

FCCI

Data & Research Briefs



Issue # 5

China's One Belt One Road Initiative

- An Introduction

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The One Belt One Road (OBOR) Initiative, also known as the Belt and Road Initiative (BRI), is a transnational initiative proposed by the Chinese government, under the leadership of its President, Mr. Xi Jinping, aimed at achieving economic growth and development across Asia and Europe, as well as other regions of the world, through enhanced connectivity and cooperation between countries.

The OBOR initiative comprises of two main parts, namely the land-based Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSR). The land-based Silk Road Economic Belt (SREB) is structured geographically along 6 corridors listed as follows:

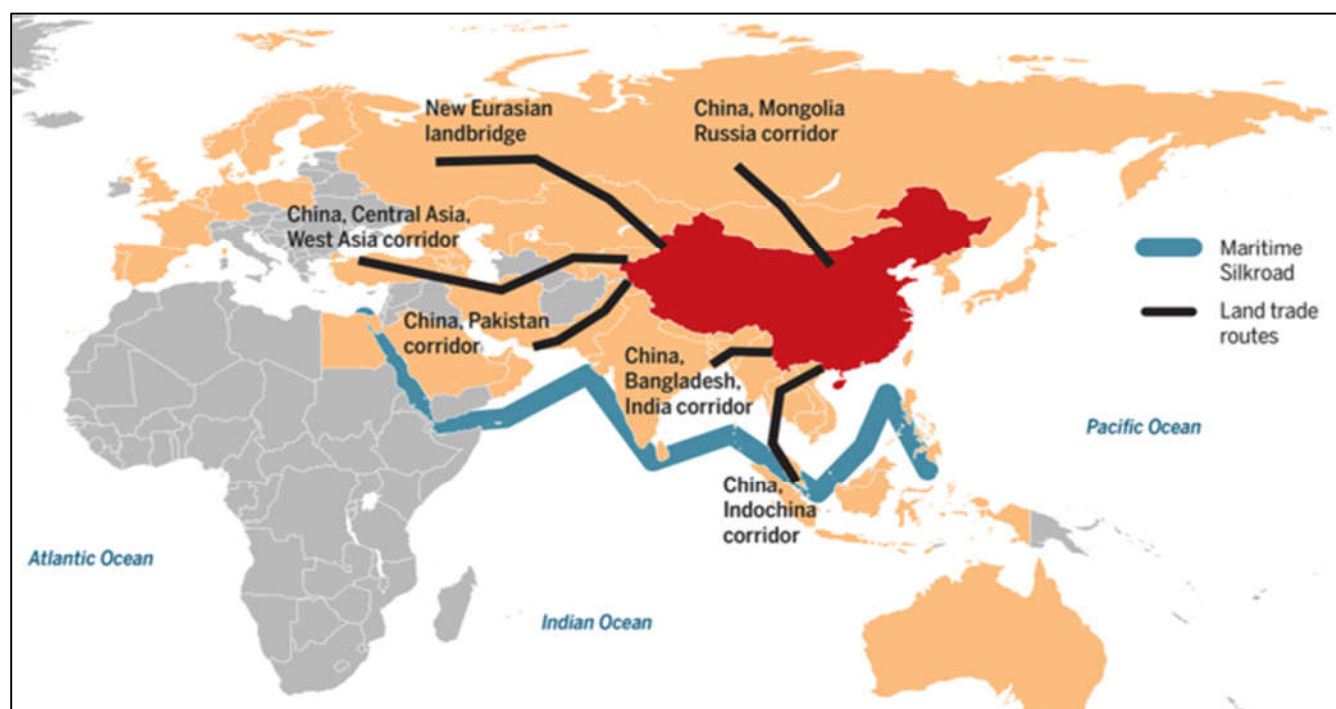
1. China –Pakistan Economic Corridor (CPEC)
2. China – Central Asia – West Asia Economic Corridor.
3. New Eurasian Land Bridge.
4. China – Mongolia – Russia Economic Corridor.
5. Indochina Peninsula Economic Corridor
6. Bangladesh – China – India – Myanmar Economic Corridor.

The 6 corridors along with the MSR are depicted on the map in Figure-1.

The China – Pakistan Economic Corridor (CPEC) is a flagship project of the OBOR initiative under which multiple infrastructure projects in various sectors, including primarily the transport and energy sectors, are being constructed in Pakistan through Chinese cooperation, with a total investment of over \$50 Billion.

The development of a deep sea port along with additional related infrastructure at Gwadar in the Baluchistan province of Pakistan is seen by many as the most important component of CPEC. The strategically located Gwadar port is viewed to be a key point of connection between the land and sea trading routes envisioned under the OBOR initiative.

Figure – 1: OBOR – 6 Land Corridors and the Maritime Silk Route (MSR)



Source: Lommes/Wikimedia Commons

- **Countries included in OBOR:**

Given the geographical trade routes and connectivity envisioned under the Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSR), the OBOR initiative is expected to have a significant impact on the global political and economic landscape. Although no official list of the countries included in OBOR has been released by the Chinese government, the initiative is expected to directly impact many countries in Asia and Europe as well as some countries in Africa.

Table-1 on the following page provides a list of 75 countries including China which we expect to be a part of the OBOR initiative. The list includes countries from Eastern and Southeastern Asia, Southern Asia, Central Asia, Western Asia, Eastern Europe, and parts of Eastern Africa. As per IMF statistics for 2016, these countries accounted for around 65% of the World Population and 32% of the World GDP

Table – 1: Expected Countries included in OBOR

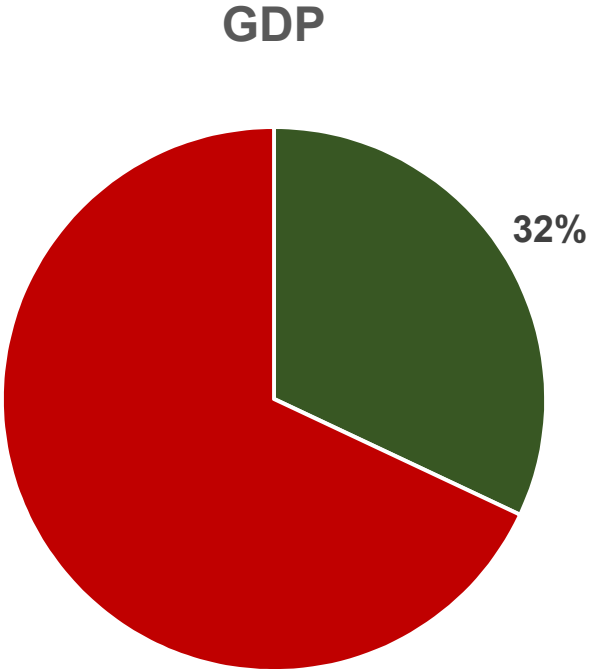
Region	Country Name	GDP - 2016 (Current Prices, US\$ Billions)	Population - 2016 (Millions)	
Eastern Asia	China	11232.108	1382.71	
	Hong Kong	320.912	7.367	
	Macau	44.859	0.645	
	Mongolia	11.031	3.014	
Southeastern Asia	Brunei Darussalam	11.399	0.423	
	Cambodia	20.157	15.776	
	Indonesia	932.448	258.705	
	Laos	15.768	6.585	
	Malaysia	296.536	31.634	
	Myanmar	64.366	52.254	
	Philippines	304.906	104.184	
	Singapore	296.966	5.607	
	Thailand	407.109	68.981	
	Timor-Leste	2.703	1.212	
	Viet Nam	201.309	92.691	
	Southern Asia	Afghanistan	19.454	33.4
		Bangladesh	228.388	161.513
Bhutan		2.121	0.791	
India		2263.792	1299.796	
Iran		404.447	80.46	
Maldives		4.238	0.354	
Nepal		21.142	28.853	
Pakistan		278.914	193.56	
Sri Lanka		80.517	21.252	
Central Asia	Kazakhstan	133.668	17.927	

	Kyrgyzstan	6.551	6.107
	Tajikistan	6.922	8.655
	Turkmenistan	36.18	5.463
	Uzbekistan	66.845	31.343
Western Asia	Armenia	10.565	2.991
	Azerbaijan	37.556	9.492
	Bahrain	31.858	1.319
	Georgia	14.33	3.701
	Iraq	171.716	37.884
	Israel	317.748	8.543
	Jordan	38.709	6.976
	Kuwait	110.873	4.225
	Lebanon	50.458	4.467
	Oman	66.293	4.009
	Qatar	155.786	2.618
	Saudi Arabia	646.438	31.743
	State of Palestine	n/a	n/a
	Syria	n/a	n/a
	Turkey	863.39	79.815
	United Arab Emirates	348.743	9.856
	Yemen	27.318	29.132
Europe	Bosnia	16.568	3.854
	Belarus	47.388	9.498
	Bulgaria	52.39	7.102
	Czech Republic	195.328	10.554
	Hungary	124.38	9.83
	Poland	469.323	37.967
	Republic of Moldova	6.773	3.551
	Romania	187.593	19.76

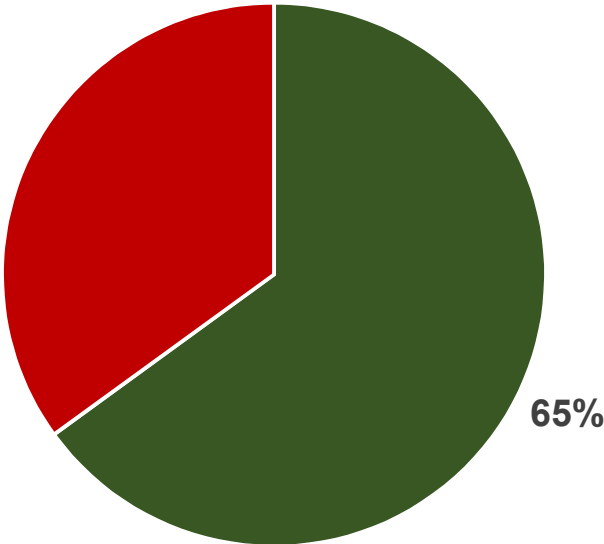
	Russian Federation	1283.162	143.44
	Slovakia	89.525	5.426
	Ukraine	93.263	42.415
	Croatia	50.731	4.17
	Estonia	23.331	1.312
	Latvia	27.689	1.969
	Lithuania	42.756	2.871
	Macedonia	10.914	2.073
	Montenegro	4.175	0.623
	Serbia	37.745	7.058
	Slovenia	44.727	2.064
Northern Africa	Egypt	332.349	90.2
	Sudan	91.24	39.599
Eastern Africa	Djibouti	1.889	0.993
	Eritrea	5.352	6.502
	Ethiopia	72.523	91.196
	Kenya	70.527	45.451
	Rwanda	8.406	11.53
	Somalia	6.336	0
	South Sudan	3.056	12.499
	Uganda	25.307	36.561
	Total	24,032.3	4,808.1
	World Total	75,367.8	7,373.7
	OBOR Countries Share in World Total	32%	65%

Source: IMF World Economic Outlook

Figure – 2: OBOR Countries Share in World GDP and Population

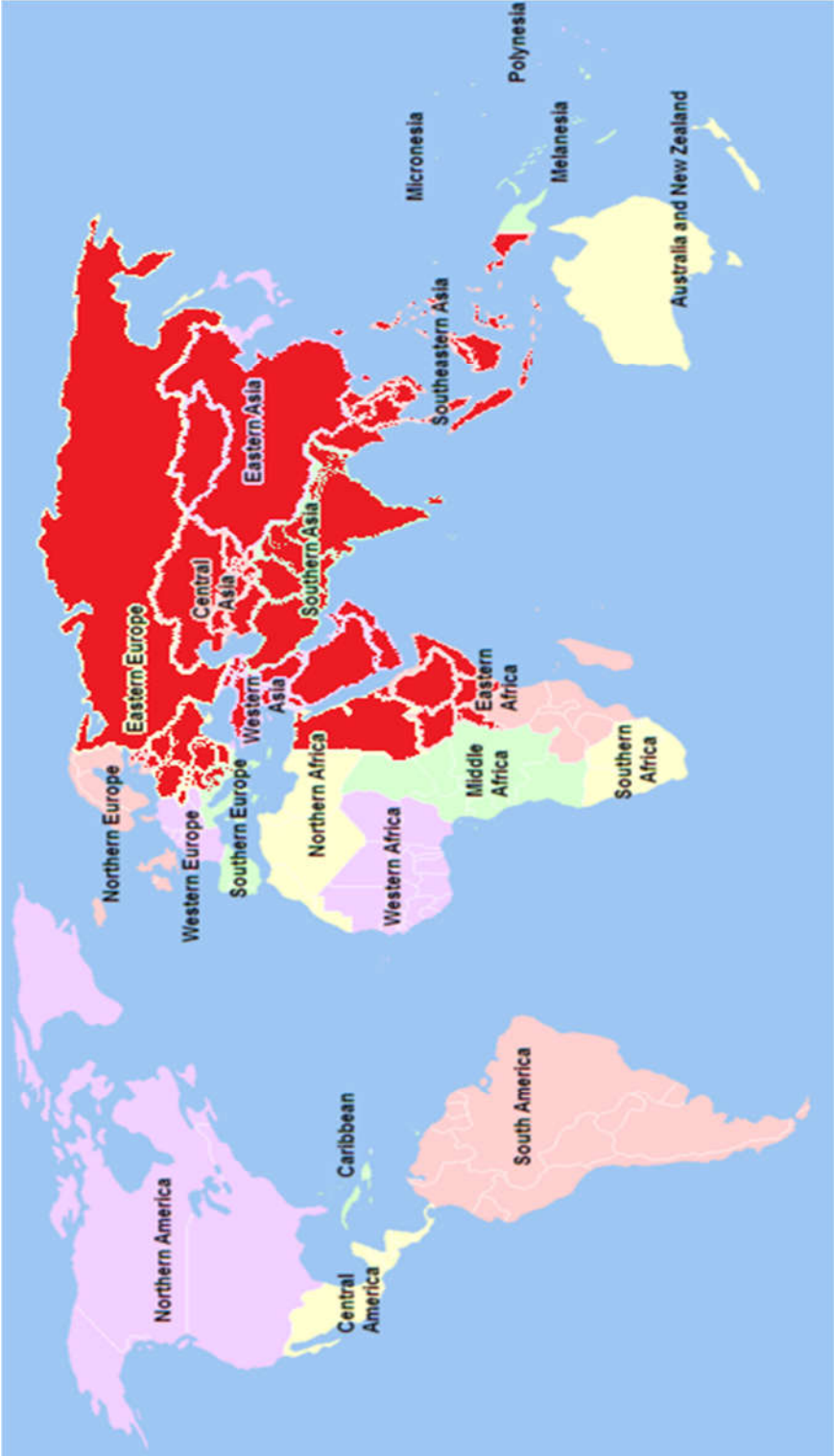


POPULATION



Source: IMF World Economic Outlook

Figure – 3: Expected Countries included in OBOR



(Expected OBOR Countries in Red) Source: Wikimedia Commons, Edited by author

- **Project Financing:**

The **Asian Infrastructure and Investment Bank (AIIB)** is expected to be one of the primary institutions for financing the projects envisaged under the OBOR initiative. The AIIB was proposed by the government of China in 2013 to act as a multilateral development bank to provide finance for infrastructural projects in Asia and beyond. Headquartered in Beijing, the bank was declared open for business on 16th January 2016 at the inaugural meeting of its board of governors, and currently has 84 members from around the world. As per the website of the AIIB, the bank provides sovereign and non-sovereign financing for sound and sustainable projects in 6 focus areas as follows:

1. Energy and power.
2. Transportation and telecommunications.
3. Rural infrastructure and agriculture development.
4. Water supply and sanitation.
5. Environmental protection.
6. Urban development and logistics.

In addition to the AIIB, the Chinese government has also established the **Silk Road Fund (SRF)**, which will be used for investment in countries along the OBOR initiative. Chinese President Mr. Xi Jinping announced during the Dialogue for Strengthening Connectivity Partnership on 8th November 2014 that China will contribute \$40 Billion for establishing the SRF. Following this announcement, the SRF was officially established in Beijing on 29th December 2014.

The AIIB and the SRF have already initiated the process of providing finance for infrastructure projects in some OBOR countries and are expected to play a key role in the future for the financing of projects under the OBOR initiative for enhancing economic cooperation and connectivity between the OBOR countries.