

# China's Belt and Road Initiative and its implications for Korea

**KUGSIS BK21 Special Lecture**

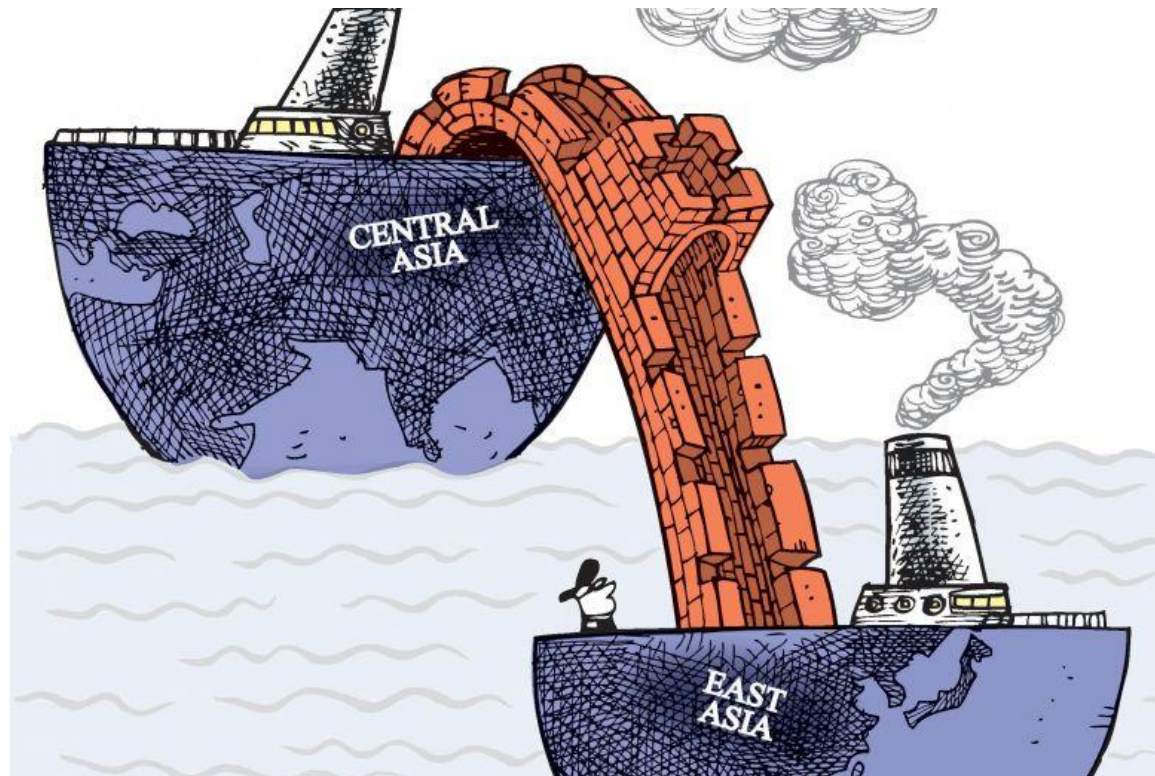
**21 Jan 2021**

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# **Table of contents**

- 1. The overview of Belt and Road Initiative**
- 2. The motivations of BRI**
- 3. BRI and Deglobalization**
- 4. Implications for Korea**

# 1. The Overview of Belt and Road Initiative



## BRI Overview

- Official name: *The Silk Road Economic Belt and 21st-Century Maritime Silk Road Development Strategy* (丝绸之路经济带和21世纪海上丝绸之路发展战略), abbreviated as the One Belt One Road (一带一路)
- Announced in September in 2013
- Aims to create global infrastructure connections through the construction of transport infrastructures and pipelines










## BRI Overview (Cont.)

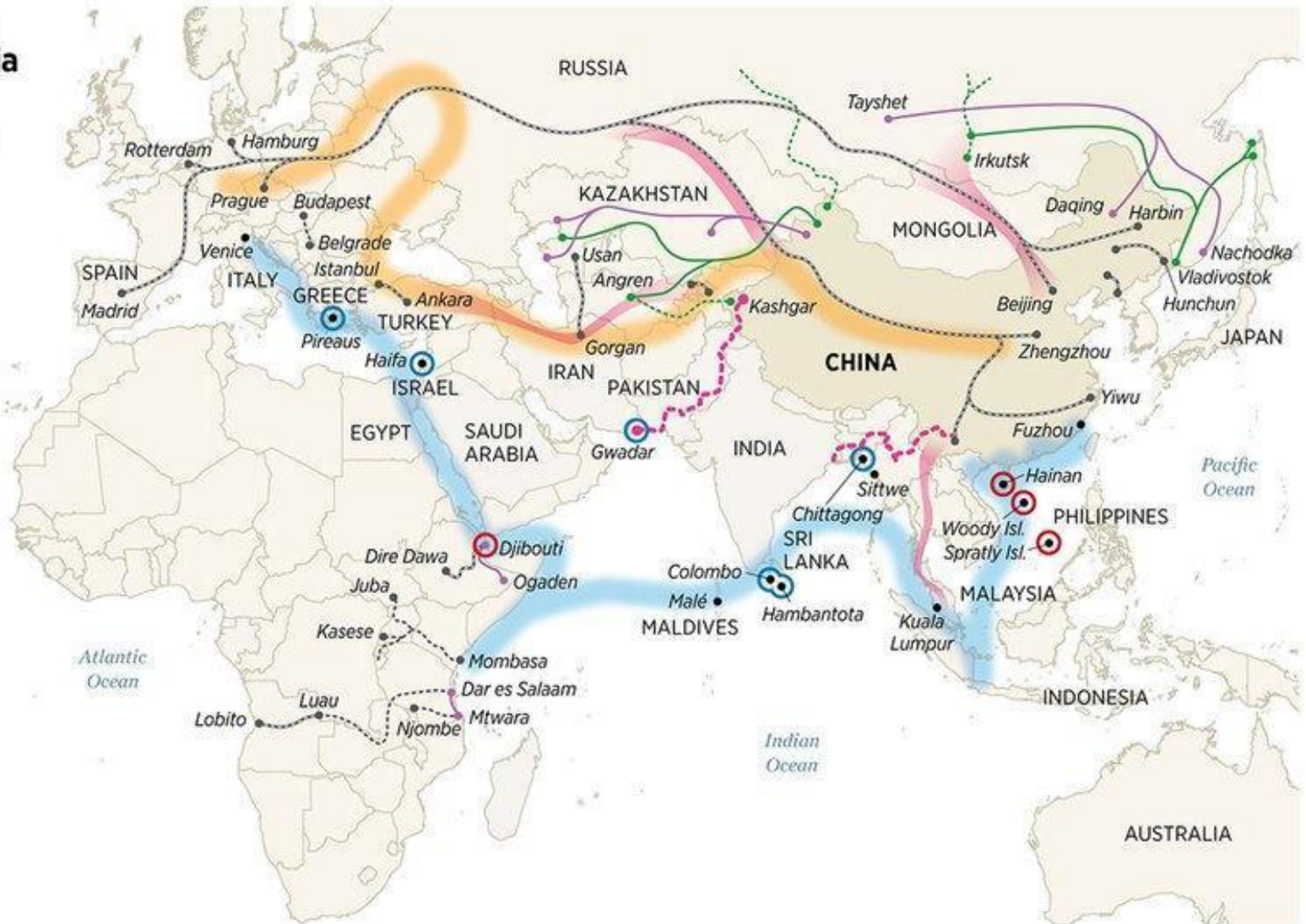
- The narrative of 'the ancient Silk Road period'

Images of *peaceful and diverse exchanges* in the Eurasian continent can be shared with countries outside China as a shared heritage reducing civilizational differences



## China Looks to Reshape Eurasia With Belt and Road Initiative

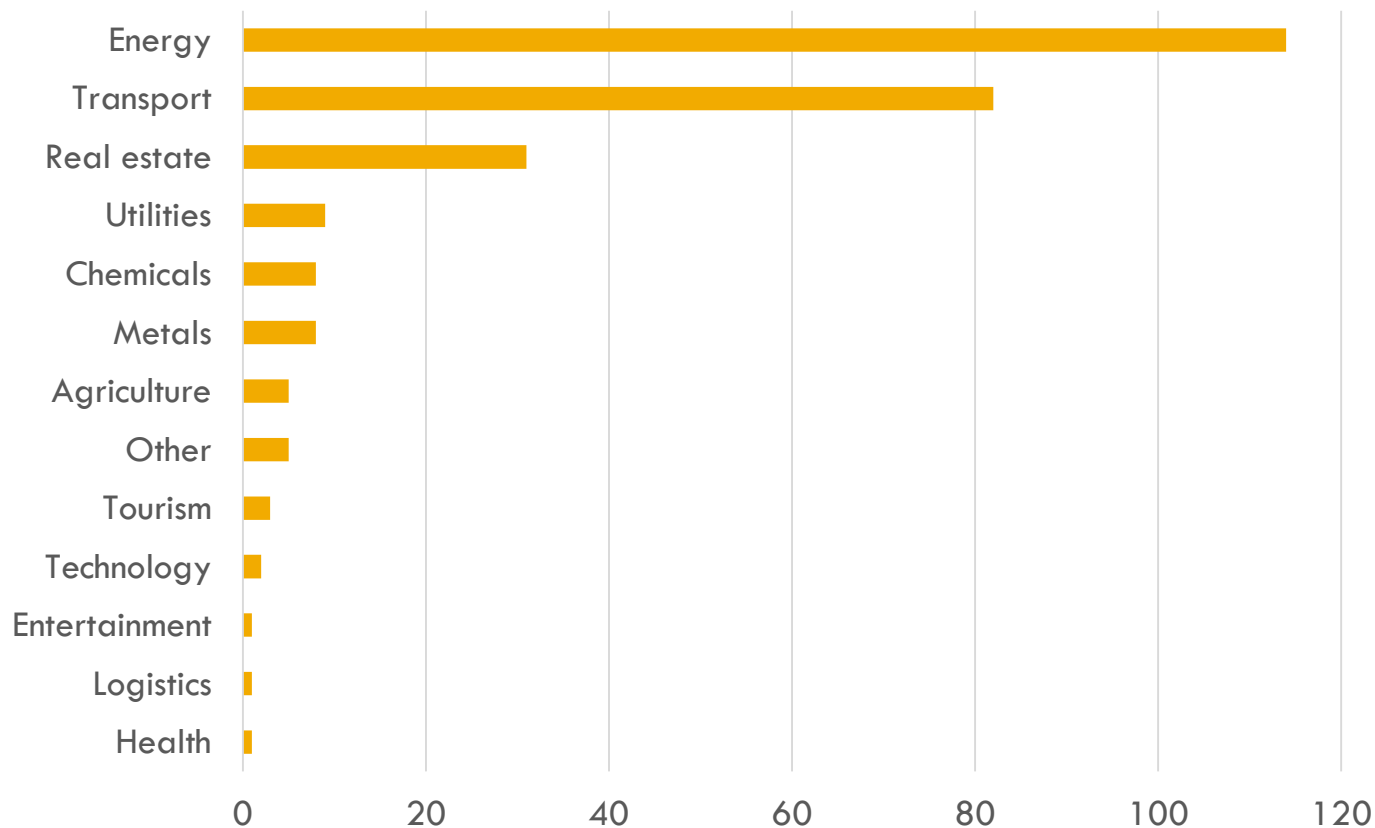
-  Silk road economic belt
-  New maritime silk road
-  Proposed economic corridors
-  Gas pipelines
-  Oil pipelines
-  Railroad
-  Planned or under construction
-  Ports with Chinese military presence
-  Ports constructed with Chinese involvement



## BRI Overview (Cont.)

- **Hard-infrastructure** including transport infrastructure (ports, road, railways), energy (pipelines, power grids, hydropower dams), IT and communication (fiber-optic networks, data centers, satellite constellations etc.), telecommunication systems and financial infrastructure
- But also **soft-infrastructure** including the creation of special economic zones (mainly in Africa) and the negotiation of free trade agreements, currency swap agreements, and reduced tariffs

**Figure. China's investment in BRI countries by sector, 2013-2018**







The Khorgos Gateway in Kazakhstan



Karuma Dam Project in Uganda





Hambantota port in Sri Lanka



Acquisition of Kumport in Turkey (Turkey's third largest container terminal)





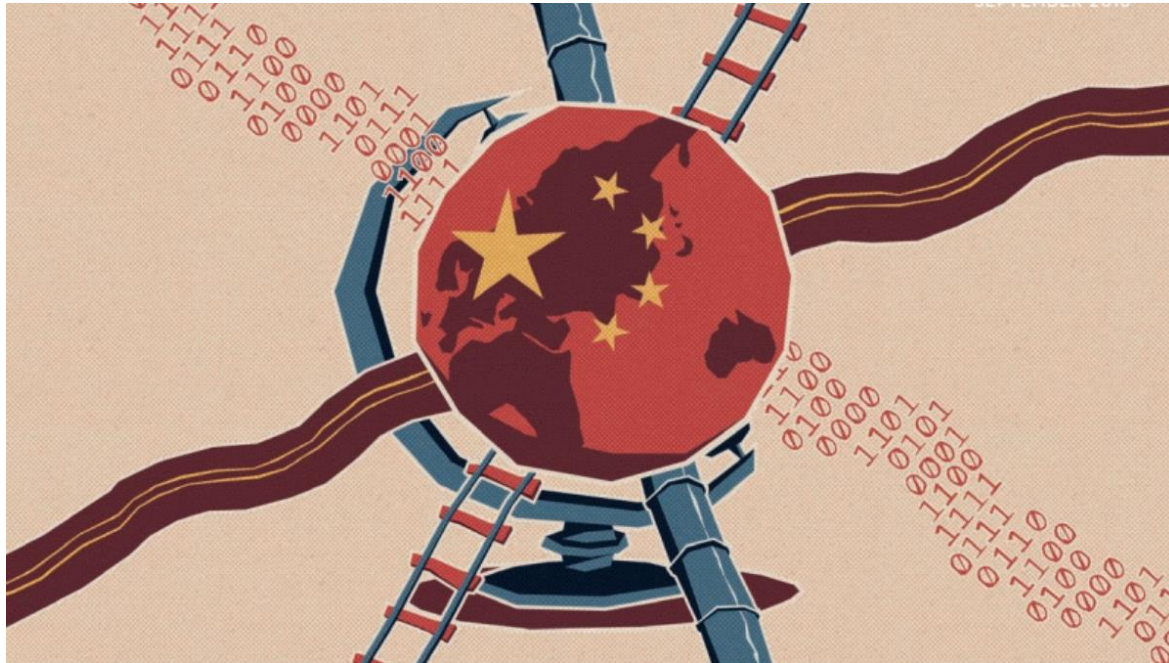
Quaid-e-Azam Solar Park in Pakistan

## BRI Overview (Cont.)

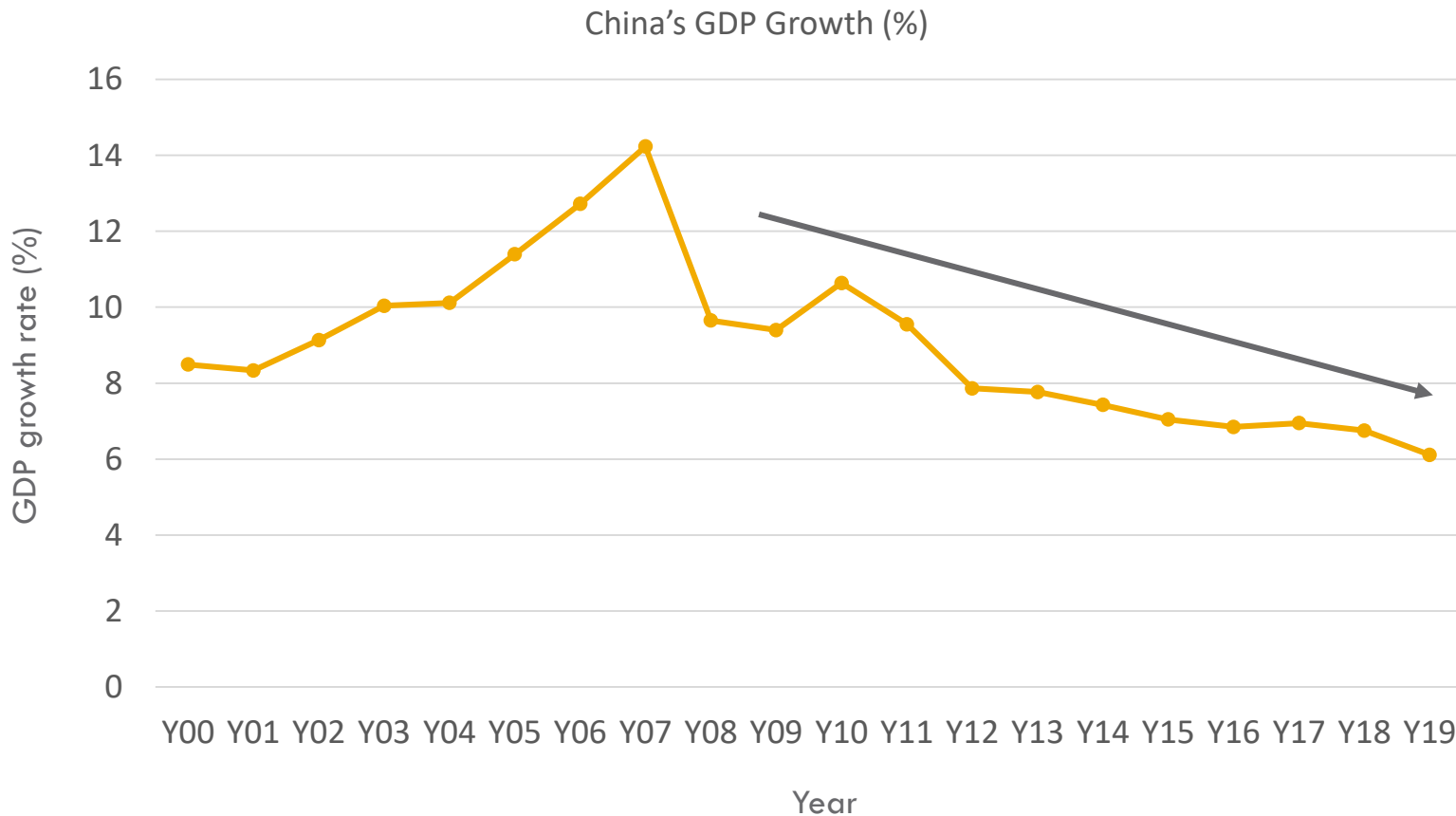
- Central government led policy: Largely funded by the export-import bank of China and China Development Bank, SOEs are the major players in BRI projects
- Since 2013, 80 Chinese state-owned enterprises (SOEs) have undertaken over 3,100 BRI projects (The State-owned Assets Supervision and Administration Commission, SASAC)
- As of January 2021, 140 countries have joined the BRI by signing a Memorandum of Understanding (MoU) with China



## 2. The Motivations of Belt and Road Initiative



# BRI Motivations (1): Sustain China's economic growth engine



# **BRI Motivations (1): Sustain China's economic growth engine**

- Demand creation
- Excess capacity shifting
- Develop inland provinces

## **BRI Motivations (1): Sustain China's economic growth engine (Cont.)**

- Expand “Going global” strategy
- Strengthen China's energy security
- Develop high-tech and IT industries

## **BRI Motivations (2): Growth of influence globally**

- Reshaping the global economic system (e.g., Asian Infrastructure Investment Bank, AIIB)
- Fostering regional cooperation and development
- Using BRI to increase Chinese control of critical infrastructure assets and influence regional countries' strategic decisions

## **BRI Motivations (3): Renminbi internationalization**

- Following the 07-08 financial crisis there was a growing awareness among China's leaders of the dangers of the dollar-based system
- Wider international use of the RMB in regional e-commerce and cross-border transactions through BRI



### 3. BRI and Deglobalization



## **BRI as China's way of globalization**

- BRI is about much more than just infrastructure investment, business practices and commercial relationships
- BRI can be China's own standards in the globalization process

# From a unipolar to bipolar international superpower system

The current international superpower dynamic is transitioning from a *unipolar system with the US* as its center to a *bipolar system with China* occupying the other pole

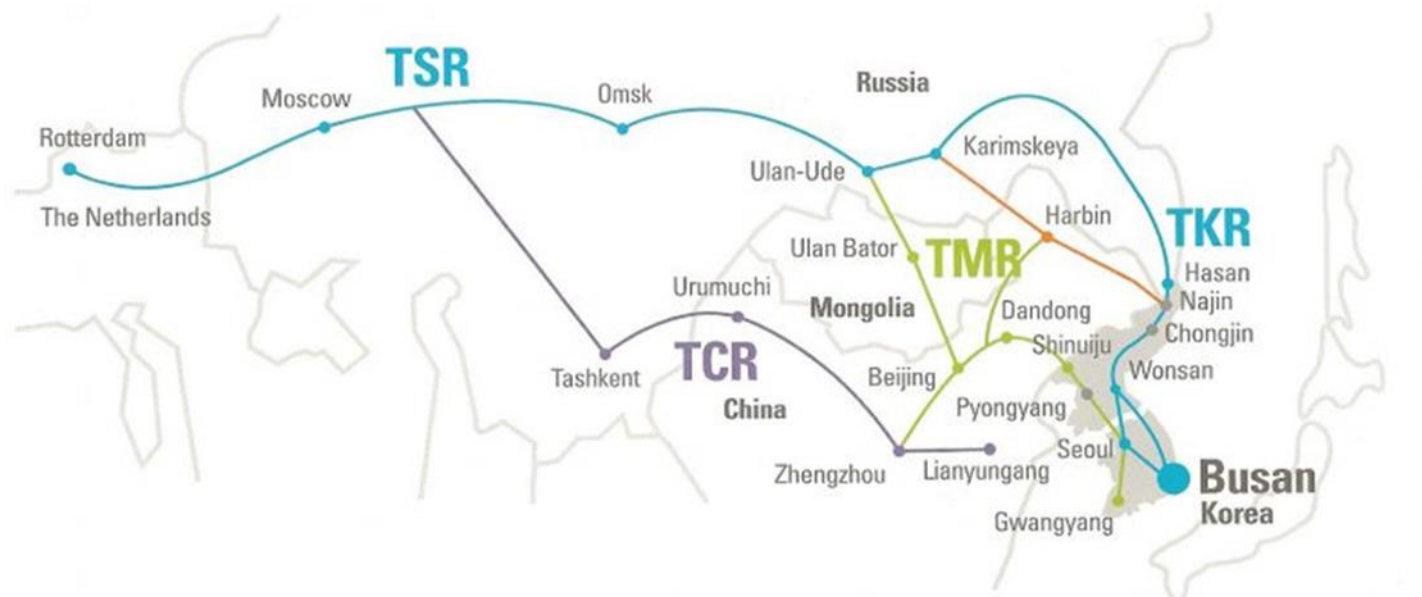
## 4. BRI and its implications for Korea





# Economic implication

- Cooperation and alliance with Chinese firms in third markets
- Compatibility between BRI and South Korea's Eurasia Initiative



## **Korea peninsula implication**

- BRI through AIIB could fund North Korea infrastructure development and South Korean firms would join these projects



## Security implication

- Can further increased economic dependence on China coincide with US alliances in the Asia-Pacific?
- Despite economic integration and cooperation potential through BRI and ERI, China and South Korea's visions for national and regional security are conflicting

# Q&As

**Thank you!**