

Editorial

## The New Silk Roads: an introduction to China's Belt and Road Initiative

Steven Brakman<sup>a</sup>, Peter Frankopan<sup>b,c</sup>, Harry Garretsen<sup>d</sup> and Charles van Marrewijk<sup>e</sup>

<sup>a</sup>*Department of International Economics, Faculty of Economics and Business, University of Groningen, Groningen, The Netherlands, [s.brakman@rug.nl](mailto:s.brakman@rug.nl)*

<sup>b</sup>*Department of Global History, University of Oxford, Oxford, UK, [peter.frankopan@worc.ox.ac.uk](mailto:peter.frankopan@worc.ox.ac.uk)*

<sup>c</sup>*Oxford Centre for Byzantine Research, University of Oxford, Oxford, UK*

<sup>d</sup>*Department of International Economics & Business, Faculty of Economics and Business, University of Groningen, Groningen, The Netherlands, [j.h.garretsen@rug.nl](mailto:j.h.garretsen@rug.nl)*

<sup>e</sup>*Utrecht University School of Economics, Utrecht University, Utrecht, The Netherlands, [J.G.M.vanMarrewijk@uu.nl](mailto:J.G.M.vanMarrewijk@uu.nl)*

---

### Introduction: the speech and plan<sup>1</sup>

In September 2013, President Xi Jinping of China delivered a speech at Nazarbayev University in Astana, Kazakhstan.<sup>2</sup> He seemed to be in a reflective mood: 'Shaanxi, my home province, is right at the starting point of the ancient Silk Road', he said. 'Today, as I stand here and look back at that episode of history, I could almost hear the camel bells echoing in the mountains and see the wisp of smoke rising from the desert'. He valued Kazakhstan not just as a regional partner but with whom China enjoyed a special relationship. 'A near neighbour is better than a distant relative', said Xi.

It was important to maintain such friendships, and build on them too. 'We need to pass on our friendship from generation to generation,' he noted, and 'always be good neighbours living in harmony'. To do this, he went on, 'we need to firmly support and trust each other and

be sincere and good friends. To render each other firm support on major issues concerning core interests such as sovereignty, territorial integrity, security and stability is the essence and an important part of China's strategic partnership with Central Asian countries.'

This was essential, the Chinese leader said, in order 'to combat the 'three forces' of terrorism, separatism and extremism as well as drug trafficking and transnational organized crime'. Dealing with these was vital for the creation of 'a favourable environment for the economic development and the well-being of the people in this region.'

Working more closely together, he said, would allow China and its neighbours to 'expand regional cooperation with a more open mind and broader vision and achieve new glories together'. If they did so, China and the countries of Central Asia could seize 'a golden opportunity' to lay the basis for a new golden age. 'To forge closer economic ties, deepen

cooperation and expand development space in the Eurasian region’, Xi went on, ‘we should take an innovative approach and jointly build an “economic belt along the Silk Road”’.

Xi set out how this could be done. First, it was necessary ‘to improve road connectivity’, which would create ‘a major transportation route connecting the Pacific and the Baltic Sea’. Investing in ‘cross-border transportation infrastructure’ and ‘a transportation network connecting East Asia, West Asia and South Asia’ would facilitate economic development and travel in the region. Additionally, it was important to ‘promote unimpeded trade’. Removing trade barriers between them, reducing the costs of doing business, increasing the velocity and scale of trade would result in ‘win-win progress in the region’.

‘China and Kazakhstan are friendly neighbours as close as lips and teeth’, he concluded. ‘Let us join hands to carry on our traditional friendship and build a bright future together.’<sup>3</sup> Many politicians deliver speeches that set out visions and promise actions. The Xi speech was unusual, however, for the fact that not only did it mark a major re-orientation

of China’s foreign and economic policy, but it has been followed by large-scale actions and investments that seek—or purport to seek—to re-galvanise relations between Beijing and its neighbours in Asia.

Although Xi had not mentioned anything other than over-land routes (see Figure 1), the strategy that rolled out of Beijing from the winter of 2013 onwards always referred to two prongs: rather confusingly to English-speaking ears, a ‘road’ over the sea linking regions together, and a ‘belt’ tying countries to one another. Soon referred to as ‘One Belt, One Road’, or by, external observers mainly, as the new Silk Road, the policy has now become formally referred to as the Belt and Road Initiative (BRI).<sup>4</sup>

We use Xi’s 2013 speech at some length here, because it clearly sets out from the Chinese (leader’s) perspective what the BRI entails and how it came about. The fact that the BRI is also referred to as the New Silk Road already indicates that the BRI has a precedent which raises the very important question whether the BRI really marks a fundamental and unique policy shift (Frankopan, 2015, 2018).

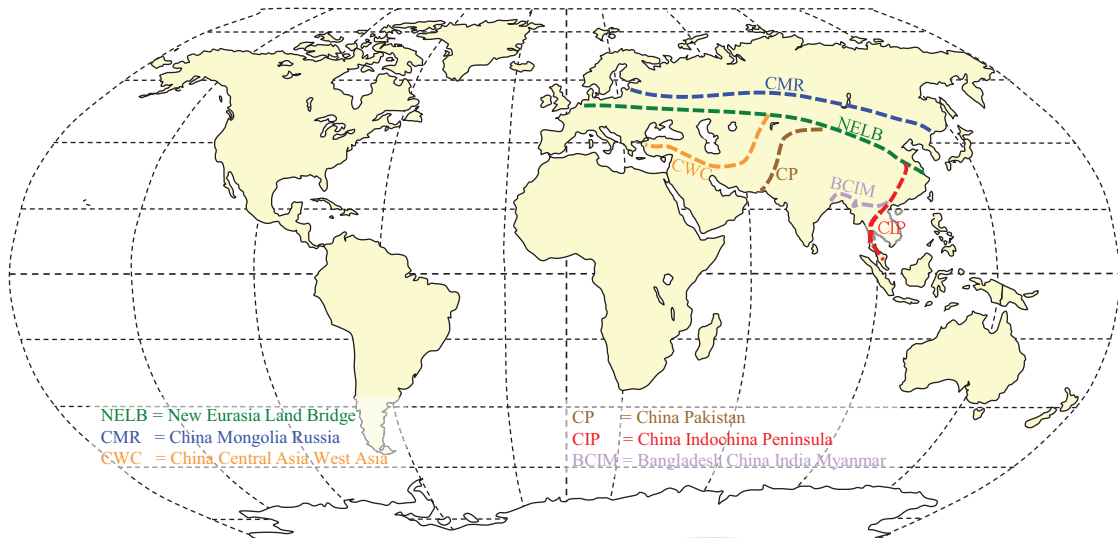


Figure 1. The New Silk Road economic corridors.

This question is not only relevant to historians. Between the old and new Silk Road, China has been involved in other major transnational infrastructure projects in modern times.<sup>5</sup> Understanding the causes and consequences of the BRI might therefore be improved by looking at other transnational infrastructure cases in which China was or continues to be a leading participant. Besides the words of the Chinese leader Xi, one would like to have solid theoretical and empirical research that shows what the possible drivers and results of BRI are or will be. The focus of this current issue is therefore on China's BRI.

The interest in the BRI is clearly not confined to 'China watchers' in academic or policy circles. The large and growing interest in the BRI is clearly also motivated by the fact that the economic and political power of China is on the ascent and many people think that the 21st century will be a 'Chinese century'.<sup>6</sup> To illustrate this and also to justify the decision to spend the current issue of this journal wholly on the BRI, [Figure 2](#) visualises how since 1 AD the world's economic centre of gravity has shifted across the globe. The economic centre of gravity moved away from China (and Asia as a whole) from the 17th century onwards.<sup>7</sup> It is also clear



**Figure 2.** *The World's economic centre of gravity.*

*Source:* Based on [The Economist \(2018a\)](#); the economic centre of the globe is calculated using an average of a countries' locations weighted by their GDP.

that right from the start of the 21st century the economic centre of gravity has shifted back (and quite rapidly so) towards Asia and hence China (PriceWaterhouseCoopers, 2015).

The seven papers in this issue each offer an interesting research perspective on the BRI. Before we turn to these papers, our introduction first provides a brief historical and factual background on BRI in the History and basic BRI facts section. In the Economic and geographical relevance of the BRI section, we will provide some potential economic and geographical relevance and background to the 'New Silk Roads'. The section The papers in this issue concludes our introduction by briefly linking the BRI to the seven subsequent papers that constitute this issue.

### History and basic BRI facts<sup>9</sup>

#### What is in a name?

From a historian's point of view, the reference point made by Xi to the past is both revealing and instructive. The reference that Xi was making in his Astana speech, repeated with almost metronomic regularity since then, is that the BRI is a 21st century re-incarnation of the ancient Silk Road that connected the Pacific coast of China to the Mediterranean 2,000 years ago—if not earlier still. The term 'Silk Road' is a modern invention, coined by the German geographer Ferdinand von Richthofen, to describe the networks that allowed the transmission of one precious commodity (silk) from Han dynasty China to the Roman Empire.

Like all labels, the name of the Silk Road is as clumsy as it is elegant. With its focus on small volume, high-value trade that was enjoyed only by the elite, the term can easily be understood to suggest greater long-distance connectivity than demonstrated by the evidence. It also obscures the fact that much of the exchange across Asia in antiquity—and indeed since then—was more intensive between individual towns and

their hinterlands, and between neighbouring towns themselves, than it was across thousands of miles or between imperial rulers and their capitals.

Nevertheless, the Silk Road label does have a value in capturing the fact that despite the obvious deficiency and problems that the term raises, it helps explain the fact that goods (of which silk was one of many), ideas, languages, religions and even genes were carried along corridors that really did span the continents of Asia, Europe and Africa. Moreover, it is possible to use the networks to chart the ways that global centres of power, but also of science and literature, of culture and the arts, shifted over time. One way or another, the countries and peoples of the Silk Road have played prominent roles not only in local and regional history, but in broader, global terms too. They underpin study of 'global history' in so far as they prompt us to think in terms of broader connections and wider themes of the past.<sup>10</sup>

In his 2013 Astana speech, Xi stated that the peoples and countries of the Silk Road had seen thousands of years of cooperation, despite 'differences in race, belief and cultural background'. There was some substance in this statement, although it is worth noting that figures like Attila the Hun, Genghis Khan and his heirs, Timur, Babur and others might be surprised at the suggestion that these worlds were always peaceful and harmonious—while the more recent past, with tumultuous events in Syria, Iraq, Iran and Afghanistan in the last 30 years, set alongside the Great Leap Forward, the Cultural Revolution, Partition in South Asia, and the experiences of the Soviet Union and the peoples of Central Asia, likewise suggest that not everyone saw eye to eye all the time.

What Xi meant in Astana in September 2013, however, was something more subtle, for the underlying message of his comments was not just that the Silk Road had once been the

world's central nervous system, but that he was harking back to a time when it was the countries of Asia that ruled the world in terms of their power and capabilities, their technological and scientific advances and their economic and cultural dominance. The era he was evoking was one where the world's largest cities were Kaifeng (in eastern China) and Merv (in what is now Turkmenistan) and when leading scholars worked in Bukhara, Samarkand, Isfahan and Xi'an (Hansen, 2012, Xinru, 2010).

### **China power: past, present and future**

The 2013 announcement by Xi and the subsequent adoption of a major new foreign and economic policy was partly a sign of China's rise as a global superpower. But embedded in its heart was also a re-conceptualisation of the past—one, that as it happens, has an obvious resonance with other countries not only in Central Asia but beyond as well. The BRI is a response to a rapidly changing world in the 21st century where the centre of gravity seems to be shifting inexorably to the east—evidenced by the rising share of global GDP of countries in Asia and by China itself, whose economy has grown 10-fold since 2001 (Feigenbaum, 2018).

The evocation of history and the harking back to an era of apparent stability, prosperity and co-operation is noteworthy in what it reveals about the desire and even the need to justify the present and future by referencing the past. Having a model to replicate and revert to plays a role in giving a context for major policy developments and in so doing, allows a wider understanding that the policies themselves are not revolutionary but rather reversions to the norm. History provides examples of many parallels to the narrative of justifying the return to a glorious past (regardless of how mythical that past is). As it so happens, in the modern day, the most obvious counterpoint to the recreation of the Silk Road comes from China's most global rival—the USA. In some ways, the

BRI is a Chinese version of Trump's call to 'Make America Great Again (MAGA)'.<sup>11</sup>

One obvious difference between the two comes from the resources that have been poured into the BRI—and the fact that there seems to be a coherent plan behind it that leads back to the Politburo in Beijing. Superficially at least, both seem to be correct. According to much-cited figures, almost \$1 trillion has been committed to almost a thousand projects across Asia since Xi delivered his speech in Astana (State Council Information Office, 2015). Many of these are connected to what appear to be China's strategic interests—namely the construction of ports, pipelines, road and railways that enable Chinese goods to get to new markets more quickly, and conversely, help deliver necessities to China's markets, above all in the energy sector, where consumption is expected to treble by 2030.

On paper at least, the thinking behind the plan seems not only joined-up and pre-planned but eminently sensible. While China's population faces obvious and growing problems as it ages and does not replace itself, its needs and desires are rising in proportion to its rising spending power, greater aspirations and rapid growth rate. As a result, securing energy and food supplies, on the one hand, while helping connect and invigorate new markets for Chinese products, on the other hand, is not hard to understand. In Pakistan and India alone, for example, penetration of household goods such as refrigerators, air conditioning units and laptops, all of which are produced in bulk in China, is extremely low. With a combined population of more than one billion, helping countries in South Asia to develop infrastructure opens new possibilities for Chinese companies to expand and maintain, or even quicken, the rate of growth that has transformed the country over the last three decades (Frankopan, 2018).

Moreover, while China has historically played a limited role in looking beyond its own borders

and in taking part in international development projects (either of its own or multi-laterally), it has gained considerable experience in recent decades with building infrastructure during a period not only of rapid economic growth, but also of urbanisation that has been the fastest in human history (see Brakman *et al.*, 2016). These have not just provided technical know-how of how and what to build, but also the ability to benchmark the impact of investments to measure the uplift they provide in productivity. In this sense, the BRI might be seen as an expansion of China's own economic transformation of the last 30 years and as much an export of a development model, albeit debt-driven, as it is for large-scale investment in other countries.

### What is the BRI?

There are, however, significant challenges when it comes to evaluating the BRI in detail. For one thing, understanding what falls within the umbrella of the term itself is not always clear. There are now new Silk Roads for the Arctic and even for space exploration (Hillman, 2018). In one sense, it could be argued that this is unproblematic: the original conceptualisation of the Silk Road involved attempting to provide a loose framework that could capture the exchange of multiple goods and products; expanding this to include networks that do not conform to a specific or pre-determined geographic footprint allows considerable flexibility that can be helpful when looking at the past—when the significance of different commodities rose and fell, and when the identities (and physical locations) of buyers, sellers and intermediaries changed over time.

On the other hand, of course, the problems of defining what the BRI is, and what is, can and should be included in it, is largely not just subjective but highly ambiguous. Some projects started well before President Xi's Astana speech have 'become' BRI flagship investments after the event. Other BRI projects

are ones that are termed such, even though they look and are to all intents and purposes straightforward financing and investment decisions that can stand entirely independent of the BRI masterplan.

Then there is the fact that while geography might not need to determine how we understand the places and regions that are part of the BRI, the inclusion of countries like Nigeria in West Africa, Bolivia in South America and states in Central America and the Caribbean like Panama and Antigua and Barbuda surprise even those with the widest possible understanding of what the Silk Road of the past were.

If ascertaining the precise outlines of what the BRI actually is can be tricky, then so too is getting a true sense of the co-ordination behind the various plans that are on the drawing board or being implemented. While there may be joined up thinking and grand strategy behind some elements, it is sometimes both easy and tempting to assume that there is a coherent, deliberate and functional blueprint that explains each new element or every new development.

Beijing likes to talk of the inclusivity of the BRI, describing it as something that 'originates from China, but belongs to the world'. According to government statements issued in the state-controlled press, it is 'the world's biggest international cooperation platform and the most popular international public product'. Its idealistic universalism meant that it helped inspire 'the dreams of millions of people', and to bring hope to 'every country and their citizens'.

Some have reacted sharply to such positive, jaunty messages. 'In a globalised world', said US Defence Secretary Jim Mattis in October 2017, 'there are many belts and many roads, and no one nation should put itself in a position of dictating 'one belt, one road'.<sup>12</sup> A few months later, he returned to this theme, adding that not only are there 'many belts and roads' in the world, but that China's efforts to suggest

otherwise were designed as a backdoor to allow the authorities in Beijing to 'replicate on the international stage their authoritarian domestic model'.<sup>13</sup>

Resistance to the BRI has also been pointed in India, with similar comments being issued by leading officials criticising the lead being taken by China to galvanise states across Asia and indeed beyond. Some of this must be understood in terms of geopolitical rivalry, and also in the context of the fact that alternative models to help spur social and economic development in countries like Pakistan and Iran are either limited or absent altogether. The large reduction in aid from the USA to Islamabad in 2017–2018, for example (following a trend over previous years), means that there are few options other than to turn to Beijing for support.

### Potential problems

The scale of the help that China is able to give is significant. According to the Asian Development Bank, countries across Asia alone require around \$1.7 trillion per year in infrastructure investment to meet the needs and demands of a population numbering around 4.5 billion that is both growing and becoming richer. The fact that state banks are able to finance large-scale projects with costs running into the hundreds of millions and often into the billions means that there are new opportunities for governments keen to improve the quality of life for its citizens and reap the economic (as well as the political) benefits of helping upgrade, modernise or transform their countries (Asian Development Bank, 2017).

One obvious example comes from the China–Pakistan Economic Corridor (CPEC), a distinctly defined spur of the BRI (see also Melecky *et al.*, this issue). With an initial \$60 billion ear-marked for the first phase of CPEC, ploughed into a major improvement of the energy grid with a series of large new power plants, new roads and railway lines—including

commuter tracks—the building of desalination plants and new port facilities, it is clear that the prospect of working closely with China at a time when alternatives for even much smaller scale investment from other sources are limited, is naturally extremely appealing.

In Pakistan, as with other countries where China has pumped in large amounts of money, the issue is not with the principle of debt, or even with the size of the debt. The problems come first from the ability—or rather than inability—of the government to meet its obligations in the event of overspend or in the event of under-utilisation. This puts pressure on the economic resources of countries whose finances may often already be strained—as in the case of Laos, Tajikistan or Tonga, for example. The fact that this can cause political instability as well as an overwhelming debt burden means that there are obvious concerns that far from providing stability, the BRI provides the setting to create just the opposite.

The second difficulty, however, concerns the behaviour of the counter-party. Borrowing money and being charged interest for doing so is not in itself wrong. Clearly, doing so on terms that are manageable is crucial—as one senior official in Islamabad noted in the summer of 2018. Those who had negotiated with Beijing 'didn't do their homework correctly', said Abdul Razak Dawood, 'so they gave away a lot' (Anderlini *et al.*, 2018).

That is one side of the problem when debts go wrong. But the other, more important side is the behaviour of the counter-party. In the event of debt distress or default, everything depends on the willingness of the lender to restructure or even forgive some of or the entire loan—thereby either spreading out the pain or sharing it. At this stage in the evolution and development of the BRI, the decisions taken in individual cases are a cause for concern—in so far as they can be assumed to link back to major policy decisions in Beijing.

One obvious example that has become much cited by observers and critics of the BRI is the fate of Hambantota in Sri Lanka—a major new port facility and shipping terminal built at a reported cost of \$1.3 billion. Wildly over-optimistic projections about its use led to default and desperate efforts by the Sri Lankan government to put the situation right. Eventually, in the summer of 2017, a Chinese operating company was given a 99 year lease on the port, a move not surprisingly interpreted in many quarters as neo-imperialism in all but name.

### **The road ahead for BRI**

How decisions are made in the future will shape our understanding of the BRI—but also of how we think about China itself. The crucial question will be how Beijing reacts to bad investment decisions, and above all to ones where the outcome of bad investment decisions offers the possibility for opportunistic seizure of assets and locations that have a strategic value to China's wider perspective and aspirations regionally as well as globally.

There have been some signs that lessons are being learned from the case of Hambantota, with President Xi announcing that debts owed to China by some of Africa's 'least developed countries' would be forgiven. While the details of this gesture have not yet been made public, the separate fact that the terms of a loan that was originally due to have been repaid over 10 years by Ethiopia for the train line linking Addis Ababa with the coast was to be restructured and spread over 30 years, provides some awareness of the need to reach accommodations, at least in some cases, and at least under some contexts. Whether this becomes regularised—and if so, where and how, is clearly important to follow in the near and mid-term future.

Some are not waiting to find out. In the course of 2018, several high-profile BRI projects were either suspended, cancelled or

dramatically scaled back. These include a \$17 billion high-speed railway linking Malaysia with Singapore, along with the construction of three major pipelines—all of which are being re-evaluated following a change of government and concerns that the proposed costs and terms were too onerous. In Myanmar, the building of a new deep-water port at Kyauk Pyu was revised downwards by 80% from a cost of \$7.3 to \$1.3 billion. Or, as another example, there is the airport at Freetown in Sierra Leone that was to be built for \$400 million, but which was scrapped following warnings from the World Bank and IMF that the debt level of the project was unsustainable.

The direction of the BRI in the short term will depend on how well projects and clusters of projects go. With concerns growing about the dangers of debt-diplomacy and of states taking on too many financial obligations, it will become increasingly important for Beijing to be able to point to case studies which have gone according to plan and have produced the expected impact (or better). Likewise, how the leadership in China reacts to progress, setbacks and criticism will play an important role too in shaping if, how and why the BRI adapts or develops a more rigid structure.

Another important factor too is the wider geopolitical picture at the moment, at a time when the US administration of President Trump is putting considerable pressure on the Chinese economy through the introduction of trade tariffs. It is notable that in the autumn of 2018, several scholars in China gave commentaries that were critical of the country's direction of travel. Amongst the opinions articulated were negative comments about China's expansionist policies, of which BRI is a key component. It is never easy to tell what deeper tensions such sentiments point to (or mask) within the leadership group in China—nor what impact they will have by way



or intensification or response from within the small but powerful group.

The way that BRI evolves in the coming years is linked to multiple moving parts—which makes long-term assessment difficult. Nevertheless, the importance of trying to do so in a systematic way is important precisely because of the fact that the shape of the 21st century will depend on some of the major developments of which BRI is clearly a significant part.

### Economic and geographical relevance of the BRI

#### The group of 30...

China's National Development and Reform Commission (NDRC) formally issued its Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road in March 2015, two years after Xi's speech in Kazakhstan, as extensively referred to above. This vision aims to connect Asia, Europe and Africa along five routes, improve ports and routes for better maritime connections and strengthen collaboration to create six international economic corridors (see Figure 1), namely (i) New Eurasia Land Bridge, (ii) China–Mongolia–Russia, (iii) China–West Asia–Central Asia, (iv) China–Pakistan, (v) China–Indochina Peninsula, and (vi) Bangladesh–China–India–Myanmar. It is thus referred to either as the New Silk Roads or the BRI.

In light of the above historical, political and practical considerations as outlined in the History and basic BRI facts section, we identify 30 non-Chinese Core New Silk Road (CNSR) countries in Table 1. Together with China, this represents the group of countries most directly involved in the New Silk Roads projects. We briefly analyse how these countries develop compared to the world regarding population and real income in the new millennium.

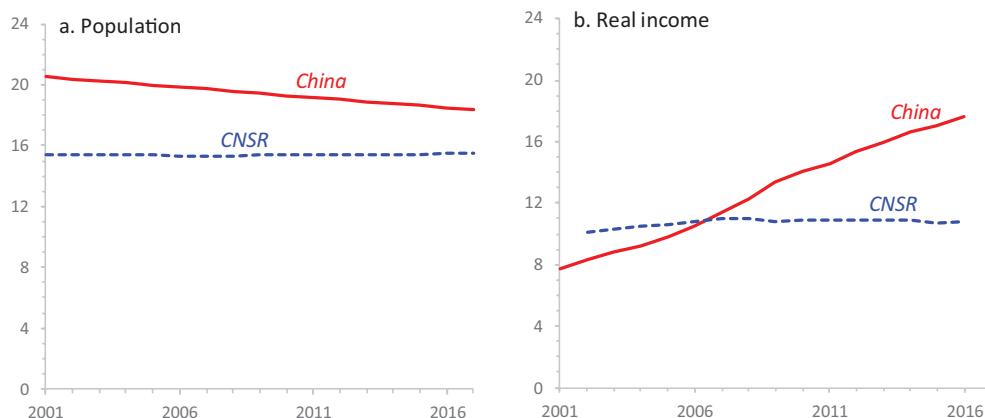
Figure 3a illustrates that the population share of the CNSR countries in the world total is about stable (rising from 15.4% in 2001 to 15.5% in 2017), while that of China is declining (falling from 20.5% in 2001 to 18.4% in 2017). The joint share in world population fell by 2 percentage-points.

Creating a comparable picture for income is a bit more complicated since we want to correct for price differences between countries at different levels of development and thus use the World Bank's GNI PPP in constant 2011 international dollars. In the benchmark year 2011 this information is available for 28 CNSR countries (excluding Syria and Palestine), but it is not available for a varying range of these countries in the other years. Since including all countries for which information in a given year is available in the CNSR share would provide a biased picture of dynamic developments in view of the varying number of countries included, we only include the 19 CNSR countries for which GNI PPP information is available for all years

**Table 1.** Core New Silk Road (CNSR) countries, excluding China

Afghanistan	Belarus	Israel	Laos	Pakistan	Thailand
Armenia	Bhutan	Jordan	Malaysia	Palestine	Turkey
Azerbaijan	Georgia	Kazakhstan	Mongolia	Qatar	Turkmenistan
Bahrain	Iran	Kuwait	Myanmar	Russia	Uzbekistan
Bangladesh	Iraq	Kyrgyzstan	Nepal	Syria	Viet Nam

Note: Shaded cells included in panel b of Figure 3; together these countries represent about 89% of CNSR total income in 2011 (when only information for Syria is missing).



**Figure 3.** Population and income in China and CNSR; % world total, 2001–2017

Source: calculations based on World Development Indicators online; (a) for CNSR is based on 29 countries (excludes Palestine); (b) for CNSR is based on 19 countries (see note to Table 1), income is GNI PPP in constant 2011 international dollars.

from 2002 to 2016 (see the note to Table 1). Together these countries account for about 89% of total CNSR income in 2011.

Figure 3b shows that the real income developments are a stronger reverse version of the population developments. The real income share of the CNSR countries in the world total is slightly rising (from 10.1% in 2002 to 10.8% in 2016), while that of China is rising much faster (from 8.3% in 2002 to 17.6% in 2016). The joint share of China and CNSR in world real income thus rose by about 10 percentage-points in this period.

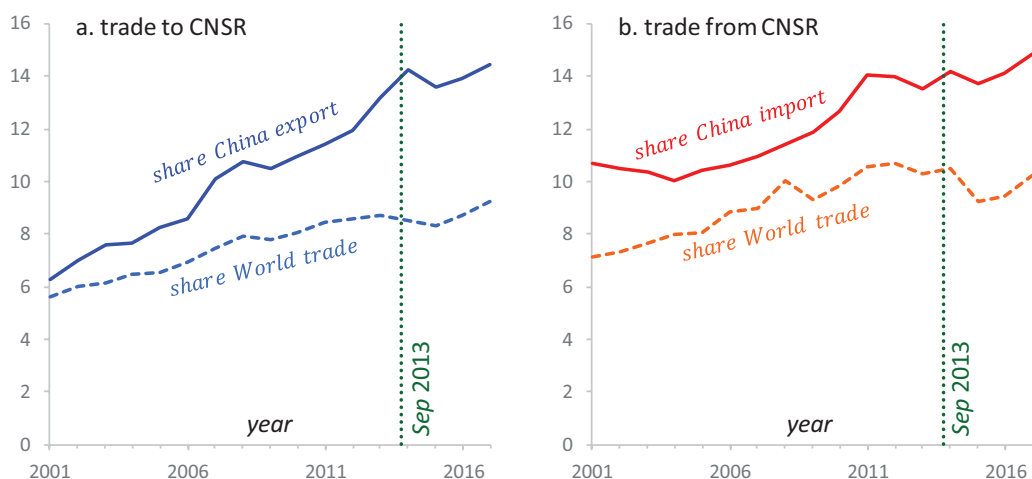
To summarise our findings from Figure 3, the joint economic power of China and the CNSR countries rises substantially in the new millennium (by 10 percentage-points) despite a small decline in the population share (by 2 percentage-points). These developments are almost exclusively driven by China and not by the CNSR countries.

### Trade flows and the BRI

The BRI focuses on the creation and importance of international connections and infrastructure projects to stimulate investment, knowledge and trade flows

between participating countries. This section briefly analyses trade flows as the most tangible of these flows which is easiest to measure empirically. We base our discussion on information from the International Trade Center ([intracen.org](http://intracen.org), a joint agency of the World Trade Center and the United Nations), which provides bilateral country trade flows for the period 2001–2017. We focus on relative flows in percentage terms per year, which allows us to illustrate dynamic developments over time without the need to calculate real trade flows. We incorporate the development of economic power in the New Silk Road countries analysed in the previous section in our discussion of trade flows, taking the world as our benchmark.

Figure 4 shows the relative importance of trade flows towards (panel a) and from (panel b) the Core New Silk Road (CSNR) countries. Trade flows with China have risen enormously in this period. The share of China's exports going to CNSR countries rose by 8.2 percentage-points (from 6.3% in 2001 to 14.5% in 2017), while the share of China's imports from these countries rose by 4.1 percentage-points (from 10.7% in 2001 to 14.9% in 2017). Note that right now (in 2017) the share of China's exports



**Figure 4.** Trade flows of CNSR countries, 2001–2017

Source: Calculations based on intracen.org data; CNSR countries: see Table 1; (a) trade to CNSR from China (% China exports) and World (% World trade, measured by imports); (b) trade from CNSR countries to China (% China import) or World (% World trade, measured by exports).

with CNSR countries is about the same as its share of imports (namely 14.5 versus 14.9 %), such that the sharper increase in China's export flows with these countries since 2001 should largely be seen as a catching-up process compared with its imports.

A standard empirical gravity equation approach to bilateral international trade flows indicates that these flows are positively related to income levels of the involved countries and negatively related to the distance between the countries (as a measure of general interaction costs). As discussed in the previous sub-section, the most important relative income changes in the three groups of countries analysed (China, CNSR and ROW (rest of world)) is the rise of China's real income. Since CNSR countries are on average closer to China than ROW countries, we expect CNSR countries to benefit disproportionately from China's economic rise (see also Kohl (2019)). The way we analyse this is by comparing developments between China and CNSR with those of the rest of the world. Figure 4a thus illustrates that the share of world trade imported into CNSR countries rose by 3.6 percentage-points (from 5.6% in 2001 to

9.3% in 2017), which can be compared with the 8.2 percentage-points for China. Similarly, Figure 4b shows that the share of World trade exported by CNSR countries rose by 3.1 percentage-points (from 7.1% in 2001 to 10.3% in 2017), which can be compared with the 4.1 percentage-points for China.

Figure 5 illustrates the development over time of these relative effects since 2001 for both China's exports and imports. It shows that China's relative imports from CNSR countries initially declined from 2002 to 2008 and since then have returned to slightly above the 2001 level by 2017. China's relative exports to CNSR countries, on the other hand, have risen mostly during the period, but in particular from 2011 to 2014. Both in Figure 3 and in Figure 4 we show the timing of President Xi's September 2013 speech. None of the panels in the figures indicates a significant break since then in terms of a rapidly rising importance of China–CNSR trade flows.

### The papers in this issue

Against the historical, economic and political background of BRI as outlined above in our



**Figure 5.** Cumulative relative effect of China trade with CNSR since 2001 (in %).

Source: Calculations based on intracen.org data; China export indicates cumulative change since 2001 of the share of China exports to CNSR countries minus the cumulative change of World trade with those countries (see Figure 3a); similarly for China import (see Figure 3b).

introduction, we can now position and briefly introduce the various papers, seven in total, that constitute the real core of the current issue on BRI.

The issue kicks off with the paper by Melecky et al. (2019). Using the CPEC, a key part of the BRI, as their example, the authors develop a policy framework that can be used to assess the economic, social or environmental impact of such large-scale infrastructure projects. Most importantly, their simulation analysis for the CPEC shows how the impact of these projects is probably rather heterogeneous across the people and households involved. It is far from clear that the net benefits will be positive. This holds in particular if not only economic aspects are taken into account. In doing so, the paper provides not only a very useful methodology to evaluate projects like BRI, it can also serve as an important check on the ‘Big Words’ by politicians and policy makers that often go along with these projects.

As we have already indicated, the BRI did not come out of the blue. China has a long history with transnational infrastructure projects that thus dates back to the days of the ‘old Silk Roads’ (Frankopan, 2015,

2018). The contributions by Pomfret (2019) and Anastasiadou (2019) analyse in detail whether and how the BRI can be seen as a demarcation or more a continuation of China’s policy of investing in large-scale transnational infrastructure projects. Both authors argue that the BRI is best seen as a continuation in this respect. Pomfret (2019), in particular, shows how railway connections that make for the so-called China–Europe land bridge that precedes the BRI was a market driven (!) establishment of a railway connection between China and Europe, a development that was very important to the economic rise of China and main determinant of services-led international trade.

Crucial in the BRI is that countries become connected in new ways. This will affect international trade fundamentally. Using a state-of-the-art version of the gravity model for bilateral international trade flows, Kohl (2019) estimates the possible impact of BRI on international trade flows. The author estimates the impact of the reduction of trade costs that goes along with BRI on trade patterns with value-added trade data. These data highlight the importance of international supply chains.

The trade effects of BRI turn out to be asymmetric from both the supply and demand perspective. The countries 'at the end' of the new Silk Road, the EU countries, benefit less than China itself or 'in between' countries like Russia. More importantly, the effects of BRI on trade and welfare are probably larger than those resulting from (creating) new (regional) free trade arrangements. The paper by [Mao and He \(2019\)](#) nicely complements the trade model and analysis by [Kohl \(2019\)](#) because it focuses on the (export) specialisation patterns within China. Using a framework derived from evolutionary economic geography, the authors show, for instance, for 334 Prefectures during 2001–2013 how further regional export-led growth might call for better external connections, which provides a clear link to the possible impact of BRI on regional growth, in particular, for lagging regions.

The impact and relevance of the BRI can thus be understood by focussing on the infrastructure project itself or related projects/initiatives; see the papers by [Pomfret \(2019\)](#) and [Anastasiadou \(2019\)](#). Trade models then provide a very useful vehicle to understand the possible economic consequences of BRI in terms of changes in trade and income, see [Kohl \(2019\)](#) and [Xiyuan and He \(2019\)](#). But as the lead article by [Melecky et al. \(2019\)](#) convincingly argues, the impact of initiatives like the BRI is multifaceted. The last two papers are a reminder of this fact. [Van der Wende and Kirby \(2019\)](#) analyse whether and how the BRI may alter the global landscape for higher education and thereby for spatial differences in the allocation of human capital. The BRI thus not only changes the global economic power balance in favour of China, it also increases the economic relevance of the countries that are most closely linked or part of the BRI (see our data on the 30 CSNR countries above). This will not only have trade consequences for these countries, but it will also strengthen the position of locations that profit as a central place or hub for higher education.

The final paper in this issue by [Dunford and Liu \(2019\)](#) offers a Chinese perspective on BRI. Here our issue on BRI comes full-circle as the authors use a wealth of (primarily) Chinese literature that documents the background of some of the views expressed by Xi Jinping in his 2013 speech that marked the start of the BRI plan.

### Endnotes

<sup>1</sup> For more background on the origins of the BRI, see [Frankopan \(2015, 2018\)](#) on which parts of this section are based.

<sup>2</sup> Ministry of Foreign Affairs of the People's Republic of China Speech by HE Xi Jinping, President of the People's Republic of China, at Nazarbayev University, 7 September 2013. [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1078088.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1078088.shtml).

<sup>3</sup> Ministry of Foreign Affairs of the People's Republic of China Speech by HE Xi Jinping, President of the People's Republic of China, at Nazarbayev University, 7 September 2013, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1078088.shtml](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1078088.shtml)

<sup>4</sup> A statement released by the Central Compilation and Translation Bureau of the People's Republic of China and the Chinese Academy of Social Sciences announced that the name of the programme should be rendered 'the Belt and Road Initiative' in English, rather than 'One Belt, One Road'. See [Běrzina-Čerenkova \(2016\)](#).

<sup>5</sup> The Tazara railway linking Dar-es Salaam in Tanzania with Kapiri Mposhi in Zambia provides one good example. See [Altorfer-Ong \(2009\)](#).

<sup>6</sup> See for example [Rachman \(2018\)](#), [Brands \(2018\)](#) and [Economist \(2018b\)](#).

<sup>7</sup> There is an extensive literature on the causes and effects of this shift. Above all here, see [Pommeranz \(2000\)](#).

<sup>8</sup> Parts of History and basic BRI facts section are based on [Frankopan \(2015, 2018\)](#).

<sup>9</sup> This is the central theme of [Frankopan \(2015\)](#).

<sup>10</sup> One obvious difference between BRI and MAGA, however, is that the former is aimed at international expansion and cooperation whereas the latter is aimed more at isolationism and competition between nation states.

<sup>11</sup>US Senate Committee on Armed Services, 'Political and Security Situation in Afghanistan', 3 October 2017.

<sup>12</sup>Department of Defense, 'Remarks by Secretary Mattis at the US Naval War College Commencement, Newport, Rhode Island', 15 June 2018.

## References

- Altorfer-Ong, A. (2009) 'Tanzanian Freedom' and Chinese 'Friendship' in 1965; laying the tracks for the TanZam rail link. LSE Ideas. <https://slidesx.tips/download/tanzanian-freedom-and-chinese-friendship-in-1965-laying-the-tracks-for-the-tanza>.
- Anastasiadou, I. (2019) Iron Silk Road: the transnational dimension of past and present initiatives for the revival of the Silk Road, *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Anderlini, J., Sender, H., and Bokhari, F. (2018) Pakistan rethinks its role in Xi's Belt and Road plan, *Financial Times*, 9 September 2018.
- Asian Development Bank. (2017) *Meeting Asia's Infrastructure Needs*. Available online at: <https://www.adb.org/sites/default/files/publication/227496/special-reportinfrastructure.pdf> [Accessed 3 January 2019].
- Bērziņa-Čerenkova, U. A. (2016) BRI instead of OBOR – China Edits the English name of its most ambitious international project, *Latvian Institute of International Affairs*. Available online at: <http://liia.lv/en/opinions/bri-instead-of-obor-china-edits-the-english-name-of-its-most-ambitious-international-project-532> [Accessed 3 January 2019].
- Brakman, S., Garretsen, H. and van Marrewijk, C. (2016) Urban development in China, *Cambridge Journal of Regions, Economy, and Society* 9: 467–477.
- Brands, H. (2018) The Chinese Century? *National Interest*, 19 February 2018.
- Dunford, M., and Liu, W. (2019) Chinese perspectives on the Belt and Road Initiative, *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Feigenbaum, E. (2018) Reluctant stakeholder; why China's highly strategic brand of revisionism is more challenging than Washington thinks, *Carnegie Endowment for International Peace*, 27 April 2018. Available online at: <https://carnegieendowment.org/2018/04/27/reliant-stakeholder-why-china-s-highly-strategic-brand-of-revisionism-is-more-challenging-than-washington-thinks-pub-76213> [Accessed 3 January 2019].
- Frankopan, P. (2015) *The Silk Roads: A New History of the World*. London: Bloomsbury Publishing.
- Frankopan, P. (2018) *The New Silk Roads. The Present and Future of the World*. London: Bloomsbury Publishing.
- Hansen, V. (2012) *The Silk Road. A New History*. New York: Oxford University Press.
- Hillman, J.E. (2018) How Big is China's Belt and Road, Centre for Strategic and International Studies, 3 April 2018: <https://www.csis.org/analysis/how-big-chinas-belt-and-road> [Accessed 3 January 2019].
- Kohl, T. (2019) The Belt and Road Initiative's effect on supply-chain trade: evidence from structural gravity equations, *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Melecky, M., Roberts, M., and Sharma, S. (2019) Wider economic benefits of transport corridors: a policy framework and illustrative application to the China–Pakistan economic corridor, *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Pomfret, R. (2019) The Eurasian land bridge: the role of service providers in linking the regional value chains in East Asia and the European Union, *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Pommeranz, K. (2000) *The Great Divergence: China, Europe and the Making of the Modern World Economy*. Princeton: Princeton University Press.
- PriceWaterhouseCoopers. (2015) *The World in 2050. Will the Shift in Global Economic Power Continue?*, PWC. <https://www.pwc.com/gx/en/issues/the-economy/assets/world-in-2050-february-2015.pdf> [Accessed 3 January 2019].
- Rachman, G. (2018) The dawn of the Chinese century. *Financial Times*, 4 July 2018.
- State Council Information Office. (2015) 'Six major economic corridors form the 'Belt and Road' framework', 2 May 2015.
- The Economist. (2018a), "The World's Economic Centre of Gravity," 27 October 2018, p. 81.
- The Economist. (2018b), 'The Chinese century is well under way – a new hegemon', 27 October 2018.
- Wende, van M., and Kirby, W. (2019) 'The New Silk Road: implications for higher education in China and the West', *Cambridge Journal of Regions, Economy, and Society* (this issue).
- Xinru, L. (2010) *The Silk Road in World History*. New York: Oxford University Press.
- Xiyan, M., and He, C. (2019) Product relatedness and export specialisation in China's regions: a perspective of global-local interactions, *Cambridge Journal of Regions, Economy, and Society* (this issue).