

The Belt and Road Initiative

By Tenley Murphy
ECON 3100 Signature Assignment



Table of contents

01

BRI introduction

02

Ports

03

Sri Lanka

04

Peru

05

Djibouti

06

US response



Overview

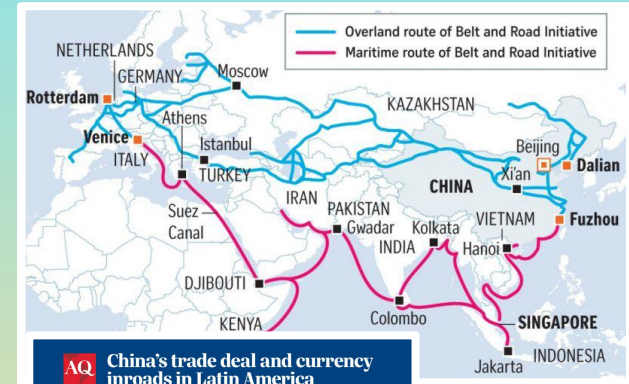
What

A foreign policy project by China to improve trade and economic growth by connecting Asia, Africa, and Europe through land and sea routes

Involvement

- 150 countries and 3 continents
- 60% of population, 75% of known energy resources
- 1 trillion to be invested

Where



What is the Purpose?



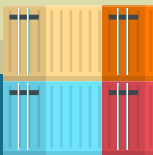
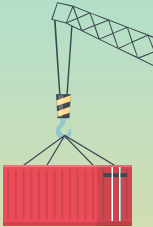
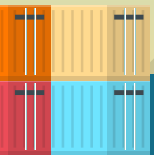
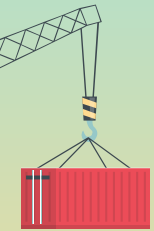
China

China and its legitimacy rests heavily on continuous economic growth. The BRI is intended to stimulate external demand for Chinese goods, services and capital.



Other Countries

Facilitating trade and investment is a major task in building the Belt and Road. The participating countries have worked hard to promote trade, remove investment and trade barriers, and improve the business environment in all related countries.



Statistics

According to recent estimates, global trade could grow up to **6.2** percent on the back of fully implemented BRI transport projects, bringing up to **2.9** percent real-income gain.



Figure 3: Number of projects contracted and committed investment by the Silk Road Fund since 2015

The World Bank has estimated that by 2030, BRI-related investments could lift **7.6 million** out of extreme poverty and **32 million** out of moderate poverty.

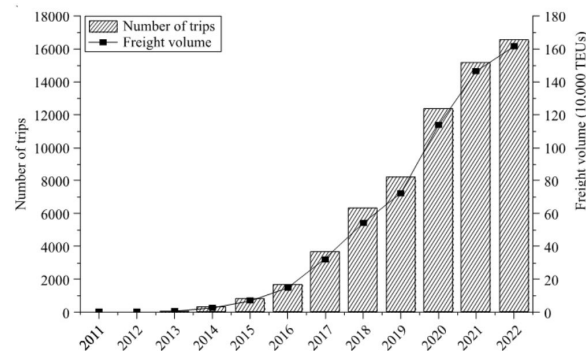


Figure 1: Number of trips and freight volume of China-Europe freight trains (2011-2022)

<http://www.beltandroadforum.org/english/n101/2023/1010/c124-895.html#:~:text=Facilitating%20trade%20and%20investment%20is.and%20in%20all%20related%20countries>



Ports

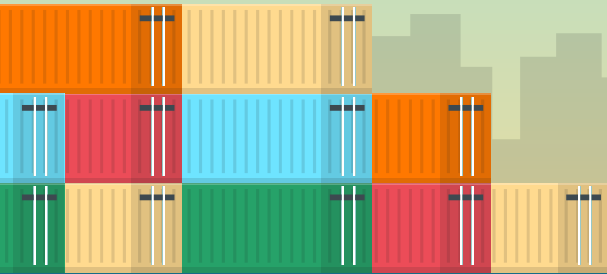
We saw just how important ports were during the global shutdown during the COVID-19 pandemic.

- Increase trade as a whole
- Cut costs and cut transportation time
- Increase connectivity and economic development

The BRI has made significant headway in building Chinese operated ports in foreign countries



Chancay Port in Peru



Timeline

2013



BRI was
announced and
launched

2017



Enters South
America

May 2017



Finishes the
Doraleh
Multipurpose Port

July 2017



Sri Lanka gives*
China Hambantota
Port

An illustration of a port scene. In the foreground, a yellow forklift is positioned on a dark blue surface, likely water or a dock. A red shipping container is being lifted by a crane's hook, which is suspended from a grey lattice structure. The background features a light blue sky with white clouds and a yellowish-brown horizon line representing a city skyline. The overall style is flat and modern.

01

Case Study: Sri Lanka

The Hambantota Port



“Another milestone along path of #BeltandRoad.”

- China XinHua News

Sri Lanka relied on Chinese financing. But Sri Lanka could not repay those loans, and in 2017, it agreed to give China a controlling equity stake in the port and a 99-year lease for operating it.

<https://www.csis.org/analysis/game-loans-how-china-bought-hambantota>

Opinions

- Chinese financing + Chinese contractors = trap
- CNN argues that China has implemented debt-trap diplomacy



<https://www.bloomberg.com/news/videos/2024-09-23/china-s-ports-and-growing-influence-in-sri-lanka-video>



- Boosts economy
- The money from China Merchant Ports was used to strengthen Sri Lanka's US dollar reserves and pay short-term foreign debts unrelated to the port owed to non-Chinese creditors
- Relieve pressure
- China has had more risk than reward

Debunking the Myth of ‘Debt-trap Diplomacy’

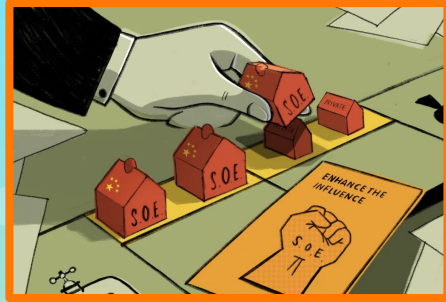
Lee Jones

Professor of Political Economy and International Relations, School of Politics & International Relations, Queen Mary University of London

“the role of the Rajapaksa family is equally important in understanding how that project progressed, as is the activity of PRC diplomats and SOEs”

- Sri Lanka’s idea
- Commercial, not geostrategic project
- Sri Lanka’s debt is unrelated to Chinese loans
- “no debt-for-asset swap” after bargaining, Chinese SOE leased the port in exchange for \$1.1 billion, which Sri Lanka used to pay down other debts and boost foreign reserves.

As Sri Lanka’s ambassador to China has stated flatly, ‘China never asks us. We never offered it’ (2018)



Who is Impacted?



02

Case Study: Peru

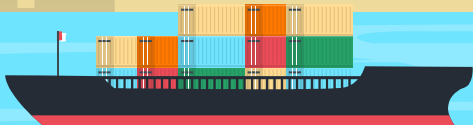
The Chancay Port



Peru Makes Space for China

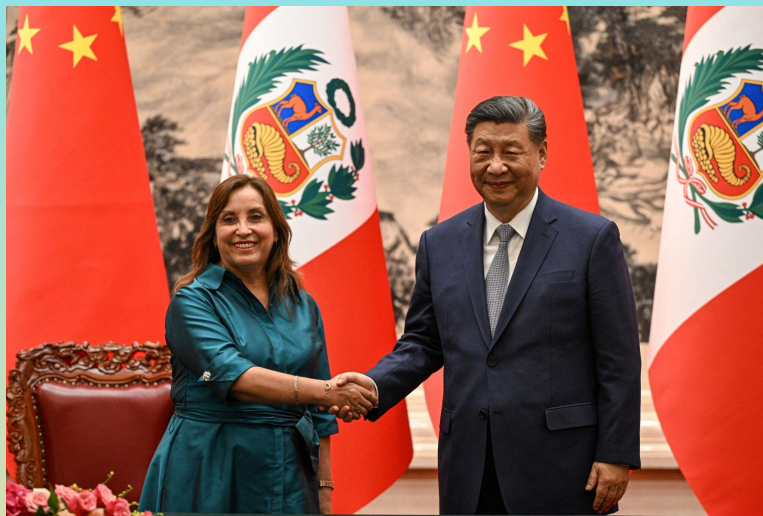


- 3.5 billion\$ project
- China's state-owned Cosco Shipping (60% ownership of port)
- China seeks the region's carbonates, crude oil, soy, corn, beef, timber, and mineral ores, and in return sells finished products to the region, such as clothes, cars, cell phones, computers, integrated circuits, and large construction vehicles.



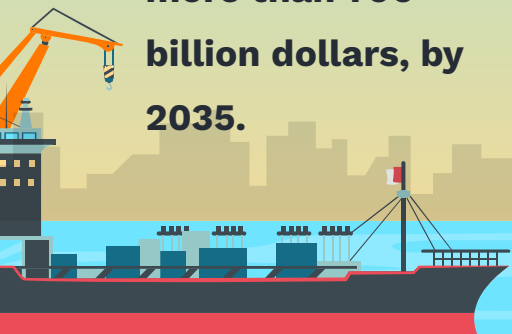
Benefits

- **26-fold between 2000 and 2020 (increasing from \$12 billion to \$315 billion)**
- **Trade is expected to double, reaching more than 700 billion dollars, by 2035.**



<https://www.csis.org/analysis/are-chinese-ports-latin-america-preferred-organized-crime>

- **Chancay will be the largest port by TEU in Latin America**
- **Cuts shipping times from 35 to 23 days.**



Criticisms



“Influx of cheap Chinese goods bought online may be undermining domestic industry” - Robert Plummer, BBC News

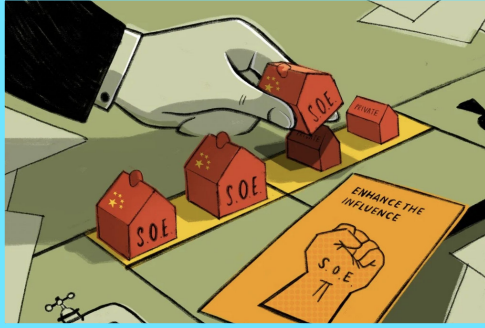


Ep. 172. Peru’s “China shock”: Surprising turns and the women left behind

- Trade Talks Podcast



Who is Impacted?



An illustration of a port scene. In the foreground, an orange forklift is positioned on a dark blue surface, likely water. A red shipping container is suspended in the air by a crane's hook, which is part of a larger crane structure on the left. The background features a light blue sky with stylized white clouds and birds, and a yellowish-brown city skyline along the horizon.

03

Case Study: Djibouti

The Doraleh Multipurpose Port

Doraleh Multipurpose Port

The \$590 million Doraleh Multipurpose Port project started in 2015 was jointly financed by Djibouti Ports and Free Zones Authority (DPFZA) and China Merchant Holding (CMHC) to connect Asia, Africa and Europe.

***50
Billion***



Wanted for inland copper, bauxite, and iron ore mines, and special terminals for petroleum, livestock, grain, and industrial fishing



Push/Pull

Push

- Largest share of unexploited natural resources
- waiting time to discharge goods was reduced from weeks to days.

“A single Shanghai port moves over 30% more shipping containers than do all African ports combined, whose throughput is roughly equal to that of the port of Shenzhen” - Roby Rakhmadi & Darra Ananda of the Indonesia Journal of Law and Social-Political Governance

Pull

- 99 years
- CMG is a minority shareholder (23.5%) in the venture, it has served as the central, coordinating player for China's finance, development construction, and operation of several port facilities in Djibouti and a raft of connected projects past the pier.



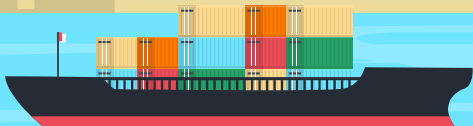
Pres. Ismael Omar Guelleh

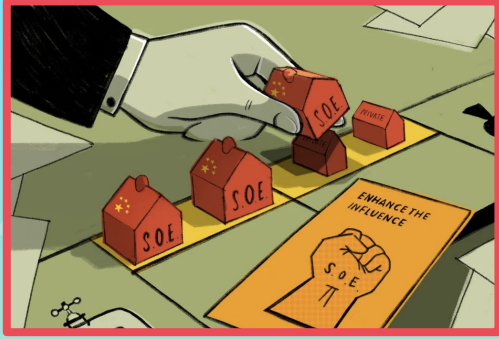
Role in BRI



“greatly benefited from Chinese investments in our ports, railways, and roads” and then officially signed onto the BRI.

In recent years, Djibouti has been actively participating in the Belt and Road Initiative, working with China on infrastructure and trade projects that dovetail with the "Djibouti Vision 2035" plan to give full play to the nation's unique geographic advantages and to achieve the country's goal of becoming a regional shipping and commercial hub.





Who is Impacted?



Why is this Important?



Another contemporary Trade Issue: Trump's threatened tariffs could push Latin American economies closer to China



<https://www.npr.org/2024/11/16/nx-s1-5191711/trumps-threatened-tariffs-could-push-latin-american-economies-closer-to-china>

Sources

Latin America

<https://www.csis.org/analysis/are-chinese-ports-latin-america-preferred-organized-crime>

<https://www.bbc.com/news/articles/ckg79y3rz1eo>

<https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/belt-and-road-in-latin-america-a-regional-game-changer/>

<https://foreignpolicy.com/2024/11/15/peru-port-chancay-china-bri-economics-shipping-us/>

Africa/Djibouti

<https://www.airuniversity.af.edu/JIPA/Display/Article/2847059/competing-or-colluding-commercial-interests-ports-and-free-zones-along-chinas-m/>

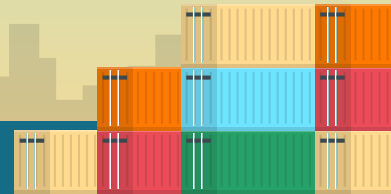
<https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

<https://www.cfr.org/blog/chinas-strategy-djibouti-mixing-commercial-and-military-interests>

<https://dpfza.gov.dj/facilities/DMP>

<https://eng.vidaivilu.gov.cn/p/292292.html>

CREDITS: This presentation template was created by **Slidesgo**, and includes icons by **Flaticon**, and infographics & images by **Freepik**



Sources

Explain the BRI

<https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>

<https://merics.org/en/tracker/how-bri-shaping-global-trade-and-what-expect-initiative-its-second-decade>

<https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

<http://www.beltandroadforum.org/english/n101/2023/1010/c124-895.html#:~:text=Facilitating%20trade%20and%20investment%20is, and%20in%20all%20related%20countries.>

<https://www.npr.org/2024/11/16/nx-s1-5191711/trumps-threatened-tariffs-could-push-latin-american-economies-closer-to-china>

Sri Lanka

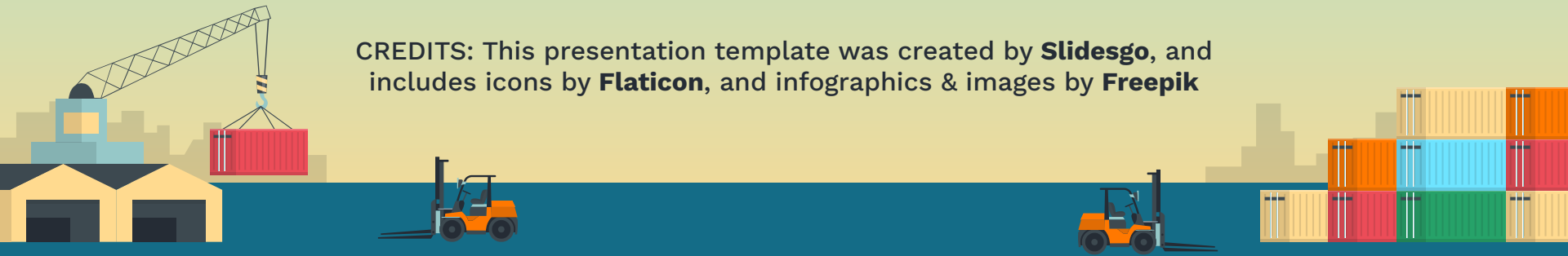
<https://www.chathamhouse.org/2020/08/debunking-myth-debt-trap-diplomacy/4-sri-lanka-and-bri>

<https://www.bloomberg.com/news/videos/2024-09-23/china-s-ports-and-growing-influence-in-sri-lanka-video>

<https://www.csis.org/analysis/game-loans-how-china-bought-hambantota>

<https://www.cnn.com/2018/02/03/asia/china-sri-lanka-string-of-pearls-intl/index.html>

CREDITS: This presentation template was created by **Slidesgo**, and includes icons by **Flaticon**, and infographics & images by **Freepik**



Thanks!

CREDITS: This presentation template was created by **Slidesgo**, and includes icons by **Flaticon**, and infographics & images by **Freepik**

Please keep this slide for attribution



