

THE ‘ONE BELT, ONE ROAD’ INITIATIVE OF CHINA AND ITS IMPACT ON REGIONS

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ABSTRACT

The economy of China dramatically achieved high rate of economic growth, development and infrastructure during previous decades. The resulting from developments in technology, human resources development, influence on regional market activities and high risk on investment plan of Chinese government to gain more capitalist prevailing situation around the globe are major goal by ‘OBOR’ initiatives. An attempt has been made in present paper to analyze the implications of the project in connecting the different regions and its impact on the socio-economic development of the countries of the region it is passing through. Paper is based on the available secondary date. It includes the newspapers, journals, magazines and written documents available in libraries and periodical sections. The literature indicates that the project has ushered the new area of development not only in the regional perspective but also at macroeconomic level. It has connected the cultures, history, and people to people contact and shaped the region as global village with huge economic market. Policy makers, academicians, and economic experts have found the new arenas of serious academic research. Therefore, it guarantees the social and economic well-being of the nations.

Keywords: One Belt One Road, Infrastructure, Economic Development.

INTRODUCTION

The world’s second largest economy China has transformed in one of the most significant alliance in the world. The expansion of economic, cultural and political situation due to globalization increased previous decades. The economic system of power shifted from Western Countries to Asian countries. The great example of this China’s emerging economy besides Japan, South Korea, North Korea, Malaysia, Singapore and other countries those reached at their high rate of development and growth. For the moment, the Chinese

leaders are involved to reshape the situation of its country in the international scenario. From historical perspective, starting the decade of 1970 China always tried to manage a low-profile country avoid from wars conflicts and so on. Her main purpose remained to raised a soft image around the globe and identify herself a well known nation in as trade and commerce with the rest of world. The relationship of China with the countries considered very positive in terms of trade.

China stands at number one in terms of population. It has key men-force and update technology as recognized the world over. After 1980, it emerged as viable and capable economic force. It emerged from poor developing country to the developed nation with advanced technology and huge raw material throughout the year and now exporting technology and small items to all countries including the most advanced countries of the world.

China enjoys favourable economic relations and its market is friendly to her various economic partners. Due to her policies and diplomatic relations china is not considered a threat to global security. However, due to its powerful economy it is gaining ground as main stakeholder in global security, global governance and decisions. China maintains good trade relations with Asian, African, and European countries. Executive president of Republic of China Xi Jinping in his official visit to Kazakhstan in 2013 issued a policy statement which is considered as good gesture towards the world. He remarked and emphasized promotion of culture and friendship. It will eventually he remarked will usher a new era of close cooperation for future. It will provide to get closer economic ties regional and international connectivity for cooperation of continent. Around the world due to increase globalization must adopt a new approach based on innovative ideas and join hands boosting up economic activities within the regional countries. He further asserted that the project would connect rest of the world sooner or later. This was a first time China announced officially the “Silk Road Economic Belt initiative” (Wang, 2015). He announced this on the occasion of ‘Economic Leaders Meeting of the Asia Pacific Economic Co-operation (APEC)’. President asserted that since long old times the South-East Asia region remained hub of economic activities especially ‘Maritime Silk Road’. That is the main reason that China intends to promote economic relations with ASEAN, the Association of Southeast Asian Nations so that trade be promoted through sea route (Xi, 2013). These are some projects launched by Chinese Government and named as ‘One Belt, One Road’. This is also

diplomatic source of China promoting cordial diplomatic relations with neighboring countries (Wang, 2015).

'One Belt, One Road'

The name 'One Belt, One Road' is basically regional and international connectivity program through roads, belts and Maritime's routes in Asia, Africa and Europe that include different investment plans to develop Chinese economy as well as economic situation of the Asian continent and other continents. The project will share assistance, exchanges and technical cooperation through different economic activities and create free open economic corridors and free trade zones. The major purpose of project makes a common market around the world (Wang, 2015). The two major routes will link Asia, Africa and Europe, to make free trade exchanges and transport of goods and services. In this regard technological, cultural, political and economic support of member countries of 'OBOR' on the bases of free trade zones and economic belts is the basic purpose and key focus. It will bring prosperity, advantages, economic profits, human resources movement, for China and other Asian countries. The prime motive behind this project is for uplifting socio-economic conditions of people especially living backward provinces of China like the Xinjiang, Gansu, Ningxia, Guangxi and Yunnan- that are the main routes of the project. Xinjiang province due to its backwardness is being considered by China as may lead promoting towards terrorism in the region. Whereas it will implicate strengthening of China's control in Central Asia, and in the Mediterranean region (Romanelli, 2015). The China going to invest in project around \$300 billion, and technical assistance (Godement, 2015). Major examples of the investment in the light of 'OBOR'. China Pakistan Economic Corridor (CPEC) will provide direct connection to Gawadar considered the largest port in Pakistan. CPEC is currently become a major talk on the globe and fundamental, essential part of 'One Belt, One Road' projected by China. Republic of China has invested China is put to invest \$46 billion on CPEC connecting Gwadar to Kashgar in China's northwest province of Xinjiang. It will provide infrastructure necessary improving railway system, roads, airports and pipelines for trade and tourism purposes. The project is huge in terms of investment and physical infrastructure as this will run around about 2,500/3,000 km from Gwadar, to Kashgar. It is planned to be completed by 2030. There are numerous benefits of China have in terms of trade specially imports of oil. China imports 60% required oil from OPEC countries of (Middle East) which is very costly and risky due to South China Sea conflict and Malacca Strait route. Route takes around about 45 days travel. After completion of CPEC through Gawadar

port (Pakistan) it takes easily shortened to less than 10 days. Thus, Gwadar-Kashgar route is considered as substitute to reach to Malacca and so on will be used for shipping purpose to save time and energy. Not only this but it also helps China to make use of its export to Africa, Central Asia, and Middle East. It is more feasible for China. China has also invested its capital and physical infrastructure on roads and railway in countries like Burma, Sri Lanka, and Bangladesh. China also established cargo rail service for connection from the central-western city of Chongqing to the north-western province of Xinjiang, to central Asia and Europe (Wilson, 2015). A common perception is that China is not the first country launching this project, but other countries also initiated when one peeps into history. During 1998 Japan also attempted such project for strengthening its presence and hold in Central Asian countries. USA also tried to do so. In 2011 US State Secretary Hilary Clinton during an official visit in India came with same proposal as named as 'New Silk Road'. India also in 2014 announced 'Mausam Project' considerably in one way or the other tried taking firm grip towards the other countries on the coasts of the Indian Ocean (Wang, 2015). Kazakhstan and Korea were the two other countries who attempted or thinking to attempt for such venture. China due to such emerging and alarming situation to detain the malafide intentions of her neighboring countries launched for meeting the desired goals ahead.

Details of 'OBOR'

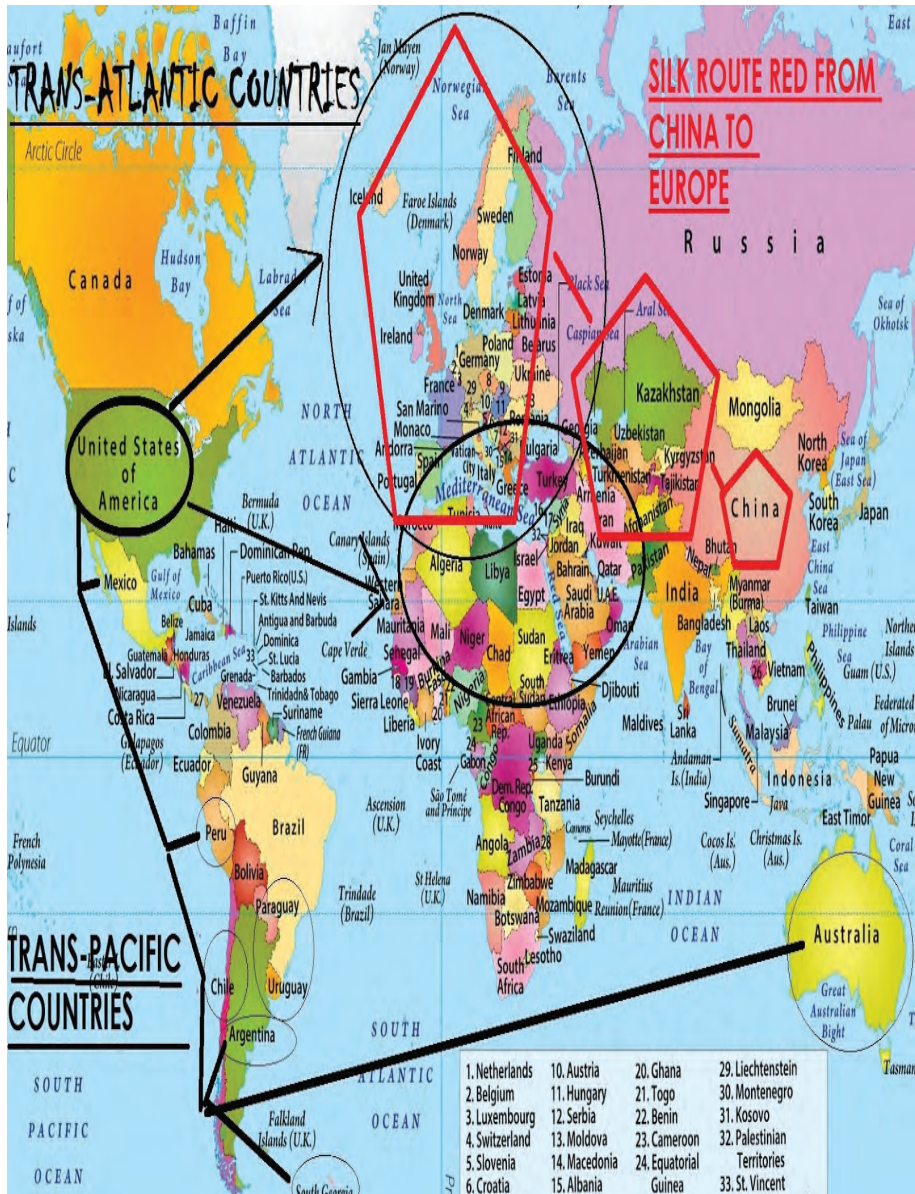
The proposed route of the projects at first stage covers three economic zones called economic corridors. First part of the project will go through central Asia and Russia. The second part of the project gives access China to Mediterranean Sea. It covers Central and West Asia. The last part gives access to China towards Indian Ocean via South-East Asia." The second section of 'One Belt, One Road' project, the 21st Century Maritime Silk Road envisioned as linking two different routes. The first one will cover connecting Coastal China with Europe, via the South China Sea and the Indian Ocean. Its second part of segment will be covering the associations with the South Pacific area. It is crossing through the turbulent South China Sea (National Development and Reform Commission and Ministry of Foreign Affairs of the People's Republic of China, 2015).

The total 60 countries are involved directly in this project. According to Chinese President Xi Jinping, many other countries showed a keen interest in connecting the series of economic corridors and free trade zones. A report was published by the Fung Business Intelligence Centre, the nations who

are going to join the initially becomes 64.2 % of the world's population and 37.3% of the global GDP. Further many countries along with other related routes can achieve economic growth and development (Chin, 2017).

Fig 1: Countries along the Belt and Road Region

Map 1: 'OBOR'



Region	Country
 East Asia	China, Mongolia
 Southeast Asia	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam
 Central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
 Middle East and North Africa	Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Palestine, Syria, United Arab Emirates, Yemen
 South Asia	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
 Europe	Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine

Source: *Industrial Cooperation between Countries along the Belt and Road*, China International Trade Institute. The countries are grouped based on World Bank's classification by region.

Impact of the ‘One Belt, One Road’ Project on China

The government of China planned a new project the ‘One Belt, One Road’ project, have a great influence on country economy. The, indicator of economic development and growth have positive sign due to this project. Finally, many years of efforts and struggle finally to join in to amalgamate in the intercontinental system. China’s Silk Road Economic Belt and the 21st-Century Maritime Silk Road has been given key importance in her foreign policy. It promotes and increases China proactive approach and influence on regional countries. China diplomacy is based on the principle standing with positive approach. Due to China huge investment indicates China immense interests in several African and Asian countries. Due to low per capita income of those countries those are powerfully attracted by the opportunities that the capitals that China. For uplifting their respective economies, they are interested to be part of that project (Jing, 2015). It also facilitates China to import energy and come across new regional markets for its goods in Africa, Central Asia, and Middle East. CPEC will be ready it will begin more trade and industry activities in the North- western Xingjian province and will facilitate China in the implementation of its Western Development Strategy (WDS).

In the OBOR projects the Chinese officials looking for a way to offset part of the accessible conjugal excess numbers by exporting its well-developed technical, assistance engineering skilled labor and construction capabilities, around the globe capitals tools and techniques and equipment and self-developed technology can be a progressive indicator for the country. China has world class experiencing labor and human resources development it will access through OBOR initiatives. OBOR will be considered as a very important step to development of Chinese economies. Through which poverty can be alleviated, employment opportunities can be created towards regional economic development and a game changer plan. OBOR is abroad development contract with the not only aim of grow strategic and economic connectivity and activities of bilateral trade between the regional connectivity is main purpose. OBOR can promote socio and economic expansion in positive way over all regions. It can cover the manner for regional trade and economic connectivity and amalgamation among the region of Central and East Asia South. CPEC as a flagship of OBOR can be a channel to start regional trade and economic integration. In a long-term point of view OBOR can advance an economic community in the complete regions of three continents. China can boost their economy through infrastructure, economic zones, energy sector investment, human resources development, foreign investment and highly well-equipped capital. China by and large intends enhancing connectivity and trade between regions across Asia, Europe and Africa. It is only possible for enhancing her GDP considered important for its superiority in the region. Out of 27 provinces of China almost 16 are being covered by the project. The rest of the provinces also shown deep interest to participate.

Key Opportunities

- Outbound capital projects and infrastructure Supply equipment/ technology/ intellectual property
- Joint or independent engineering, procurement and construction/project finance
- Joint new client developments (e.g. developing market governments)
- Leverage Chinese partnerships abroad for accessing Chinese market itself
- Leverage Chinese funding for divestment, fundraising, etc.

- Outbound financing/private equity fund (e.g. joint AIIB, Silk Road Fund, etc.)
- Better trade with markets

Sociological Impact of the ‘One Belt, One Road’ Project on Regions

The project initiated by China has major cultural, economic, strategic, and social connectivity implications on the regions from where it passes through from one country to the other. Sociologically, it can be considered as concept of ‘Global Village’ where people to people contact will reduce the gap through social interaction. It will help understanding the cultures, religions, social institutions, social order of the one region to the other from where it passes through. It is the need of the hour because people of regions are divided into smaller groups and intolerance is due to not understanding each other. Therefore, clashes and conflicts based on misconceptions and apprehensions has divided the region.

Above all the project will help regional economic cooperation helping the poor nations to improve the living standard at par with who are rich. Poverty and illiteracy have made many nations handicapped and livelihood sources are limited for the some of regions from where the project passes through. It will reduce the cost of transportation and global trade and investment opportunities will get boost up. Therefore, this is golden opportunity to reap fruits of the project at optimum level.

CONCLUSION

The project will prove fruitful in coming years. It will usher new era of prosperity and social wellbeing. It will add China’s control over the region. The project is also vital for economic prosperity for the countries of the region from where it passes through. It will also change strategic and geopolitical setting of Asia. Through OBOR projects China and Asian countries are interested in industrialization. The reason is that through industrialization they can prosper economically. Investment plans export and savings are also increased due to entrepreneurial activities of countries can increased. A great example of this is CPEC project of Pakistan and China (CPEC). Pakistan by and large faces geopolitical and economic due to its long rivalry with India over Kashmir. CPEC will contribute substantially. The corridor will offer a solution to its problems and will open new horizons of development and

growth. Many plans are under consideration where different economic zones will be initiated in Gilgit-Baltistan, Punjab, Sindh, KPK, and Baluchistan. This will ultimately bring prosperity with the investment from the potential international investors and will assist Pakistan take its economic development and growth.

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