An Introduction to China’s Belt and Road Initiative

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Weidong Liu is the Chair of the Center for the Belt and Road Initiative and Professor in Economic Geography, Institute of Geographical Sciences and Natural Resources Research, Chinese Academy of Sciences. He is a senior consultant to China National Development and Reform Commission on the Belt and Road Initiative (BRI) as well as on regional policies like the Western China Development Program. He holds many academic positions, such as chair of China Division and China Ambassador of Regional Studies Association, full member of the IGU Commission on Local Development, managing editor of *Area Development and Policy* (a RSA journal), and advisory/editorial board member of *Progress in Human Geography, Contemporary Social Science* and *Eurasian Geography and Economics*. His interest of study includes regional development and regional policies in China, FDI, MNCs, GPN, automobile industry, new ICTs, and carbon emission and low carbon economy. In the last three years, he has focused on BRI studies, providing supports to NDRC for making planning for the BRI.
1. WHAT’S BRI

**Belt**: Silk Road Economic Belt (Overland silk roads)

**Road**: 21st Century Maritime Silk Road

In March, 2015, NDRC, MFA and MC of China issued *Vision and Actions on Jointly Building the Belt and Road* (*Vision and Actions*)

**The BRI**:  
✓ China’s new thinking about open development, in particular going-abroad, & about its growth model  
✓ part of the effort to promote the development of globalization towards inclusiveness, given that development gaps are enlarging and protectionism and nationalism are rising.
7/9/2013, U. of Nazarbayev, Kazakhstan:
Jointly building Silk Road Economic Belt with Central Asian countries

3/10/2013, Congress, Indonesia
Jointly building the 21st Century Maritime Silk Road with ASEAN countries
1. What’s BRI

- **Silk Road**: a general notion to represent the ancient routes of trade and cultural exchanges between China and other countries in the Eurasian continent and even N&E Africa.
  - coined by German geographer **F. von Richthofen** in 1877: overland trade & communications routes along which trade flourished from the time of the Han dynasty (about 2000 years ago)
  - developed by French Sinologist **E. Chavannes** to cover maritime routes of trade in history
  - symbolic commodities: *silk, china, tea*
Land silk roads were flourishing from Han to Tang Dynasty and fading after Tang. Maritime silk roads were in their prosperous period from Yuan to Song Dynasty.
1. What’s BRI

- **Silk Road**: both a history of trade and a metaphor
  - part of the trade and cultural history of all the major countries in the Eurasian continent and Africa, connecting multiple civilizations and facilitating religious, scientific, technological and cultural exchanges
  - a common cultural heritage shared by many Eurasian countries
  - a symbol of **peace, friendship & win-win**
  - a historical basis for better cooperation
1. What’s BRI

- **BRI (Vision and Actions)**: An overall proposal for promoting socio-economic cooperation among countries along the Belt and Road, MORE THAN just building roads, railways & port facilities, though a key part of BRI

- A core theme: **peace, cooperation, development and win-win**

- Five priorities of cooperation:
  - Policy coordination; **facilities connectivity**; free trade; financial cooperation; and people-to-people bond

- Three targets:
  - Building a community of **shared interests, destiny and responsibility**, which features **economic integration and cultural inclusiveness**
1. What’s BRI

• B&R: a call for inclusive globalization

  – **Vision and Action**: uphold the global free trade regime in the spirit of open regional cooperation by promoting free flow of economic factors, highly efficient allocation of resources and deep integration of markets, jointly creating open, inclusive and balanced regional economic cooperation networks, and seeking new models of international cooperation and global economic governance.
1. What’s BRI

• Spatial configuration of BRI
  – Spatial boundary: no; an open platform
  – a multi-scalar notion, ranging from global & continental cooperation networks to transport corridors, and even industrial parks
  – Over land, BRI focuses on jointly building a new **Eurasian Land Bridge**, and developing **five economic corridors**
  – At sea, BRI focuses on jointly building smooth, secure and efficient transport routes connecting major sea ports along the maritime silk roads
2. Why BRI

• The rise of China as a global economic power
  – China is the 2nd largest country in terms of GDP, the largest country in manufacturing and commodity trade
Spatial Distribution of Export by Major Countries

1990

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2. Why BRI

- The rise of China as a global investor
  - OFDI jumped to over 100 billion US$ annually from only several billion US$ a decade ago

![Diagram showing OFDI growth from 2004 to 2014](chart.png)

- Developed economies
2. Why BRI

• The rise of China as a global investor
  – Three stages of China’s globalization: dependent stage before 2000, globalization via trade in 2001-2008, and capital globalizing since the Crisis
2. Why BRI

- China as an energy importer
  - The world’s largest consumer & producer of energy
  - A strong need to diversify sources of oil & gas import and secure supply
2. Why BRI

- **Further globalizing China**
  - ‘New normal’ phase of development
  - Moving from a model of growth characterized by intensive factor-inputs and an export-oriented model to a new one that involves exploring innovation, diversifying the economy, expanding domestic market, distributing the benefits more evenly, and deepening open development
  - This model change means that China has to review its globalizing strategy
2. Why BRI

• Further globalizing China

  – Upgrading industries via innovation & spatial shift, and exploring new domestic & international markets are two major solutions in China’s quest for growth in the new normal era

  – These solutions require China to play more and in new ways in the global arena

  – A new round of global shift: where and how?

  – BRI: a way of China to further its globalization
3. What has been achieved

• MOUs with more than 30 countries on jointly building the Belt and Road, 40 countries with positive responses

• Joint planning: the China-Mongolia-Russia Corridor
  – Three transport corridors planned
  – High speed railway (HSR) from Moscow to Kazan

• Under construction: China-Pakistan Corridor
  – Expressway, railway, port and industrial parks
  – An agreement of investments of US$45 billion

• Under consideration: China-Lao-Thailand Corridor
  – China-Lao railway: under construction, by 2020
  – China-Thailand railway: still under negotiation

• Other projects
  – Overseas railways, industrial parks (46 in 17 countries)
  – Mutual cooperation on manufacturing shift (20 countries)
BRI: improving connectivity
China’s Trade with Major Countries along the Belt & Road

2001: 16.5%
2015: 25.0%
China-Europe Scheduled Freight Train
39 lines from various cities in China
Most running under subsidies
4. Conclusion

In a world of significant geo-economic competition and collaboration, the BRI is a result of the rise of China as a global economic player and the need to reform its development model and encourage development in potential.

The BRI highlights the role of the Silk Road as a shared part of the cultural heritage of many countries and civilizations and draws on it to promote mutually beneficial cooperation.

The BRI also reflects the rise of China as a global investor and the role of infrastructure in creating the foundations for growth in less developed parts of the world.

“To have a better life, to build roads”; improving accessibility. Building infrastructure is expensive, risky for cross-border projects, and needs cooperation.
“Unpacking China’s Belt and Road Initiative”, coming soon in *Area Development and Policy* in November (http://rsa.tandfonline.com/loi/rard20?open=1&repitition=0#vol_1)
Thank you for your attention!