Belt and Road Initiative-A Future Trance; Likely Hurdles Ahead

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Abstract

Chinese history of civilization can be traced back to 5000 years from now. Today when China is focusing on revitalizing its glorious past and emerging as economic power of the world, its present leadership unveiled the initiative of jointly building the Silk Road Economic belt and the 21st Century Maritime Silk road – more popularly referred as One Belt One Road (OBOR). This aims at connecting over 60 countries of 3 continents, benefiting 4.4 billion people which are about 63 percent of the global population, who own $22 trillion of GDP. When China initiated the very promising and pragmatic OBOR initiative, it was only natural that positive vibes were felt by the countries concern. It envisaged a gateway to global communication, economic expansion, international cooperation and more. Prospects and opportunities which can be offered by OBOR are Mutual Connectivity, Productivity Level, Trade Opportunities, Investment, Multilateral and Industrial Cooperation, Financial Cooperation, Reduce Technological Gap, Employment Opportunity, Conducive Environment to Defuse Tension. No doubt OBOR offers a range of opportunities not only for China but also for the countries along the road. Some work has started with formation of financial platforms, yet much to be done both domestically and internationally. Some of the significant domestic issues that China needs to look at are Unequal Development, Energy Security, Awareness Building. Few international challenges are awareness and confidence building, political risk, financial risk, security risk, cultural and environmental risk, 21st Century dimension, breaching capability gaps, global oppositions. For an effective materialization of the conceptualized initiative China needs to move forward with open, transparent and all-inclusive approach. In the process China needs to improve her image and track record of successfully completing mega project's, ensuring win-win deals visibly. At the end of this paper few recommendations are made regarding International Governance structure, equality, coordinated plan, progressive way based on OBOR.

Keywords: One Belt One Road (OBOR) initiative, silk route, economic corridor, financial diplomacy, investment, infrastructrue.

1. Introduction

Chinese history of civilization can be traced back to 5000 years from now. Home grown various innovative and useful products had much to offer to connect the other part of the world.To materialize that, people opened up several routes for trade and commerce. As part of that endeavor the reputed ancient 'Silk Road' connected civilizations of Asia, Africa and Europe two milieu ago. The underlying spirit of the 'Silk Road' was peace, development, exchange and connectivity and communication. Historically, this route contributed connecting many nations and states. However, with wake of great rivalries and new dimension of trade went to the back bench failing to cope up with the modern day's trends.

Today when China is focusing on revitalizing its glorious past and emerging as economic power of the world, its present leadership unveiled the initiative of jointly building the Silk Road Economic belt and the 21st Century Maritime Silk road – more popularly referred as One Belt One Road (OBOR). This aims at connecting over 60 countries of 3 continents, benefiting 4.4 billion people which are about 63 percent of the global population, who own $22 trillion of GDP.The graphical representation of the OBOR is at appendix 1. The modern Silk Road is the brainchild of the fifth generation Chinese leadership and architect of 'Chinese Dream' President Xi Jinping.

When China initiated the very promising and pragmatic OBOR initiative, it was only natural that positive vibes were felt by the countries concern. It envisaged a gateway to global communication, economic expansion, international cooperation and more. Businessmen, academicians, professionals and people of all walks of life were excited. This was a futuristic vision ready for implementation here and now.Of course, there were skeptics. India has openly expressed its reservations about the plan, worrying that it is an attempt to build a vast zone of Chinese influence. The US, not quite comfortable with China's fast escalation to top world order, a place which America has long taken for granted, is also speculative about the initiative. However, sheer geographical distance, perhaps makes it less of a looming issue for them.

2. Objectives

Objective of this research are as follows:

a. To examine the prospect and opportunities offered by belt and road initiative to facilitate trans border connectivity.

b. To identify the major challenges to establish OBOR initiative and how to overcome those challenges.

3. Methodology

This study is carried out as part of a research on new silk route connectivity. The study was carried out by analysis of primary and secondary sources of information from research articles, magazines, books and journals, news etc. After collecting adequate information second stage of the study began with map analysis, considering geo-economic, geopolitical, social and cultural issues of countries along the new silk route. Finally, this study focused on analytical study of opportunity and challenges involved in establishing OBOR.

4. Literature Review

OBOR—the Silk Road Economic Belt and the 21st Century Maritime Silk Road—was presented in autumn 2013 and has become the central foreign policy project of Chinese President Xi Jinping (Fasslabend, W. 2015).China's state-owned XinHua news agency has started publishing a series of articles called New Silk Road: New Dreams and has published a map of the route that has come to be called the 'Xin Hua version' (XinhuaFinance Agency 2015).

The Belt and Road, unveiled by President Xi Jinping in late 2013, is China's most ambitious geo-economic and foreign policy initiative in decades, combining a land-based Silk Road Economic Belt and a sea-based 21st Century Maritime Silk Road which connect China to Europe (Nicola Casarini 2016).OBOR is not limited to physical infrastructure and commerce. President Xi Jinping has talked about "five factors of connectivity", namely policy communication, road connectivity, unimpeded trade, monetary circulation and understanding between peoples, including intellectual exchanges and flows of tourists and students (Fu M., and Lou C. 2015).

The implementation of the first projects related to the Belt and Road began in Central Asia in March 2014, when Chinese Premier Li Keqiang and Kazakh Prime Minister Karim Masimov oversaw the signing of 33 deals worth USD 23.6 billion, including projects in the steel, non-ferrous metals, sheet glass, oil refining, hydropower and automobile industries (Alam, O. 2015).

The biggest obstacles will be the huge differences between the economic, political, cultural, social and legal systems found in the Eurasian and African regions and the countries between them. The need to create harmonised and secure conditions will be a great challenge (Fasslabend, W. 2015).

The Silk Road concept certainly has to be taken seriously. It will be China's predominant geo-economic, geopolitical guideline for the next decade. Moreover, it clearly shows that China has learned to sell its world power ambitions by means of a nostalgic public relations concept(Fasslabend, W. 2015).

Researchers have also emphasized the geopolitical and foreign policy aspects of China's new Silk Road – both the land-based and maritime routes – raising questions as to whether, and to what extent, the OBOR serves to expand Beijing's sphere of influence in Eurasia while countering US policies in the Asia Pacific(Chaturvedy, R. R. 2014).Europe has clearly become the preferred destination for Chinese investors. According to the China Global Investment Tracker, between 2005 and 2016, China invested nearly USD 164 billion in Europe (including non-European Union countries). During the same period, it invested USD 103 billion in the US (China Global Investment Tracker).

5. Prospect and Opportunities Offered

5.1 Mutual Connectivity. Gradual engagement of 60 countries and regions will certainly promote the inter connectivity allowing more engagement not only at the government level, but also at organizational and people to people level.

5.2 Productivity Level. Collective efforts and avoidance of duplication likely to enhance the productivity level. These will contribute in more job opportunity and reduce the gap between supply and demand.

5.3 Trade Opportunities. As the production goes up and multiple projects undertaken will generate more scope for multi-level trades thus assumed to see increased commerce around the belt.

5.4 Investment. Both financial and raw material investment will see a rise having diversified sources and increased number of projects being implemented.

5.5 Multilateral and Industrial Cooperation. Multilateral cooperation to complement and enhance the industrial boom as the initiative progress along.

5.6 Financial Cooperation. With the formation of BRICS(Association for Brazil, Russia, India, China and South Africa), AIIB (Asian Infrastructure Investment Bank) and many more to come will strengthen the financial cooperation with increased volume of investment.Thus free fund flow is likely to gain momentum.

5.7 Reduce Technological Gap. Through implementation of mega projects more advanced technologies are likely to transfer to the less advanced countries. This in turn will enhance to achieve Common Standing.

5.8 Employment Opportunity. Multiple works will create job making greater employment scopes.

5.9 Conducive Environment to Defuse Tension. For common interest once projects will be undertaken and implemented this may lead to further negotiation and even defusing some of the **bilateral / regional** tensions. This may positively contribute to build a peaceful world.

6. Likely Hurdles Ahead

No doubt OBOR offers a range of opportunities not only for China, but also for the countries along the road. At this stage some works have started with formation of financial platforms like BRICS and the AIIB and engagement like BCIM (The Bangladesh, China, India and Myanmar) Economic Corridor and China-Pakistan economic corridor, yet much to be done both domestically and internationally. For sure such a mega initiative will not be devoid of hurdles to be overcome jointly.Some of these are domestic and some are international challenges, as discussed in following paragraphs:

6.1 Domestic Challenges

Some of the significant domestic issues that China needs to look at are as followings:

6.1.1 Unequal Development. No denying the fact that China over the past decades after opening up and reforms have progressed and developed much faster than any other country in the world. Yet today China faces many challenges from uneven, unequal, uncoordinated and unstable economic development. Without developing equally internally may not be viewed positively by the people of the backward areas. This may put the leaders with multifaceted challenges within. This issue needs to be dealt with very carefully because such opposition from inside China will seriously question the credibility of the host nation.

6.1.2 Energy Security. Any development projects will give rise to the increased use of energy. Moreover the domestic use is also on the rise at a very high speed. To meet the growing demands to China,the imported petroleum in the total consumption has risen from 32 percent at the beginning of the 21st century to the present 57 percent. Most of

these imports are directly linked to rapid industrialization and growing demand of urbanization. The security of these supplies in the wake of tensions around the globe and the fluctuation of markets, make it more difficult to maintain her energy security today than ever before. If China can't secure energy the whole initiative may be put to jeopardy.

6.1.3 Awareness Building. National level leaderships while travelling abroad, in various forums unveiling this initiative. This was seen during recent visits of President Xi Jinping to US, UK, Singapore, G-20 and APEC summit. The same was done by the prime minister also. But as China is the initiator, its people, both at grass root level and also various entrepreneurs level will be the key players in its physical implementation. But much effort is not yet visible internally. More so both people and the various organizations will have to prepare themselves for implementing various projects, otherwise the dreams may not see the lights in reality. This is also likely to be a daunting task as China's internal development has not reached its saturation point yet.

6.2 International Challenges

Starting from its conceptualization towards its publicity, convincing other states and implementing projects a number of challenges are likely to emerge. Some of them are already talked about and some are likely to come up as the journey begins. Significant few are highlighted as follows:

6.2.1 Awareness and Confidence Building. Transforming Chinese dream to "Ours Dream" in a common perspective, will be a big challenge for the Chinese leadership. If the other participating countries, do not feel part of this initiative, then engagement will become difficult one. Political leaders of other countries are likely to face internal resistance. Through various awareness building initiatives China needs to take a lead role to assure others that this initiative though conceptualizes by China, yet all have something common to share for prosperity, obviously not giving away anyone's interest. Besidegiven Chinese construction companies' poor track record operating in foreign countries (including frequent mistreatment oflocal workers), a major increase in the scale of their external activities increases the risk of damaging political blowback that could harm Beijing's image or lead to instability in host countries-particularly if the efforts do not generate lasting benefits for local economies. This effort will have important foreign policy implications for a number of key regional players, including Japan, India, and Russia. Moscow is particularly concerned about the initiative translating into increased Chinese influence in Central Asia. China as the leader needs to address all these issues very carefully. Beside China needs to assure her neighbors' and other competing even

outside of the belt that this will not put them at great risk or unhealthy and unequal competition.

6.2.2 Political Risk. While describing the initiative no specific legal or political framework has been outlined so far.This is also true that one set or a specific model will not suit the entire gamut of this mega involvement. Many OBOR projects will be a high-profile construction project, which means that the deals will be made with the heavy involvement of the destination country's government. Absent of any clear direction or guideline will keep the countries in dilemma and thus will make their building of national consensus more difficult. In same token legal frame has to be made in place to keep the projects on track. Alongside, these two guidelines will have to be further complemented by mutual arrangement of governance. All projects must have to be carefully weighed against possible political changes of host nation and its impact, regional instability risk and default provisions. China alone actually can't develop all these, rather has to be engaged in a series of dialogue and negotiation with various stakeholders and partners of this initiative. Without having done this involving in mega scale projects may turn to be premature with great setbacks. Different political system of various countries itself will serve as great hurdles which has to be overcome.

6.2.3 Financial Risk. Though this initiative is viewed as a greater window of opportunity for financial investment progress, yet factors like unequal partnership and investment capability, fluctuating exchange rate, sudden economic recessions etc can't be ignored. China's biggest investment has already been branded by some western media and think tank as Chinese financial diplomacy / aggression(Georgiev, G. T. 2015). Inside China most of the investment abroad still regulated by state owned enterprises (SOE). But many countries prefer free market involvement where Chinese companies have to be in action beside SOE's. Both their capacity and regulation conducive to their involvement has to be materialized. Cost risk analysis has to be done beforehand and agreed upon, otherwise may stall any project on the way. Various issues related to tax, tariff and financial regulation specific to nations or regions to be addressed too. The confidence of the weaker side that they will not be at financial risk will assume to be of great importance, which China as bigger investment partner has to ensure. Chinese negotiators have to be prudent to deal with conflicting rules and laws of different countries. In reality, developing countries are littered with cases of failed, stalled, or at least troubled Chinese projects due to local opposition, corruption, regulatory issues, and legal problems, which policy makers have to cater for certainly.

6.2.4 Security Risk. In its implementation path traditional issues like Korean peninsula, South China Sea issues will come to the front. More so the road will pass through the volatile region of Afghanistan, Middle East and North Africa. Present foreign and defence policy stand of China suggests non involvement in internal of regional issues. This stand point may not assure many countries and will put the dilemma on their part to actively being engaged with the process. Three hot spot area is very vital for both belt and maritime Silk Road witch can't be ignored. Regional or even neighboring states complexity will also arise if the one project seems to give an added advantage to one negate the same to others. Projects running across the border may have encountered the effects transnational / border issues. As some of the area falls within the extreme disaster hazard zone, risk emanating thereof have to be also catered for. Account of terrorism and saboteur activities targeting projects will be of great significance. For this military or security engagement has to be made in place, which may demand legal frame work with long term engagement increasing the overall coast.

6.2.5 Cultural and Environmental Risk. Projects will see the mix of many nations, many cultures embracing many heritages and traditions. This will create a complex situation where one has to clearly understand the sensitivity involved and make sure that all are made aware of that. With the influx of Chinese people in some particular area local people even may feel disturbed or be threatened of cultural disorder if not threatened. In the article director Wang Yiwei suggest engaging Hong Kong for the projects across Europe as they are better accustomed with their traditions (Yiwei, W. 2017). China has to be careful enough not to pick up any sensitivity which may jeopardize the effort. Dealing with local or even regional environmental issues will also have to focus. Many of the activists have already raised their concerns as this will involve land and infrastructural development. China's relatively low end standing will give more scope to the opposing entities to exploit it further and will help them to negatively motivate the local activist also. Careful impact study and there after a counter measure has to be made in place before undertaking any such projects with sufficient publicity taking the masses on board.

5.2.6 Dimension of 21st Century. Present initiative mainly focuses on building road and maritime route. But this century is witnessing ever growing involvement of air route and information superhighway much contributing for enhancing connectivity contributing faster growth. Designers will have to go further to integrate this two route, otherwise the initiative may well be branded as traditional one and rejected by vast techno friendly youth population and be devoid of new diversifies commerce based on information

technology. Air trade becoming popular day by day, and can contribute immensely, while due to unavoidable circumstances other traditional routes may not be available. Those two will be essential to gain momentum making it popular and more acceptable to new generation opening up the window of opportunity for them. In the question and answer session at CDS on October 31, 2018 the Ex Belarus ambassador to China also opined the same.

6.2.7 Breaching Capability Gaps. Countries involved ranges hugely in terms of their various capabilities. This is in the field of technology, raw material resources, project implementation ability, governance experience and above all required skilled manpower. This phenomenon poses great difficulties for project development and also for its implementation. This will also keep the low end countries entangled in great dilemma about their participation in the initiative because of their inability to articulate and ascertain gains from it. China's willingness for technology transfer and training required manpower in advance can help improve in this regards.

6.2.8 Global Oppositions. It is no denying the fact that everybody is not taking this initiative of China so positively. US have declared rebalancing strategy to contain and dominate this part of the world. Alongside to counter it financially has launched Trans-Pacific Partnership Agreement (TPPA). India's project 'Mausam' is another such advent on the wake of Chinese initiative, which focuses both macro and micro level engagements. Though overtly all these are described as another initiative, but certainly will compete with OBOR. This negative impression of US allies, some of the South China Sea littoral state and specially opposition of Japan and Russia will have significant impacts. Some of the countries who already have engagements with those countries may adopt the strategy of wait and see or else try to maintain balance thus not committing fully. China's foreign office has to show the initiative in engagement level to negate the effects of this trend of global opposition and still carry forward the dream.

7. Recommendations

While it is true that China's economic and strategic interests are intertwined, it would have been beneficial for the OBOR initiative to be planned more holistically in order to give due consideration to the economic and political interests of other participating countries.

7.1 International Governance Structure. For a large project like OBOR initiative, an international governance structure involving all the participating countries to

institutionalize objectives and safeguard the interests of participants has to be established now with a particular emphasis on the financial mechanism. The decision-making structure for the execution of OBOR initiative should be based on consensus.

7.2 Equality. Several sub-projects of various Chinese companies to receive political and financial support from the Chinese government are being touted as part of this initiative, but have nothing to do with it and should be de-coupled so that ambiguity can be cleared and only official OBOR initiative projects can be materialized. Participating countries should also get equal treatment in the financing of OBOR initiative, so that they can also reap the long-term benefits of the project, a step in this direction could be the revamping of the New Development Bank.

7.3 Coordinated Plan. A clear operational strategy for the entire project with an economic and political matrix should now be made to increase trust and transparency. This should clearly indicate relative as well as absolute potential losses and gains of participating countries. Active participation of global institutions such as the United Nations, the International Court of Arbitration, and International Court of Justice should be included for reliability as well as to resolve a potential dispute.

7.4 Progressive Way. OBOR initiative should be executed in a selective manner with a focus on economically viable sub-projects developing trade and economic corridors, for example a Bangladesh-China-India-Myanmar Corridor in the case of South Asia.

8. Conclusions

The OBOR initiative is the resurgence of the ancient Silk Road of China in 21st century perspective. The spirit, principles and motivation are though said to have remained same, but surely is much different in its implementation level. Today the geopolitical environment is different, security situations are different too, and the world is witnessing desperate efforts to counter the uni-polar to multi-polar world system, and describes the trend as irreversible one.

For an effective materialization of the conceptualized initiative China needs to move forward with open, transparent and all-inclusive approach. In the process China needs to improve her image and track record of successfully completing mega project's, ensuring win-win deals visibly. Beside to stable hot spots along the road more proactive strategy has to be adopted. Security force to ever remain prepared for more challenging nontraditional threats. Above all earning confidence of the development partner can help in making China's dream comes true.

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Appendix 1

OBOR & BCIM ECONOMIC CORRIDOR



Figure 1: OBOR

Source: http://silkroutes.net/OBOR/MapsMaritimeSilkRoadRoutesChina.htm



Figure 2: Bangladesh, China, India and Myanmar (BCIM) Economic Corridor

Source:https://www.bing.com/images/search?q=BCIM+map&view=detailv2&qpvt=BCIM+map&id=C88C1965F786894192D4C8D361E27D66A2CB71FA&selectedIndex=4&ccid=MuY3ZtNB&simid=608009409605927143&thid=OIP.M32e63766d3413378e6b9d7ea4b0798cco0&setmkt=zh-CN

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