Pakistan in 1947, Ceylon and Burma (currently Sri Lanka and Myanmar) in 1948, Indonesia in 1949, Indochina in 1954 and Malaysia in 1957 (Jeffrey 1981).

The 1960s represented the emergence of a new period marked by remarkable changes in Asia's economic history. In a few years after the complete end of colonial rule, East and Southeast Asia became the fastest growing region in the world. This achievement can be contributed to a select group of eight countries: South Korea, Singapore, Hong Kong, Taiwan - the so called “Asian Tigers” - Japan, Thailand, Indonesia and Malaysia. Through a mixture of government intervention and high levels of private investments, they obtained rapid and sustainable growth. After periods of internal turbulence – such as regime changes and institutional ruptures – the results of economic progress began to improve income distribution and increase human welfare (World Bank 1993). These countries were able to grow more than twice as fast as the rest of the continent and, as industrialization and development spread across the region, the new Asian economies started to seek for its position in the international economy, deeply transforming the Asia-Pacific region (O.Flynn and Giráldez 1998). When the importance of transpacific
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Economy grew, Southeast Asian commercial flow was gradually shifted away from the Indian Ocean and the continent was dragged into a new order centered around the Pacific region, which is, up to this day, vital for international trade (Chew 2011).

The introduction of containers to maritime freight represented one of the most significant changes in international trade in the XX century, of equivalent importance as the arrival of steamships in maritime navigation. After World War II, by making it possible to transport large amounts of goods in one single package, containerization increasingly facilitated global commerce, standardizing dimensions and dramatically reducing costs (Hummels 2009). This process was only introduced to Southeast Asia in 1972, but it rapidly improved its integration and fostered trade. Singapore became, once again, the major shipping hub in Southeast Asia and by 1990 it became the second largest port in the whole world. In sum, after overcoming foreign exploitation, Southeast Asia started to evolve into a region that registered remarkable rates of economic growth; with many challenges still to be overcome, it started to seek for its place in the new global economy (Dick and Rimmer 2003).

2.3.2 Chinese infrastructure in the XX century

China, on the other hand, managed to maintain its independence across the colonial period. However, a series of unequal treaties with foreign powers roughly debilitated Chinese sovereignty. While having many peripheral regions and important commercial hubs under foreign control, its territorial integrity, and thus autonomy, was harshly affected. In 1912, the Qing dynasty saw its collapse, preceding the inauguration of the new Republican China established by the Nationalist Party - or Kuomintang. Chinese economy prior to 1949 was able neither to sustain economic growth nor to increase human welfare; the impacts of the modern industrial sector and transportation were insignificant and its economy could still be described as predominantly agricultural (Feuerwerker 1983).

Chinese economy was heavily undermined by the absence of an efficient transportation network. Whereas the country saw the development of its railway system, it did not have the necessary length or distribution, a fact that increased production costs and decelerated trade (Feuerwerker 1983). Railroads - 93% of them controlled by foreign investors - grew from only 360 to 13,000 kilometers between the years of 1894 and 1927, the great majority of them in Manchuria and eastern China (Lin 2001). The same pattern observed in Southeast Asia persisted in the Chinese territory: in order to export Chinese raw materials and bring foreign industrial products, railways connected trading ports to hinterland regions (Feuerwerker 1983).
When compared to other Chinese regions, Manchuria can be considered a far better connected territory: its railways accounted for over 50% of all tracks constructed during the aforementioned period (Feuerwerker 1983). Increasingly, from the end of the XIX century, the region went under both Russian and Japanese ambitions due to its growing potential as an economically fruitful territory. The Russian Empire established control over zones in Manchuria after constructing, in the late XIX century, the Chinese Eastern Railway (CER) and its southern branch, named South Manchurian Railway (SMR). This route represented a shorter path, across Chinese territory, between the Transiberian railway and Russia’s most important port in the east, Vladivostok. This situation eventually led to the outbreak of the Russo-Japanese War in 1904 and Russian defeat put an end to the country’s rule over the area within the SMR (Kotkin 2010). After the Second Sino-Japanese War (1933-1936), the region of Manchuria came under full Japanese rule when it created Manchukuo, a puppet-state controlled by Japan. Across the years of the first half of the XX century, Manchuria became an important center of investments. It quickly became the most industrialized region in China, a fact that contributed to the development of its dense transportation network and to the prominence of eastern regions in the Chinese economy (Feuerwerker 1983).

The development of roads suitable for motor vehicles was not seen before 1912; but in 1937, 116.000 kilometers had already been constructed in China. Even though the highway network achieved a better regional distribution than railways did, inland regions were still very dependent on traditional forms of transport, and before 1950 the provinces of Xinjiang, Qinghai, Ningxia, Sichuan and Tibet, in western China, had no railways connections at all. In south and central China, water transportation – based on a combination of junk boats and steamships – still represented one of the most important transportation means, while interport freight was mostly controlled by foreign enterprises. In sum, across the republican era, the great majority of goods were still transported by traditional means of transportation (Feuerwerker 1983).

The years throughout the first half of the XX century represented a period of internal turbulence; invasions, revolution and civil war took place in China (Feuerwerker 1983). In 1949, the communists, led by Mao Zedong (Mao Tse-Tung), put an end to the conflicts and proclaimed the People’s Republic of China, building a strong and centralized state in a country that had been disunited for decades. The regime led by Mao Zedong was able to accomplish a remarkable rate of economic growth, putting back into track a near-collapsing economy. By mid 1950s, short-term problems had already been addressed and the Communist Party began to put into practice develop-
velopment programs – such as the Five-Year Plans – in order to tackle structural issues; living standards started to improve and a modern industrialization process was taking place. During the first decade of the Maoist Regime, the Soviet Union played a major role in the industrializing process that took place in China. Development programs emulated the Soviet model of socialism, while technology and engineers were frequently sent from the URSS in order to assist Chinese plans that followed the Soviet path, which focused on the development of infrastructure and heavy industries (Teiwes 1987).

The inauguration of the People’s Republic of China represented a new phase of infrastructure investments in the country. Its development during this new period was largely the government’s role and financed by public funds. Railways length nearly doubled between 1952 and 1970, from 22,900 to 41,000 kilometers. Road construction had an even bigger increase, growing from 126,700 to 636,700 kilometers in the same period of almost 30 years. Despite the crescent investments in transportation, infrastructure development was still very uneven across Chinese regions: the eastern provinces, mainly around cities like Beijing and Shanghai, were very privileged when it came to overland connections (Lin 2001).

For a long time, Chinese provinces in the west have always had its economic development hampered by the distance from the sea and its geographical difficulties. Plans to connect western China to eastern provinces through railways began to be put into practice during this period. In 1953, the Longhai railway, which began to be constructed in 1905, was put into operation, connecting the port city of Lianyungang to Lanzhou, the capital of the northeast province of Gansu. From 1952 to 1962, the revolutionary government started to build the Lanxin railway, bringing further the interrupted path from coastal China by connecting Lanzhou to the capital of Xinjiang, Ürümqi. Even though the key aspect of transportation in the west has always been to connect it to the Pacific Ocean, those railroads were part of a Sino-Soviet plan to link western China to Central Asia via Kazakhstan; however, as the relations between those two countries deteriorated during the Cold War, the project was put aside for decades (Otsuka 2001).

In 1978, the Chinese government, now led by Deng Xiaoping, introduced a series of economic reforms, inaugurating a new phase of economic development. By re-establishing diplomatic relations and joining international institutions – such as the World Bank and the IMF –, China was slowly integrating itself to the world’s economy. When it inaugurated Special Economic Zones (SEZ), China further extended its commitment to global

7 The Chinese government established, in a group of cities, Special Economic Zones (SEZ), in which government rules were loosened and the economy followed a more market-free orientation, encouraging foreign investment and technology (Bramall 2000).
reintegration, attracting foreign investment and promoting exports. In the following decades, the country grew at considerably high rates, managing to achieve rapid and sustainable growth at historically high levels (Bramall 2000).

When compared to other periods in history, infrastructure investments grew at a much slower rate from 1978. This can be contributed to the fact that Maoist investments almost entirely inaugurated infrastructure development in the country, thus it was completely natural that construction pace would decline throughout the years. However, when considering the economic progress fostered by Xiaoping’s reforms, current infrastructure soon became a bottleneck for development: utilization rate in railways increased from 9.5 million tons per kilometer in 1978 to 15.3 million in 1988, while road traffic grew around 28 per cent annually. Just like before, these deficiencies could be better noticed in western regions, where many villages lacked minimal connections and the province of Tibet was still not connected to the national rail network. The rapid economic growth cannot be attributed to infrastructure development as public spending in the sector clearly declined; the Chinese government only recognized these flaws in the 1990s, when, in 1996, the level of investment became eight times higher than it was in 1978 (Bramall 2000).

2.3.3 Central Asia and the Soviet control

After decades of Russian domination, Central Asia became not only a source of raw material, but also a consumer market for the growing Russian production. Colonial policies integrated the region to capitalist dynamics, negatively affecting local manufactures and causing the collapse of traditional values (Fourniau and Poujol 2005). As the global demand for cotton grew, transportation was responsible for turning Central Asia, a former isolated region, into a highly specialized economy and one of the world’s greatest cotton producers. Railroads have been a key modal of transportation in Central Asia, not only during Tsarist period but also throughout the decades of Soviet rule, and the inexistence of highways, along with the low traffic in the Caspian Sea, contributed to this importance (Taaffe 1962).

The major infrastructure project in the XIX century, the Transcaspian railroad, did not connect the region to European Russia, therefore it was not able to fasten interregional trade and lower its costs. In 1901, a direct line to Europe started to be constructed, finally connecting both regions; in only a few years, the Kazalinsk route, as it was called, was handling 61% of all the cotton exports – becoming the dominant artery in Central Asia. The emergence of a more efficient transportation network fostered economic growth and urbanization; trade expanded and the region witnessed great
industrial development, mainly in sectors based around cotton processing (Taaffe 1962).

The participation in the First World War resulted in devastating consequences to the already weakened Russian Empire, which witnessed the break out of a revolution that led the Bolshevik communists to power in 1917. The Soviet control over the region was completely restored only in 1922, after the end of the civil war, when the USSR shaped new national-states by delimiting borders according to its own interests, creating the political configuration that lasts until this day, organized around Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan (Golden 2011).

After the October Revolution, Central Asia’s specialization – mainly around cotton, but also based on raw materials such as minerals and gas – was strengthened by Soviet policies, which, among other things, used railroad construction to integrate former isolated regions into the dynamics of production. Even though internal links played a considerable role in enhancing economic activity, it was the interregional ones that impacted Central Asia’s economy the most. In order to fill the demand for lumber and grains, an old plan to connect the region to Siberia through a railroad was put into action in 1927. The Turkestan-Siberian route began to operate in 1930 and, in a few years, the direct link with Siberia became of vital importance for the growing specialization of Central Asia, providing efficient access to raw materials and leading to an economic boom in its eastern regions (Taaffe 1962).

There was a clear lack of communication between the regions of great economic importance in Kazakhstan and other parts of Central Asia; most of the commodities produced in the Kazakh territory did not have access to other Central Asian republics simply due to the absence of effective transportation between them. The Trans-Kazakhstan route, which began to be constructed in 1931 and was only fully completed in 1953, was partly responsible for finding a solution for this problem. It had the main goal to strengthen commerce between Kazakhstan and the rest of Central Asia, mostly with the provisions of coal from Karaganda, in northeast Kazakhstan. However, in comparison to other links in the region, the Trans-Kazakhstan did not become a route of considerable importance in the Central Asian network (Taaffe 1962).

The establishment of new railroads did relatively diminish the importance of the Kazalinsk route, yet it was still of utmost relevance for the trade between the region and European Russia. It handled the great majority of all exports of Central Asia, transporting most of the one million tons of cotton - three-fourths of all Soviet textiles - shipped in the year of 1959, as well bringing great quantity of industrial goods from the industrialized Soviet regions. On the other hand, transportation in the Caspian Sea was never of
great importance for Central Asia, and its relative significance decreased even more during Soviet years. The central government attempted to diversify maritime transportation, but there was no success: in 1955, non-petroleum trade in the Caspian Sea reached about 1.6 million tons, contrasting with the 18 million tons shipped through overland transportation. The reasons for the low maritime traffic laid mainly in three reasons: high costs and delay, distance between ports and the most dynamic economic regions and the freezing of the northern part of the Caspian Sea during winter seasons (Taaffe 1962).

Since the collapse of the Soviet Union, in 1991, the Central Asian new independent republics were left with a Russian-centered railway network, having most of its route north-south oriented. Although it worked during Soviet control, this configuration was not adequate anymore, lacking the necessary links with other important neighbors, such as China and Iran. In 1992 the Chinese government finished the Beijiang line, which linked Ürümqi to Alataw Shankou, at the Kazakh border, bringing together Chinese railways to Central Asia’s network. Crossing the Kazakh town of Druzhba, this route reached the city of Aktogay, the main railway hub of the Turkestan-Siberian railroad; this link further connected the network to the Kazalinsk route and to the Trans-Siberian railway, completing the path to Russia and, finally, to the European continent. This project was later extended to the construction of an “Eurasian transport corridor”, connecting coastal China to the port of Rotterdam, through Central Asia and Russia - it was inspired by the construction of the Trans-Siberian railroad in 1970, which connected eastern Russian ports to European regions. Despite the fact that connections existed, many improvements had to be made before the path across Central Asia could be actually defined as a true land bridge (Otsuka 2001).
In 1996, a 300 kilometer route was completed between Serakhs, at the Turkmen-Iranian border, and Mashhad, in Iran. By connecting the Turkmenistan’s network to Iran, the landlocked Central Asian countries made the access to the Persian Gulf possible. West from Tehran, railway lines went all the way to Turkey and to the Bosphorus Strait. However, it is important to highlight that, neither the path between the former Soviet republics and the Persian Gulf, nor the long-haul to Istanbul represent uninterrupted paths: as there are many gaps, different rail gauges between the Central Asian republics and Iran are a time-consuming problem and these countries face great difficulties in achieving the route’s full potential (Otsuka 2001).

3 STATEMENT OF THE ISSUE

Investment in infrastructure in China has become one of the pillars of growth of the country’s economy. China has strengthened infrastructure and internal integration in the early XXI century. In addition to that, the country has invested a lot of resources abroad, mainly in neighboring countries, fostering regional integration in the Asian continent.

The One Belt One Road (OBOR) Initiative corroborates this Chinese expansionist project. It is partly driven by the need to sustain investment in the country. The idea of the Chinese Government is to recreate the Ancient Silk Road, with a physical route connecting East Asia to Europe. Also, the project involves a maritime route that intends to enhance trade and integration of the region, connecting China to South Asia and East Africa.

A project of such dimensions takes time and money to run. It requires the encouragement of international investment banks such as Asian Infrastructure Investment Bank, Asian Development Bank (ADB) and even the World Bank. The AIIB particularly was largely created to attend the needs of OBOR, embracing itself as the economic and financial governance support of China’s new broader strategy. With that in mind, the following analysis will focus on the differences between two of the main international banks of the Asian continent – the Asian Infrastructure Investment Bank and the Asian Development Bank – to explore the role of the financial institutions in the regional ambitions. It will also focus on the investments China has made in the past 40 years and what is the country’s expectations for the next years, mainly in the overseas interests, headed by the One Belt One Road Initiative.

3.1 The Asian Infrastructure Investment Bank

The Asian Infrastructure Investment Bank (AIIB) is a new multilateral financial institution founded to bring countries together to address the daunting infrastructure needs across Asia. As an investment bank, AIIB offers fi-
finance for sound and sustainable projects in energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics (AIIB 2017).

The creation of the AIIB is the result of a movement of greater Chinese prowess in the world. A consequence of the country’s economic, political and military rise has been the assumption of a more leadership role within global order. Buzan (2012) argues that “there is one rising China that seems to want to join the existing international society and work within to reform it, and another that seems much less comfortable with the existing international society, and has a rather old-fashioned and self-fulfilling realist view of how great powers should behave”. The new Chinese-led bank is an example of the first strategy.

The Chinese have had multiple aims in establishing AIIB. The most important one is to help meet East Asia’s need for increased infrastructure development funds. Not only that, the bank also represents part of China’s effort to “democratize” the international order, bringing important strategic implications for China’s relations with countries in the region (Park 2016).

Although the AIIB is an initiative to develop the international financial system restructuring, it is also embedded in the current International Financial Institutions (IFIs) which still are central today. However, the difficult adaptability of those to accommodate the emerging world, and especially China’s rise, was one of the reasons to create the AIIB. The governance structure of existing IFIs, heirs of the post-World War II Bretton Woods agreements\(^8\), was evolving too slowly. An important agreement to increase the resources of the IMF, and to raise the voting shares of fast-growing emerging markets, has taken five years to be ratified by the U.S. Congress. There’s also ongoing frustration with the alleged lack of focus on infrastructure and growth by the World Bank (Dollar 2015).

The Asian International Investment Bank can represent a contrast in this context. One clear contrast it has when compared to pre-existing IFIs is its center of gravity: close to the heart of the Eurasian continent, with China, Russia, and India as the top three voting shareholders (Wan 2016). Besides from global governance, there is also the question of China’s economic projection to the world. The AIIB reflects China’s new eagerness to institutionalize its official lending abroad strategy, which has been generous but contentious. If the new institution did not exist, China would continue lending more money bilaterally. It has instead invited outside participation, precisely

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\(^8\) These institutions, created in 1944 in the dying days of World War II, capture the geopolitical realities of a time when the world was dominated by the United States and a few other Western economies (Subramanya 2015).
because it wants the respectability such partnerships offer (The Economist 2016a). At the same time, the more members China is able to attract to its IFI, the more pressure there is on Beijing to follow the existing international practices. It is a mutual quest for legitimacy.

The Chinese Government provided 30 percent of the new bank’s capital (approximately US$30 billion in capital subscription), representing the largest share. The authorized capital stock for the bank is US$100 billion, which represents about half of the WB’s and 2/3 of the ADB’s capital stock (AIIB 2015). To reinforce this influence, AIIB is the first multilateral bank that does not have the United States and Japan as partners, but includes major economies in the Asian region, such as South Korea and Australia.

It is also important to recognize the AIIB’s role within the One Belt One Road initiative. It is the financing arm of this ambitious project and acts as the spearhead of China’s OBOR initiatives (Zhu 2015), which will be discussed later. In January 2017, the AIIB finished its first year in operation, and an assessment by Forbes summarized its experience saying that China has therefore been able to advance its soft power, expanding its economic interests while gaining acceptance on the world stage. Because of that, the AIIB one-year anniversary can be said to be a successful one (Hsu 2017).

Another important international bank in the Asian region is the Asian Development Bank. It is an Asian financial institution created in the 1960s to encourage economic growth and cooperation in one of the poorest regions of the world. Initially, the bank focused much of its assistance on food production and rural development. However, new needs have emerged, requiring a wider scope of assistance - reaching not only more countries, but also different areas of the economy (ADB 2017).

The ADB includes the United States as a member and it has Japan as its main shareholder. With Japanese economic and industrial recovery in the 1960s, the fate of Asia began to change. Japan largely invested in Asia and, by lending, it created better economic opportunities. Thus, Japan became a role model for East Asian economic surge in the end of the XX century (Malik 2014).

China – as the main shareholder - is now trying to reach a similar influence that Japan has had with the ADB. Therefore, the AIIB becomes a great tool to enhance the Chinese power by funding development projects in the nations with which the country has trade ties or with which it wants to improve trade ties (Park 2016).

3.2 The Chinese Recent Economic Growth

Since the late 1970s China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role.
According to Li Yang, Vice President, academic member and professor of the Chinese Academy of Social Sciences (CASS), there are four main factors that determine China’s economic growth in the past few decades, leading the country to become this major driver of the global growth (Yang, 2013).

The first is a series of gradual economic reforms that have been taken place in the country, especially since the beginning of the 1990’s. It includes the modernization of the financial sector, the allowance of private investments in several areas of the economy and reforms in the fiscal and in the exchange rate system – increasing the inclining Chinese economy towards marketization.

The second is the crescent present of foreign investments in the country. Foreign Direct Investments (FDIs) have positive impact on economic growth. In China, for example, the FDI net inflows increased from US$3,487 billion, in 1990, to US$249,859 billion, in 2015. The Chinese Gross Domestic Product\(^9\) (GDP) also had a boom in the same period, growing from US$360,859 billion, in 1990, to US$11,065 trillion – becoming the second largest GDP in the world, only behind the United States (World Bank 2015).

The third factor is the continuously improved economic structures. China’s major drivers of economic growth are the industrialization and urbanization. These two processes require great amount of investment, and infrastructure is a substantial portion of it - involving railways, roads, airports, water, energy and rural projects. The last one is the high savings and investment. Historically, during the process of industrialization, as the income grows, the savings rate (ratio of savings to GDP) tends to increase (Yang 2013).

### 3.2.1 Infrastructure development in China

China’s investments were characterized by a series of social and economic initiatives that started in 1953 with Mao Tse Tung – shaping the Chinese as a planned economy for decades. The initiative runs until present days, and it’s called the Five-Year Plans. The goal of China’s First Five-Year Plan (1953-57) was to strive for a high rate of economic growth and emphasize development in heavy industry (mining, iron manufacturing, and steel manufacturing) and technology (like machine construction) rather than agriculture (Mack 2016).

To achieve the goals of the First Five-Year Plan, the Chinese government opted to follow the Soviet model of economic development, which emphasized rapid industrialization through investment in heavy industry

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\(^9\) Gross Domestic Product (GDP) is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports (Investwords 2017).
Overland And Maritime Integration In The “One Belt, One Road” Initiative (Mack 2016). The Soviet model ended up not being the best alternative for China’s development due to cultural changes the country was facing by the time. However, the Five-Year Plan structure continued to be put in practice – encouraging the economic growth of China through industry, agriculture, transportation and commerce.

Image 7: China’s New Five-Year Plan

The country is now in its 13th edition of the Five-Year Plan (2016-2020). The proposals attain many sectors like industry, transport, finances, health, environment and even the military, setting guidelines and targets for China’s growth. Some of the highlight proposals include the promotion of new energy vehicles and electric cars production levels rose. Also, competition is planned to be improved in national monopoly sectors, like energy, electricity, petroleum and transportation. The plan’s targets also tend to strengthen international coordination of macroeconomic policy and to open even further financial markets (An 2015).
As seen above, infrastructure development remains a top priority for China’s government, which has long recognized that a modern economy runs on reliable roads and rails, electricity and telecommunications (Chen, Matzinger and Woetzel 2013). Such plans intend to bring the entire nation’s urban infrastructure up to the level of infrastructure of a middle-income country. The internal integration of the country from east to west has also great importance in this process, reducing the differences between these areas by building infrastructure that allows a bigger flow of raw material, goods, services and people.

The New Five-Year Plan has much to offer to businesses in China and internationally. In line with China’s ambitious One Belt, One Road Initiative, middle income countries represent about one third of global GDP and are major engines of global growth (World Bank 2017).
Overland And Maritime Integration In The “One Belt, One Road” Initiative

Overland and Maritime Integration in the “One Belt, One Road” Initiative

ative, urbanization and infrastructure investment remain high priorities with plans to coordinate regional development in road, rail and port infrastructure, in order to tie the country together. The Plan also highlights a strong focus on innovative infrastructure and green development. (King&Wood Mallesons 2016) These planned expansions will stimulate other nations to cooperate

3.3 The One Belt One Road Initiative

The One Belt One Road (OBOR) initiative is central to Xi Jinping’s - China’s current leader - foreign policy, with the aim of creating what the Chinese call a “modern Silk Road” trading route that the government believes will be the starting point of “a new era of globalization” (Phillips 2017). Differently from its original version, which focused mainly on trade, the OBOR could also include the flow of financial services, information, technology and people (Cooley 2016). The vision consists in a “belt” as a planned network of overland road and rail routes, oil and natural gas pipelines, and other infrastructure projects that will stretch from China, through Central Asia, and ultimately reach as far as Moscow, Rotterdam, and Venice (Kennedy 2015).

The other part consists in a “road” as its maritime equivalent: a network of planned port and other coastal infrastructure projects that dot the map from South and Southeast Asia to East Africa and the northern Mediterranean Sea (Kennedy 2015). China is supposed to be the main connector between these routes, and it intends to improve the flow of products across the region, reaching and including new markets. The area that will be incorporated in the initiative is going to reach 65% of the world’s population, 33% of the world's GDP and 25% of the global trade of goods and services (Chen, Matzinger and Woetzel 2013). The projected investment for OBOR will be US$1.4 trillion, about 12 times larger than the Marshall Plan11, which was about US$ 120 billion in current value (Zhu 2015).

Being first and foremost a Chinese initiative, it is important to analyze Beijing’s perspective on the project. The OBOR initiative is closely related to China’s development plans. During the country’s economic boom, its provinces have not experienced an equal level of development, which was concentrated on the Eastern part of China. However, China’s New Silk Road focuses on the West, and that also includes its Western provinces, mainly the sensitive Xinjiang Uyghur Autonomous Region (The Express Tribune 2017). The non-Han12 region has been closely related to terrorist attacks in China and has been a challenge to be fully integrated into a Han-dominated country (Clarke 2016). Placing its capital, Urumqi, at the center of the OBOR initia-

11 The Marshall Plan was introduced by the United States to help Western Europe to reconst- truct after World War II. Also, being an important vector for foreign economic and political influence, it has been compared to the OBOR initiative (Shen 2016).
12 The region is multi-ethnic and made up mainly of Uyghurs, who are mainly Muslim and
tive has a developing effect that fulfils Chinese interests. Following behind are the Eastern Chinese provinces, which will take part in most of the investing for the project and are already mobilizing themselves towards it. For example, Fuzhou, the capital of coastal Fujian province, has told its companies to “start businesses in the countries and regions along the maritime Silk Road”; similarly, many big state-owned enterprises (SOEs) have a department specifically for OBOR, in the hope of getting money for their projects (The Economist 2016b, online).

The New Silk Road also takes part in China’s shift in economic policy as the country tries to increase domestic consumption in relation to investment – that is, create a stronger and larger middle class. Within a delicate transition for China’s past decades of unprecedented growth, lies OBOR. It can help prevent investment from falling too fast during China’s structural reforms and give use to its excess capacity. If there is an abrupt movement on how Chinese expenditure is composed, Chinese growth can be crushed before consumption can catch up to compensate. Therefore, rather than a new investment-led model of growth for China, OBOR is an important stabilization mechanism to aid China’s period of economic transition to a more consumption-led model of growth (Lo 2015).

Also, it is important to recognize the role of foreign direct investment (FDI) as a tool for foreign policy: Philippe Le Corre of the Brookings Institution reminded that “[m]ost Chinese foreign direct investments are not normal direct investments. With a few exceptions, they just happen to have the whole Chinese State behind them” (Johnson 2016, online). OBOR contracts are now more likely to involve Chinese firms managing the infrastructure they build, rather than (as in the past) building them and simply handing them over, which creates long-term relations with countries receiving its FDI (The Economist 2016b). This, however, is still a challenge to overcome, as it requires Chinese managers to work overseas and the need to acquire management skills which the Western economies have better developed, such as marketing, branding, and especially human resources - Chinese managers will have to deal with tougher labour legislations in the EU, for example (Taylor 2017).

Influence is, arguably, the most important aspect of the OBOR project. Walking hand in hand with the AIIB, the initiative signals the new order in the global economy China wants to build. Over the past twenty years, its different economic framework has been slowly challenging the American one, which treats every exercise as a zero sum game, i.e. one where they must win identify mostly with other Turkic peoples in Central Asia. This ignites conflicts China is trying to avoid by maintaining firm dominance on the region and trying to shape an identity in Xinjiang which is closer to China (BBC 2014).
and someone else must lose (ONeill 2017). The Chinese approach, on the other hand, is perfectly encapsulated in President Xi’s terminology of “win-win”. The Chinese argue that the Marshall Plan was a means of rewarding America’s friends and excluding its enemies after World War II. OBOR, they boast, is open to all (The Economist 2016b).

An important shift for East Asia’s geopolitics was Trump’s withdrawal of the Trans-Pacific Partnership (TPP), which had been largely coordinated by the Obama Administration. An ambitious mega project to promote free trade and integration of the Asia-Pacific economies, it had a subjacent task of counterbalancing Chinese influence in the region, more so because China was not one its members. It competed with the ASEAN-centered RCEP (Regional Comprehensive Economic Partnership), which was also backed by China, as a project towards the anticipated Free Trade Area in Asia-Pacific (FTAAP) (Kuo 2016). The abandoning of this long-negotiated agreement is set to have big negative impacts on U.S. leadership in the region, significantly improving China’s economic and political position at the expense of the vacuum left by the United States, which will give the OBOR project stronger support for a Chinese-led Asian order (Gomez 2017).

The American and Chinese interests on contemporary subjects are currently quite divided with the new American president Donald Trump. His isolationist policies have been an opportunity for more Chinese leadership in the world order. As Gardels (2017) states,

[Trump’s] “America First” policy promises protectionist tariffs and walls, as well as a retreat from trade, climate pacts, and perhaps, even long-standing military alliances. With Europe mired in inward-looking disarray, that leaves China as the one major power with a global outlook. Ready or not, China has become the de facto world leader seeking to maintain an open global economy and battle climate change (Gardels 2017, online).

OBOR has therefore less political obstacles in its way. It will treat Asia and Europe as a single space, and China, not the United States, is its focal point. The New Silk Road is already beginning to challenge the notion of Europe and Asia existing side by side as different trading blocs (The Economist 2016b). Therefore, it is important to see its impact on the regions which connect these continents.

3.4 The One Belt One Road Initiative outside China

The immediate neighbors of OBOR’s starting point are the countries of Central Asia, in which China has great interest because of their energy
supply. Beijing’s role in the region changed dramatically in the 2000s: China became Central Asia’s most important trading partner, and Beijing turned into the region’s main external creditor (Cooley 2016). There are similar interests between both China and Central Asia regarding security and stability, something the OBOR project is going to have to assure for its investments. Most importantly, the initiative is an opportunity to project the landlocked region’s economy towards the world. Investment is needed for the region’s outdated Soviet infrastructure, which was left to be governed by new independent states that turned to corrupt autocratic regimes (Bregel 2003, International Crisis Group 2011).

The growing Chinese presence in Central Asia is particularly delicate to Russia, which regards the region as its natural sphere of influence. Initially, the Kremlin did not give the OBOR initiative or the AIIB positive feedback, fearing a mutual distrust between China and Russia, which maintain a good relationship and strive together for a more multipolar world order. However, China acknowledged Russia’s concerns and agreed to make some concession to adjust Moscow’s needs, followed by Russia’s endorsement of OBOR and its joint declaration with China on coordinating and linking OBOR to the Eurasian Economic Union (EEU)13 in the middle of 2015 (Bingxing 2017). Central Asia, on the other hand, seeks to reap benefits from a larger number of options on their negotiating table. Many Eurasian countries view OBOR as a critical initiative to avoid becoming dependent on Moscow. Georgia is an example, since its anti-Russian sentiments, which traditionally meant pro-Western policies, are now translating as a vigorous cultivation of ties with China (Cooley 2016).

A region of great interdependence with China is Southeast Asia, which is represented by ASEAN (Association of Southeast Asian Nations)14. This region has significant importance not only for the Belt, but also for the Road of the OBOR initiative. At the same time, it seeks to develop its land and maritime infrastructure. As Wong (2017, online) puts it,

For ASEAN member countries, the initiative will help address an infrastructure deficit, and lift industrial development. While the formation of the Asean Economic Community in 2015 is bringing Southeast

13 The EEU is a new economic bloc composed by ex-member of the Soviet Union, namely Kazakhstan, Kyrgyzstan, Belarus and Armenia. It has its origins in Russia’s initiative to maintain influence and cooperation between ex-members of the Soviet Union, which it still considers nowadays its sphere of influence. However, the project has been failing as the narrative of further integration it proposes is far from being fulfilled (Michel 2017).

14 ASEAN is an economic and political union which integrates Southeast Asian countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam). A big trading partner for China, the bloc has been at the center of Asian regional cooperation despite its territorial disputes with China in the South China Sea (Kuo 2016).
Asian economies together as a single market and production base, the belt and road initiative will offer further integration by developing physical infrastructure and a robust trade regime. The region will be ideally positioned to sit at the centre of global value chains (Wong 2017, online).

In South Asia, there is special Chinese cooperation with Pakistan, a country caught in the middle of a prolonged geopolitical and security quagmire, bordering Iran and Afghanistan and struggling politically with a long rivalry with India. The indo-pakistani conflict leaves both sides claiming for the Kashmir region, whose Pakistani-controlled part is the territorial link between Pakistan and China (Shah 2017). A partnership with China signals a possibility of economic development for Pakistan, at the same time assuring more security in the country, as the penetration of Chinese investment will be accompanied by surveillance and monitoring systems (Shepard 2016, Singh 2017). Similarly, for Iran, the OBOR will help to fight its geopolitical isolation from the Western world order. Sri Lanka is also a fundamental station on the Maritime Silk Road, looking at China as an opportunity to distance itself from Western and Indian dependence. Naturally, these alliances alienate India and push it to a strategic mistrust towards China, especially because of its disregard for India’s alleged sovereignty in Kashmir.

Finally, there is the ending point of OBOR: Europe and, specifically, the European Union (EU), China’s largest trading partner. The continent, despite its lower dependence on building infrastructure, is in a moment of economic stagnation. OBOR signals a rise of a multipolar world Europe wants to be a part of – specifically, as a more autonomous pole. The New Silk Road is of special interest for Central and Eastern Europe, which see it as a gateway for development and whose countries are competing for the important role of linking Asia to Western Europe (Sárvári and Szeidovitz 2016). The New Silk Road is set to integrate Eurasia in an unprecedented way, but its ambitions and high standards will have to be achieved through cooperation among the plurality of actors involved in it. This will demand profitable and smart investments and a strive for Xi’s “win-win” strategy within the scope of the Asian Infrastructure Investment Bank.

3.5 The Possible Impacts of the OBOR Initiative

Economic integration can be defying, but the results of such a challenging project may change the way that countries dialogue with each other. Long term rivals could be allies, transnational problems such as terrorism and water management would no more be a national issue for many countries, the continents will get smaller and the actions in many realms are going to
be faster. Such a complex initiative has many problems and is going to have different impacts in accord to each region that it concerns, the projects it executes and the order of conclusion of such projects.

3.5.1 East Asia

The OBOR initiative could lead to a great integration between both Koreas with a high-speed railroad connecting both countries to China and Russia, connecting the Korean Peninsula as a hole. Japan is losing ground as a major power in Asia, with most countries enjoying, though with reservations, the OBOR project.

Japan is aligning with India to offer another option for those countries to receive what OBOR is creating, infrastructure and integration. Both countries endorsed the Vision Document of the Asia-Africa Growth Corridor, project product of a partnership to develop investment in infrastructure along an axis between Japan, India and Africa, a competitor for the New Silk Road Initiative (OBOR) both in Asia and in Africa. (ERIA 2017, Bhattacharjee 2017)

East Asia by itself is not going to receive much investment. Most of it is focused on supplying China and Korea with a route to Alaska by Russian far-east, and connecting energy grids from Russia to their most important regions, especially the coast. The project is going to help Russia explore better its Siberian reservoirs of gas and oil and connect it with the major industrial zones in its European region. Besides, the OBOR is going to permit Russia explore and have a major control of the Arctic Ocean and exploration, achieving most of Russia’s pretensions in the region (Conley and Melino 2017, Hillman 2016, Baev 2017).

3.5.2 Southeast Asia

ASEAN is both a hindrance and a great partner to China”s ambitious project. The Asian view of international relations give us a clue why that’ is the case. The association members have great deficits in infrastructure, at the same time they are one of the fastest growing regions in the world, with an average growth of 5% per year in the last four decades. (Lee 2015). China is willing to reach the third biggest market in the world (ASEAN 2016) and it will be the focus of a great part of the XXI century Maritime Silk Route Economic Belt as shown in the map below:
With the cooperation of ASEAN, China will have great economic integration with a booming region and a barrier against external aggression; here is where the hindrance joins the scene. ASEAN members have great support of the United States Pacific Command (PACOM), and recently friction between them and China in South China Sea could lead to more confrontation backed by USA (The Heritage Foundation 2017).

The block is not homogeneous in its treatment with China, with countries like the Philippines being more aligned with US, and others like Cambodia with China, most being a mix of economic interdependence with China and military cooperation with USA. The group aim on the non-dependence, both military and economic, from neither great powers, pursuing non-confrontation, development, peaceful problem solving methods and dialogue. Developing greater economic ties with China is viewed as almost inevitable, but the countries are trying to construct a framework of independence and cooperation with the economic superpower (Ciorciari 2009).

It seems that China is succeeding at working together with ASEAN despite their friction, and some important projects such as high-speed trains and ports are being constructed in the region. Both sides are negotiating matters that do not imply confrontation, delaying those that are more sensitive for both sides (Wong 2017).

The Chinese approach to the region wills to diversify the way it connects with the world, giving the country more safety in trade and diminishing the restraints that single countries alone could create, especially the
US. As well, creating more routes enhance not just the quantity of goods and services transacted, but also the quality of the trade, with shorter and faster transactions, integrating markets and societies and overflowing the presence of China abroad (Zecha 2016).

### 3.5.3 South Asia

The China-Pakistan-India border experienced some of the tensest conflicts in Asia along the XX century and is an issue till today, with mistrust in both sides. China’s support to Pakistan made things more complicated between China and India, the two largest markets in the world. Caution is the doctrine of India when handling matters that involves Beijing. (Ba 2014) Pakistan already received investments and projects inserted in the One Belt One Road initiative, due its economic and political proximity, but India is holding Chinese projection in its territory:

As matter of fact, China’s assertive desire to pull India to support this genuinely ambitious initiative to transform Asia will be incomplete if New Delhi fails to buy into these Chinese narratives in support of OBOR. The inherent problem lies in Beijing not comprehending India’s apprehensions and sensitivities, which discourage New Delhi to come forward wholeheartedly and support the initiative (Rajan 2017, online).

India still understands China as a treat to its sovereignty and the occupations of territory and border dispute, especially in Aksai Chin and Arunachal Pradesh, are a live memory of the constant tension in the borders. On the other hand, the project is too ambitious to let the second largest population in the world out of it. India could be a great ally to share the cost of the project and a stronger position in the region to establish an Asian arrangement without foreign intervention (Rajan 2017, Kawashima 2017).

The connection between Iran and Myanmar is important to create a ring of logistic infrastructure in Asia, favoring integration with the Middle East and the Southeast Asia. China would be able to trespass the Himalaya in 3 points, Pakistan, Bangladesh/India/Myanmar, and the Central Asia. The absence of an agreement in South Asia would hurt the integration as a whole. The Ring is a win-win for almost every country, facilitating the trade of goods and services, helping growing countries to acquire energy and their own exports (Kawashima 2017).

The Indian Ocean is important for China’s defense, as it is a way out of the continental landmass in case of siege. The construction of a mass of infrastructure in South Asia, connecting the Indian Ocean to China would
allow the country to access resources in case of war and low the relative
damage of losing its ports in the Pacific. Reaching the region is great for the
Security, Economic and Political relations of China with its around (Nalwa
2016).

3.5.4 Central Asia

China sees the region of Central Asia as the center for its expansion
towards both the Middle East and Europe, passing by Russia or the Balkans.
According to the IMF, official trade volumes between China and Central Asia
exploded - from just under $1 billion in 2000 to over $30 billion in 2010
and then $50 billion in 2013. The reason is that the region is halfway to
both Europe and Russia and has huge oil and gas fields. The infrastructure
connects the markets of Europe, which China exports to, and the Central
Asian huge oil and gas fields, which exports oil and gas to China (Florick
2017).

As showed in the image 11, the infrastructure in the region is a hand
fan, encompassing more area and countries as it goes farther from the main-
land, connecting West China to other regions beyond central Asia as well.
Pipelines connect the Caucasus to Afghanistan. Railways connect Iran and
Kazakhstan. The region got and will get more integrated, with other regions
and with itself. Having escape routes was always a strategic goal for the Pe-
ople’s Republic of China, and integrating this region with its “backyard” and
towards south, gives China capabilities to overcome enemies by having access
to Indian Ocean, as well as the Pacific Ocean. (Florick 2017, Salacanin 2016,
Jian 2017, Kawashima 2017)

The region has periodical crisis, those being political, due terrorism
or climate, and it`s hard to predict how to stabilize the first two. China has
economic power over Central Asia but it is Russia who has the military stren-
gth and political influence to protect investments and assets. The Shanghai
Cooperation Organization (SCO) gives the region an international umbrella
in both security and economic aspects (Aris 2009).

The lack of trust that the region would pay the debts has always been
an issue and China’s plans for overcoming it had already shown results. First
China is financing by itself some projects, but, by multi-financing the projects
with a mix of public and private funding, hedged by the government, it can
both low the cost of loans and compromise less of its own resources, allowing
more funds to other projects.

One of the biggest challenges is to create infrastructure in such
inhospitable region with low-qualified staff in the countries, to both construct
and operate it. China’s plans are seeking to solve such problems by using its
own personnel in the construction sites and training indigenous.
3.5.5 Middle East

The Middle East is going to have a more important role in the next few decades, both producing energetic resources and being a route from China to Europe, as it was in the Ancient Silk Road. The control of choke points and straits are a concern of China, making the stability of the region and good relations with the countries an important task. According to Wang Jian (2017):

First, China and the countries of the Gulf have formed a strategic mutual trade relationship. In 2015, China imported one-third of its oil and liquid gas from the Gulf. These countries (Iran, Iraq, and the GCC) have become China’s most important oil suppliers, accounting for 60% of its imported oil; at the same time, China has become the second largest oil export market for these countries. It is estimated that China’s oil and gas import dependency will reach 67% in 2020. Meanwhile, because of shale gas and other factors in North America,
the US is expected to decrease its oil imports from GCC countries, and the GCC will lose its position as the largest oil supplier to the US and Europe. Thus, the Asian Market, especially China, is vital to these countries, and the strategic trade relationship will push forward mutual trade and investment (Jian 2017, online).

The connection of the region with Central and South Asia is important for the goal of connecting Europe to East Asia. There are not enough ports and railways today to make such integration. Agreeing about the control of the seas is, too, an important issue. The region will be a hub for both the Maritime Silk Road and the Silk Road Economic Belt (Jian 2017). Connecting rivals will be a challenge and facing political instability within and between the countries will require caution and patience.

The Gulf Cooperation Council (GCC) see in the OBOR an opportunity of diversifying its economy and integrate the region in a deeper way. The sovereign funds can benefit of loans, and the economies shall benefit from technical cooperation in fields like new energy, space satellites and nuclear energy (Jian 2017).

3.5.6 AFRICA

The region is receiving massive amounts of Foreign Direct Investment coming from China. The Asian country has three major goals: export its industrial overcapacity, change from a low-tech industry to a high-tech, and diversify its assets portfolio not to rely on U.S treasure bonds (The Guardian 2017).

To retain the same level of output per capita, China must now produce more output per worker than during the period of demographic dividend. One way China aims to achieve this is via shifting domestic low-cost labor-intensive production abroad and moving into higher value-added industries and services. Wage comparison between one of China’s labor-intensive manufacturing hubs, Guangdong province, and those of an emerging industrial park in Ethiopia tells the story of why Africa is in focus for realizing the former objective. (Johnston 2016, online).

African countries would absorb China’s overcapacity, some countries in southeast Asia as well. African countries have, however, less capabilities to achieve better agreements with China, which doesn`t mean that they are not win-win agreements. (Sun, Jayaram and Kassiri 2017) Besides, Japan and India are going to invest in Africa to compete with China, not allowing it dominates the investments in infrastructure as its going to try in Southeast
Having allies in Africa and security cooperation is going to permit China have a more reliable access to the Indian Ocean and the channel to Europe by the Red Sea. Djibouti is the first country to receive a Chinese military base outside its surroundings, and is strategic to provide support to OBOR operations between Indian Ocean and Europe (Panda 2017). China became Africa’s main trade partner by 2009 and arise as one of the most influential countries in the region, cooperating with dozens of governments and providing aid and loans for infrastructure and social programs (Johnston 2016). Africa is one of the best ways that China could diversify its economy, surpass the challenges of an ageing population and overcapacity and still don’t face much resistance due African development from a commodity supplier to a low-tech industrial facility. Perhaps is the best example of Chinese win-win vision about the OBOR (Johnston 2016, Sun, Jayaram and Kassiri 2017).

Some countries are still protective and don’t want to be passive on receiving investments, willing to a more democratic way of developing with Chinese help, but not becoming a neo-colony of China. OBOR in Africa led to a dilemma where China needs stability in the countries it invests in, African countries don’t want foreign interference in domestic affairs, neither China want to, but Chinese programs in Africa are strengthening governments that are not building a social stability and economic trickled-down effect, which leads to more inequality and a less stable society (Johnston 2016, Wu, Alden and Sidiropoulos 2017).

3.5.7 Europe

Europe’s trade will boost up when integrated with Asia. The transnational companies of Europe will be able to make a cheaper and deeper international division of the work, rising the dynamics of the continents economy, reaching cheaper commodities and cheaper intermediary goods.

The Piraeus port in Greece, one of the biggest in the Mediterranean, already received major investments from China, making it possibly the most dynamic sea port in the European Union and the spear head of China’s trade with the block. Turkey is going to step side-by-side with Greece as the major entry point for Chinese plans in Europe, willing to evade dependency over Russian infrastructure. China plans to build other ways to reach the continent, by Turkey and Africa. Cooperation with the European block is crucial, without its support, it would be difficult to integrate 3 continents alone. (Tanchum 2017).

The presence and cooptation, by the U.S., of Europe for decades undermined European projection in the world. The continent left Central Asia almost untouched, while was present as a henchman of USA in other regions.
like East-Southeast Asia and the Middle East. China is now presenting the EU with a chance of projecting itself in the international system again:

The Chinese OBOR initiative presents the EU with a unique opportunity to re-enter the “great game” bringing together its own best practices with Chinese led economic growth, infrastructural development and capacity building. Furthermore, the Chinese Outbound Direct Investment (ODI)—if not steered in the proper direction—does not necessarily entail sustainable development and regional stabilization and could eventually result in long-term adverse consequences for EU policy in its own territory and neighborhood (Arduino 2016, online).

Europe has a long-term vision about integration and development, a long experience that could benefit the fast-growing connections built recently by developing countries, and more now with OBOR. The social and environmental practices of European Infrastructure would diminish the impacts of OBOR constructions, allowing better adaptation with its surroundings.

4 PREVIOUS INTERNATIONAL ACTIONS

The New Silk Road is not exclusively a Chinese view of Eurasian integration. Despite its rapid revamp since the rise of Xi Jinping’s China, the effort of increasing connectivity between Asia and China has been put to place through numerous projects and institutions, some of which are today aligned with OBOR. This section will analyze recent international actions towards Eurasian integration.

4.1 Central Asia Regional Economic Cooperation

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 11 countries (Afghanistan, Azerbaijan, China\textsuperscript{15}, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan) and six multilateral development partners (most importantly the Asian Development Bank\textsuperscript{16}) and has as one of its priorities the area of transport. Since 2001, the program has mobilized almost US$27.7 billion in infrastructure investments in the region (CAREC 2017a).

\textsuperscript{15} Mainly the Xinjiang Uyghur Region (CAREC 2017a).
\textsuperscript{16} The other five institutions are: the European Bank for Reconstruction and Development (EBRD), the International Monetary Fund (IMF), the Islamic Development Bank (IsDB), the United Nations Development Programme (UNDP) and the World Bank (WB) (CAREC 2017a).
In 2012, the institution established the CAREC 2020 (the Wuhan Action Plan), a strategic framework which emphasizes further integration to increase trade and improve competitiveness for the broader Central Asian region. On the transport sector, there was the implementation of a total of 68 medium-term priority investment projects, amounting to US$23 billion, focusing on the sections of the six CAREC corridors that remain in poor condition. There were also agreements to renovate border-crossing points and other movement facilitating mechanisms. The Asian Development Bank plays a role of facilitator and honest broker regarding the implementation and investments for this plan (ADB 2014).

Also in 2012, the World Bank has lent more than US$1 billion for the project entitled “East-West Roads Project (Almaty-Korgos Section)”, which is to upgrade the road section between the Kazakh capital and the border with China and is expected to be finished by 2017. The project also aims to modernize highway management along the Western Europe-Western China (WE-WC) road corridor, a broader initiative of road integration between the two continents centred on Kazakhstan – seen in CAREC as the corridor CAREC 1b (CAREC 2017b). Even though WE-WC is backed mainly by Western international financial institutions, the project is aligned today with China’s OBOR initiative.
4.2 Transport Corridor Europe-Caucasus-Asia and the Trans-Caspian Transport Route

The Transport Corridor Europe-Caucasus-Asia (TRACECA) initiative is an intergovernmental commission backed mainly by the European Union involving it and 14 member-States of the Eastern European (Bulgaria, Moldova, Romania, Turkey and Ukraine), Caucasian (Armenia, Azerbaijan and Georgia) and Central Asian (Iran\textsuperscript{17}, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan) region. The TRACECA Programme was initiated at the Conference in Brussels, in May 1993, with financing from the EU, aiming at the development of the transport corridor from Europe, crossing the Black Sea, Caucasus, the Caspian Sea and reaching the Central Asian countries (TRACECA 2017b).

The TRACECA programme entails the revival of the Great Silk Road through a European project as countries aim to strengthen the transport corridor. An example of that is the Baku-Tbilisi-Kars Railway Project between Turkey, Azerbaijan and Georgia. This project, which also includes Kazakhstan and China, will transport of energy resources to world markets and give advantages to its three central countries in the international transport industry (Van Dijk and Martens 2016). The new link will shorten the travelling distance between Europe and the Caspian Sea and is expected to be completed by the end of 2017.

This programme, although not having China as a member, has been joined by the Trans-Caspian Transport Route (TCTR), which connects China, Azerbaijan, Georgia, Kazakhstan, Turkey and Ukraine and therefore complements the TRACECA programme (TRACECA 2017b). This route satisfies the opening of Eurasian transport connectivity which does not involve Russia. It can also capitalize on the potential opening of Iran and increase trade options for the countries involved (Putz 2016).

4.3 The Asian Development Bank (ADB)

The strategic importance of regional cooperation and integration is anchored in the ADB charter. The bank defined its roles in this subject from four perspectives: as a financer, as knowledge provider, as capacity builder and as honest broker (ADB 2016).

At the Asian Development Bank’s annual conference in May 2017, the President of the institution, Takehiko Nakao, announced to be willing to work on the financing of the Belt and Road Initiative projects, but warned creditors on the high cost of these future investments. The commitment of two important international financial organizations as the AIIB and the ADB

\textsuperscript{17} Due to the UN Security and the EU sanctions, since 2010 technical assistance of the EU projects is not provided to Iran (TRACECA 2017a).
can help to diversify the OBOR funding sources and reassure international investors and commercial banks of the profitability of the Belt and Road projects (OBOR Europe 2017).

4.3.1 Study of the Belt and Road Initiative

In June 2016, the Government of the People’s Republic of China requested policy and advisory technical assistance (TA) from the Asian Development Bank (ADB) to support the Chinese initiative on Silk Road Economic Belt and the XXI century Maritime Silk Road (ADB 2016).

The TA was approved by the ADB and is going to consist in the realization of a new market opportunity for stakeholders along the OBOR initiative areas. The outcome will be to help place the project in the overall regional and economic integration landscape, using the China-Mainland Southeast Asia Economic Corridor as a pilot case. The study will also provide recommendations on how the OBOR initiative can best coordinate with existing regional cooperation and integration mechanisms (ADB 2016). Consultants and ADB researchers are going to review corridors development experience, the development status of Southeast Asia economies, issues concerning international production network cooperation, connectivity between China and Southeast Asia and regional competitiveness.

Image 11: Cost estimates and financing plan on ADB’s technical assistance

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultants</td>
<td></td>
</tr>
<tr>
<td>a. Remuneration and per diem</td>
<td>60.0</td>
</tr>
<tr>
<td>i. International consultants</td>
<td>80.0</td>
</tr>
<tr>
<td>ii. National consultants</td>
<td>80.0</td>
</tr>
<tr>
<td>b. International and local travel</td>
<td>50.0</td>
</tr>
<tr>
<td>c. Reports and communications</td>
<td>20.0</td>
</tr>
<tr>
<td>2. Training, seminars, and conferences</td>
<td>120.0</td>
</tr>
<tr>
<td>a. Conferences and workshops</td>
<td>50.0</td>
</tr>
<tr>
<td>b. Resource persons and survey</td>
<td>20.0</td>
</tr>
<tr>
<td>3. Contingencies</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>400.0</td>
</tr>
</tbody>
</table>

Source: ADB 2016

The technical assistance (TA) is estimated to cost US$ 400,000.00, of which contributions from the ADB are presented in the table. The Chinese government will provide counterpart support in the form of office space and local transport, remuneration and per diem of local support staff, equipment, and other contributions. The value of China’s government contribution is
estimated to account for 9.1% of the total TA cost (ADB 2016). The project is still active in the ADB and intends to be concluded in December 31, 2017.

4.4 Sino-Russian Bilateral Deals (2009-2017)

There are several agreements and deals between the Russian Federation and The People's Republic of China in matters of energy and infrastructure. With the ongoing Ukrainian Crisis, started in 2014, Russia suffered with western sanctions and opposition, weakening an economy oriented on oil-gas-exports, in a scenario with low-price worldwide of those commodities. Russian economic debilities forced the government to speed up negotiations with other energy demanding countries, especially China (Luhn and Macalister 2014).

In 2014 the Sales and Purchase Agreement between Gazprom and China National Petroleum Corporation (CNPC) was signed. A huge project with dozens of wells and thousands of kilometers of gas-pipelines between Siberia and China to provide gas for the next 30 years. China is going to share the costs and Russia flexibilized foreign investment laws to foster Chinese investments in infrastructure in a country with low-reserves (Wang 2016).

Image 12: Planned Infrastructure of “Power Siberia” Project

Source: Gazprom 2017a

4.5 ASEAN`s Master Plan on Connectivity 2025

The main goal of ASEAN’s Master Plan of Connectivity (MPO2025) is to diagnose bottlenecks in 5 areas: Sustainable Infrastructure, Digital Innovation, Peoples Mobility, Seamless Logistics and Regulatory Excellence, and search for solutions. It is the continued policy of ASEAN to pursue long-term integration, growth and stability within the region and with its surroundings. The plan is the second step after the launch of the MPO2010. One heritage

18 Estimated in 400 billion dollars in 30 years (Luhn and Macalister 2014).
from the MPO2010 is the constant need of the block for investments in infrastructure, especially logistic. (ASEAN 2016a)

Image 13: Routes of ASEAN Master Plan for Improvement of Infrastructure in Southeast-Asia

Source: Japan MOFA 2016

The block need for investments is portrayed in the map above, made by the Ministry of Foreign Affairs of Japan (MOFA) which is a great partner of ASEAN in infrastructure investments and expertise. Initiatives such as the Asian Highway, linking Vietnam to Russia, and the Singapore-Kunming Railroad Link, connecting most countries in southeast Asia, are already operational but far from concluded. The lack of investments is a great issue in the region:

Given that ASEAN needs at least US$110 billion of infrastructure investment each year to support future growth, the MPAC 2025 aims to help investors seize opportunities in sustainable infrastructure by improving project preparations, enhancing infrastructure productivity and supporting cities in adopting sustainable practices (ASEAN 2016a, online).

ASEAN plan can receive help from China`s OBOR. Most of Chinese
FDI already goes to Asia. (Zhou and Leung 2015). The AAGC initiative from Japan and India wants to compete with OBOR, and the southeast states don`t want to rely only in Chinese initiative (ERIA 2017).

5 BLOC POSITIONS

As it happened with its entrance in AIIB, **Australia** is hesitant to join officially Belt and Road initiative. This is essentially due to the alleged unilateralism of the project, since the economic benefits are unquestionable. However, China and Australia are struggling to establish greater dialogue since 2016, in order to align OBOR to the Australian’s national initiative - “Developing Northern Australia” - having both countries recognized the importance of the development of infrastructure in the region, a point of intersection between China’s and Australia’s national endeavors (Laurenceson 2017). Despite Australia’s apparent reluctance to participate on the initiative, the prospects are positive, and its entrance might be led by state governments and by the country’s national interests, as the Trade Minister Steve Ciobo argued (Jonge 2017).

**Austria** perceives the importance of China’s One Belt, One Road, not only for itself but for the European Union as a whole. The Eurasian integration can benefit the expansion of free trade agreements and the weakening of protectionism, while the widening of trade routes coming from the east can improve Austrian relations with both China and its Eastern European neighbors. Despite the concern that the Chinese project might undermine local production - a thought shared by other EU members - the Austrian government is willing to cooperate inside the AIIB in order to enhance infrastructure investments in Eurasia (Corre 2017).

**Azerbaijan** has a strategic geographical position in central Asia, representing an important actor to regional connectivity. This reality might be observed through the role the country plays in different integration projects, appearing as a target in all of them, such as the European Union, the Eurasian Economic Union and, recently, the Belt and Road Initiative. However, not only the initiative is new, but also the Chinese presence in Azerbaijan - these countries don’t have an active relationship, which may change with OBOR. When the Chinese initiative was revealed in 2013, Baku responded enthusiastically, seeing in China a new potential investor and a coverage to the gap left by the weakened EU. Since then, China’s financing in Azerbaijan has been helping the country to execute its strategic projects. Hence, Azerbaijan is using the Belt and Road Initiative to develop its infrastructure and to benefit from the profits provided by the faster transportation - in 2015, a route from OBOR was used to transport a container from China to Baku’s International
Sea Trade Port, arriving in only six days (Valiyev 2017).

The Belt and Road can help Asian countries, including Bangladesh, to deepen their integration in global trade. Standing between two regional powers – China and India – the country is part of a key project for the initiative: the Bangladesh-China-India-Myanmar economic corridor, which promotes access to the Indian Ocean. By expanding development in infrastructure through foreign investments, Bangladesh has the opportunity to enhance economic growth and connectivity in international commerce, fulfilling its financial needs. Beside its place in overland integration to the Indian Ocean, the country is also central for the development of the Maritime Silk Road, thus, its ports have great chance of becoming a hub for the expansion of international trade in Asia (Islam 2017).

Cambodia made it clear that it openly welcomes Chinese investments from the One Belt, One Road initiative. The country heavily demands the development of its physical infrastructure in order to sustain and improve its economic growth, perceiving the important role of the Chinese project. Cambodia is inserted in the China-Indochina Peninsula Economic Corridor, and it was the second country - after Laos - in the peninsula that signed a cooperation agreement with China. Since Cambodia is a member state of the ASEAN, the development of its bilateral cooperation with Beijing is of great importance for the expansion of the Belt and Road across the Southeast Asian association (Yuzhu 2017). The Belt and Road Initiative, according to Rahem Kholeif, Consul of Egypt, is aligned to the country’s agenda - pursuit of partnerships, people interaction and economic integration -, and boosts the Sino-Egyptian relations. China and Egypt signed a Memorandum of Understanding, which established Chinese investments of US$15 billion in Egypt and concessions to China in the Suez Canal (Zhou 2017). The importance of the Suez Canal to the Initiative relies on its strategic position and economic significance: it links the Indian Ocean to the Mediterranean, through the Red Sea, increasing maritime traffic and trade of goods (Tiezzi 2017). Egypt is aware of this reality, having already planned the opening of six new ports and industrial parks along the Canal (Emerging Equity 2017). Furthermore, the China Fortune Land Development (CFLD) plan, in the area between Cairo and the city of Suez, was approved, and welcomed by Abdul Fattah Al Sisi, Egypt’s president (OBOR Watch 2016). OBOR initiative might also be seen as an opportunity to neutralize Middle East’s conflicts, according to Rahem Kholeif, as economic integration appears as an alternative towards the failure of diplomatic means and the use of force (Zhou 2017). Besides, the location of Egypt is of great importance to China, since it connects Middle East to Africa.

The contribution of Ethiopia’s industrial sector to GDP, employ-
ment and exports remains low. The country’s national development plans emphasize on promoting export-led industrialization, focusing on manufacturing. In exploring ways to best utilize OBOR’s immense offerings, African governments should be hard-nosed and guided towards implementation and sustainable development, identifying and then agreeing the best policy mix and governance structures for realizing African wins (Johnston 2016).

Representing one of the most important economies in the continent, the French Republic is central for the Chinese view of reaching the strong European Union’s market, the world’s largest and richest. Considering China’s production capacity, it is clear, however, that a wider Chinese insertion in the European market can threaten the EU’s industrial base and competitiveness. France, as a result, shares with some of its neighbors the fear that the initiative might be advantageous for Chinese interests only, and more transparency is demanded in order to put it clear the real Chinese expectations in its expansion across the European continent. Still, the French government is a strong supporter of free trade, considering the OBOR an important mean in the battle against protectionism and its barriers; Paris is willing to cooperate and is very interested in the benefits it can possibly gain from joining the project (Corre 2017).

For Georgia, the OBOR initiative can be seen as a potential solution to many issues such as job creation, building infrastructure and attracting investment to boost the economy. Approaching China is an important tool for Tbilisi to diminish Russian resurgence in Georgia and cooperation is needed so it can boast its east-west highways (connecting it to Azerbaijan) and especially its Black Sea ports (Georgia Today 2017). Georgia has a special position in the region as the only country with free trade agreements with the EU, Common countries, Turkey, and China, so there is great potential for the country to become a logistics hub linking China to the EU and beyond (Larsen 2017). There is growing interest in the development of a port in its city Anaklia given its strategic location, suited to serve large vessels, and also for Poti and its Free Industrial Zone, whose shares are now 75% Chinese, an investment seeking to attract investments in processing, modern technology, warehouse management and logistics for the region (Larsen 2017). These are set to develop Georgia’s economy and make the country more attractive as a gateway between East and West.

Germany understands and supports India’s position, as the German ambassador, Martin Ney, argued that the One Belt One Road initiative pursues China’s interests, not free trade as the Ancient Silk Road did (Bagchi 2017). However, the project might provide great profits for the European power, if well used. Many German enterprises view the initiative as an open door for business opportunities, through the expansion of the connectivity
with the land and sea routes promoted by OBOR. Angela Merkel, Germany’s chancellor, appreciates China’s initiative regarding the possibility of wide investments in Europe and its sphere of influence, having the government already sought the establishment of bilateral dialogues with Beijing. Notwithstanding, this reality also poses a threat to Germany’s performance in the region, since it might undermine European Union stability by weakening its investments procedures and diminishing the bloc integrity between the states struggling for Chinese investment. Hence, Germany’s approach to OBOR is intimately related to its concerns of the range of the project and its geopolitical consequences. For this reason, the multilateralization of the issue is one of Germany’s politics towards China’s big initiative, avoiding the exclusion of the great European powers (Gaspers 2017).

India is the only major country in Asia that has no significant role on China’s One Belt One Road Initiative. This reality is mainly because the project might interfere in India’s sovereignty. How? The China-Pakistan corridor runs over territories claimed by India, in the Pakistan-Kashmir area. Hence, OBOR implicates not only economic but also geopolitical consequences, giving rise to old rivalries and possibly breaking regional stability (Madan 2017). One of India’s efforts when it joined AIIB was specifically related to this issue: by a provision, it was established that any financing project enhanced in disputed areas should be under the agreement of both parts. To better understand the country’s reluctance to the Chinese presence, it is important to introduce the theory of China’s foreign policy, commonly mentioned by Indians as the String of Pearls, as being directed to surround India through a network of Chinese military and commercial facilities (Dabas 2017). Thus, the Belt and Road Initiative might corroborate with India’s concerns about Chinese intentions in the India Ocean Region - that is, to augment China’s influence and to reduce India’s power. However, the country’s disquietudes about the initiative go beyond the regional problem. India is worried about the lack of operational details of the project, which also precludes its acceptance of OBOR (Cai 2017). Furthermore, the Indian Foreign Secretary argues that the Chinese initiative is unilateral, fostering national objectives, not international ones (Madan 2017).

Indonesian President, Joko Widodo, attended to the Belt and Road Forum for International Cooperation in May 2017, having the chance to better shape Indonesia’s role and to increase the country influence on the project. However, like many other countries joining the initiative, Indonesia is wary of China’s hegemonic-like attempts. Indonesian aims are mainly related to maritime projects, as the already planned building of seaports demonstrates. Hence, Belt and Road Initiative appears as a trade facilitator through its infrastructure investments, which enables the merchandise to be transported
Overland And Maritime Integration In The “One Belt, One Road” Initiative

faster. However, Indonesia cannot forget its old partners, in Asia - essentially South Korea and Japan -, in EU and the United States, thus having to balance its alliances (Hadrianto 2017). Furthermore, Indonesia received few investments from the project, even though it has been a part of OBOR since its foundation - the country has received about US$6 billion, while Pakistan, for instance, reaped around US$62 billion (Sundaryani 2017). Consequently, one of the country’s goals is draw China to inject greater investments on the archipelago.

The Islamic Republic of Iran has great chances of benefitting from the major gains brought by the One Belt, One Road. The country’s geographical position puts it in a strategic passage in the Asian continent, standing at the center of the Eurasian Overland Bridge, connecting Central Asia to the Middle East - and further to Europe (Rifaat 2017). The already strong Sino-Iranian bilateral ties are of grand importance for Tehran, and there are no doubts that, under OBOR, it will improve and profit in the future. The expansion of the project in the Middle East can mean a turning point in regional dynamics: the success of the Belt and Road will contribute for the consolidation of Iranian influence in the region, tightening its relations with the rest of the world and giving access to more opportunities for development. A stronger Iran poses a threat to the current status quo in the Arab World, challenging the Saudi regional order (Cafiero and Wagner 2017).

Israel and China developed an extensive bilateral cooperation, and with the rise of Belt and Road Initiative, this relation might deepen even more. Israel can become a possible mediator between the two great world’s leaders: China and United States. This will only happen if the projected Med-Red railway, which transforms Israel into an overland bridge over the Maritime Silk Road, effectively leaves the drawing board (Lim 2017b). The Prime Minister of Israel, Benjamin Netanyahu, has already been in China to elucidate the relation between both countries, defined as a “comprehensive innovative partnership”, in order to align their actions and expectations (Vilnai, Orion and Lavi 2017).

Italy is also a strong supporter of free trade and fights against growing protectionism, being willing to cooperate within China’s One Belt, One Road. The good quality of Italian ports, along with its strategic location, puts the country at an important place in the Maritime Silk Road in the Mediterranean Sea. It surely has something to gain from the integration and the investments the OBOR can bring to the European continent (Goulard 2017). It is very clear that there is no unified position regarding the Chinese project among European Union member states; however, Italy shares with its neighbors the concerns about how a greater injection of Chinese products in Europe might affect its national production, as well whether its products will
be able to benefit from the integration to Chinese markets (Corre 2017).

Seeking enhanced connectivity with both East and West, **Jordan** has shown interest in participating in the One Belt, One Road. It is of no doubt that the Middle East is an essential region for the success of the Chinese project, and Jordan is definitely central to it. The initiative can be harmonized with Jordan’s Vision 2025, a development program aiming to revitalize the national economy. Among a politically unstable region - a major risk for the OBOR - Jordan’s stability can attract many investments under the Belt and Road, enhancing integration and promoting development (Wang 2017).

**Kyrgyzstan** ambassador to China, Kanayim Baktygulova, at the forum “The diversity of cultures along the Silk Road”, in Beijing, manifested the country’s interest in joining China’s Belt and Road Initiative, in order to expand their means of integration, since both countries already cooperate bilaterally in cultural and humanitarian areas (Kazinform 2017). One of OBOR’s plan is to develop international trade, being applied in Kyrgyzstan through the Sino-Kyrgyz agreement to build the China-Kyrgyzstan-Uzbekistan railway and the Issyk-Kul ring road (Taldybayeva 2017). However, some concerns regarding the profitability and feasibility of the project haunts Kyrgyz authorities, since all work will be held by China’s companies and real gains will only be seen after China’s outlays are compensated. Furthermore, the country is also worried about the growing of Uzbekistan’s influence in the region, posing a threat to Kyrgyzstan sovereignty (Maitra 2017).

**Kazakhstan** is at the core of the Chinese initiative in Central Asia. OBOR can place the region in a new global context, developing its importance in international trade; by being the biggest economy in the region - generating 60% of all its GDP - Kazakhstan can definitely benefit from its neighbor’s initiative. In recent years, the country has witnessed remarkable rates of development and it sees the OBOR as a possibility of integrating the Eurasian Economic Union and the European Union into a great sphere of prosperity and cooperation. The Belt and Road needs the Kazakh commitment in order to succeed: its geographical location places it at the center of the initiative in the region, not only representing the main link between Chinese western provinces and Central Asia, but also being the gateway for further connections with Russia, the Caspian Sea and the Middle East. Its economic growth heavily depends on future investments in transportation, mainly in its outdated Soviet infrastructure, which up to this day holds not only obsolete technology, but also inefficient distribution and inadequate directions. Standing between the two great powers in the region - China and Russia - Kazakhstan has historically moved closer to its old Soviet ally; however, that does not mean that the Central Asian country cannot cooperate with its Sino neighbor and Kazakhstan has become one of the major beneficiaries...
of Chinese loans (Orazgaliyeva 2017).

Bounnhang Vorachith, Lao’s president, attended to the first summit of One Belt One Road initiative in Beijing. The country position towards China’s great project is similar to the prevailing one in the neighborhood: it is engaged in strengthening its relations with China and welcomes its infrastructural investments. Lao’s national development objective - to reduce poverty through employment engendered by industrialization - will be improved by OBOR, since the project provides infrastructural modernization, creating, thus, new jobs and boosting the industry sector. Its location is also significant to the initiative, as the country is part of the proposed Pan-Asian Railway, which will connect the Chinese southern city of Kunming to Singapore, passing through the Lao capital, Vientiane (Lim 2017a).

Malaysia expects to reap great benefits from the OBOR project, since it has had the opportunity to recently negotiate game-changing infrastructure projects, the most important one being the East Coast Rail Link, which will drive connectivity and economic growth to Malaysia’s underdeveloped east coast and act as a land-bridge towards its west coast (Razak 2017). Together with investment in Malaysia’s east coast Kuantan Port and west coast Melaka Port, the whole project is equivalent to building a channel that cuts the Peninsular Malaysia and thus the path between Asia and Europe, shortening the voyage and shipping cost in relation to via Singapore (Teo 2017). Therefore, Malaysia’s strategic relevance in the economic arena will be secured further in the future, especially in a moment where, according to President Xi Jinping, the Malaysia-China relation is at its best in history (The Star 2017).

A deep sea port in the city of Kyaukphyu is probably the main project under the OBOR in Myanmar; standing on the Bay of Bengal, a strategic location in the region, it provides great access to the Indian Ocean. The new port is part of the Bangladesh-China-India-Myanmar economic corridor, a key project for the Chinese initiative. Myanmar is, therefore, essential for the development of the OBOR, both in overland and maritime integration. A direct access to the Bay of Bengal can lower Chinese dependence on the Malacca Strait (Farrelly 2017). Under a period of political transition, after decades of military rule, Myanmar is currently trying to sustain a more balanced foreign policy, widening its relations with western nations. Chinese influence, however, is still strong in Myanmar, and the OBOR is a great opportunity for the country, bringing the possibility of enhanced investments flows and connectivity (Panda 2017).

New Zealand was not included in the preliminary project for the OBOR. Neither was Australia, and the emergence of both countries as possible important countries in the project got China’s attention. New Zealand
is considered a developed country, with a good infrastructure and a qualified labor-force. That is probably the main space for the country to fit. Expertise with the climate in most of south-southeast Asia’s environment added with qualified companies and labor-force make the country a competitive player in the operational field of the project. The New Zealand’s 30-year infrastructure development plan already prepared the possibility for international cooperation in the infrastructure sector and can introduce the country easily in the OBOR (Young 2016).

Norway bilateral relations with China deteriorated after the 2010’s Peace Nobel Award and the Scandinavian country worked effusively to restore it. In 2016 both countries normalized relations with a joint-statement, allowing a greater participation of Norway in the Chinese Mega-Project. The Arctic is a sensitive matter for the project. The Arctic Route will be available in the near future and China is giving special attention in the infrastructure in the region, both ports, railroads and ice breaking special cargo-ships. The Scandinavian countries, specially Norway and Finland, worry about the environmental impacts of development in the region, lobbying for a greater commitment to diminish collateral impacts of the projects in the region. While the participation of Norway in the negotiations are still small, it is increasing in size and quality, allowing technical and financial cooperation in building the OBOR project. The Guideline for Achieving Green Belt and Road (2017) is an achievement from the Scandinavian to help secure the sustainable development of the region (Liu 2017).

China’s pursuit of oil and gas reserves from as many diverse sources as possible has brought Beijing close to the Arabian Peninsula’s sheikdoms, which are China’s top suppliers. In turn, the Arab Gulf countries have strongly embraced and benefited from Chinese trade and investment in the 21st century (Cafiero and Wagner 2017). Oman’s cohesion and security can only raise Beijing’s interest in the Sultanate. The country is positioned to play a significant role in China’s efforts to build the new Silk Road, since its location is a quite strategic position in the Indian Ocean encompassing countries linked to China via the ancient Silk Road.

OBOR provides great advantages to Pakistan, as mentioned by the Minister for Planning, Development and Reform, Ahsan Iqbal, and the Prime Minister Nawaz Sharif. Pakistan sees China’s initiative as a peace and prosperity developer, and the China-Pakistan Economic Corridor (CPEC) as a strengthening to the regional economy. In this scenario, several tax exemptions have been granted by Pakistan to China’s companies in the area encompassed by the project. However, this openness has been seen by some as a threat to the country, since it does not implicate any improvements in local trade and industry, as the labor force comes from China (Samaa TV 2017).
Furthermore, in terms of returns, Pakistan will have a small inflow of foreign exchange back into the country, paying US$90 billion to China over three decades towards loans and investments of US$56 billion under CPEC (Shakil 2017).

The One Belt, One Road Initiative stands at the center of the People's Republic of China's foreign policy. The initiative is an economic strategy which aims to expand integration with other countries and export Chinese capabilities across a new vision of global cooperation. By putting great efforts on OBOR, Beijing is relying on an ambitious move to expand its sphere of influence in the Asian continent while committing substantial financial power for the establishment of a project that is not certain to be successful. In order to thrive, it demands concrete planning. China needs to overcome many challenges, finding solutions for several problems across the many regions it comprises - such as political instability, harsh terrain and other threats. The Belt and Road Initiative also represents deep transformation for Chinese domestic affairs: by exporting its own capital, technology and management, and promoting its neighbor countries’ economy, it has the opportunity to deeply transform its national scenario. The new Silk Road project could provide a new era of development - a “new opening” outwards - by improving Chinese capabilities in less developed markets, strengthening Chinese companies and its production bases. It is crucial for Beijing that the countries involved understand the idea of putting disputes aside and working together for cooperation; China needs to show the world that OBOR does not try to challenge the current world order, but rather supplement it and strive for cooperation and prosperity. In this sense, Chinese authorities frequently address that the Belt and Road is not a tool of geopolitics and is actually based upon open cooperation, and, regardless of the relationship each country holds with China, everyone can share the benefits of economic growth. Therefore, the country needs to overcome the most serious threat for the project’s triumph: the possibility that the main countries it comprises might see its development as a veiled geopolitical weapon that only fulfills Chinese interests (Godement 2015).

Qatar’s government has shown interest in joining China’s One Belt One Road Initiative, as it boosts the country’s national development plan - Vision 2030, established in 2008 - through its economic benefits. Chinese companies are already present in Qatar, promoting infrastructure projects, such as the construction of roads, ports (the Hamad Port) and stadiums (for the 2022 FIFA World Cup). One of China’s plan to the region is to connect the six Gulf Cooperation Council (GCC) countries, in order to create a free trade zone between them, allowing OBOR’S projects to develop and advance easily. However, recently, Qatar has broken its diplomatic ties with the other
Gulf States, which might preclude, at least temporarily, China’s ambitions in the area through the Belt and Road Initiative (Aguilar 2017).

Along with OBOR, in 2013, the Republic of Korea announced its own view for the new East-West integration, the so-called Eurasian Initiative (EAI). While OBOR clearly overshadows South Korea’s project, the EAI is an attempt to extend its productive capabilities, from the easternmost part of the continent to the west, as well to maintain its influence in the Korean peninsula. It is well-known that the greatest impediment, not only for the EAI but also for any integration from the Belt and Road in Korea, is the current division - and the instability it gathers - of the peninsula. Considering the projects’ clear west-oriented perspective, South Korea, while standing east from China, does not hold a key position in the One Belt, One Road initiative when compared to other nations. It does not mean, however, that South Korea’s participation is not essential for the success of a true Asian integration; Seoul can definitely benefit from its role in the Asian Infrastructure Investment Bank (Hwang 2017). Korean admission to the AIIB was publicly criticized by the United States; yet, its entrance in the Chinese-led bank did not mean that South Korea is shifting away from USA’s interests, which reveals how the country – as well as its other allies - is not willing to choose between the American power and China (Dollar 2017).

The Republic of Singapore is a city-state that lies at a strategic position in the Strait of Malacca, which is one of the most important passages for international navigation by connecting the Pacific and the Indian Oceans. This geographical location puts Singapore at advantage: the country is a very important hub for global commerce and transportation, being currently the second busiest container port in the world. Therefore, these characteristics make Singapore essential for the success of the Chinese Maritime Silk Road, and the country is willing to cooperate with China in order to enhance regional connectivity and trade (Jaipragas 2017). Singapore might not be a country that demands investments in infrastructure, but it can be at the center of the maritime trade route, moreover representing a hub of financial power for the OBOR expansion in Southeast Asia (Singapore 2017).

The Republic of the Philippines, alongside with other ASEAN countries, can benefit from the trade promotion the Chinese investments can enhance. Manila publicly admits that it understands the importance of the OBOR in enhancing economic activity in Southeast Asia, as well as in providing investments for the promotion of the infrastructure that the Philippines really demands; the OBOR can definitely open new markets for the Filipino production. The election of President Rodrigo Duterte in 2016 opened up the country for a stronger bilateral relation with China, and the Southeast Asian country is already benefiting from financial support coming from Bei-
The Russian Federation is in great position to contribute to and benefit from OBOR. Both countries signed, in 2015, a cooperation agreement between the Belt and Road and the Eurasian Economic Union (EEU), tightening relations between China and the Central Asian countries and laying ground for a further Eurasian cooperation under OBOR. However, through the initiative, China is steadily establishing its influence in Central Asia, a traditional Russian sphere of influence. Moscow is highly concerned that, by becoming the center of the new Eurasian integration, China might threaten its ties with the countries in the region. On the other hand, Russia publicly admitted it is ready to participate in the Chinese project, recognizing its importance and the benefits cooperation can bring. It is of no doubt that the Belt and Road will not achieve success without Russian cooperation, and its politics towards the Central Asian countries is of major importance for the new Eurasian integration. Although it is clear that Russia is one of the main pillars of the Chinese initiative, the country has failed to gain substantial and concrete benefits from the One Belt, One Road until now (Hille and Clover 2017).

Saudi Arabia is in accordance with China’s initiative, highlighting the consonance with the Kingdom’s agenda and the relevance of the project (Cafiero and Wagner 2017). The country is located at a strategic point of OBOR, in the crossing of two of its main routes, playing, then, an important role for the regional progress - it appears as one of the linking points of the Gulf’s railway network, connecting the states from Kuwait to Oman. Furthermore, the Chinese government is seeking to harmonize the project with Saudi Arabia’s Vision 2030, under its scheme of coordination among the countries national plans and OBOR. The Belt and Road initiative can profit from the Saudi Vision 2030, since the plan focuses on replacing the oil-export economic model to reduce the country’s dependence on this good, stimulating the diversification of the industry. Hence, new investment opportunities will emerge, and the expected population growth and increase in wealth might also accelerate this process, leading to the augmentation of demand for commodities, housing and infrastructure (Jian 2017).

In 2015, Sweden has become a founding non-regional member of AIIB, which evidences the country’s will to play an active role in the projects financed by the Bank. Concerning the Belt and Road Initiative, Sweden has already demonstrated its openness and interest towards it. However, till now, the initiative has not had great impact over the country, specially because of the focus given mostly to China’s Asian neighbors. Furthermore, Sweden is at the very end of the Belt and Road, thus not representing a very important country to the project, mainly in terms of connectivity. Hence, the Initia-
tive repercussions in Sweden will be firstly identified as new investments opportunities, and not as big infrastructure projects. In addition, there are no formal agreements regarding the Belt and Road Initiative among the Chinese and Swedish governments yet (Weissmann and Rappe 2017).

Between 2015 and 2016, Chinese investments in Tajikistan more than doubled: it became its biggest source of foreign investment, and it is evident how China’s role turned out to be of major importance for the infrastructure development of the country. Tajikistan shares the southernmost Chinese border in Central Asia, increasing its importance for the Belt and Road. In 2011, however, the Sino neighbor annexed a small area of the Tajik territory in exchange for debt relief and, even though the stability of Tajikistan is very important for OBOR in the region, there are concerns that this situation might repeat itself. Better links to Europe and to the Middle East, along with better access to the ocean, can definitely bring benefits for the Central Asian republics, including Tajikistan, which sees the initiative as an opportunity to develop its economy (Long 2017).

According to Thailand’s Minister of Industry, Atchaka Sibunruang, the country will benefit from Belt and Road Initiative, as it seeks to develop infrastructure facilities and to promote the consolidation of a network among ASEAN countries (China Go Abroad 2017). One of the infrastructural efforts is to build an 867 kilometers railway line, between China and Thailand, besides the massive investments directed to Southeast Asia as a whole, in order to intensify trade and connectivity throughout the region. Likewise, the Deputy Minister Somkid Jatusripitak intends to bind the Eastern Economic Corridor (EEC) - a project to develop the eastern area of the country - to China’s Belt and Road Initiative (Marques 2017). However, Thailand is still cautious. The Commerce Ministry is heading a study to elucidate what advantages the country can absorb from China’s project (Thailand 2017). Furthermore, Thailand is facing some protests against OBOR, which allege possible environmental damages over Mekong river (The Star 2017).

OBOR might be a turning point to Turkey and to its relationship with China, since the infrastructure development sought by the initiative, such as the Edirne-Kars high-speed railway project, might boost economic advances. Sino-Turkish relationship has been increasing since 2001, and the countries sealed a strategic partnership in 2010. China’s sees in Turkey a strong partner, because of the great influence exercised on the neighborhood, being the country the most stable and dynamic power in the area. In addition, Turkey is already making efforts to integrate the country to the Initiative, through the construction of infrastructural projects, such as the EuroAsia tunnel, Yavuz Sultan Selim Bridge, and the Baku-Tbilisi-Kars railway Project. The country’s president also demonstrated interest in taking part of the
maritime branch of OBOR, since Turkish straits links the Black Sea to the Mediterranean, and its ports provides access to the Atlantic Ocean via the Gibraltar Strait, and to the Arabian Peninsula and the Indian Ocean through the Suez Canal (Ünal 2017; Daily Sabah 2017).

Over the years, the United Arab Emirates and China have deepened its relations, being the latter UAE’s second largest trade-partner; around 60% of the commerce between those two countries is re-exported to other nations in Africa and Europe, a fact that supports the main idea of the Chinese project. The seven emirates are known for being a center of security in an unstable Middle East, an essential characteristic for the success of the OBOR (Cafiero and Wagner 2017). When compared to other countries, the UAE does not stand at a geographical location of major importance for the initiative; however, by being considered a perfect financial hub for the enlargement of Chinese investment across the region, it has the opportunity to play a very important role in the expansion of the OBOR in the Middle East. It is also of concern for the United Arab Emirates the growing importance of Iran in the project, a thought that is shared among its allies and members of the Gulf Cooperation Council (GCC). Nevertheless, this does not mean that the Arab country does not understand the importance of the OBOR, not only for itself, but also for the whole Middle East, and it is definitely committed to the project’s development (Fahy 2017).

Going through the negotiations related to its exit from the European Union, the United Kingdom of Great Britain and Northern Ireland is seeking to lay the groundwork for its trade deals and economy for when the country leaves the regional bloc. Considering the role London plays in the international economic system, there are no doubts that the United Kingdom can serve as a hub of investments and financial power for the One Belt, One Road. The bilateral relations between both China and the United Kingdom have many reasons to prosper, while the cooperation and the foreign support OBOR might boost are of vital importance amid a post-Brexit context (Chan 2017). Britain joined the Asian Infrastructure Investment Bank facing major concerns from the United States and its allies, which feared that, alongside the entrance of other European powers, the AIIB would become an institution of major prowess in the international financial system. The entrance of the United Kingdom spells out how the British government, despite American unease, understands the importance of the One Belt, One Road and the benefits its investments can bring, as well as shows how the country is committed to fill the infrastructure gap in the Asian continent while shaping this new financial institution according to its interests (Watt, Lewis and Branigan 2017).

Uzbekistan considers China’s investments through One Belt One
Road Initiative as a key factor to its development. When Xi Jinping went to Uzbekistan in 2013, Islam Abduganiyevich, the country’s president, lauded the initiative and argued that both countries have the duty to revitalize the Ancient Silk Road (Zhao 2017). The importance of Uzbekistan to the project relies on three main factors: its location, its economic relevance in Central Asia and its historical ties with China (Koparkar 2017). In the region, China will focus its investments mainly on gas reserves and on the development of pipelines - three lines already exist, affording for 20% of China’s annual natural gas consumption, and the construction of a fourth is already in progress, which will also cross Uzbek territory. In sum, similarly to the other countries encompassed by the Chinese initiative, the national economic strategy of Uzbekistan is aligned to OBOR (Maitra 2017).

Vietnam is joining China’s Belt and Road Initiative, and welcomes the infrastructural benefits provided by the bold Chinese project - the Prime Minister of Vietnam, Nguyen Xuan, confirmed the country’s commitment towards the initiative during a summit in Beijing, in September 2016. Furthermore, it is important to highlight Vietnam’s strategic position to OBOR, as it enables easier contact with ASEAN member countries. Even though the economic gains are well-known, Vietnam still presents some mistrusts about the Belt and Road Initiative, concerning to the quality of the construction work and the possible environmental consequences (Freitas 2017). In addition, the Initiative might also tease regional instability by increasing China’s influence in the South China Sea, since the area has been a target of dispute among the local powers, including Vietnam.

6 QUESTIONS TO PONDER

1. How can border blockades be diminished to improve goods and services flow?
2. Does integration and economic growth necessarily lead to political stability?
3. Will the One Belt, One Road Initiative be able to bring together different approaches of development and surpass all the difficulties in such an enormous project?
4. What is the Asian Infrastructure Investment Bank’s role in promoting the initiative across the Asian continent?
5. How is it possible to conciliate all the countries’ interests under the OBOR?
6. What challenges does the OBOR need to overcome in order to become a successful project?
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