

# The New Silk Road Initiative: Connecting or Disconnecting Infrastructure?

*Priya Singh*

## The New Silk Road/OBOR

The extraordinary \$1 trillion strategic initiative, the Silk Road Economic Belt and 21<sup>st</sup> century Maritime Silk Road, “One Belt, One Road (OBOR), was launched in 2013 covering more than 60 states. It is regarded by many as a possible game changing blueprint to initiate the next level/stage of globalization “with the potential to make China the epicenter of regional as well as global economics and geopolitics,” and as China’s vision that takes one back to the ancient/old Silk Roads albeit on its terms. ‘Silk Road’ refers to the ancient trade route used by Chinese merchants in the second century, connecting China with the West for movements of silk, spices and other goods. In other words, it refers to a network of historic routes across Asia.

The contemporary version of the Silk Road consists of the land based Silk Road economic belt or corridor as it is commonly referred to that comprises a wide strip of central China, reaching through a large number of Asian countries and extending into the eastern European region. These countries are supposed to be connected by existing or planned railways and roads, with bridges and tunnels, airports, as well as pipelines, energy projects, industrial parks, free trade zones and logistics centres. The Maritime Silk Road or corridor is essentially a sea route from the South China Sea and South East Asia, through the Indian Ocean and the Middle East into the eastern Mediterranean. It also spreads in other directions. Its distinctive characteristic is port infrastructure projects, some connecting with parts of the land-based project. The professed objective, therefore is to create a new economic belt of connective infrastructure westward into Eurasia and a new maritime “road” connecting China to Southeast Asia, South Asia, the Middle East, and Africa. The accompanying narrative is one of “a community of common destiny,” of “inclusive collaboration,” of an Asian enterprise/project not merely a Chinese initiative; of an integrated developmental strategy, aimed at global peace and the pursuit of common prosperity.

China’s justification for the immensely ambitious ‘One Belt One Road’ (OBOR) model is to enable and expedite trade route connectivity and efficacy, thereby cutting costs of transporting goods, improving the security of the country’s massive import and export flows, provide additional work for Chinese construction companies on large-scale building projects as well as improving prospects for manufactured goods /exports from China in new markets. The aim of the OBOR in the short term is to stimulate the slow-moving Chinese economy through construction and telecom contracts and the provision of capital goods while the long term goal

is to open new trade routes for the Chinese products to fill the markets in the OBOR countries in the coming decades.

According to a paper by Clingendael, Netherlands Institute of International Relations in 2016, the Maritime Silk Route “is not aimed primarily at changing China’s role in international shipping, but rather is part of a highly ambitious long-term programme for the economic integration of a vast zone...on the basis of infrastructure development,” though the intent of OBOR programme “is not on military dominance,” however, “the initiatives...are accelerating the growth of its (China’s) influence on maritime trade patterns as well as in Asia, Africa and Europe more broadly.” According to a report by the Peterson Institute for International Economics in early 2017 the OBOR “appears to be entirely a mercantile endeavour designed to fortify China’s economic interests around the world.” The colossal scale of this programme entails an enormous financing requirement. The principal funding agencies are China’s four state-owned banks (Bank of China, Industrial and Commercial Bank of China, China Construction Bank, and Agricultural Bank of China). In addition, there is the \$40 billion Silk Road Fund, the multi-national Asian Infrastructure Investment Bank, and so on.

There is an urgent requirement for supplementary and improved land infrastructure in many Asian countries. The poor rail and road infrastructure hinders trade movements across the region causing bottlenecks, interruptions, resulting in inflated costs. Thus there is an obvious need for greater and sizeable investment, which can develop and economize land transport as well as linking it with sea routes. As far as the Maritime Silk Road is concerned, considerable investment in port facilities in several locations is intended or is already in progress. There is considerable interest for the project particularly in Southeast Asia. The reason could be economic as well as the aspect of trade security. Land connections from China to ports in Southeast Asia lessen reliance on maritime trade moving through the clogged and insecure Straits of Malacca.

## **The Uncertainties /Constraints**

The OBOR project has to contend with logistical, political, security, and financial challenges. There is a significant degree of financial risk involved in the OBOR project as it is based on the assumption that poor countries can or will pay back the enormous amounts invested on them by the Chinese. The project involves intergovernmental coordination across innumerable agencies and state owned enterprises, who have inadequate knowledge of the financial and political implications/risks. The OBOR signifies a substantial and unparalleled expansion of “connected lending to international borrowers that embroils the already deeply indebted Chinese banking system in some of the world’s most precarious economic and political environments.” The OBOR could offer opportunities for engagement in “waste, fraud and embezzlement.” China’s business ethics and practices are being questioned in several countries

where its state-owned enterprises are involved in energy and infrastructural projects as some of the firms have been blamed for “cutting corners, ignoring safety standards, using low quality materials and equipment and building environmentally destructive projects.” The OBOR also necessitates a wide range of security concerns along both the maritime and land routes. There is an element of uncertainty about the feasibility of the plan, considering the political unrest and insurgency in areas along the route of the Belt and Road. Diplomatic clichés and heightened security may not be able to safeguard the OBOR projects and may further entangle China in the complicated domestic politics of its neighbors. Issues of accountability, environmental degradation and community displacement, which are some of the hitches associated with China’s projects in Southeast Asia, are likely to instigate local resistance. The OBOR offers substantial domestic, economic and political hazards for China. There is visible tension between the government’s ambition to invest in risky developing countries through the OBOR project and private capital’s flight to safety in the midst of a domestic economic recession and increasing misgivings of protectionism.

The One Belt One Road (OBOR) project, which is viewed as an attempt at reinforcing China’s economic and geopolitical imprint, is of concern for India primarily because of the large Chinese investments for Pakistan, and due to its rapidly increasing strategic and economic presence in the Indian Ocean. The issue of the China-Pakistan Economic Corridor (CPEC) going through Pakistan-administered Kashmir, Gilgit-Baltistan, besides China’s growing clout in the Indian Ocean, continue to be the two key areas of concern for India, which excludes OBOR from its own foreign policy narrative.

## **Research Questions**

In this framework and context, the study proposes to raise and look into the following questions:

1. Does the New Silk Road Initiative represent the next stage of globalization by way of multilayered connectivity culminating in greater regional/global integration?
2. Conversely, can or will the New Silk Road Initiative trigger or intensify existing rifts and fault lines between nations and regions?
3. Is there a possibility of reworking on certain facets of the OBOR and situating the Indian Governments Look East/Act East Policy (with its emphasis on Link West policy), within the New Silk Road Initiative?
4. So what is the New Silk Road Initiative; an imperialist urge, an economic compulsion, a “geopolitical maneuver” or a “spatial fix”?

