

# Commentary

THE BUFFIN FOUNDATION

SOCIAL AND ECONOMIC DEVELOPMENT ISSUES

## China's Belt and Road Initiative

The Belt and Road Initiative (BRI) was established by Chinese President Xi Jinping in 2013. BRI consists of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. It aims to boost connectivity along and beyond the routes of the ancient Silk Road. BRI engages with sovereign nations and international organizations in collaborative projects to enhance both China's development and cooperation with global partners. Experts agree that infrastructure serves an important role in the economic and social development of many of the world's less-developed nations; it is accorded high priority in development programs since it provides access to basic services such as electricity, roads, water and communications. To date, 126 countries and 29 international organizations have signed agreements with China under the BRI framework, including the United Nations, the G20, and Asia Pacific Economic Cooperation (APEC) members. The BRI focuses on the areas of infrastructure, trade and finance, with the objective of strengthening international economic cooperation, promoting global growth, and building an open global economy. BRI cooperation embraces the historical trend of economic globalization and responds to the call for improving the global governance system. By promoting the development of participating countries, it has contributed to the recovery of the world economy after the global financial crisis, as well as conforming to the United Nations Sustainable Development Goals. BRI represents a new path for international relations based on dialogue, partnership and mutual enrichment; it supports the multilateral trading system and embraces economic globalization that is open, balanced and inclusive. BRI has its main focus on economic development, aligned with the strategic interests of partnering countries regarding infrastructure and urban construction.

China has worked with many countries

to create a transport infrastructure network connecting the sub-regions in Asia and linking Asia, Africa and Europe, to enhance connectivity and boost the efficiency of regional and sub-regional logistics. Recently, the Mombasa-Nairobi railway and the Addis Ababa-Djibouti railway have begun commercial operations. Also work has commenced on the construction of the China-Laos railway, the Hungary-Serbia railway, the China-Thailand railway, and the Jakarta-Bandung high-speed railway in Indonesia. Importantly from a Russian and Chinese perspective, the 772 kilometer Moscow-Kazan high-speed railway in the Russian Federation, going through Vladimir, Nizhny Novgorod and Cheboksary, is slated to be the first segment of an ambitious transnational high-speed railway that is to connect Beijing and Moscow over a distance in excess of 7000 kilometers.

Among all the BRI projects, the China-Europe railway express is the most striking; in 2018, compared with the previous year, the number of cargo trains traveling between China and Europe increased by 73 percent and by 111 percent from Europe to China, enabling more products from BRI participating countries to enter the Chinese market. Another important part of the BRI is the creation of Free Trade Agreements (FTA); China has signed 17 FTAs with 25 countries or regions and nine more are under negotiation, involving more than 30 countries. Under the framework of the BRI, 82 industrial parks have been built by Chinese enterprises in 24 countries in which 4098 enterprises have established operations. BRI projects involve both developing and developed countries; Japan, France, Italy and Saudi Arabia are among the countries working with China on various BRI development projects. Extending bilateral trade with China is particularly important for the future development of Africa; the self-determination of Africans, the potential of its youth-

ful population, and the emerging trends for development represent a strong platform for future economic growth in Africa.

The December 2009 edition of *Commentary* described the legacy of Deng Xiaoping and referred to the importance of viewing China as a civilization rather than as a nation-state and it explained China's expanded future influence on global economic, political and cultural affairs in the context of the long history of China and the deep-rooted influence of Confucian philosophy in Chinese thinking and culture. China's former historical role as a major regional civilization with far-reaching influence is now being re-established as China's new economic power enables it to play a role in development projects in Africa, Latin America and elsewhere around the world, becoming the dominant regional leader in East Asia and on track to become the future largest economy in the world. Deng Xiaoping stressed that China's modernization has two essential requisite conditions, namely, domestic political stability and international peace. China's economic ascendancy is having a powerful impact in other countries. Interest rates, commodity prices, wage rates, unemployment rates, trade balances and current account deficits are all affected by China's surge in economic development, and most importantly, by its exchange rate policy. The inexorable peaceful economic rise of China is a reality that still has a long way to go and whose effects will be reflected in a major realignment of the economic power and geopolitical influence of other nations.

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