# A Glimpse of Belt & Road Initiative’s Regional Outreach

While an active debate continues in circles worldwide on the possible overtures of the new administration in the Oval Office for dealing with the ‘China challenge’, the latter’s old patterns of outreach stay intact and are flourishing. The recognition primarily owes to the belt and road initiative that has taken a firm shape within a few years of its inception. The multidimensional plan has introduced China as a stronger regional player in the matters of political, economic and military significance. The grand connectivity plan assimilates the historic symbolism of the ancient Silk Road ‘with the new requirement of today’, as proclaimed by Chinese Office of the Leading Group for BRI. In simple terms, China’s four-decades long success story has brought two aspects to the fore. Firstly, the country has risen as a confident power and a stronger actor for the neighbourhood and global politics at large. Secondly, China’s historic growth and the perseverance with which it has been achieved is a path worth emulating for other states. The art of rising without increasing regional costs will now ensure China’s commitment to the philosophy of ‘peaceful co-existence’.

China is the world’s most populous country, having borders with 14 sovereign economies and 2 special regions. With over USD 4 trillion in its own foreign reserves, it is offering vast avenues for development and investment through BRI in the immediate region. The success of cooperation-seeking initiatives among states deeply hinges on their sociocultural patterns, historical trends, and geographical conveniences. China enjoys old cultural affinities and trade linkages with this region. BRI’s pillars of cooperation – including new markets, infrastructural linkages, currency status, energy efficiency, and better trade – seek to ‘strengthen communication between civilizations and safeguard world peace and stability’.[[1]](#footnote-1)

BRI offers multiple dividends for China and member states. The quest for markets for construction and equipment companies to plan, build, and supply BRI-funded projects will reduce reliance on domestic infrastructure investment and associated growth. Its deep-water ports will address internal energy sector’s woes, securing the energy supplies of China, the world’s largest consumer of energy and importer of oil – energy demands have risen with economic growth to more than 500 percent since 1980. Moreover, the likelihood of greater demands for Chinese services and products in countries along BRI will be a natural outcome of such a grand network of linkages.

The ‘economic radiation’ of infrastructural set up of BRI will greatly influence the states in the Asia Pacific, linking the region with the commercial hubs in South Asia and further West. Key ventures to meet this purpose include the China-Indochina Peninsula Economic Corridor (CIPEC), China-Pakistan Economic Corridor (CPEC), Bangladesh-China-India-Myanmar Economic Corridor (BCIM) and the Lancang-Mekong River international sea lane, along with highways, railways, and oil and gas networks that link BRI’s Silk Road Economic Belt with its Maritime Silk Road. The projected China-Southeast Asia economic corridor will extend to Malay Peninsula, reaching out even to the countries with which China does not share borders.

As estimated by Chinese Ministry of Commerce, trade along BRI routes was more than USD 863 billion (6 trillion yuan) in the first nine months of 2018, showing a year-on-year growth (YoY) of 13 percent. Chinese exports to BRI countries surged by 7.7 percent to 3.38 trillion yuan, while imports from these countries rose by 20.9 percent to 2.7 trillion yuan. In terms of investment growth, Chinese enterprises had 12.3 percent jump in these countries for their non-financial direct investment, to USD 10.7 billion. Around 82 overseas trade and economic cooperation zones have been established. These zones offered tax revenue of over USD 2 billion to host countries and around 244,000 jobs collectively.[[2]](#footnote-2) Furthermore, the Silk Road Fund signed 19 projects with committed investment of USD 7 billion. By the middle of 2018, China had inked 103 cooperation documents with 88 countries and international organizations for joint construction[[3]](#footnote-3) of BRI projects.

The Southeast Asian region is a natural recipient of any kind of Chinese incentives, given geographical congruity and trade-based interdependence. The Association of Southeast Asian Nations (ASEAN) thrives on some of the world’s fastest growing economies. Earlier on, China’s relations with these states witnessed variations. Some states even remained at loggerheads with China at some point in the history, such as during the Indochina wars.[[4]](#footnote-4) China’s robust growth has also been seen by some of them as a main threat to the development of its neighbours.[[5]](#footnote-5) However, the contemporary mosaic of geopolitics and highly integrated economics is altering relations among these states, despite territorial and political disagreements. It is also for the reason that interdependence is no lesser than lifelines for Southeast Asian nations. China’s rapid growth entails a constant requirement of natural resources and energy supplies found in these countries. Thus, it is not affordable to ignore an immediate neighbour which is economically developed and keen to offer a hand to the entire region. BRI projects have thus attracted most of the regional countries.

ASEAN is an important partner in China’s cooperative designs along the MSR. Chinese ODI is fast increasing in Southeast Asia. The 2017 survey by The Economist Intelligence Unit for 59 economies showed that Singapore had surpassed the U.S. to become the upmost stop for China’s ODI. Similarly, Malaysia went up from 20th position in 2015 to 4th, Thailand from 38th to 18th, Indonesia from 44th to 26th, Philippines from 39th to 28th, and Vietnam from 40th to 30th position. In terms of country wise global sectoral investments of China, Singapore was the third largest market for financial services; Vietnam was fifth largest for automobile sector; Malaysia, Vietnam, Singapore, Philippines, and Indonesia were ranked 2nd, 4th, 5th, 6th, and 9th top markets respectively for consumer goods; Philippines and Malaysia were 9th and 10th for telecom markets for Chinese firms; and Vietnam, Indonesia, Philippines, and Thailand were 4th, 5th, 6th, and 8th largest market respectively, in the sphere of energy.[[6]](#footnote-6) The involvement of these states in BRI is simply growing with the passage of time.

The ongoing arrangements for a greater outreach to the region under BRI are numerous and cannot be easily kept at fingertips. These include, but are certainly not limited to, the Lancang-Mekong Cooperation focused on the “connectivity, production capacity, cross-border economic cooperation, water resources management, as well as agriculture and poverty reduction”[[7]](#footnote-7); The China-ASEAN Strategic Partnership Vision 2030 adopted at the 21st China-ASEAN (10+1) leaders’ meeting held in Singapore on November 14, 2018[[8]](#footnote-8); creation of Digital Free Trade Zones (DFTZ), such as the one being built in Kuala Lumpur, as logistics hubs; ASEAN-China Maritime Consultation Mechanism; East Asian Marine Cooperation Platform; China-ASEAN Interbank Association; ASEAN-China Port Development and Cooperation Forum; China-ASEAN Marine Cooperation Center; China-ASEAN Forum on Marine Science and Technology Cooperation; China founded China-ASEAN Environmental Cooperation Center; China-ASEAN Forestry Cooperation Forum; ASEAN-China Joint Statement on Science, Technology and Innovation Cooperation; Joint Statement Between ASEAN and China on Production Capacity Cooperation with ASEAN; Joint Statement of the 5th China-ASEAN Ministerial Meeting on Quality Supervision, Inspection and Quarantine; and Joint statement on Production Capacity Cooperation Among Lancang-Mekong Countries with five countries along the river to facilitate cooperation and alignment in their policy, planning, information, and project management.[[9]](#footnote-9)

The dividends of BRI are gradually reaching far and wide and may alter the equations of development and geopolitics in a significant manner. The real promise of any initiative rests in its ability to yield a fresh wave of harmony and stability. It will be important to note how various regional countries manoeuvre through the new environment while safeguarding their self-interest and balancing the big power competition. The jury is still out on a decisive characterization of the unprecedented and unique dynamics of the post-BRI world politics.

1. Office of the Leading Group for the Belt and Road Initiative, *Building the Belt and Road: Concept, Practice, and China’s Contribution*, May 2017. [↑](#footnote-ref-1)
2. Belt and Road Portal, *China sees strong trade growth with B&R countries*, September 29, 2018. [↑](#footnote-ref-2)
3. “Chinese investment in B&R economies exceeds $70b,” *China Daily*, May 17, 2018. [↑](#footnote-ref-3)
4. Grant Evans and Kelvin Rowley, *Red Brotherhood at War: Vietnam, Cambodia and Laos since 1975* (London: Verso, 1984). [↑](#footnote-ref-4)
5. Sheng Lijun, “China-ASEAN Free Trade Area: Origins, Developments, and Strategic Motivations,” *Institute of Southeast Asian Studies Working Paper*, no. 1 (2003). [↑](#footnote-ref-5)
6. “China Going Global Investment Index 2017,” *The Economist Intelligence Unit*. [↑](#footnote-ref-6)
7. The State Council of The People’s Republic of China. [↑](#footnote-ref-7)
8. *ASEAN-China Strategic Partnership Vision 2030.* [↑](#footnote-ref-8)
9. *Building the Belt and Road: Concept, Practice, and China’s Contribution*. [↑](#footnote-ref-9)