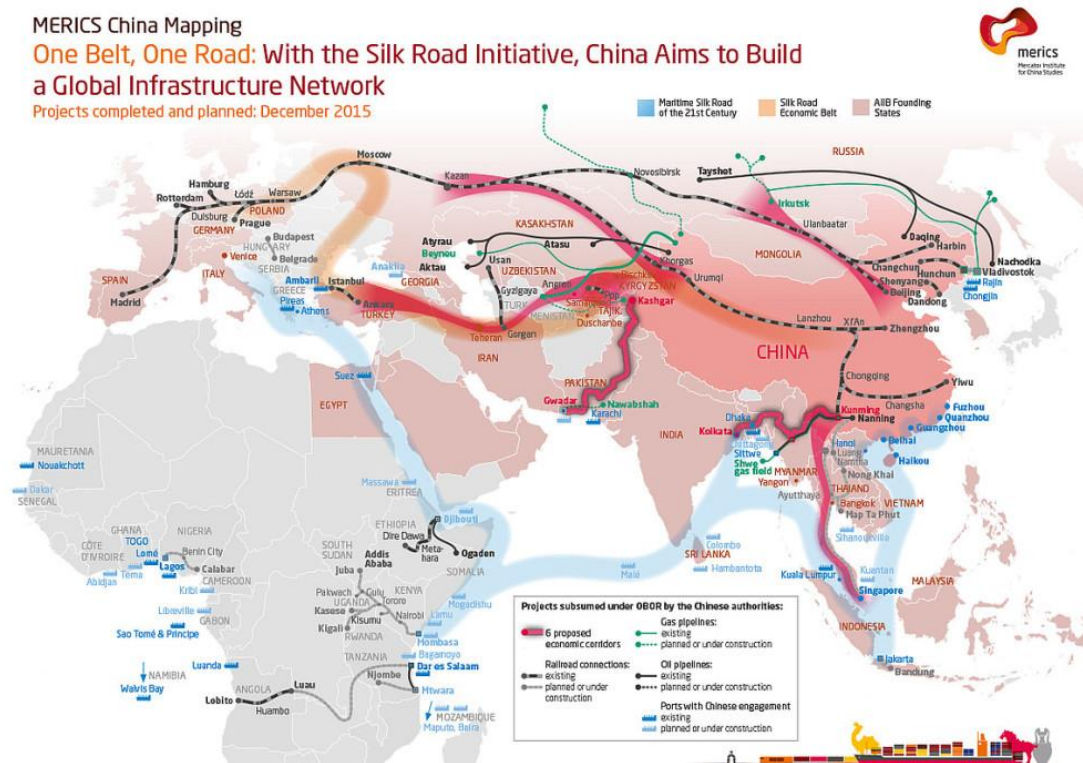


The New Chinese Silk Road and the Global Geopolitical Interconnection of the 21st Century

The strategic concept of the New Silk Road

The One Belt, One Road (OBOR) Initiative

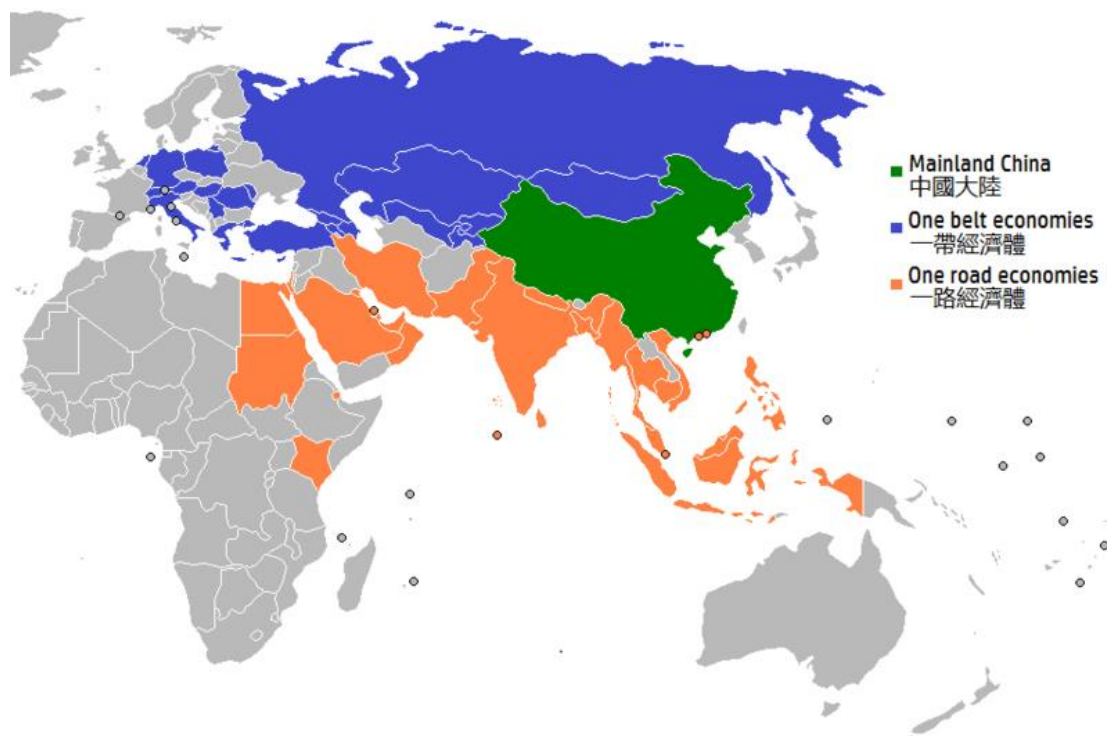


Source: Mercator Institute

The *New Silk Road of China* – One Belt, One Road (OBOR)¹ – is a strategic initiative for the improvement of infrastructures links and economic cooperation among countries in all of Eurasia and Africa, consisting of the interconnection of land-based and maritime pathways. The OBOR strategy aims to promote the role of China in global relations, sponsoring the international investment flows and trade opportunities for Chinese productions. In fact, so far, direct investments in China in the countries involved in Silk Road have increased by 38.6%. Chinese companies have already signed more than fifty economic cooperation agreements with these stakeholders, with the indirect creation of nearly 70,000 local jobs. During the first eight months of 2016, trade between China and such countries have overcome 600 billion dollars, equal to the 26% of the total of China’s foreign trade volume. By 2020, China is expected to export along the OBOR axis goods and services for about 780 billion dollars and import approximately 573.6 billion dollars.

1 The *One Belt, One Road (OBOR)* is made of the land-based Silk Road Economic Belt (SREB) and the 21st Century Maritime Silk Road (MSR).

China, Eurasia and Africa



The *Belt and Road Initiative* aims to promote the connectivity of Asian, European and African continents and their adjacent seas. When, in September and October 2013, Chinese President *Xi Jinping*² visited Central Asia and Southeast Asia, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road. Encompassing more than 65 countries along the route, *OBOR* is the most ambitious infrastructure-based security initiative in the world today and a game changer for Africa's development. The ultimate goal is to outline a Global Infrastructure Dynamic Network, diversifying Chinese economy, deepening political stability and establishing a multi-polar global order.

At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major seaports along the Belt and Road. The 21st Century Maritime Silk Route Economic Belt: 世纪海上丝绸之路 will focus on two routes: the first from Chinese coastal cities, via South China Sea to the Indian Ocean, extending to Europe, while the second from Chinese coastal cities, via South China Sea to the South Pacific. The maritime lane of the 21st Century Maritime Silk Road (MSR) actually refers to "a string-of-pearls" maritime path, which makes use of a number of sea-lanes together with the investment of billions into deep-water ports along the eastern Indian Ocean seaboard, in order to create paths for China's goods and firms, growing its export markets. About the ground network, the *OBOR* shall be marked by the following *Six Economic Corridors*: China-Mongolia-Russia; New Eurasia Land Bridge; China-Central Asia-West Asia; China-Pakistan; Bangladesh-China-India-Myanmar; China-Indochina Peninsula. On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing the six economic corridors, by taking

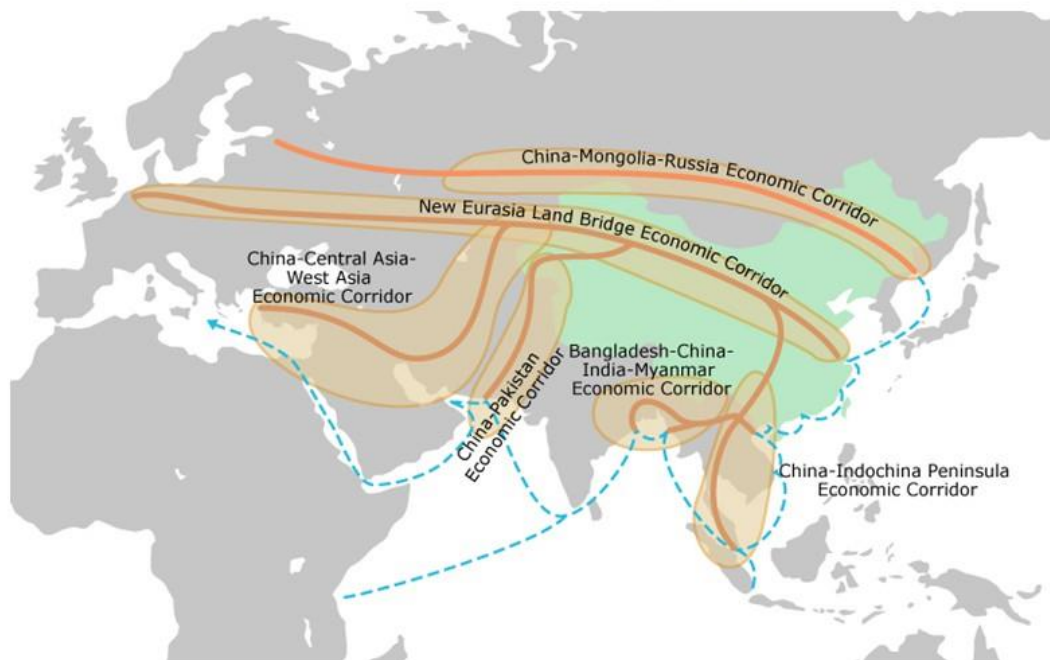
² President *Xi Jinping* and Premier *Li Keqiang* have visited over 20 countries to bring about a broad consensus on the *OBOR*.

advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms.

At domestic level, the OBOR shall enhance the potential of four Chinese regions. Northwestern and Northeastern regions: *Xinjiang* Province; Southwestern Region: *Guangxi* Province, so as to form a gateway connecting the Silk Road Economic Belt and the 21st-Century Maritime Silk Road; the Coastal regions, and *Hong Kong*, *Macao* and *Taiwan*, so as to support *Fujian* Province in becoming a core area of the 21st-Century Maritime Silk Road; port construction of coastal cities such as *Shanghai*, *Tianjin*, *Ningbo-Zhoushan*, *Guangzhou*, *Shenzhen*, *Zhanjiang*, *Shantou*, *Qingdao*, *Yantai*, *Dalian*, *Fuzhou*, *Xiamen*, *Quanzhou*, *Haikou* and *Sanya*; the inland Regions (Inner Mongolia Province).

The Six Economic Corridors

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Foreign investment first came into policy focus in the late 1990s when China launched the *Go Out Policy*, also known as *Go Global Policy*, which selectively incentivised outbound investment, in order to procure natural resources, capture foreign market share, build a number of global Chinese brand names and acquire foreign technologies.

The OBOR five areas of cooperation are: coordinating development policies; forging infrastructure and facilities networks; strengthening investment and trade relations; enhancing financial cooperation; deepening social and cultural exchanges. Let us now look at a document of particular strategic importance of the Chinese Government dated March 2015, the *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. Symbolizing communication and cooperation between the East and the West, the Silk Road Spirit is a historic and cultural heritage shared by all countries around the world. This is why the OBOR draws its inspiration from three principles: *peace and cooperation*; *openness and inclusiveness*; *mutual learning and mutual benefit*. The Belt and Road Initiative is a systematic project, which should be jointly built through continuous consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the OBOR.

In this sense it is pivotal to take into account the multipolar world, the economic globalization, and cultural diversity. It might be useful for this purpose to recall *China's Five Principles of Peaceful Coexistence (1954)*: mutual respect for each other's territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other's internal affairs; equality and cooperation for mutual benefit; peaceful co-existence.

Concerned countries need to improve the region's infrastructure, and put in place a secure and efficient network of land, sea and air passages, lifting their connectivity to a higher level; further enhance trade and investment facilitation, establish a network of free trade areas that meet high standards, and should promote the following main guidelines: *Policy Coordination; Facilities Connectivity; Unimpeded Trade; Financial Integration; People-to-People Bonds; Bilateral and Multilateral Cooperation at Regional and Sub-Regional Levels*. In regards of the *policy coordination*, there is the need to promote intergovernmental cooperation, build a multi-level intergovernmental macro policy exchange and communication mechanism, expand shared interests, enhance mutual political trust, and reach new cooperation consensus. On the subject of *facilities connectivity*, it is mandatory to build some international trunk passageways, and form an infrastructure network connecting all sub-regions in Asia and between Asia, Europe and Africa step by step on the basis of respecting each other's sovereignty and security concerns. China should push forward port infrastructure construction, build smooth land-water transportation channels, and advance port cooperation; increase sea routes and the number of voyages, and enhance information technology cooperation in maritime logistics; at the same time, it is advisable to improve aviation infrastructure too. Besides, it is also very important to ensure the security of oil and gas pipelines and other transport routes, build cross-border power supply networks and power-transmission routes, and create an Information Silk Road. Beijing wishes to build bilateral cross-border optical cable networks at a quicker pace, plan transcontinental submarine optical cable projects, and improve spatial (satellite) information passageways to expand information exchanges and cooperation. As per the *unimpeded trade*, Beijing aim at improving investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment, by opening free trade areas, develop cross-border e-commerce and other modern business models and consolidate and expand conventional trade; promote cooperation in marine-product farming, deep-sea fishing, aquatic product processing, seawater desalination, marine biopharmacy, ocean engineering technology, environmental protection industries, marine tourism and other fields; build all forms of industrial parks such as overseas economic and trade cooperation zones and cross-border economic cooperation zones, and promote industrial cluster development to make the Silk Road an environment-friendly one. Beijing welcomes companies from all countries to invest in China, and encourage Chinese enterprises to participate in infrastructure construction in other countries along the Belt and Road. Besides, *financial integration* is preparatory to establish the *Asian Infrastructure Investment Bank (AIIB)* and the *BRICS New Development Bank (NDB)*, conduct negotiation among related parties on establishing the *Shanghai Cooperation Organization (SCO)* that is a financing institution able to issue *Renminbi (RMB)*³ bonds in China. Concerning the idea of *people-to-people bond*, in order to bring peoples still culturally far apart from one another, Beijing has thought to promote extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and

3 For the internationalisation of its currency, the *Renminbi (RMB)*, China is signing settlement currency agreements with an ever-greater number of African countries and organisations. Most recently, the *Common Market for Eastern and Southern Africa (COMESA)* agreed to include the RMB among its official settlement currencies. What is more, China's currency is becoming more widely used in *Mongolia, Kazakhstan, Uzbekistan, Vietnam and Thailand*. It is therefore plausible that in the long run the Chinese currency will dominate the market along the Silk Road to the detriment of local currencies, as it appears from the involvement of wealth funds and equity investment funds and private funds to participate in the construction of key projects of the Initiative.

women exchanges and volunteer services, so as to win public support for deepening bilateral and multilateral cooperation. For this purpose, China provides 10,000 government scholarships to the countries along the Belt and Road every year. On the topic of *bilateral & multilateral cooperation at regional and sub-regional level*, the role of multilateral cooperation mechanisms is to be enhanced, making full use of existing mechanisms such as the *Shanghai Cooperation Organization (SCO)*, *ASEAN Plus China (10+1)*, *Asia-Pacific Economic Cooperation (APEC)*, *Asia-Europe Meeting (ASEM)*, *Asia Cooperation Dialogue (ACD)*, *Conference on Interaction and Confidence-Building Measures in Asia (CICA)*, *China-Arab States Cooperation Forum (CASCF)*, *China-Gulf Cooperation Council Strategic Dialogue*, *Greater Mekong Sub-region (GMS) Economic Cooperation*, and *Central Asia Regional Economic Cooperation (CAREC)*, *the Silk Road (Dunhuang) International Culture Expo*, *the Silk Road International Film Festival* and *the Silk Road International Book Fair*. Furthermore, China has proposed to set up an international Summit forum on the Belt and Road Initiative.

African ports, railways and waterways network

As far as Africa is concerned, a former chief economist of the World Bank and professor at the University of Beijing, *Justin Lin*, has argued that the OBOR should evolve into the “*One Belt, One Road, and One Continent*” initiative. China has already officially promised to help Africa, via the African Union, to build the foundations of a comprehensive transportation network. It is heavily involved in enhancing Africa’s power generation capacities too. According to the World Bank estimates, Africa’s infrastructure financing requirement is of some 38 USD billion annually, with a further 37 USD billion required annually in operations and maintenance. This is equivalent to some 12 per cent of Africa’s GDP, the funding gap being estimated at some 35 USD billion.

The most direct historical link to Africa relates to China’s 15th century maritime fleets, which reached Africa’s east coast, specifically an area that is part of modern Kenya. This helps explain why Kenya is China’s nominated African hub for the OBOR initiative, to soon become the hub for Africa’s East Coast. As a relatively large regional and coastal economy with a port of East African importance (in Mombasa), Kenya is also important for reasons of economic geography. Chinese-invested rail plans intend to better connect Kenya and its ports to a number of proximate landlocked economies, including *Uganda*, *South Sudan*, *Rwanda*, and *Burundi*, unlocking intra-Africa as well as broader international trade opportunities in the process. This is why, although landlocked, *Rwanda* aims to become the logistics hub for the Great Lakes Region. In July 2016, neighbouring and coastal *Tanzania* also signed a 7.6 USD billion loan agreement with the *Export-Import Bank of China* (China EXIM Bank). The loan is for the construction of a standard gauge rail corridor that will similarly link Tanzania with regional neighbours Uganda, Rwanda, Burundi, and Congo.

The East African Railways Network



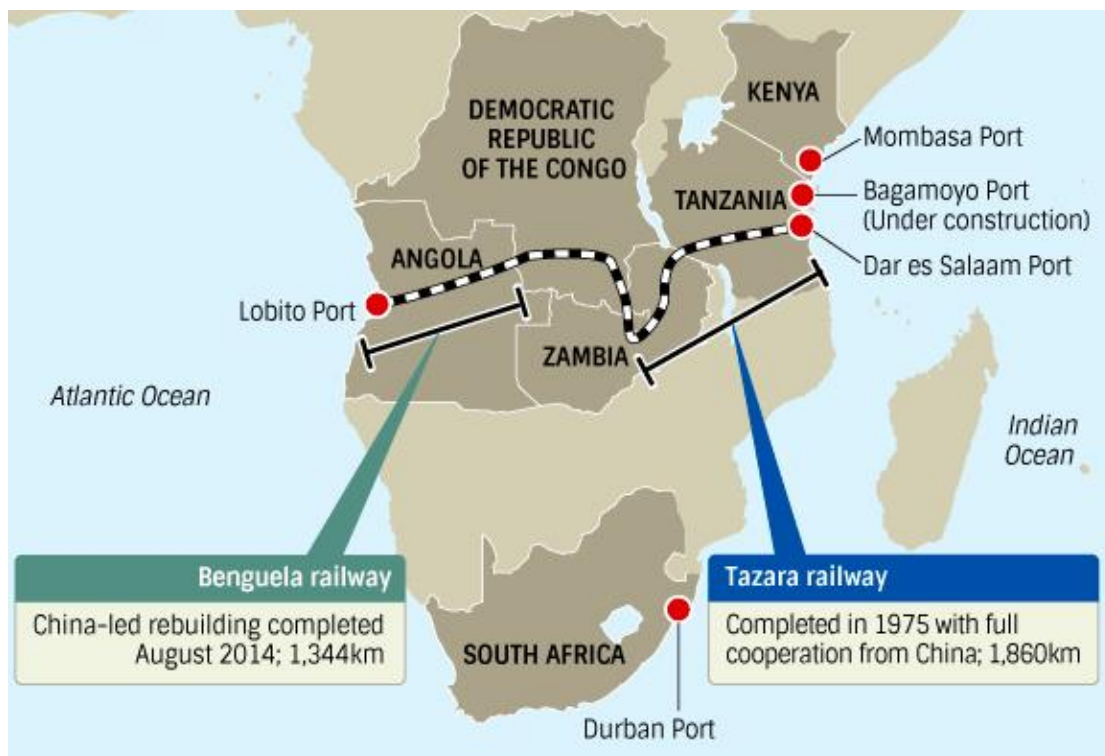
Economist.com

Source: *The Economist*

The new 3.4 USD billion railway (750 Km), linking Addis Ababa to Djibouti, financed by China's Exim Bank and built by *China Railway Group* and *China Civil Engineering Construction* has been inaugurated in November 2016. Stops are foreseen at *Mieso*, *Dire Dawa* and *Dewele*. The railway is the first step in a 5,000 km-long network of rail, which Ethiopia hopes to build by 2020, connecting it to Kenya, Sudan and South Sudan. In fact, a future railway line linking the capitals of Kenya and Ethiopia will be crucial, especially given the fact that East African Railways connect to *Lake Victoria* northern ports that may serve as terminals to a future trans-African inland navigable waterway. One possible option for the long-term would be to develop barge navigation along the Congo River between its mouth at the Atlantic Ocean and Lake Tanganyika. So, a future African section of the Great Silk Road could include inland barge navigation between the mouth of the Congo River and Lake Victoria northern ports. The headwaters that flow into Lake Victoria are within close proximity to headwaters that flow into *Lake Tanganyika*, offering the future possibility of an interconnecting navigable barge canal. Actually, Lake Tanganyika flows into the headwaters of the *Congo River*, sections of which are already navigable.

Development of barge navigation between the mouth of the Congo River and Lake Tanganyika would greatly reduce the sailing distance via Cape Town and via the Strait of Gibraltar. A future railway line could connect Lake Victoria and *Yemen* through an undersea tunnel in Djibouti. At such time, ocean-going ships would carry lower priority container freight to and from the Port of Mombasa with trains carrying the containers between Lake Victoria ports and Mombasa. Railways could carry higher priority freight at higher speed between Lake Victoria and *Teheran* than maritime transport does. There is potential for increased future train between Central-West Africa and the Middle and Far East into China.

The OBOR interconnection between the Indian and the Atlantic Oceans through Central and Southern Africa



There are precedents on which the Maritime Silk Road concept could build. One of them is the first of the infrastructure projects conceived on a pan-African scale, the *Tanzania-Zambia Railway Authority (TAZARA)*⁴ or *Tazara Railway* alias *Uhuru Railway* or *Tanzam Railway*. Built between 1970 and 1975, it links the port of Dar es Salaam, Tanzania's largest city on the Indian Ocean, to the town of *Kapiri Mposhi* in Zambia, where the copper mines are concentrated. Though now almost collapsed, at the time of its completion, the TAZARA Railway was the single longest railway in Sub-Saharan Africa covering a stretch of 1,860 km. However, in 2016, the Chinese Ambassador in Tanzania has stated that TAZARA will shine again.

Lack of infrastructure as far as the African ports network are concerned and long ship waiting times continue to hamper productivity for the African maritime sector. In this sense there is the possibility to integrate some Chinese investments with the *2050 Africa's Integrated Maritime Strategy (AIMS)*.

4 See: <http://tazarasite.com/>

Here we have the African countries strategic deep-water seaports⁵ locations to be built or upgraded pursuant the 21st Century Maritime Silk Road's doctrine. East Africa: Djibouti, Kenya (Lamu and Mombasa), Tanzania (Bagamoyo)⁶; North Africa: Tunisia (Bizerte); West Africa: Togo, Ghana, Senegal; Central Africa: Cameroon (Kirbi)⁷, Gabon; Southern Africa: Namibia (Walvis Bay)⁸. The Tanzanian Port Authority recently announced its approval for a 10 USD billion project to develop a port at *Bagamoyo* financed by China. Located about 60 km north of Dar es Salaam, Bagamoyo is expected to become the biggest port in Africa once completed, handling twenty times more cargo than Dar es Salaam port. Bagamoyo port will be connected to the central corridor railway and the TAZARA Railway through an extended link. A parallel highway linking Bagamoyo to the Uhuru Highway going to Zambia will also be built. Bagamoyo will be a strategic pillar and connecting several African countries, including *Mozambique, Malawi, Zambia, D.R. Congo, Burundi, Rwanda, Uganda, Kenya, South Sudan, Comoros, Madagascar and Seychelles*. An integral part of the Bagamoyo project will be an *Export Development Zone (EDZ)* that will include the construction of an industrial city as well as upgrades to road and railway infrastructure. In regards of the Atlantic side, *Walvis Bay* of Namibia is set to become the second African Naval-Military Base after Djibouti⁹.

5 Projects to be undertaken under the "Belt and Road" framework in Africa are located in: Bizerte (Tunisia), Dakar (Senegal), Dar es Salaam (Tanzania), Djibouti, Libreville (Gabon), Maputo (Mozambique), Tema (Ghana).

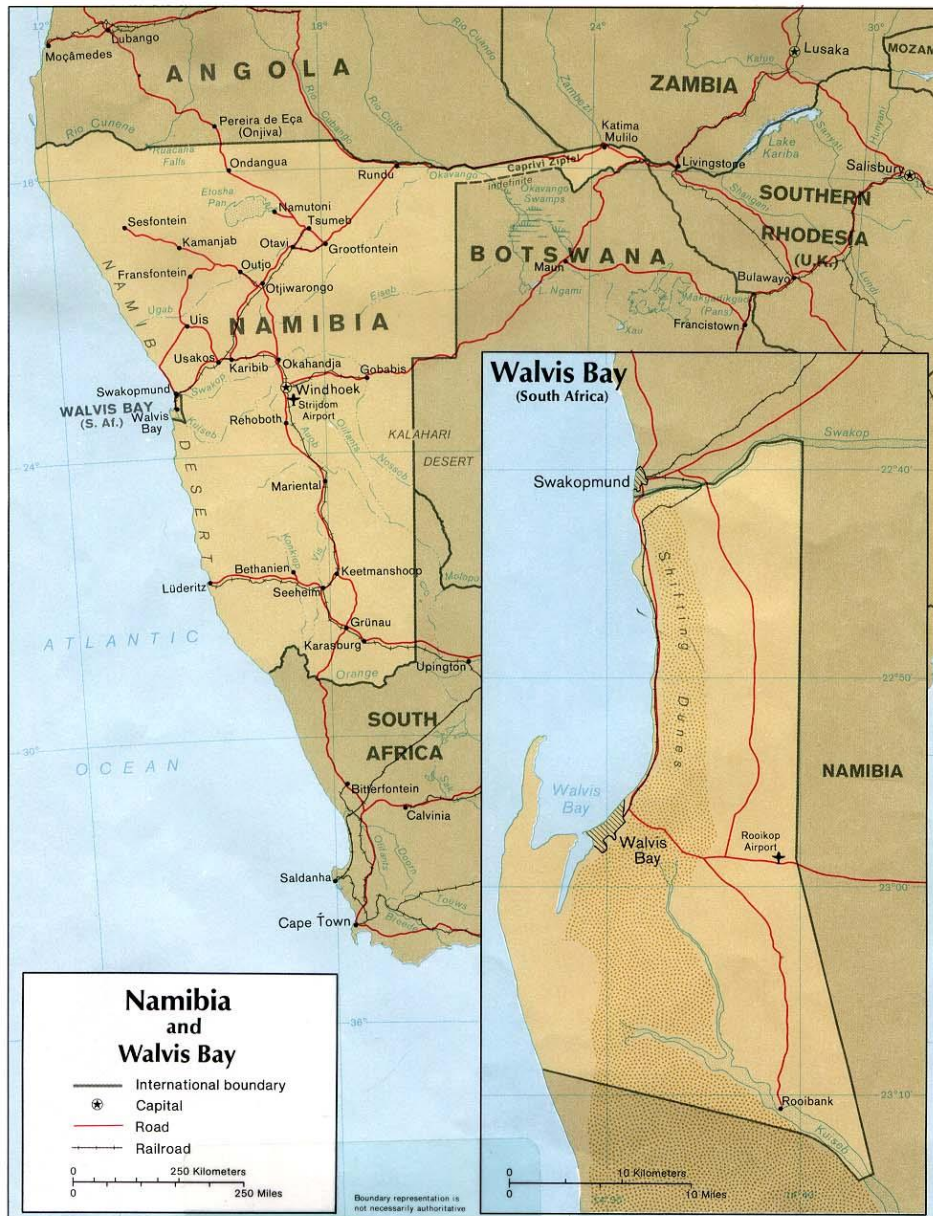
6 *Infra.*

7 The *Port of Kirbi* (Cameroon) is the only deep-water seaport in Central Africa whose construction is funded with 675 USD million financing arrangement secured by the Export-Import Bank of China.

8 *Infra.*

9 China's interests in Djibouti required 590 USD million injection of funds for the development of its port, aimed at transforming it into a major transshipment terminal.

Walvis Bay in Namibia



Walvis Bay would be one of a string of bases that would rope in countries along the Indian Ocean such as Djibouti, Kenya, Tanzania, Mozambique, Madagascar and Seychelles to help China patrol key international maritime trade and military route.

Analysis, assessments and forecasts

China with the *Belt and Road Initiative* hopes to build up a comprehensive strategy in terms of infrastructure integration and logistics maximisation of the main international trade routes, placing in this way China first among equals though. This is an understandable ambition and an inevitable process for a country, whose economy, in a globalised world, has more and more power over all the others. Nothing could be truer, if the New Silk Road's achievement will be really effective, in spite of the many both technical and political obstacles on the rise. Because of the huge infrastructures' gap to support, yet, Africa can only take advantage of the success of this Chinese plan, which will allow the African continent to modernize its economies.

The defensive nature of Chinese policy is keeping in line with the behaviour of any power whose financial interests abroad are in need of protection. In order to monitor the evolution of Chinese commercial and military strategy in Africa, in the Southern Atlantic and in the Gulf of Guinea, Washington will be establishing its own military base in Walvis Bay in Namibia too and, along the lines of what has already happened in Djibouti, soon other countries shall deem appropriate to do the same. China's Armed Forces have been slowly moving away from their traditional stance of protecting the homeland towards establishing a force projection capability in line with its expanding overseas interests.