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GLOBAL INTEGRATION IN PORTS

FUTURE OPPORTUNITIES



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Assessing the trade routes connectivity between Asia and Europe through Belt and Road Initiative

Prof. Kim Hyun Deok

Department of Logistics

Sunchon National University, Sunchon City, South Korea

Email: hdkim@sunchon.ac.kr



Presentation Outline

- I. The Motivation of OBOR initiative
- II. Theoretical Background of OBOR
- III. Belt and Road Initiative in reality
- IV. Analysis of the performance of **Three** trade areas through OBOR
 - 1. Suez Canal
 - 2. 2.1 Strait of Malacca
 - 2.2 Alternative Supply Chain channel _ Kra Canal
 - 3. The Eurasian Initiative
- V. Conclusion
- VI. References



I. The Motivations of OBOR initiative

❖ China economic development process

- An average annual growth rate of 9.3% in GDP and 16.1% in trade after more than 30 years of reform and opening-up
- No. 2 in the world in terms of GDP in 2009
- No. 1 in the world in terms of export volume in 2010
- No. 1 in the world in terms of export and import in 2013
- a middle-income country with the average GDP per capita of 7,600 US dollars in 2014
- 6.9% economic growth rate in 2015 for the first time in 25 years
- No. 2 in the world in terms of GDP in 2016



I. The Motivations of OBOR initiative

- ❖ China economic growth has slowed down in recent years
 - Comparative advantages of manpower cost is disappearing
 - Increasing pressure of protecting and restoring the environment
 - Imbalanced industrial structures, overcapacity
- ❖ External pressures
 - The trade agreement of 'Trans-Pacific International Partnership' (TPIP)



I. The Motivations of OBOR initiative

- ❖ To solve China's overcapacity by accessing the overseas markets
- ❖ To balance uneven development of different regions inside China (in particular between coastal regions and inland regions)
- ❖ To secure natural resources safely necessary for the sustainable economic growth
- ❖ To Promote internationalization of China's currency against US dollars
- ❖ To break through the containment by USA
- ❖ To improve China's external political environments



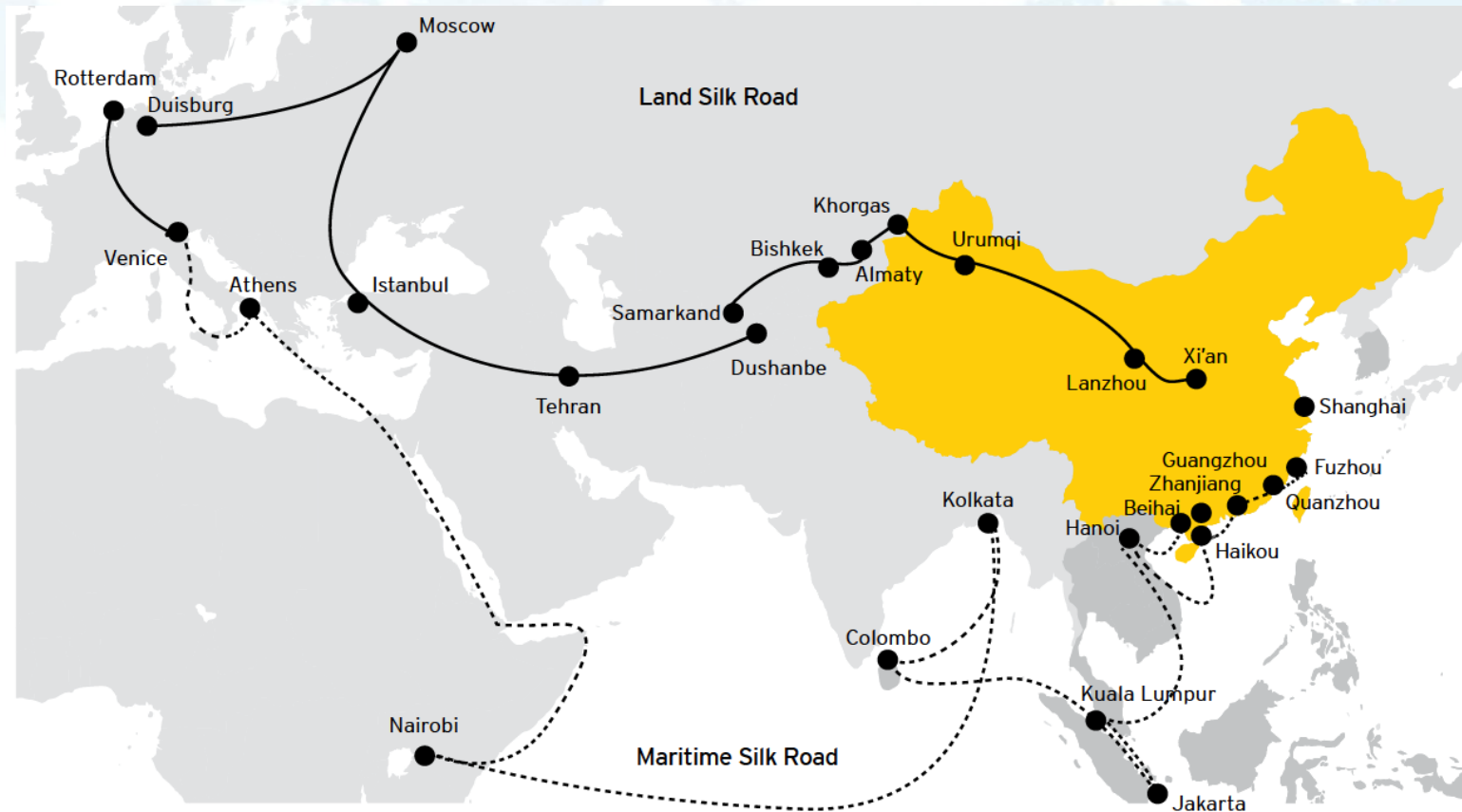
Major Development of the OBOR

❖ Major developments

- September 2013: to introduce Silk Road Economic Belt Concept
- October 2013: to introduce Maritime Silk Road Concept
- October 2014: to be joined by 21 Asian countries as founding members
- November 2014: to set up Silk Road Fund by China with 40 billion US dollars
- March 2015: to release an action plan on the principles, framework and cooperation alternatives
- April 2015: to release final list of AIIB founding members with 57 countries
- May 2015: to invest 900 billion US dollars and develop up to 6 economic corridors



II. Theoretical background



Source: Xinhua news agency

Fig. 1. One Belt, One Road (OBOR) logistics network



Five major goals of Belt and Road Initiative

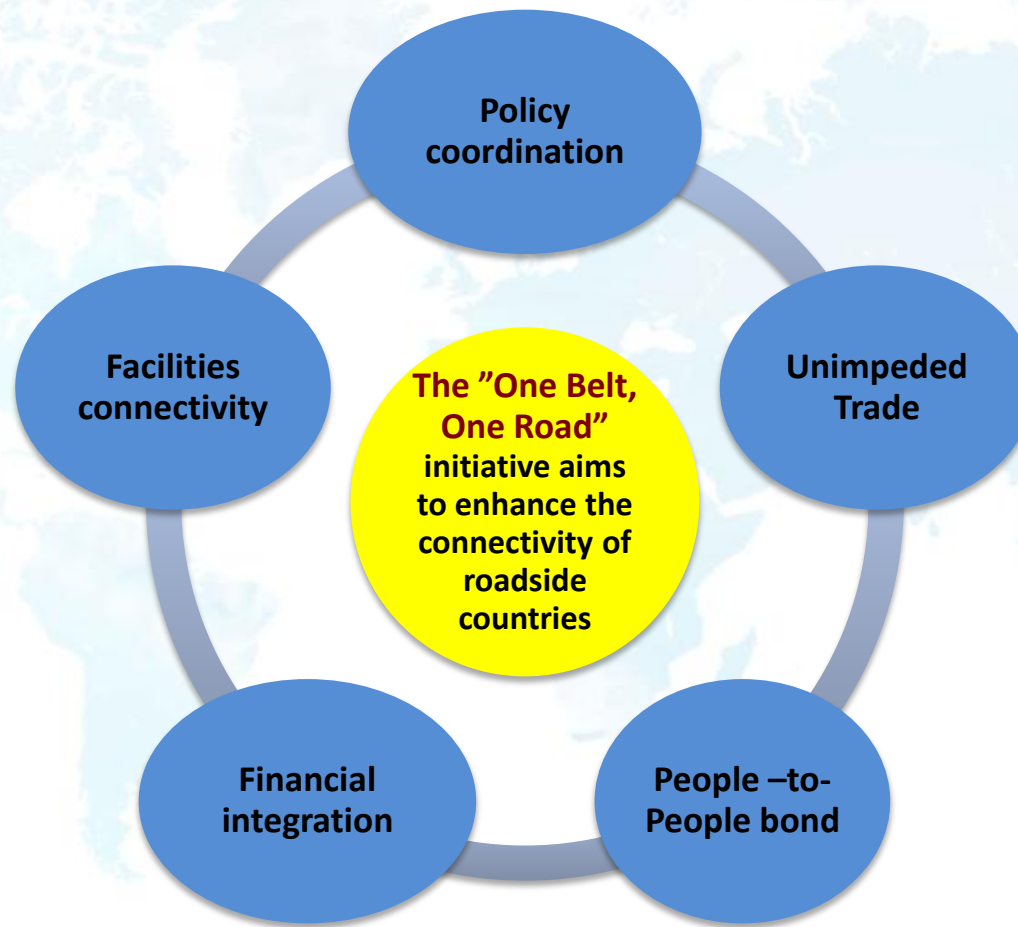


Fig. 2. Five major goals of Belt and Road Initiative

Source: Navigating the Belt and Road – Financial sector paves the way for infrastructure, pp.6

Six Economic Corridors, Over 60 Countries

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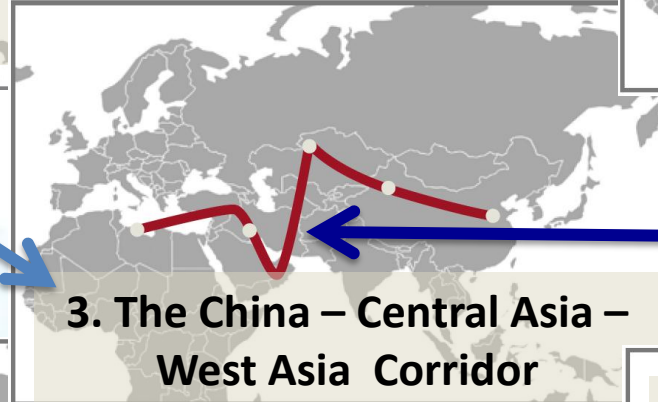
Six economic corridors are proposed as the framework of the OBOR initiative outside China:



The New Eurasian Land Bridge is faster than sea and cheaper than air



The China-Central Asia-West Asia Corridor will be an important gateway for oil and natural gas.



5. The China – Pakistan Corridor





III. Belt and Road Initiative in reality

1. China, Laos to Build \$6 Billion Railway by 2020
2. Jakarta to Bandung High-Speed Rail, Indonesia
3. Piraeus is expected to operate as a hub in Europe for the 21st Century Maritime Silk Road
4. Chinese-built railway opens linking Ethiopia to Djibouti
5. Sihanoukville Special Economic Zone (SSEZ), Cambodia.
6. Special Economic Zone (SEZ) in Rakhine State, Kyauk Pyu, Myanmar.
7. Sri Lanka's Colombo Port City: The Frontline Of China And India's Geopolitical Showdown



IV. Analyzing the performance of **Three** trade areas through Maritime Silk Road

1. Suez Canal
2. 2.1 Strait of Malacca
- 2.2 Kra Canal
3. Eurasia Initiative



Fig. 3. Shipping key points of Maritime Silk Road



1. Suez Canal



Fig. 6. Suez Canal

*Suez Canal Vs.
 Circum-Cape Route*



2.1 Malacca Strait

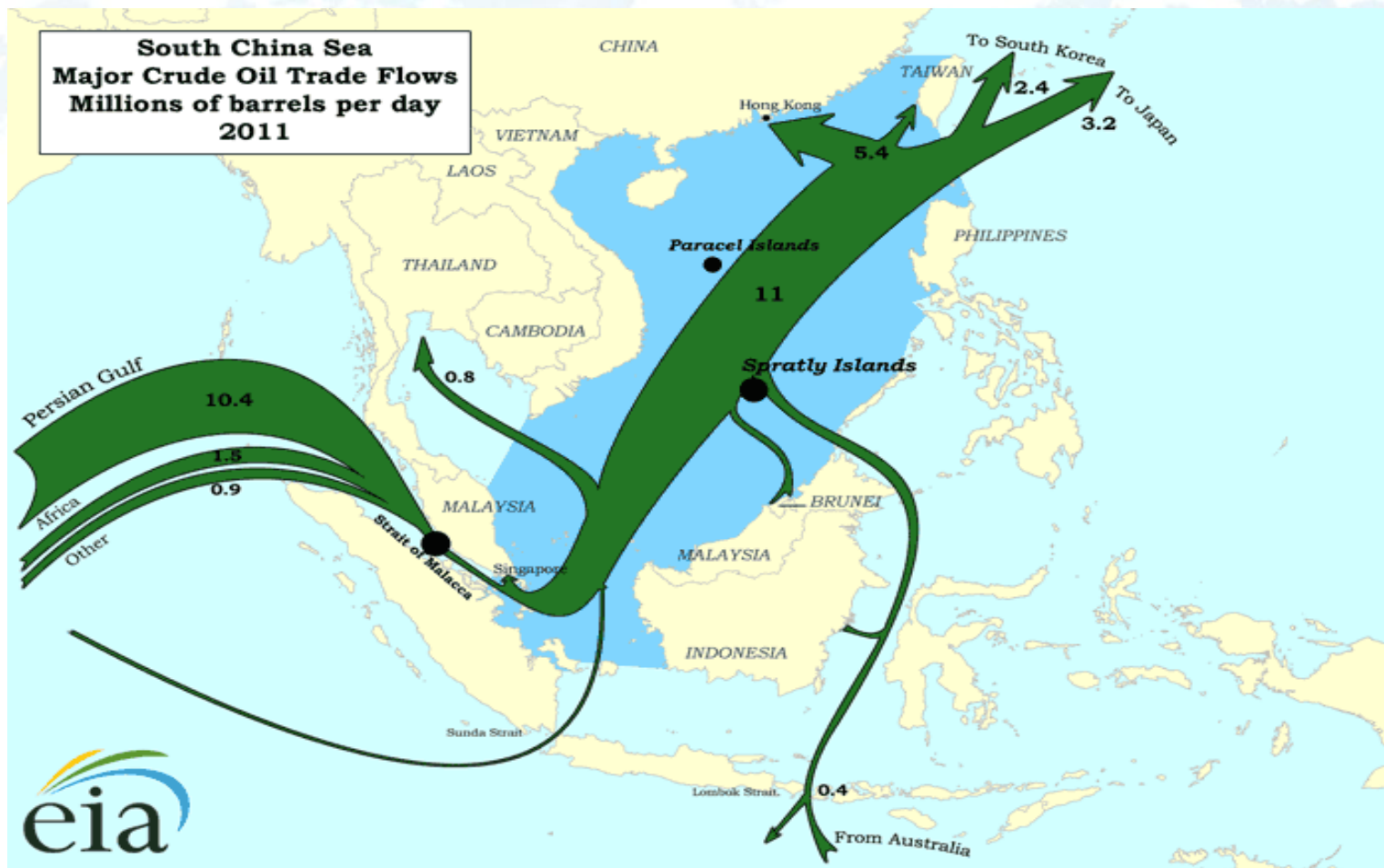


Fig.7. Crude oil and Petroleum shipping flow through Strait of Malacca



2.1 Malacca Strait

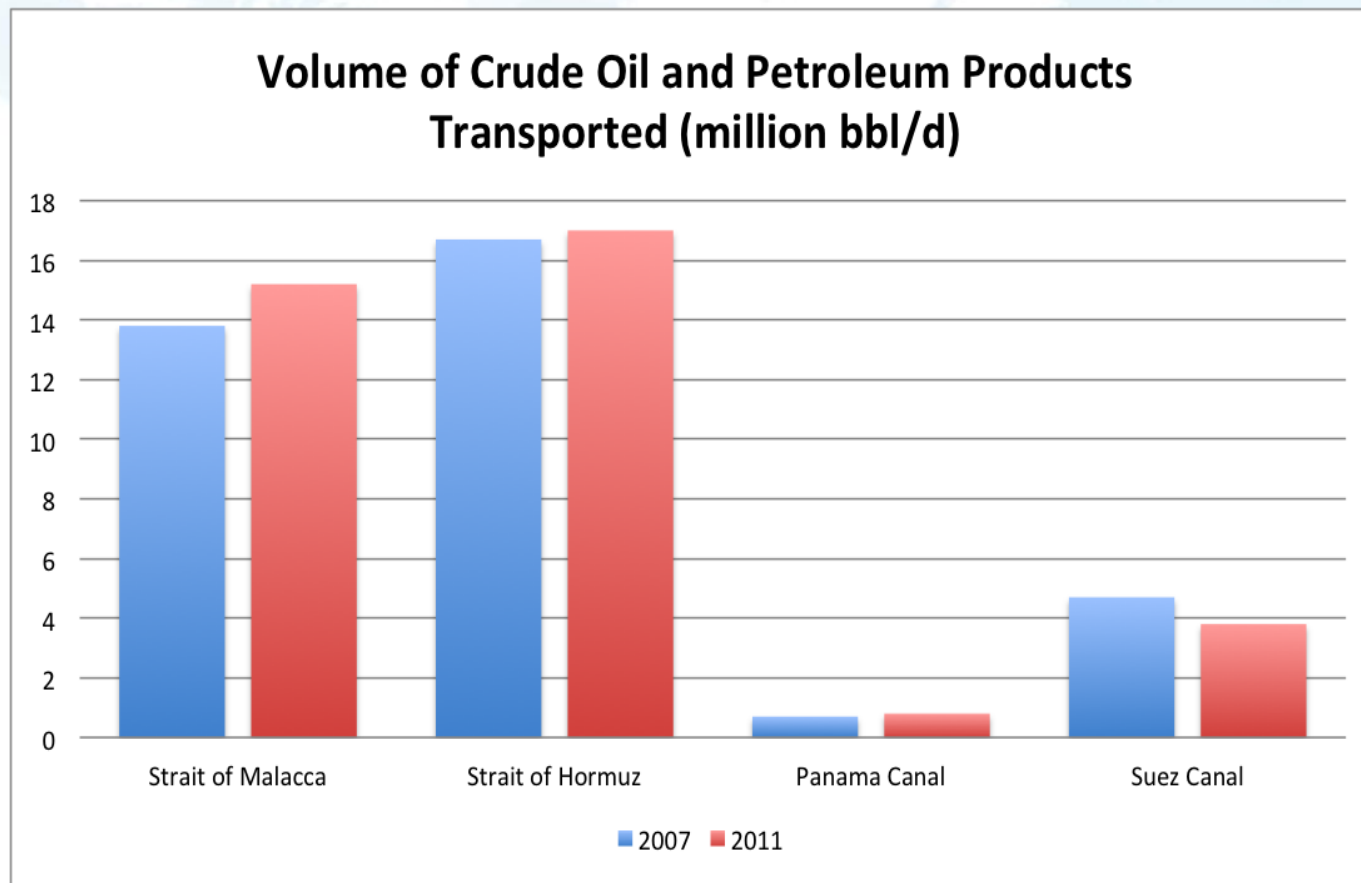


Fig.8. Volume of Crude oil and Petroleum Products Transport

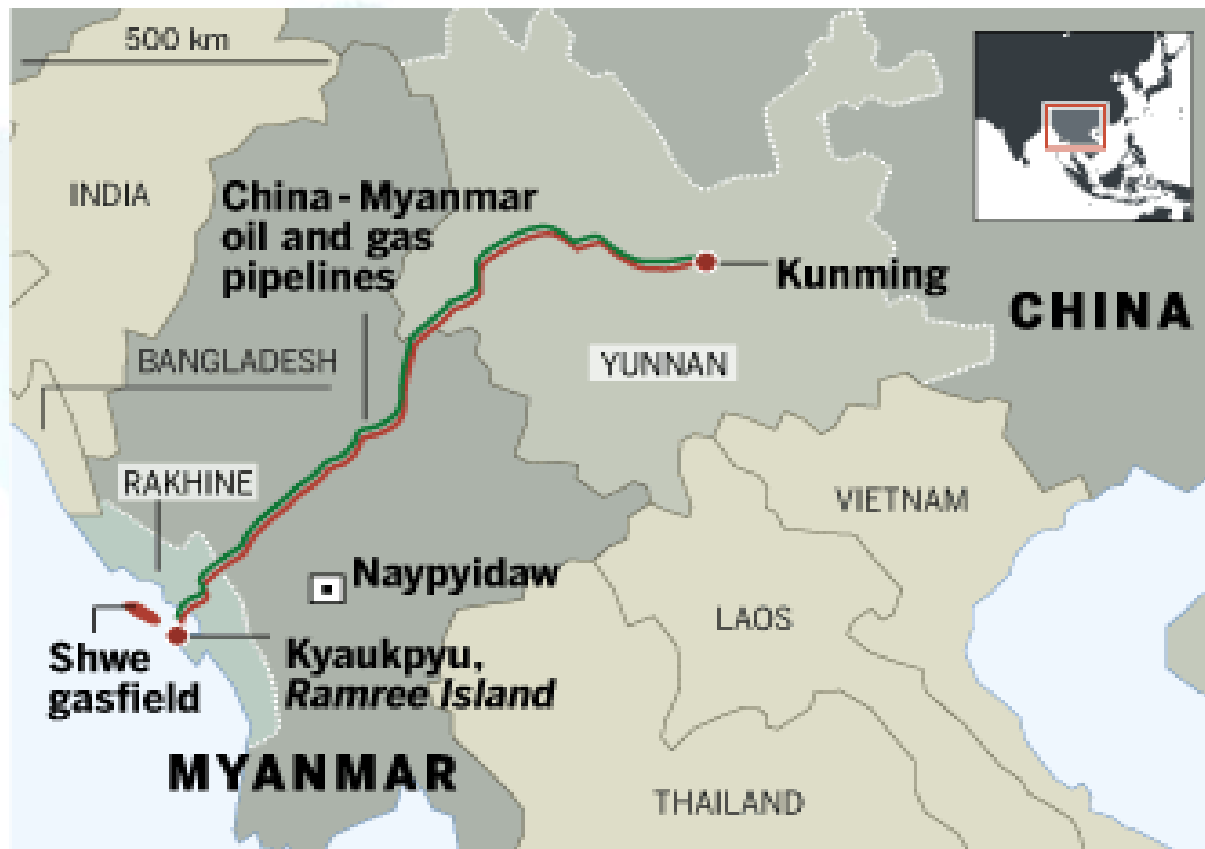


Fig.9. Kyaukpyu-Kunming gas and crude oil pipelines

China has built a major port at Kyaukpyu in west of Myanmar. Oil and gas pipelines connect Kyaukpyu and Kunming.



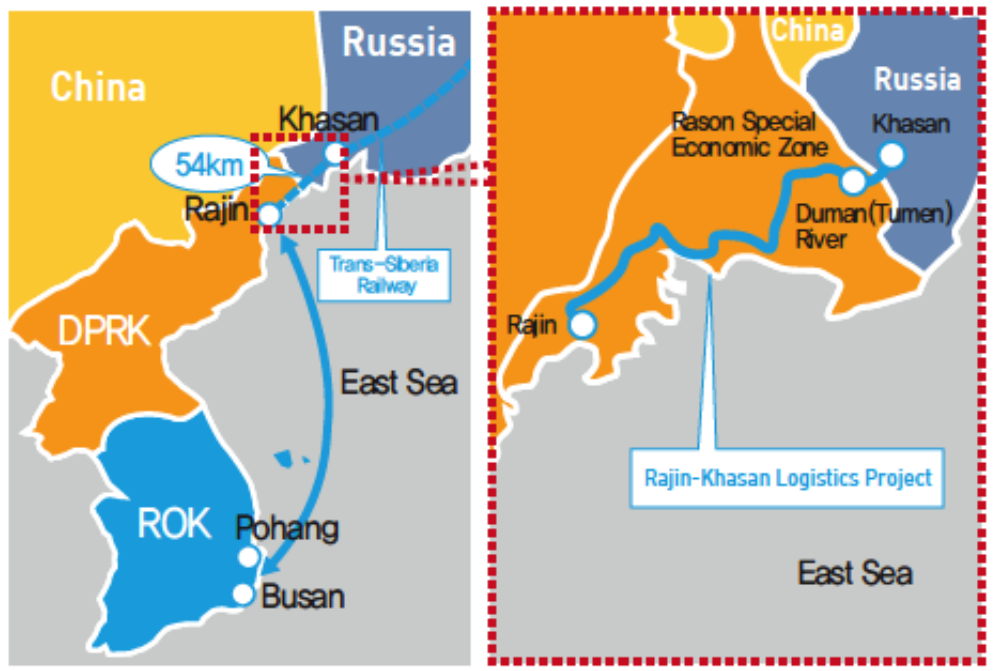
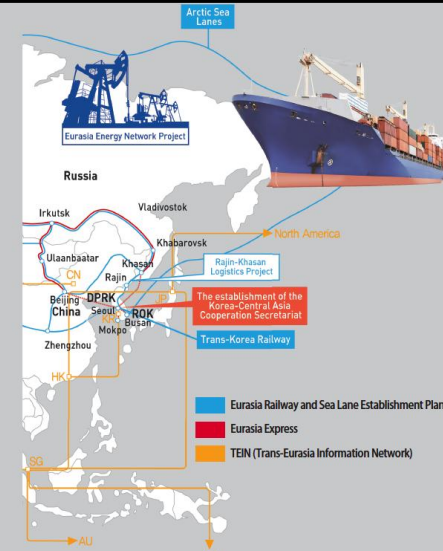
2.2 Potential alternative Supply Chain Channel – Kra Canal



The Kra Canal is a potential new channel of the Maritime Silk Road.

3. Eurasia Initiative

Key Projects and Current Progress



Source:(Eurasia initiative, mofa)



1. Suez Canal: acts as a major transit point in the Indian Ocean and the Mediterranean.
2. Kyaukphyu-Kunming gas and crude oil pipeline route: reduces the delivery time and avoid the dependency of chokepoint in the Straits of Malacca.
3. Kra Canal: A potential alternative shipping route to Maritime Road, shortening the trade route network
4. Eurasia Initiative: Promoting the peace of the Korea Peninsula and reduce transportation time and logistics costs



Asian Infrastructure Investment Bank (AIIB)

- An engine for the OBOR.
- Serve as the financing arm of OBOR.
- Facilitate the movement of goods, services, and people across national borders to the economic benefits.

AIIB





Asian Infrastructure Investment Bank (AIIB)

Initial Subscriptions to the Authorized Capital Stock for Countries which may become Members in accordance with Article 58.

Rank	Regional Members	Number of Shares	Amount of Capital (bil \$)	Ratio %
1	China	297,804	29.78	29.78%
2	India	83,673	8.37	8.37%
3	Russia	65,362	6.54	6.54%
4	Korea	37,388	3.74	3.74%
5	Australia	36,912	3.69	3.69%
6	Indonesia	33,607	3.36	3.36%
7	Turkey	26,099	2.61	2.61%
8	Saudi Arabia	26,446	2.54	2.54%
9	Iran	15,808	1.58	1.58%
10	Thailand	14,275	1.43	1.43%
	Other countries #	97,476	9.48	9.48%
	Unallocated	16,150	1.61	1.61%
	Regional Members Total	750,000	75.00	75.00%

Other Countries:

Azerbaijan, Bangladesh, Brunei Darussalam, Cambodia, Georgia, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyz Republic, Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, New Zealand, Oman, Pakistan, Philippines, Qatar, Singapore, Sri Lanka, Tajikistan, United Arab Emirates, Uzbekistan, Vietnam



Asian Infrastructure Investment Bank (AIIB)

Rank	Regional Members	Number of Shares	Amount of Capital (bil \$)	Ratio %
1	Germany	44,842	4.48	4.48%
2	France	33,756	3.38	3.38%
3	Brazil	31,810	3.18	3.18%
4	United Kingdom	30,547	3.05	3.05%
5	Italy	25,718	2.57	2.57%
6	Spain	17,615	1.76	1.76%
7	Netherlands	10,313	1.03	1.03%
8	Poland	8,318	0.83	0.83%
9	Switzerland	7,064	0.71	0.71%
10	Egypt	6,505	0.65	0.65%
	Other countries ##	31,176	0.31	0.31%
	Unallocated	2,336	0.23	0.23%
	Non-regional Members Total	250,000	25.00	25.00%
	Grand total (regional & Non-regional)	1,000,000	100,000	100,00%

Other Countries:

Sweden, South Africa, Norway, Austria, Denmark, Finland, Luxembourg, Portugal, Iceland, Malta



**OBOR
initiative
aimed
at:**

Rejuvenating two ancient trade routes.

Further opening up markets within and beyond the region.

Offer more economic and financial assistance to regional countries and beyond.

Infrastructure benefits for Southeast Asia and other developing countries.

Acting catalyst between developed and developing Countries.



Represent the dawn of a new financial age?

Every country in the region will gain equal benefits?

Can better integrate ASEAN countries?

Serve to develop new export market to China?

?

Who benefit
from China's
OBOR
Initiative?



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