

Connectivity Initiatives in the Asia-Pacific and the Belt and Road Initiative

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- Infrastructure connectivity has been widely characterized by theory and empirical studies as a source and facilitator of economic growth.
 - Infrastructure connectivity contributes to growth directly through to other economic activities.
 - Indirectly, it contributes to growth through externalities that improve productivity such as facilitating technology dissemination.



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- Connecting economies through infrastructure is a pivotal element of regional integration.
 - Such connectivity across borders brings many benefits, including improved competitiveness of production networks, better trade flows, and reductions in development gaps between rich and poor economies.



The Belt and Road Initiative

- China issued a detailed explanatory document on the Belt and Road Initiative on May 10, 2017. The document, titled *Jointly Build the Belt and Road: Ideas, Practices and Chinese Contributions*, was released by the Leading Group on the Construction of the Belt and Road.
- The Belt and Road Initiative is a China-proposed trade and infrastructure plan connecting Asia with Europe and Africa.



The Belt and Road Initiative

- China hosts the Belt and Road Forum for International Cooperation on May 14 and 15.
- The Belt and Road Forum for International Cooperation will promote ties through a platform of change and improvement, with more than 50 documents on infrastructure construction expected to be signed.
- Priority for infrastructure construction will be given to fixing bottlenecks and missing links in the transportation network along the Belt and Road countries.



The Belt and Road Initiative

Background

In a speech by Chinese President Xi Jinping on the “Silk Road Economic Belt” (the Belt) at Nazarbayev University (Kazakhstan) on September 7, 2013, he praised the role of the ancient Silk Road in building close economic, social and cultural links and peace between China and outside.

The Belt is to build the transportation and economic corridors that connect China to Europe and all other major Eurasian sub-regions.



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Background

Speaking to the Indonesian parliament on October 3, 2013, Xi put forward the proposal of building the 21st-Century Maritime Silk Road (the Road), which intends to broaden trade and other economic connections between China and other maritime countries of Southeast Asia, South Asia, the Middle East, East Africa, and the Mediterranean.



The Belt and Road Initiative

Background

The two initiatives (B&R) are a package that covers vast regions of Asia, Europe and Africa linking both land and maritime regions with comprehensive agendas ranging from infrastructure, industrial parks, port networks to cultural exchanges.



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- **Connectivity is a priority area for implementing B&R initiative.**
- With regard to transport infrastructure construction, the priority is to improve road network connectivity and to build the international transport highway and railway logistic system, and others including energy infrastructure, cross-border optical cables and other communications trunk line networks etc.



The Belt and Road Initiative

- Under the background of the profound changes of global economic geography, it can be viewed as a space planning with transnational elements, a global economic stimulus project through infrastructure investment, and a trial for new approach of international cooperation.
- B&R provides an inclusive framework for all parties involved to design and invest together in developing the infrastructure network and industrial parks, as well as other projects.



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- **Case: ASEAN's connectivity boost economic integration**
- Transport and logistics will be one of the key enablers for the growth and facilitate the efficient working of an integrated ASEAN Single Market and Production Base, given the expected rise in business flows via trades and investments.
- Below are insights on logistical key installations throughout the region.



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Table of Comparison: Logistics Infrastructure of Countries in ASEAN

	Port	Airport	Railway	Road
Cambodia	Poor	Fair	Poor	Poor
Indonesia	Poor	Fair	Good	Fair
Laos	Not applicable	Poor	Not applicable	Fair
Malaysia	Good	Good	Good	Good
Philippines	Fair	Fair	Poor	Fair
Singapore	Good	Good	Good	Good
Thailand	Good	Good	Good	Good
Vietnam	Fair	Fair	Fair	Fair
Burma	Poor	Poor	Poor	Fair

Source: Comparison of Logistics Infrastructure of Countries in ASEAN,
http://www.business-in-asia.com/infrastructure_asean.html.



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- **Investment and trade cooperation is a key area for B&R Initiative**, which intends to promote investment and trade facilitation, elimination of trade and investment barriers, free trade zones(FTA) among countries in the regions.
- The cooperation will help to expand trade and investment, to improve trade and investment structure, and to create new development area by improving infrastructure, establishing industrial zones, port networks, developing financing facilities, as well as capacity building etc.



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- **People-to-people bond provides the public support for implementing the B&R Initiative.**
- B&R does not just promote the economic agenda, but also those of cultural, academic and talent exchanges, training, media cooperation, and youth and women's dialogues, so as to “win public support for deepening bilateral and multilateral cooperation”.



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- It also encourages personnel exchange, tourism, sports exchanges, epidemic information sharing, the exchange of prevention and treatment technologies and the training of professionals, increase cooperation in science and technology, as well as practical cooperation on employment, vocational skill development, social security management and exchanges and cooperation among cities and cooperation between non-governmental organizations.



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- **Financial cooperation is an important underpinning for implementing B&R Initiative.**
- Financial cooperation will work on a wide range of cross-border financial agendas.
- Through these collaborative efforts, it will be helpful to promote stability of the currencies and enhance the capacity of the credit system and encourage commercial equity investment funds and private funds to participate in the construction of key projects.



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- **Case: ADB estimates infrastructure investment**
- The ADB report estimates infrastructure investment needs in Asia and the Pacific between 2016 and 2030. The analysis covers transport, power, telecommunications, and water supply and sanitation.



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Table : Estimated Infrastructure Investment Needs by Sector, 45 DMCs, 2016–2030 (\$ billion in 2015 prices)

	Baseline Estimates			Climate-adjusted Estimates		
	Investment Needs	Annual Average	Share of Total	Investment Needs	Annual Average	Share of Total
Power	11,689	779	51.8	14,731	982	56.3
Transport	7,796	520	34.6	8,353	557	31.9
Telecommunications	2,279	152	10.1	2,279	152	8.7
Water and Sanitation	787	52	3.5	802	53	3.1
Total	22,551	1,503	100	26,166	1,744	100

Source: ADB estimates.

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- Developing Asia will need to invest \$26 trillion from 2016 to 2030, or \$1.7 trillion per year, if the region is to maintain its growth momentum, eradicate poverty, and respond to climate change (climate-adjusted estimate).
- Without climate change mitigation and adaptation costs, \$22.6 trillion will be needed, or \$1.5 trillion per year (baseline estimate).



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- Of the total climate-adjusted investment needs over 2016–2030, \$14.7 trillion will be for power and \$8.4 trillion for transport. Investments in telecommunications will reach \$2.3 trillion, with water and sanitation costs at \$800 billion over the period.



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- The region's infrastructure has improved rapidly but remains far from adequate. Developing Asia has seen dramatic improvements in its transportation network, electricity generation capacity, and telecommunications and water infrastructure, among others.
- Better access to infrastructure has driven growth, reduced poverty and improved people's lives.



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- Yet over 400 million Asians still lack electricity; roughly 300 million have no access to safe drinking water and 1.5 billion lack basic sanitation.
- Poor quality remains a problem. In many countries, power outages constrain economic growth. And city traffic congestion alone costs economies huge amounts daily in lost productivity, wasted fuel, and human stress.



The Belt and Road Initiative

- B&R took off smoothly and has already achieved a series of important early harvests.
- While B&R gives special emphasis on the infrastructure network, it encourages the comprehensive development projects including industrial parks, capacity building and institutional arrangements (FTA, trade and investment facilitation etc.).



The Belt and Road Initiative

- To overcome risks and challenges, B&R will not only cooperate with the participating parties, but also with the existing international organizations like World Bank and Asia Development Bank etc. closely.
- As a new kind development cooperation, B&R will help to generate growth momentum and to reduce the economic development gaps.



That's all.
Thanks!

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