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The Chinese Belt and Road Initiative: Opportunities & Risks from a European Perspective

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Belt and Road Initiative: The Chinese globalization offensive

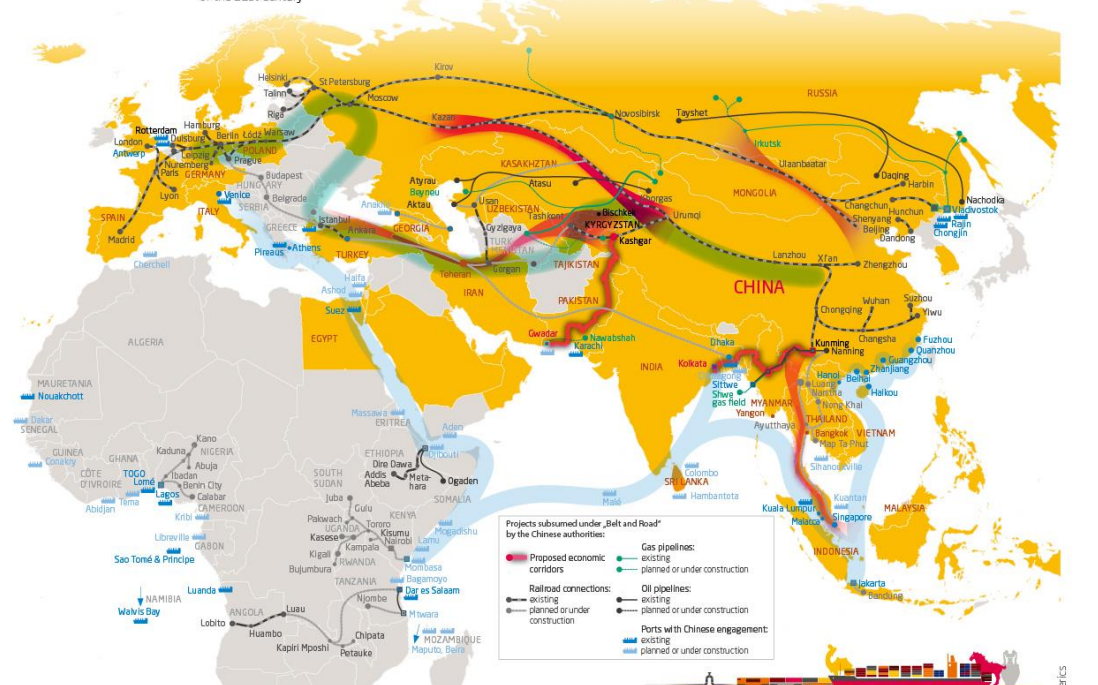
- 2013 launched by China's **President Xi Jinping**. Initially called „One Belt, One Road“ then renamed „Silk Road Economic Belt + 21st Century Maritime Silk Road“
- Ambitious **economic development program** to improve regional cooperation + connectivity between Asia + Europe via **economic corridors**
- 65 countries with 4.4 bn. inhabitants and 30% of global GDP are located along the New Silk Road – cooperation agreements with **125 countries signed**
- Envisioned funding volume of **US-\$ 1–4 trillion**
- **Goals:** Unimpeded trade – Expand economic growth, trade + investment – Secure access to food, energy + commodities – Open foreign markets for Chinese firms – Underline new global player status

National Development and Reform Commission, 2015; Hillman, 2018: Belt and Road Portal, 2019: <https://eng.yidaiyilu.gov.cn/zchj/qwfb/86739.htm>; HKTDC, 2019; Zhai, 2018; Xinhuanet, 7.9.2018

Economic corridors connecting Asia and Europe

China aims to build a global infrastructure network
"Belt and Road" infrastructure projects, planned and completed (March 2017)

■ Silk Road Economic Belt
 ■ Maritime Silk Road of the 21st Century
 ■ AIIB member states



Source: MERICS research

Silk Road Economic Belt with 6 overland corridors

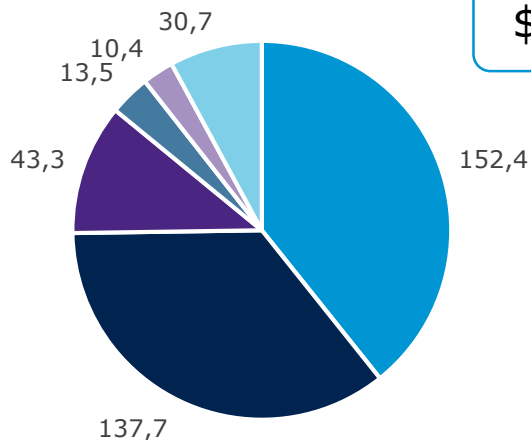
- New Eurasia Land Bridge
- China-Mongolia-Russia
- China-Central Asia-West Asia
- China-Indochina Peninsula
- China-Pakistan
- Bangladesh-China-India-Myanmar

Maritime Silk Road of the 21st Century

MERICS, 2017

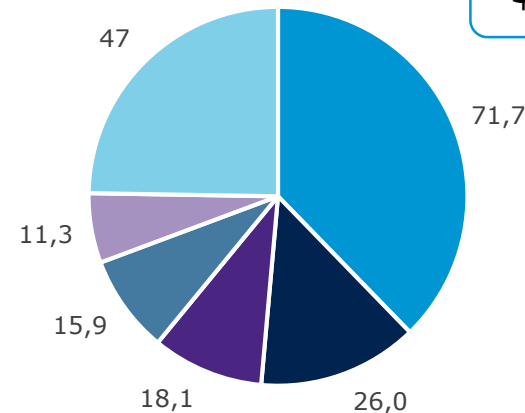
Construction contracts outweigh outward foreign direct investments

BRI Construction
(\$ bn., 2014-18)



- Power
- Transport
- Property
- Utilities
- Metals
- Other

BRI Investment
(\$ bn., 2014-18)



- Power
- Metals
- Transport
- Property
- Logistics
- Other

Europe is not among the top-destinations of BRI projects

BRI Construction (\$ bn. 2014-18)

| | |
|------------|------|
| Pakistan | 31,9 |
| Nigeria | 23,2 |
| Bangladesh | 17,5 |
| Indonesia | 16,8 |
| Malaysia | 15,8 |
| Egypt | 15,3 |
| UAE | 14,7 |

BRI Investment (\$ bn. 2014-18)

| | |
|--------------|------|
| Singapore | 24,3 |
| Malaysia | 14,1 |
| Russian Fed. | 10,4 |
| Indonesia | 9,4 |
| South Korea | 8,1 |
| Israel | 7,9 |
| Pakistan | 7,6 |

Scissors, 2019; CGIT, 2019

But Europe is a core element in the BRI conception anyway

- Europe is attractive for CN as a large **market** and as an **industrial technology leader**
- EU is the **endpoint** of BRI corridors
 - New Eurasia Land Bridge EC
 - Maritime Silk Road of the 21st Century
- Regional „hotspots“:
 - Port of Piraeus
 - „16(17)+1“ Initiative in CESEE
 - Italy recently joined BRI
- **BRI funding**: FDI \$40,9/Construct \$28,6 bn.*
- **Majority** of EU member states has signed collaboration agreements

* CGIT, 2019: Accumulated Chinese spendings under BRI label 2013-1HY2019



* Have signed a formal memorandum of understanding with China endorsing the Belt and Road Initiative

Source: FT research
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