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China's Initiative of One Belt One Road (OBOR) Provides a Platform for Sustainable Economic Development: Redeeming Old Silk Route for New Economic Era

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This paper gives an overview of The One Belt, One Road (OBOR) initiative i which is an action plan for reviving a historically significant New Silk Road concept offering considerable potential in several economic, environmental, political, cultural, and strategic realms; China's strategy proffers an inspiring vision of common development of up to 80 countries based on infrastructure development and common standards. Connecting China to Europe, the Middle East, Central Asia, and South Asia and will involve existing and new rail lines, highways, and pipelines. It is grandiose, potentially involving an area that covers 55 percent of world GNP, 70 percent of global population, and 75 percent of known energy reserves. China's financial commitments to the project are estimate to \$300 billion in infrastructure financing from China in the coming years. ii Main objective here is to envisage China as a global leader taking the lead from United States of America in terms of driving force for world economy towards sustainable development. Given recent economic crisis of 2008 and its catastrophic effects still haunting the global economy, world has envisioned a necessary revision of world economy along with other global catastrophes faced recently as consequences of global warming inherently being the reason behind whole global environmental scenario and restructuring the global economy towards sustainable development.

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CHINA'S INITIATIVE OF ONE BELT ONE ROAD (OBOR) PROVIDES A PLATFORM FOR SUSTAINABLE ECONOMIC DEVELOPMENT: REDEEMING OLD SILK ROUTE FOR NEW ECONOMIC ERA

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Abstract

This paper gives an overview of The One Belt, One Road (OBOR) initiativeⁱ which is an action plan for reviving a historically significant New Silk Road concept offering considerable potential in several economic, environmental, political, cultural, and strategic realms; China's strategy proffers an inspiring vision of common development of up to 80 countries based on infrastructure development and common standards. Connecting China to Europe, the Middle East, Central Asia, and South Asia and will involve existing and new rail lines, highways, and pipelines. It is grandiose, potentially involving an area that covers 55 percent of world GNP, 70 percent of global population, and 75 percent of known energy reserves. China's financial commitments to the project are estimate to \$300 billion in infrastructure financing from China in the coming years.ⁱⁱ Main objective here is to envisage China as a global leader taking the lead from United States of America in terms of driving force for world economy towards sustainable development. Given recent economic crisis of 2008 and its catastrophic effects still haunting the global economy, world has envisioned a necessary revision of world economy along with other global catastrophes faced recently as consequences of global warming inherently being the reason behind whole global environmental scenario and restructuring the global economy towards sustainable development. First this paper analyzes the ideal global economic scenario as envisioned by economic utopians, then it provides the historical perspective and significance of traditional trade routes including silk route and finally provides an analysis of how China is intending to reinvent and restructure the whole global economy through reviving the old silk route with the help of OBOR and how much it can contribute towards sustainable economic development along with OBOR's capability to take global economy closer to the ideal scenario in future.

1. Introduction

The One Belt, One Road (OBOR) initiative is an action plan for a New Silk Road concept offering considerable potential in several economic, environmental, political, cultural, and strategic realms; China's strategy proffers an inspiring vision of common development of up to 80 countries based on infrastructure development and common standards. Connecting China to Europe, the Middle East, Central Asia, and South Asia and will involve existing and new rail lines, highways, and pipelines. It is grandiose, potentially involving an area that covers 55 percent of world GNP, 70

percent of global population, and 75 percent of known energy reserves. China's financial commitments to the project are estimate to \$300 billion in infrastructure financing from China in the coming years.

From the fall of 2013, Chinese President Xi Jinping put forward the strategic framework of building the "Silk Road Economic Belt" and a counterpart "21st Century Maritime Silk Road," an ambitious vision that has evoked enthusiasm among many stakeholders.ⁱⁱⁱ Consistently supported by Chinese observers, it has clearly become a major foreign and economic policy hallmark of the present government^{iv}. In September

2015, China's National Development and Reform Commission (NDRC), Foreign Ministry and Ministry of Commerce (MOFCOM) announced that the scheme's official English name is 'The Belt and Road' (一带一路).

Beijing's current effort to improve ties and stimulate growth and development along its geographic periphery, facilitating land-based trade across the Eurasian landmass, promoting infrastructural development and connectivity, and stimulating economic integration. These initiatives were seen as a leverage of China's growing economic power and influence in order to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security. "One Belt, One Road is a good international economic strategy, but for now it is certainly not an easy one."^v Europe is an integral part of China's transcontinental vision, and the European Union (EU) has its own vested interests in the Belt—as the EU–China Connectivity Platform demonstrates. This plan sets out a vision in which Chinese-led infrastructure construction, reduced tariffs, and simplified customs administration would allow trade to flow seamlessly between China and Europe by both rail and cargo ship^{vi}. China has committed a total of about \$100 billion to a trio of new infrastructure funds: \$40 billion to the Central Asia-focused Silk Road Fund, \$50 billion to a new Asian Infrastructure Investment Bank (AIIB), and \$10 billion to the BRICS-led New Development Bank.^{vii}

It is expected that project will demand a high 'Policy coordination' in order to develop and then operate the infrastructure planned as part of the OBOR initiative.^{viii} Chinese plans basically negotiate free trade agreements with many if not all of the OBOR countries, as well as agreements to streamline customs,

inspection, and approvals. By the end of 2014, 77 out of China's 118 bilateral or trilateral free trade agreements were with nations covered by the OBOR initiative. Enhancing connectivity will focus initially on removing bottlenecks and providing missing links in existing transportation routes, building port facilities, and improving inter-modal operation.^{ix} Eventually the goal is to have high quality rail, highway, air, telecommunications, oil and natural gas pipeline, and port networks throughout the OBOR regions, with a goal of fostering much closer economic integration across Asia and between Asia and Europe.

For infrastructure in Asia, it is estimated that the OBOR countries need USD 5 trillion in infrastructure from 2016 to 2020. The Asian Development Bank estimated that Asia would need USD 8 trillion in infrastructure investment from 2010 to 2020. China is seeking to take on a more prominent role globally; OBOR is one manifestation of a China's much more engaged and assertive intentions in international affairs. China has consolidated substantial economic and political relationships around the world. Most relevant are the relationships with Southeast Asia, Central Asia, South Asia, Africa, and Central and Eastern Europe. Chinese officials have promoted the OBOR initiative at several international forums involving these regions, including the Asia–Europe Meeting (ASEM), the Shanghai Cooperation Organization (SCO), ASEAN+1, the China–Arab States Cooperation Forum (22 members of the Arab League plus China), the Forum on China–African Cooperation (50 African countries plus China), and China–CEE 16+1 (the sixteen Central and Eastern European Countries plus China).

Historical Significance of the Silk Road

The Silk Road was never a single road, as the name might suggest. The term was

coined by the German geographer Ferdinand von Richthofen in the late 19th century to describe the interlocking mosaic of trade routes within and across Asia to Europe, which has developed over the last 2000 years.^x The name is evocative of images of exploration and adventure, of intrepid travellers such as Marco Polo and Ibn Batuta, and has been engraved in world memory through myth, legend, song and film. Samarkand, Bukhara, Yarkand, Kashgar and Khiva are only some of the resplendent names of some of the stations along the Silk Road. Courage, curiosity, stamina and imagination are the primary emotions associated with travel through these routes, which was indeed a brave enterprise in those times. It is indeed the case that one of the earliest goods to be transported through these roads was silk from China. At one point, not only the aristocratic ladies of Rome but also its gentlemen were so besotted with purchasing fine Chinese silk that the outflow of gold to China threatened to upset the financial stability of the Roman Empire. It required the Emperor Tiberius himself to intervene, banning the use of silk by men (Hopkirk 1984).^{xi} Of course, many other products apart from silk travelled along this vast network of roads—ivory, gold, silver, tea, fruits and nuts, paintings, sculptures, manuscripts and ideas and doctrines of many types—religious, scientific, illusionary, revolutionary or merely eccentric. At one end of the Road was China, while India, Persia, Arabia, the Levant and Europe were destinations as well as origins of different branches of this complex array of tracks, roads, waterways and caravanserais. Trade and transfer of goods, ideas and services across this vast terrain were mediated by many middlemen and bankers. For a long time, Parthians occupied such positions, but later on Indian bankers from Sind and Gujarat gained renown as dependable financiers whose hands were honored from Muscat to Mongolia. The most celebrated ‘product’ to travel the Silk

Road was of course Buddhism, taken from India over the north-western passes of the Hindu Kush and across what is now Xinjiang, to reach into the heart of China. There followed a great interflow of trade, cultural intercourse, exploration and scholarly interaction between India and China. There is a wealth of literature on these intrepid travellers, such as Xuan Zang and Kumarajiva, amongst many others. Both Professor Amartya Sen (2006)^{xii} and Professor Lokesh Chandra (1998)^{xiii} have documented the range of artistic and scientific exchanges with China. More recently, a remarkable publication co-created by a team of Indian and Chinese scholars—the ‘Encyclopedia of India-China Cultural Contact’ (Ministry of External Affairs, 2014)^{xiv} co-sponsored by India’s Ministry of External Affairs—has listed over 700 scholars, travellers and gurus who contributed to cultural interpretation and understanding between the two civilizations. India’s own remarkable role in the millennium before 1200 AD was as the lead provider of advanced education in Buddhism as well as the arts, sciences and medicine at its great Universities of Nalanda, Vikramashila and Taxila, among others. Students from across Asia journeyed here by land and across the seas, often stopping at Srivijaya (in present-day Indonesia) to learn Sanskrit. The sea-route to India was also well travelled by pilgrims and traders, who often arrived by the land route and exited by sea or vice versa. In the early 15th century came the celebrated seven voyages of exploration and trade by the Ming Emperor’s great fleet of huge ‘treasure-ships’ led by Admiral Zheng He. Zheng He assembled a multinational crew from all over Asia for his voyages, which reached right up to East and South Africa. The Admiral is known to have remarked particularly on the skills of Indian navigators and pilots whom he took on board in Calicut and Cochin (Ma, 1997).^{xv} The Silk Roads were in fact an early example of globalization at work, and this

was exemplified particularly during the Mongol Empire of the 13th century. The Mongols unified the vast mass of Eurasia, practically from Beijing to Belgrade, creating the largest free-trade zone ever known, ensuring wide and cheap distribution of goods. Genghis Khan, in particular, abolished torture and mutilation, and employed talented people of many nationalities in his army and civil administration. He established religious freedom across the Empire and instituted the practice of diplomatic immunity for ambassadors (Weatherford, 2004).^{xvi} The Mongol international postal service—fast horses with relief riders and horses at regular way-stations—remained the quickest way of getting news from Vienna to Vladivostok until the Trans-Siberian Railway came 600 years later. One Belt One Road is a key to opening old trade routes along the traditional Silk Road bringing prosperity and peace for future civilizations.

Prospective Future Effects of OBOR

1. Accelerating Industrial Development

Many countries in the OBOR region aim to develop their economies away from a dependence on agriculture and natural resources toward industrialization. Infrastructure building is an important part of that effort, but so, too, is support for economic development. Proven ways of providing that support are setting up industrial parks and special economic zones, and promoting free trade both at home and abroad. China has a wealth of experience in both that it could share with its OBOR partners. Examples include the Suzhou Industrial park established jointly with the government of Singapore.^{xvii} Since 2006, China has started establishing National Overseas Economic and Trade Zones. The Thai-Chinese Rayong Industrial Zone and the China-Africa Lekki Free Trade Zone are examples of such successes.^{xviii} China should now consider setting up joint industrial parks

and working with other governments to establish cross-border free-trade zones and special economic zones in the OBOR region. The experience of such initiatives suggests that China has a role to play not only in supporting infrastructure development but also in spreading best practice in industry selection, molding an effective software environment, and helping to develop industrial parks in other countries in the OBOR region by prioritizing certain industries and by promoting investment. Through OBOR Chinese needs and intend to;

- Help local government identify priority industries. Given the vastly different development needs among OBOR nations, Chinese government and private sectors can help regional government prioritize industries that McKinsey's experience in economic development suggests OBOR nations should choose on the basis of their intrinsic current economic conditions^{xix} for example for;
 - **Low-Income Countries^{xx}**: The top priority should be helping to move these economies from dominance by agriculture and mining toward a modern, industrialized model. OBOR governments should consider helping, in particular, to develop labor-intensive industries including food processing, mining-product processing, textiles, furniture, rubber, and toys.
 - **Middle-Income countries**: For these economies, the key development issue is completing their economic transformation. China should consider focusing its collaboration with other OBOR nations in technology and capital-intensive industries, advanced manufacturing such as automobiles and machinery, electronics, biotechnology, and renewable energy.

- **High-income countries:** The focus in these economies should be on boosting industry up the value chain, and service sectors. China can work with OBOR partners on developing information technology, smart manufacturing, finance (especially sovereign funds), tourism, and education.
- Support local government efforts to attract foreign companies and investment. China has an opportunity to help its OBOR partners to develop industrial parks by offering support in attracting investment from state-owned, private, and multinational companies. This investment is needed to help to develop local firms along the value chain, as well as their operation and management capability. Among the key ingredients of these parks' success are appropriate taxation, and efficient administrative and financial services for companies. In the Thai-Chinese Rayong Industrial Zone, for instance, companies are free from income tax for the first eight years and pay half the full rate over the next five, or alternatively don't pay income tax for the first four years and at a half rate over the next nine. The Zone also provides transport to and from airports, company registration, and help with applications for industrial-land licenses. In the China-Africa Lekki Free Trade Zone, all enterprises are exempt from tax and foreign-funded enterprises are allowed 100 percent holdings, and have the benefit of a one-stop-shop for services including customs, immigration, and the police. Based on a network of industrial parks, China can work with its OBOR partners to build cross border free-trade and economic zones that will help to

make full use of the comparative advantages of different economies and integrate local businesses into global markets. We see scope to build between 50 and 80 overseas economic and trade zones in the OBOR region over the next few years.^{xxi}

2. Improving Social Well-Being

Another priority for China and its OBOR partners is to ensure that citizens have a model of community building that will help their citizens to enjoy a decent quality of life. There is a substantial body of evidence suggesting a close link between decent living conditions and sustainable economic growth. China is at the forefront of today's urbanization as well as community building. China can now use its experience to help other governments make similar strides. We expect that China takes affordable housing as a starting point, since the provision of affordable housing is one effective way to improve living conditions, particularly in cities that are increasingly important growth engines of the world economy due to their scale economics.^{xxii} MGI has estimated that, by 2025, 200 million households in developing countries will live in crowded, inadequate, or unsafe housing.^{xxiii} In the Kenyan capital Nairobi, for instance, two thirds of the population is squeezed into less than 2 percent of the land, typically in shacks smaller than ten feet square. MGI estimates that replacing today's substandard housing and building additional units needed by 2025 will require investment of \$9 trillion to \$11 trillion for construction. To promote affordable housing also requires large amount of collateral, which is estimated to be around \$300-400 billion per year by 2025 (not including loans to real estate developers), accounting for about 7 percent of for global mortgage collateral. The provision of affordable housing is expanding at phenomenal speed in China—4.8 million in affordable-housing units were completed in 2014, and another

7 million units have begun construction in the same year.^{xxiv} There are at least three areas where China can share its experience:

- Encourage private-sector involvement in construction. Some Chinese cities have a rule requiring developers to dedicate a percentage of their commercial residential developments to affordable housing units backed by fast-track channels that expedite various administrative procedures.^{xxv} This inclusivity principle has helped to persuade private-sector developers to become more actively involved in constructing affordable housing. In practice, it is necessary to also build public-transport infrastructure alongside affordable-housing development. Many low-income households cannot afford private cars, and therefore, they rely on public transport.
- Promote integrated construction to reduce costs. Using integrated full industry-chain management can reduce costs and improve efficiency. Country Garden, one of the top ten real-estate companies in China, uses identical integrated design, construction, interior decoration, and even manufacturing of construction materials in all of its 20 developments in Guangdong. This approach, which others could emulate for large affordable-housing projects, means the company can complete a project in just three months, and rigorously control costs.
- Spread the use of provident funds. China's mandatory, state-run provident-fund model of financing for affordable housing appears to be a good fit for developing economies in the OBOR region that may have inadequate credit and financial systems. China's

fund, put in place in 1994 to provide people with low-interest loans and stimulate growth in the real-estate market, totaled \$6.47 trillion in 2014 and its utilization rate reached 50 percent.^{xxvi}

Experience from other developing countries can also be leveraged, Mexico's INFONAVIT, for instance, has an independent risk-management committee, and independent audit commissioners appointed to determine interest rates based on applicants' income level and to use idle funds for affordable-housing construction.

China as the New Global Leader

Donald Trump has become the 45th president of the United States. Among his promises are a 45 percent import tax on Chinese products, the cancellation of the Paris climate agreement and the end of the Trans-Pacific Partnership trade deal. If he does not go back on his plans for global trade and international affairs, Trump will give room to other nations to take the lead in shaping globalization. While the US might be taking a step back from the world – a world it helped to create, to a large extent – China in particular can be expected to take on a more prominent role. Something China understands very well is the importance of connectivity – and hence transport infrastructure – for economic growth and development. Its major development framework is the One Belt One Road initiative with its two pillars, the Silk Road Economic Belt and the 21st Century Maritime Silk Road. This development project involves a territory equal to 55 percent of global GDP, 70 percent of the global population and 75 percent of its known energy reserves. The investments will involve about 300 projects extending from Singapore to Turkmenistan. One building block of One Belt One Road – also known as OBOR – is the Regional Comprehensive Economic

Partnership (RCEP). This China-driven alliance will comprise Australia, New Zealand, China, India, Japan and South Korea – as well as the ASEAN region. In 2014, ASEAN was the seventh-largest economic power in the world. It was also the third-largest economy in Asia, with a combined GDP of US\$2.6 trillion – higher than all of India. With the New Development Bank (NDB), the Silk Road Fund and the Asia Infrastructure Investment Bank (AIIB), China has prepared itself for responses to major financing needs – within and beyond the Belt and Road area. This shows some similarity with the Marshall Plan, the US support plan that helped to rebuild Western Europe after the end of the Second World War. If wisdom and resolve prevail, three decades from now, the Belt and Road Initiative will exemplify the benefits that a rising China can bring to the world. It is now more important than ever that the next chapter of the China story be centered on a commitment to sustainable development. This emphasis is the only key to preserve China's legacy and to ensure global prosperity for decades to come.^{xxvii}

OBOR's Capability of Restructuring Global Economy towards Sustainable Development

The success of the initiative, which spans nearly 100 countries, will depend on whether long-term concerns are prioritized.^{xxviii} In the face of climate change, a transition away from fossil fuel consumption and towards environmental sustainability is imperative. The good news is, within and outside China, models of sustainable development appear promising. The launch of the belt and road follows three decades of rapid economic growth in China, which has been fuelled by infrastructure development and intensive energy consumption. As a result of this legacy, China's investments in the initiative have attracted skepticism.

Observers questioned whether the belt and road is merely a vessel for China to reproduce its old development model, which, despite ushering in unprecedented growth, has led to widespread environmental degradation. Such questions are valid, considering that, between 2005 and 2016, 40 per cent of China's outbound investment was directed towards energy projects and 18 per cent to infrastructure. Moreover, environmental negligence is one of the most frequently cited complaints about Chinese companies overseas. The belt and road countries are home to some of the world's most vulnerable ecosystems and most precious carbon sink. They also use much of the world's resources: a study conducted by the Chinese Academy of Social Sciences found that 38 key belt and road nations emit more than 55 per cent of the world's greenhouse gases and consume 66 per cent of global water resources.^{xxix}

Within and outside China, models of sustainable development appear promising. Domestically, China has begun to decouple its economic progress from fossil fuel consumption and is now home to the world's fastest-growing renewable energy industry. China's coal consumption has fallen for three years running, a key factor in the flattening of global greenhouse gas emissions. Internationally, the imperative for multilateral sustainability initiatives is indisputable, as exemplified by the Paris agreement on climate change. If wisdom and resolve prevail, the Belt and Road Initiative will exemplify the benefits that a rising China can bring to the world. Shaping belt and road projects with the environment in mind makes economic sense. A focus on sustainable development will help achieve economic and political stability for China and its belt and road partners.^{xxx} It will improve energy efficiency and limit regional conflicts over natural resources. The question now is how to ensure that long-term imperatives are not overlooked in favor of short-term

profit. Doing so requires rules and processes, backed by high-level political resolve. It also depends on the inclusion of diverse stakeholders to assess the environmental implications of belt and road initiatives. It is crucial that China make publicly available information about the overseas belt and road projects, subjecting them to scrutiny from local and international communities. The belt and road has the potential to shape sustainable development across three continents. The initiative is ambitious and complex. It calls for collaboration from key international actors, such as the UN, the EU and the multilateral development banks.^{xxxi}

OBOR Is Globalization

Introduced in 2013, OBOR intends to revive two famous ancient trading routines from China to Europe. Its aim is to extensively facilitate the cooperation among countries on the land-based "Silk Road Economic Belt" and oceangoing "Maritime Silk Road". If successful, OBOR will grant this region great economic benefits and competitive advantages. Regardless of the details, OBOR is essentially a plan towards globalization. By forming regional economic partnerships to countries within the 'belt' and the 'road', China will be able to integrate itself to the world's economy, while strengthening its influence in these regions. Some scholars have reached a consensus that "globalization has been naturalized as the inevitable pathway to economic prosperity and success". For governments that "act strategically in order to attract economic activity to their jurisdiction with the ultimate aim of boosting aggregate growth, globalization is undoubtedly the way to go". In fact, globalization is nothing new to China after the Chinese Economic Reform and Opening Up in the late 1970s. Besides China, over the past few decades, other governments are also more willing to open the national economy to global market

forces. In 1960, Ronald Coase proposed the transaction cost theory. Oliver Williamson enriched the theory by adding the relationship mechanism. Taken literally, transaction cost refers to the costs to complete a market transaction. Transactions can be completed through the market, relationships and inside the firm. In fact, we can apply the transactions cost theory into international setting. The simplest interpretation of globalization is to do transactions with other countries. There are also three ways to transact between countries. Taking China for example, the first way is the market, where all other countries are treated equally and there are straightforward and explicit contracts. The second way is the relationship mechanism. OBOR is the best example for this. Countries along the OBOR region can transact relatively easily with each other and negotiate when necessary. The third way is to form a firm-like organization. Countries inside the organization can transact and negotiate with each other whenever necessary. A close example to this is World Trade Organization (WTO).^{xxxii}

OBOR versus Market

The market mechanism provides most benefits because all profitable transactions will take place. However, not all transactions' benefits outweigh the corresponding costs, especially in an international setting.^{xxxiii} These costs take various forms, geographic, political, military, and so on. Therefore, free trade is not working for the majority of the world. In other words, the high transaction costs prohibit lots of cross-border transactions from happening. The OBOR, if successful, will significantly reduce transaction costs mentioned above and thus induce more cross-border transactions. These reductions can be reflected in the following ways: transportation costs will be lower due to investments in cross-border infrastructures; tariffs costs within

the OBOR region will be lower due to favorable policies; frequent co-operations improve OBOR members' knowledge of each other, thereby reducing the cost of information searching; the trust built within the region can guarantee a steady transaction environment, thereby reducing the policy enforcement costs. In short, for members within the OBOR plan, OBOR is more preferable to the free market since it offers lower transaction costs.

OBOR versus WTO

Although both WTO and OBOR aim to facilitate cross-border transactions by lowering transaction costs, there are a few very important differences. Firstly, OBOR treats its members differently, while WTO treats its members equally. Each OBOR member can make contract with another member in differently terms and conditions based on their relationships, while all members within WTO need to follow the same rules. Secondly, OBOR offers more flexibility than WTO. The contracts and rules can easily be re-negotiated when necessary, while it is unlikely for WTO to constantly change its rules. Lastly but most importantly, the two have different beneficiaries. Clearly, the equilibrium of OBOR requires that everyone inside OBOR is a winner. However, for WTO, there is only one winner - WTO as a whole. Worse more, WTO is highly biased towards the developed and rich nations and thus failing developing nations and therefore lowering their true incentives to participate. In a world where each country pursues its own interest, the OBOR initiative is clearly more feasible than the WTO. In fact, some experts have already pointed out the failures of WTO based on the above analysis in recent years. Therefore, OBOR is more likely to sustain in the long run than WTO.^{xxxiv}

OBOR versus Marshal Plan

New financial institutions have been set up

to further OBOR and co-related objectives, most notably the Asian Infrastructure Investment Bank (AIIB),^{xxxv} the New Development Bank (formerly "BRICS" Development Bank), and the Silk Road Fund. China's Foreign Minister Wang Yi said that the OBOR was a "tool of geopolitics". In a nod to Western critics' fears about China's real intentions,^{xxxvi} he said the project should not be viewed through an "out-dated Cold War mentality".^{xxxvii} Su Hao has a similar analysis that regional powers are concerned about China's rise because, historically, a country that grows more powerful tends to "bully" others.^{xxxviii} However, the world has entered a new period: China today is "a giver, not a taker" and it aims to help poorer countries in its neighborhood to develop.^{xxxix} In an editorial published in Huanqiu Shibao, China refuses "traditional geopolitical confrontation", China neither "strive for hegemony" and nor "cheat and threaten" its neighbors. China is working for peace, and the implementation of the OBOR is the evidence of this commitment. Indirectly criticizing the US as a traditional power, Chinese officials and academics repeatedly stress that OBOR differs from Marshall Plan. Wang Yi states that comparing the OBOR to the Marshall Plan is like comparing "apples and oranges". The OBOR is based on "open cooperation". During China Development Forum, Foreign Minister Wang Yi said that "economic imbalances" are the root causes of conflict and that China should provide more "public goods" to mitigate such instances.^{xl}

Conclusion

The OBOR initiative has a real potential to bring different parts of Asia closer through physical, psychological, economic, cultural, environmental and political connections. Infrastructure will improve at places which need it and promote economic development along the way. It

will also bring East Asia together with Europe making the World smaller. The major economic flows are likely to be between China and Western Europe simply because those are the biggest markets along the “Belt” and the “Road”, with the potential to heal the wounds 2008 economic crises with coordination and cooperation, bases for Crises management.^{xli} Improving international relations eventually reducing the risk of conflicts and bringing a possible future of peace and prosperity to the nations is the ultimate goal here. The world’s lack of trust in the Chinese initiative has the solution within Chinese foreigner students (Chinese foreigner alumni association), for the last few years many students from all over the world travelled to get their education in China, now they need to proceed assuming positions with internships or jobs in this OBOR, and help to make clear the Chinese Dream of a World peace building in a multicultural civilization, avoiding conflicts and fighting the environmental disaster, energy and food poverty (Expo 2017 – Astana).^{xlii}

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See: He Yini, “China to invest \$900b in Belt and Road Initiative”, China Daily, 28 May 2015. Available at: http://usa.chinadaily.com.cn/business/2015-05/28/con- tent_20845687.htm.

¹ Chinese President Xi Jinping called for the revival of the Silk Road through the establishment of a Silk Road Economic Belt during a speech at Kazakhstan's

Nazarbayev University in September 2013. The belt is an economic zone that connects Central Asia, the Middle East, Russia, and Europe. The president also advocated the construction of a new Maritime Silk Road of the 21st century during an address to the Indonesian parliament in October 2013. The Maritime Silk Road is an economic zone connecting the ASEAN economic bloc, South Asia, West Asia, East Africa, and Europe.

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¹ The most publicised recent bilateral commitment was the \$46 billion of investments pledged by Xi Jinping’s during his two-day visit to Pakistan in April, which was followed soon after in early May by a visit to Kazakhstan, Russia, and Belarus in which a further \$15.7 billion in deals were signed in Belarus alone. New international financial institutions include the Asian Infrastructure Investment Bank (AIIB), the BRICS’ New Development Bank, the Silk Road Fund, a CIC-backed fund (announced recently, during Li Keqiang’s visit to Brazil), and even, possibly, a SCO Development Bank.

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¹ Since its establishment in the late 1990s, Suzhou Industrial Park has attracted large amounts of foreign direct investment from Singapore’s leading companies but also fostered a number of Chinese indigenous companies that have benefited from the transfer of technical and managerial capabilities. The park also attracted several research institutions, providing strong support for technical transfer and innovation.

¹ The Thai-Chinese Rayong Industrial Zone, now home to 60 Chinese companies, was developed by China’s Holley Group and Thailand’s Amata Group. China-Africa Lekki Investment Limited,

registered in Beijing in March 2006, is a joint venture between China Railway Construction

Corporation Limited, China Civil Engineering Construction Corporation, China-Africa

Development Fund and Nanjing Jiangning Economic & Technological Development Corporation.

Thus far, 38 companies have signed contract to invest in the zone with a combined investment of \$100 million.

¹ The suggestions in this paper draw on interviews with scholars, business leaders, and McKinsey experts, but we acknowledge that further quantitative research is needed to build on our findings.

¹ The World Bank defines low-income countries as having a gross national income of less than \$1,045 per person; lower-middle-income with between \$1,045 and \$4,125, upper-middle-income between \$4,125 and \$12,746; and high-income of more than \$12,746. Middle-income includes lower-middle-income and upper-middle-income.

¹ “Real life cases of the Chinese Overseas Industrial and Trade Zones,” Oriental Outlook, December 2014.

¹ MGI has published extensively on urbanization. See Preparing for China’s urban billion, February 2009; India’s urban awakening: Building inclusive cities, sustaining economic growth, April 2010; Urban world: Mapping the economic power of cities, March 2011; Building globally competitive cities: The key to Latin American growth, August 2011; Urban America: US cities in the world economy, April 2012; Urban world: Cities and the rise of the consuming class, June 2012; and Urban world: The shifting global business landscape, October 2013.

¹ A blueprint for addressing the global affordable housing challenge, McKinsey Global Institute,

October 2014. According to the report, by 2025, 440 million households—or about 1.6 billion people—will live in crowded, inadequate, or unsafe housing or will be

financially stretched. Of these, 200 million will be in developing countries.

¹ Mr. Chen Zhenggao, Minister of Housing and Urban-Rural Development of the People's Republic of China, in a speech at the 2014 working session on national housing and urban-rural development;

see <http://www.mohurd.gov.cn>.

¹ Affordable Housing Management: Guideline of Shanghai (pilot), Shanghai Government, 2009.

¹ Statistics from China's Ministry of Housing and Urban-Rural Development

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¹ Speaking at a major international conference in Beijing, United Nations Secretary-General António Guterres today drew comparisons between China's 'One Belt, One Road' initiative and the Sustainable Development Goals, saying both are rooted in a shared vision for global development

¹ New Chinese-led institutions such as the Asian Infrastructure Investment Bank (AIIB), which has committed US\$100 billion to investment along the Silk Road, has promoted itself as "lean, clean and green" and in its Environment and Social Framework commits to helping countries pursue their national commitments under the Paris Agreement. The AIIB also pledged to only fund coal-fired power plants under exceptional circumstances in its 2017 Draft Energy Plan and has yet to approve any coal projects.

¹ NDRC et al. 2015. Vision and Actions on Jointly Building Silk Road Economic Belt and 21- Century Maritime Silk Road: National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Commerce of the People's

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¹ <https://www.weforum.org/agenda/2016/1/china-lead-globalization-after-united-states/>

¹ Jacques, Martin. 2009. When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World. London: Penguin Books.

¹ <http://www.bschoo.cuhk.edu.hk/faculty/cbk/article.aspx?id=15512620>

¹ AIIB 2016b. AIIB Energy Strategy: Sustainable Energy for Asia: Issues Note for Discussion.

Beijing: Asian Infrastructure Investment Bank, October.

¹ Subramanian, Arvind. 2011. Eclipse: Living in the Shadow of China's Economic Dominance. Washington, DC: Peterson Institute for International Economics.

¹ Wang Yiwei, "How to deal with geopolitical risks during the implementation of the One Belt One Road", Gongshi Wang, 29 April 2015.

¹ "Interconnectivity" is a concept that President Xi Jinping stressed at a meeting of the Dialogue on Strengthening Connectivity Partnership held in Beijing on November 8, 2014. Interconnectivity, the President suggested, should include policy communication, infrastructure connectivity, trade links, capital flows, and understanding among peoples.

¹ Su Hao, "One Belt, One Road – Global foundation of the concept of a new type of great powers", Shenzhen Shangbao – Shenzhen Economic Daily, 15 April 2015.

¹ Antoine Bondaz, 2. Rebalancing China's geopolitics, "ONE BELT, ONE ROAD": CHINA'S GREAT LEAP OUTWARD. June 2015.

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¹ "Powering Green Growth". At EXPO-2017