

China's "One Belt One Road" initiative, a policy of 21st Century Regional economic integration

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Abstract

One Belt One Road initiative is the president Xi's foreign policy agenda, a mean to change the current geo-politics and world's economic dependency on solo power and to reduce US hegemony in the region in particular and world in general. According to OBOR vision, over 4 billion population with one-third of world's GDP with 40 billion\$ Silk Road Fund, Asian Infrastructure Investment Bank and New Development Bank of BRICS will also provide funds for the fulfilment of Chinese Nation's rejuvenation dream. Xi's initiative has three derives; energy, security and market for Chinese dump products by weaving these three drives into a fabric of interconnectivity including transport corridor and port facilities, which will ultimately boost multilateral trade, security and stability in the countries along the Belt and Road.

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INTRODUCTION TO ONE BELT ONE ROAD:

The vision of Silk Road and economic Belt was first presented by president Xi, during his speech in Astana, Kazakhstan in 2013. The objective behind the idea was "to forge closer economic ties, to strengthen co-operation and expand development in Eurasian regions"(CCTV 2013). Early in March 2015, Beijing strategy outlines begun to emerge as China's leadership showed their plan of Silk Road Economic Belt through central Asia and Maritime Silk road on southern and south eastern Road"(OBOR). China's launched the initiative three years ago, gaining significant traction, although still a confusing concept for some western nations. The proposed plan of OBOR linking trade in around 60 countries along the Belt and Road china's most strategic initiative, an important component of president Xi's foreign policy. The projects and contract amount exceeding the US \$ 9 billion with countries along the Belt and Road. A number of projects are under construction, like Laos China railway, economic corridor in Pakistan and Port in Vietnam. According to policy experts, both the initiatives have the potentiality to alter the routes, political co-operation and people to people cultural exchange in Asian Pacific region. China OBOR initiative is having three derives, Energy, security, and Market. These derive together will form a fabric of interconnected transport corridor, port facilities, which would ultimately boost Trade and economy, to stabilize the security situation in the region and strategic penetration. Earlier, China foreign Policy was divided into two concepts, Maritime domain and China's 'Go west' policy refers to the reciprocal economic cooperation between China with its Western neighbours, central Asian countries, and Arab world.

This policy is essential for one Belt One Road strategy policy. However, with OBOR initiative Beijing sew these two concepts together to form a new mega Foreign policy-project. OBOR formula of economic integration is flexible and expanded and has the capacity to overcome the deficiencies for the fulfilment and completion of the past projects.

The OBOR initiative if implemented properly as planned, have the potential for a number of most pressing challenges faced by China, it will find a new market for China excessive industrial capacity, will have access to its growing energy demands for domestic production. Beijing has also concerned over its central and western provinces economically lagging behind, than those of Eastern coastal provinces. GDP of those provinces have significantly increased during the recent years. But these provinces are still lagging behind, to attain the national average. Beijing ambition to encourage Renminbi in the Global trade is attainable by economic integration with its neighbours (NDRC 2015)

Chinese defence experts describe the "OBOR" would provide long-term economic benefits for China, to deal with its neighbours, due to its security concerns with. China can cash this economic superiority, in its strategic competition with U.S and Japan. China's Silk Road strategy is open to all stakeholders, based on Non-exclusionary terms and win-win co-operation. OBOR along AIIB is labelled as China's "Marshall Plan" due to its hegemonic characteristics for the expansion of its influence in Regional affairs. On the contrary Beijing have characterized its plan (Initiative), an attempt for the economic integration of Eurasian countries and contrasted it with post WW-2 U.S Marshal plan (Cooley 2015)

President Xi reiterated during his speech in Jakarta, Indonesia that China is willing to work with its neighbours (ASEAN) for the promotion of peace and stability in the region and to build a "community of common destiny" which is not dominated by Western hegemony (Xinhua, 2013). Beijing also

stressed that OBOR and AIIB framework is designed, to balance regional economic integrity, to build infrastructure for the connectivity of China with Middle-East, Europe, and Africa. That will ultimately benefit all stakeholders (NDRC 2015). The strategic importance of OBOR in economic integration of China with its neighbours, Middle East, Africa and Europe. It also studies china's relations in the changing paradigm of international and regional politics.



Source: Xinhua News.

FRAMEWORK AND STRUCTURE OF ONE BELT ONE ROAD:

During Bao Forum for Asia (BFA) in March 2015, China used the forum to unveil the vision of OBOR, with the objective of promoting co-operation, economic exchange and interaction within the region. President Xi during his speech, along with the minister of foreign affairs and commerce, unveiled the blueprint of China's strategy of OBOR. But the ambiguity still prevails regarding the framework of the project of 21st Century Maritime silk route (BFA 2015) The OBOR strategy is based on four pillars of interrelated objectives, the connection of regional infrastructure, improving regional economic policy coordination, removal of trade barriers, strengthening cultural ties to support the mega project. President Xi reiterated that

China's trade with the participating countries will exceed around U.S \$ 2 Billion during the next decade. Beijing investment in OBOR initiative with participating countries soared up to 38.6% per annum as the countries ODI (Outbound Direct Investment) has reached a record high, in the year 2015. According to (MOC) Ministry of commerce, that investment between foreign firms and China, are nearly 4000 engineering projects, worth 69.8% Billion were signed with almost 60 countries, during the first eight months of 2016 (Xinhua 2015) The same year Chongqing had 420 Freights to and from Europe. Since 2013, the Belt and Road Initiative has increasingly boosted trade and commerce between China and other countries along the Belt and Road and have offered a solution to global economic problems. The initiatives serve as a platform for China ODIs (Outbound Direct Investment). According to the Ministry of Commerce, China import and export with economies along the belt and Road has tremendously increased and have topped 6.3 Trillion Yuan (912 Billion \$) in 2016, 0.6 % from 2015. Chinese enterprises build 56 economic zones in 20 countries along the Road and Belt with total investment surpassing 18.5 billion \$, generated 1.1 billion in tax revenue, 180,000 jobs opportunities in those countries. According to Chinese Foreign minister Wang Yi on the sidelines of annual legislative session stated that; "the Belt and Road Initiative has become most popular public good and platform for international cooperation (promising the brightest prospect for the world)" (NDRC 2015).

China is becoming a major capital exporter to the countries and the region along the SREB and Maritime silk route. The trade volume exceeded up to the US \$ one trillion in 2015. The export volume has many folds with countries along Belt and Road than export to US and EU, China's top destination of export. About 50 overseas economic and trade cooperation zones have been established in the countries along OBOR. China is also increasing free trade trial zones from four

to seven provinces inland, which will push OBOR investment projects, improve trade liberalization and similarly cross-border transaction. China's economic strategy with OBOR has shifted from goods export to major capital resources. China's Outbound Direct Investment to as the countries along the Belt and Road has increased 23.3 % in 2015 and it is expected that non-financial ODIs will reach 2 trillion US \$. The internationalization of Chinese currency swap programs in 21 countries along the Belt and Road, provision of quotas for institutional investment in seven countries and establishment of Banks with Renminbi settlement in eight countries. This Renminbi settlement initiative has increased 25 % of Chinese Trade in 2016 and could further boost as Chinese companies pursue opportunities along OBOR (China Daily 2017). Chinese Policy expert identifies lack of infrastructure for transportation, a barrier to global integration. The first stage of OBOR is a web of a network for transportation telecommunication and energy supply. The blue Print of OBOR to bridge Eurasia offshore, a series of "core cities" from China to Europe (Shen 2015).

The "One Belt One Road" affiliated projects will be financed, mostly by China's state-owned Banks, AIIB and New Development Bank (NDB) of BRICS. CITIC state-owned conglomerate, including CITIC securities, construction, CITIC trust, heavy industry company and Resource Holding Ltd will jointly invest more than 700 billion Yuan to support 30 companies and 300 OBOR related projects extending from Singapore to Turkmenistan (Reuters 2015). China has established \$ 40 billion fund in December 2014, for the investment in OBOR related projects, the US \$ 16 billion would finance OBOR projects in central Asia. Beijing recently established bank AIIB (Asian Infrastructure Investment Bank) is an important financing institution of OBOR, with the capital base of \$ 100 billion consists of 57 founding members countries, 50 countries have registered while seven have to be registered. China's proposed AIIB as mean to bring additional resources to

close the gap in infrastructure development in Asia. China will have 30 % shares while 75% support is required in making major decisions of financial and operational policies (AIIB 2015). The New Development Bank (NDB) was officially launched in July 2015 by BRICS nations, incorporated \$ 50 billion in capital with equal share from all the BRICS countries and committed to expand its capital up to \$ 100 billion with a goal of selecting possible projects for consideration by the end of 2015 (Ostroukh and Razumovskaya 2015).

Many analysts have argued that OBOR projects are mainly designed to fulfill China's own interests. It is also argued that OBOR initiative is not purely economic it also carries geostrategic and geopolitical ramifications. The encircling of India by building a chain of ports in Indian ocean (String Of Pearl) like Gwadar Port in Pakistan and Hambantota Port in Sri Lanka. Another critique is that most of the OBOR related projects in Central Asia, and West Asia the labour force employed were Chinese, generating little employment opportunities for the local labour force in the recipient countries. Some critics are of the view that OBOR strategy is counterbalance to recent US initiatives such as Trans-Atlantic Trade and Investment Partnership (TTIP) and Trans Pacific Partnership (TPP) to bring Asia, Africa and Europe under its own economic and geostrategic influence. The Global economic slowdown during the last few years, it is unpredictable that how long China will recoup in unstable weak and fragile countries, huge foreign investment by China could carry being arm twisted or dictated by China. Slowing economy demographic stress, debts, corruption human rights violation china will find it difficult to implement further this initiatives.

CHINA STRATEGIC ENGAGEMENTS WITH CENTRAL ASIAN REPUBLICS (CARs)

China's Western province Xinjiang, due to its geographical proximity to Central Asia plays an important role in China's Diplomatic relation and Foreign Policies towards central Asia. There are a number of threats emanating from Central Asian including security instability and unrest in Afghanistan, a source of training and shelter to outlawed separatists.

Central Asia, consist of five states of Kazakhstan, Tajikistan, Kyrgyzstan, Tajikistan, and Turkmenistan. Central Asian republics with the population of approximately 66.5 million, merged on the world map in 1991 from the strict autocracy of Soviet Union (USSR). Geopolitically, the Central Asian region is considered as a "core region" of the Asian continent, serving as a bridge, to connect East-Asia, West-Asia, South-Asia and Europe. Central Asia sharing the border in North with Russia, in South with Afghanistan, Eastern Border with China, while Western border elongates with the Caspian Sea. Due to Central Asia close proximity with two global powers China and Russia, richness in natural resources made it vulnerable to be the part of 'Great Game'. China's soaring energy demands and Russia control over its gas and oil supply pipelines have increased its importance in regional geopolitics. In spite of China geographical proximity, prior to its independence from USSR in 1991; China played a minor role in CARs' political and economic affairs.

After the breakup of Soviet Union, China promptly established diplomatic relations with CARS in December the same year. Former union republics solved their territorial and border disputes with its neighbours including China. The demarcation and delimitation negotiation process started with China, by the representatives from Kazakhstan, Tajikistan, Kyrgyzstan and Russian Federation and signed an agreement on September 08, 1992. Kazakhstan-China dialogues on reduction of military presence on border and demarcation

started in 1992 and lasted till its completion in 2002 (MOF 1992).

The Border dispute with Kyrgyzstan was also resolved in 1996. China was vigorous to move to the Central Asian Market for the economic integration with newly established Republics. The same year, Shanghai Five was formed; consist of China, Russia, Kyrgyzstan, Kazakhstan, and Tajikistan. In the year 2002, another demarcation treaty was signed between Kyrgyzstan and China, viewed and criticized by the republics' population with concern, that China could claim additional territory in future. Shanghai Five was joined by Uzbekistan in 2001, transformed it into Shanghai Cooperation Organization (Javed and Rashid 2016).

After the 9/11 scenario, US has significantly increased its presence in Central Asia by establishing military bases in Kyrgyzstan and Uzbekistan in the pretext of war against terror. The US containment strategy viewed by powers like China and Russia, a threat to their economic, strategic and energy interests in the region. The Cold war major rival US and Russia, competing for the energy resources and military presence in the region, China, in the same way, developing its political and economic influence in the region. China has turned into an important trading partner and loan provider to central Asian countries. The trade volumes of Beijing with central Asian countries have tremendously increased from the US \$ 1 billion in 2000 to the US \$ 50 billion in the recent years. China is heavily investing in the development of infrastructure, production, transportation, railway lines, hydro-carbon sectors and energy supply pipelines (Khan 2014).

Due to Beijing soaring energy demands and Central Asia a great source of Energy supply, China intentionally planned to increase its economic and diplomatic relations with CARs, after the disintegration of USSR. Prior to this, China was solely dependent on coal power production due to domestic abundant coal resources. Owing to environmental issues, low efficiency,

costly and excessive carbon emission, Beijing is decreasing its dependency on coal power generation (Ibid)

Domestic oil and gas resources are insufficient to satisfy its soaring energy demands, Beijing has increased its energy import budget up to \$ 313 billion, stood world second largest energy importer after the US, in the year 2012. Due to its increasing energy demands and reduction on coal power production, China has signed various agreements with Central Asian republics for trade and energy transportation. Kazakhstan-China pipeline carrying 11 million tons of oil from Caspian to the western Frontier of Xinjiang region and expected to be increased up to 20 million tons per day in 2020. China has also provided loans worth US \$ 5 billion and 1.7 billion to the petrochemical industry and National Welfare fund of Kazakhstan respectively (Rousseau 2013). Similarly, 7000 km gas supply pipeline agreement with the capacity of 30 billion cubic feet per annum, signed with Turkmenistan in 2006 which become operational in 2009 (Elizabeth and Wishnick 2014). Turkmenistan will also export another 25 billion cubic meter per annum to China by 2020 from Galkynash gas reserves. China's interest in Central Asia is not limited to import energy; rather China's western Province of Xinjiang abuts with central Asian republics sharing a sizeable Uighur Muslim population with a long history of separatism unrest and violence. About 350,000 in Kazakhstan and around 50,000 each in Kyrgyzstan and Uzbekistan. Therefore, Central Asian republics play an important role in the peace and stability within Xinjiang. It is also worth mentioning here to note that both China and Russia are having a common interest of stable central Asia with the goal of fighting the three evil forces of separatism, terrorism and religious extremism. The multilateral security engagement of China with central Asia is to secure its restive, Xinjiang region. China attempts to improve the economic condition of Xinjiang and build special economic zones (SEZs) in cities like Kashghar since more than half of foreign trade of Xinjiang is

with central Asian republics (Burles 1999). Beijing considers bilateral relations with CARs would ultimately improve the volatile and less developed western province of Xinjiang. The growing energy cooperation between China and the Central Asian republic is a matter of greater concern among the Global energy players including US and India.

CHINA BILATERAL RELATIONS WITH IRAN:

The people Republic of China and Islamic Republic of Iran are the heirs to two ancient and proud civilizations. The leader of the both the countries strived to defend their own regime's legitimacy with the comparison of international system concept of limited sovereignty and the universality of human rights laws. In early 20th Century, China and Iran were reduced to 'semi-colonial states' by the contemporary great powers of Russia and United Kingdom. After the establishment of people Republic of China in 1949, China came under various international US-led sanctions due to its communistic system. Before Iranian revolution in 1979, Iran relations with PRC were of little significance due Raza Shah Pahlavi inclination towards West and US. And also US pressure on Tehran to curtail its diplomatic and economic ties with Beijing. PRC officials immediately reached to establish diplomatic relations Islamic Republic after the revolution. The bilateral relation further improved during Iran-Iraq war, with arms sale support to Iran by China (Harold and Nader 2012).

Since then, the bilateral relations evolved from one centred arm sale to energy supply, to support China's economic growth. During Iran nuclear development program and the US pressure on Russia, Japan, South Korea, India and Europe for reduction of bilateral trade and investment with Iran. However, Chinese President Hu Jintao's foreign economic policy of "Going out" or "March west" China expanded trade and investment with Iran, by 2007 China become Iran largest trading partner

(Razavi and Khalessi 2016). After the sanctions against Iran were lifted in July 2015 by Six World powers China, Russia, France Britain, Germany and United States(P5+1). President Xi was the first Foreign leader who visited Iran in January 2016, bilateral trade agreements were signed between the two leaders—agreed to increase bilateral trade from currently \$55 billion to 600 billion US \$ during the next decade. Iran is a politically stable country in the instable political region; Chinese greater involvement in Iranian economy is viewed by the international observers as China's interest in maintaining the balance of power in the region. During the sanctions era, European countries refusal to import Iranian oil, EU import was around 1.235 billion Euros in 2015 which increased three fold during 2016 up to 5.494 billion, was an opportunity for China to double its investment in infrastructure development and oil extraction projects in Iran (Xinhua 2017). In 2009 China surpassed Japan to become Iran's number one oil customer. China had significantly made efforts to diversify its energy sources by investing in developing resources in Central Asia, Russia, Africa and Latin America, However, Iran has consistently been among China's top oil provider along with Saudi Arabia and Angola and likely to be continued for the foreseeable future. Besides the import of oil China is significantly involved in Iran's upstream and downstream oil production with the huge investment. Upstream development refers to the crude oil exploration and production and both the countries have signed various agreements in upstream production since 2005.The downstream refers to the refining and distribution of crude oil products. China has committed to building an oil refinery at Hormuz and expansion of existing Abadan oil refinery. These projects are of greater importance for the 40 % of Iran's gasoline import. China is signing different deals with Iran under the regional security strategy. United states have control over the West bank of Persian Gulf through its proxy states like Saudi Arabia and UAE. This makes the

Persian Gulf in effect, an internal sea for the US. If China and Russia were to build an "Axis" of relations with Iran, they could maintain a minimum balance to thwart US's embargo or control over the both banks of Persian Gulf. Iran occupies a strategic position at the narrowest point of the Persian Gulf connecting the Arabian Sea with the Indian Ocean. Iran is also a littoral state of the Caspian Sea, another energy-rich region due to these Iran lies at the important node on land roads, rails and pipelines route. In China's 'Silk Road Strategy' is building rail and pipelines from Central Asian member states of Shanghai Cooperation Organization (SCO) further it will connect with Iran and Turkey beyond to Europe. President Xi's stated in Xinhua News that Iran is China's "natural partner" in his "One Belt-One Road" strategy, to promote economic connectivity between China, Central Asia, and the Middle East. The geostrategic position of Iran matters most for Beijing to reach Gulf countries and beyond to Africa. Chinese trade, investment, and development assistance with Africa go through Gulf countries; the region is a linchpin in China's interest in the African continent. The longstanding relationship between west particularly America with Gulf countries made it difficult for China to further boost relationship with gulf countries beyond than import of oil and energy resources. However, Tehran relationship is totally different due to its life long standoff with US and western powers. The overland silk road connecting east to the west and beyond to Europe, couldn't be completed bypassing Iran. Similarly, the littoral Central Asian states want to use Iranian territory for maritime trade. China's vision and perspective of Iran involvement in OBOR are deeply rooted in economic integration and regional stability. However, Iran as a preferred candidate in the initiative, viewed by most of Arab Gulf countries as inimical and threatening to their interests.

The proxy wars and conflict between Saudi Arabia and Tehran can pose a great challenge to Chinese access to Iranian energy resources. President Xi, on his tour to the Middle East

visited both the geopolitical rivals of the region in order to settle down conflict and offered as mediator role in time of further escalation (Financial Tribune 2017).

CHINESE INVESTMENT IN GREATER MEKONG SUB REGION:

The Mekong Nations consists of Laos, Cambodia, Thailand, Myanmar Vietnam and Chinese Southern province of Guangxi and Yunnan. In 2014 during a meeting between president Xi and Laotian president Thong sing Thammavong pledged to intensify their strategic partnership to achieve development goals of both nations. The Laotian's government main developmental goal is to get the Laotian population out of poverty through industrialization and modernization of outdated infrastructure (Xinhua 215). Laos is committed to become a part of China's megaproject of OBOR, as Beijing's initiative is conducive to Laos' developmental tasks. OBOR's transportation and energy generation projects will be built on the earlier models of Asian Development Bank (ADB), initiated early in 1990 under (GSM) Greater Mekong Sub region program (Xinhua 2015). In 1986, Laotian government started an initiative to transform its planned socialist economy into capitalist based market economy through New Economic Mechanism (NEM) ---under the NEM Laos joined GSM in 1992, ASEAN in 1997 and World Trade Organization (WTO) in 2013. This gradual opening of Laotian economy contributed to its improvement of GDP 6.7% and 7.8 % during fiscal years 2009-2010 and increase in per capita income from 329 US \$ to 1069 \$ between 2001-2010. The Mekong nations have great potential for economic development, consists of over 320 million population market for consumption whose trade with Beijing reached to US \$ 150 billion in the year 2013. These Mekong nations will be the part of Pan-Asian Railways, a part of Silk Road Economic Belt project connecting China's southern city of

Kunming through Vietnam, Cambodia, Laos and Myanmar merging at Bangkok, an important hub for 21st Century Maritime Silk Road through Kuala Lumpur and then to its final destination in Singapore (China Daily 2015).

Laos consider the Pan-Asian Railways section in its territory, a key to its development. Laotian government has put the project on priority base in its 8th Five Years Plan. The Laotian portion of Kunming-Vietnam section will be completed with cost estimation of US \$ 7 billion concessionary loan from China. International financial experts from Global monetary institutions feared that the huge amount of 7 billion US \$ is approximately equal to 90% of the country GDP will put Laos at a reasonable level of debt, transforming it to most indebted countries. However, Laos rejected the notion, sees it a development approach for the near future (Quartz 2014). Laos, a greater export market for China as well as top destination in Foreign Direct Investment (FDI) with 5 billion US \$ in 2014, due to its geostrategic position in connecting the rest of Mekong nations with mainland China. The bilateral Trade between the two countries increased up to 3.6 billion US \$ in 2016 with 32% increase from the last year. Chinese investment in Laos consists of investment in agriculture, hydropower, mining, timber, and tourism. All the investment in these sectors are parallel with Laotian government's strategy of development of "turning land into capital" Chinese investment was warmly welcomed by the Laotian government not due revenue generation for economic development but also useful in human capital development and transfer of knowledge and know-how from Chinese experts for optimal exploitation of Laos' natural resources. Beside these Laos have the estimated hydropower generation potential of 26,500 MW (Corben 2015). Owing to this, Laotian government's ambition to build 70 dams along the Mekong river and turned Laos into "Battery of Southeast Asia". Most of these dams would be built by Chinese power firms. Laos is already exporting hydropower generated electricity to

Thailand and its power generated revenue can go far in helping Laos to leave the rank of world's Least Developed Countries (LDCs) (Delaunay 2010).

China played an important role in Cambodia's textile industry development and hydropower generation, resulted in the reduction of Cambodia's long chronic energy shortage. Sino-Cambodian has reached new peak recently. China appeared to be the largest foreign investor, major aid donor and ever-increasing trading partner of Laos. By the year 2012, China became the second largest aid donor after Japan, its foreign assistance and loan to Cambodia reached to the US \$2.7billion. The aid to Cambodia was mostly for infrastructure development, building bridges and roads, with 'no strings attached'. Cambodia's geopolitical position in Southeast Asia gains strategic importance in 'string of pearls' strategy of China that has allegedly created to secure military access to the Gulf of Thailand and South China Sea (Pheakdey 2013). In January 2010, China signed China-ASEAN Free Trade Agreement (CAFTA) with ASEAN countries in order to expand their areas of cooperation. Cambodia always maintained historical and trade relations with mainland China and one of the first country in ASEAN, to fall the charm of China's offer.

The deportation of 22 Uighur including three children by the Cambodian authorities in 2009, looked by the international community with surprise. Two days later after handing over of Uyghur, Beijing signed 14 agreements with Phnom Penh worth 1.2 billion US \$, followed by the US aid suspension to Cambodia in April 2010, which further intensified by the US introduction of Cambodian Trade Act in May the same year (Chen 2010).

The Chinese investment in Cambodia's agriculture, mining, infrastructure development projects, hydropower generation and garments industry from 1994 to 2013, was worth the US \$ 10 billion. The overall Chinese investment and engagement with Cambodia, has created a lot of jobs opportunities for Cambodian contributing to 2% of GDP since

1995 (Khmer Time 2016). China Minsheng Investment Group (CMIG) hosted a Sino-Cambodian entrepreneurship Forum 2016, where Cambodian premier Hun Sen joined more than 100 companies at the event. CMIG also set up a Belt and Road Fund for Cambodia in energy, finance and urban development sector (China Daily 2017).

BCIM ECONOMIC CORRIDOR INITIATIVE:

BCIM refers to Bangladesh, China, India and Myanmar economic corridor. China is connecting its Yunnan province, bordering with Myanmar then to Bangladesh and North East India through a network of Roads and Railways under a proper regulatory framework. The proposed 2800 Km economic corridor Travers from Kolkata to Dhaka then to Tamu-Kalewa road in Mandalay in Myanmar to its origin in Kunming. BCIM EC goes beyond physical connectivity of roads, railways and sea to the digital connectivity, removing barriers from smooth movements of good investment and people.

The initiative seeks for better improvement of infrastructure, energy resources and trade investment. The BCIM economic corridor is the revision of 1999 Track –II Kunming's initiative among BCIM countries. This 2800 km long corridor, will run as planned, from Kunming in China to Kolkata in India, Mandalay in Myanmar to Chittagong and Dhaka in Bangladesh. The initiative has gained momentum after the Chinese Premier Li Keqiang visit to India and the conclusion of the first official meeting of joint group study of BCIM, in December 2013.

The BCIM-EC goes beyond physical connectivity through roads, rails, water, and airways to digital connectivity, trade facilitation, removing barriers for the movements of goods, investment and people to people exchange. BCIM-Ec region is rich in natural and mineral resources consist of the landmass of 165,000 sq. Km with the population of 440 million.

The region has the potential to generate huge economic benefits in trade, investment, energy, transportation, and communication. The joint study groups during its first meeting decided to "work with mutual trust and respect, pragmatism, equal shares in benefits and consensus building. China also assured the other stakeholder nations that BCIM would stimulate the growth of large and medium cities along the corridor". Bangladesh which shares a long border with India can access to Chinese as well as China market, would ultimately make Bangladesh an attractive destination for Foreign Direct Investment (FDI). Bangladesh connection with China through Myanmar can become a commercial hub for South and South East Asia (Kalegma 2014). Through BCIM India can also have access to East Asia for goods export. Myanmar in BCIM corridor can integrate into the regional supply chain for which Dawei port have a significant role to play. The BCIM corridor will allow the four countries to utilize the existing complementarities in trade—both in sector and product. Myanmar has abundant cheap labour and a primary goods exporter, India a leading services exporter, China a largest global exporter while Bangladesh like other southeast countries engaged in both services exporting and low ending manufacturing (Sjjanhar 2016). The region has also immense potentials of conventional and renewable energy resources. Hydrocarbon potentials in Bangladesh, Hydro-electric and mineral resources in Northeast India, Gas reserves in Myanmar and coal reserves in China's Yunnan province. The power-starved Bangladesh could import electricity from North-eastern Indian states. India could too have access to Myanmar energy resources, currently heavily dependent on Gulf countries for energy supply. Myanmar could also diversify its energy export from Thailand and China to BCIM countries (Sahoo and Bhumia 2014).

PAK-CHINA ECONOMIC CORRIDOR A FLAGSHIP PROJECT OF OBOR

President Xi visited Islamabad in April 2015, signed the agreement with Islamabad to invest \$ 46 billion in infrastructure development and energy generating projects. A huge investment by China in a foreign country ever. CPEC has been called a "flagship project" of One Road One Belt Initiative 2700 km long corridor stretching from Kashghar in China into Gawader in Pakistan. Out of 46 billion \$, 34 Billion will be allocated for energy-starved sector while the 12 billion US \$ will be invested for infrastructure development. Pak-China corridor is an effort to improve Pakistan's flagging economy and enhance stability within as well as in the region and to reduce Beijing dependency on Malacca strait for its oil import from the Middle East. According to The CPEC plan, if implemented has the potential to make Pakistan's electricity output double over the next few years. The 15.5 Billion US\$ investment in coal, hydro, solar and wind power generation will produce 10,400 megawatts until next year. With the additional cost of 18.3 billion, 6100 megawatt by the year 2021(Ishaq 2017).

The international observers initially took a skeptical view of CPEC plan of 3000 km of rail, road, and energy supply pipelines connecting western frontier of Xinjiang with Gawader port in Pakistan, despite instability within the politics of Pakistan China is hugely investing in Pakistani economy and infrastructure. With the announcement of CPEC conflict aroused among the province especially within Baluchistan and Khyber Pakhtunkhwa, claiming that Nawaz's government is prioritizing the province of Punjab most of the CPEC routes pass through this province. However, the international observers held the view that China is delivering a small portion of the proposed plan; the potential benefits are far more and there are more consensuses within Pakistan despite major obstacles. Beijing is committed to providing political and

economic capitals for the initiative. Chinese Policymakers have repeatedly asserted that China's development efforts will prove more fruitful and successful than US Aid to Pakistan during the few decades. Sino-Pakistan relation is based on defines and economic development while US relation is purely based on security issues. The Chinese investment is highly valuable in much-needed infrastructure development while the US 5 billion \$ Kerry Lugar Act provided for civilian assistance, comparatively yielded few results. According to international observers, China is underestimating the hurdles it will face in CPEC implementation. Much of the infrastructure will be in the province of KPK and Baluchistan the most political fraught and insecure provinces of Pakistan. Baluchistan where Gwadar port is located, pose a great threat from the separatist's movements of BLA and BLF etc. The local people near Gwadar port are anxious that such a large investment by China would ultimately turn their majority into a minority. Beijing is well aware of the challenges they will face in CPEC implementation, but also consider CPEC is an important tool to enhance stability within Pakistan as well as in the region. The success of CPEC is contingent to great extent Pakistan's ability to ensure security and stability along the route. The former Army chief Raheel Sharif once reiterated that "the arm forces are ready to pay any price to turn this long-term cherished dream into reality". Due to security concerns Pakistani security forces have announced to deploy 12,000 strong security contingent to protect Chinese technicians and engineers working on different projects all over the country (Zaidi 2016). Some international observers held the view that China is deliberately and explicitly tying its promises of investment and development; expect that Pakistan will play a positive role in promoting political reconciliation and stability within Afghanistan. During Xi's April 2015 visit to Pakistan stated that China supports Pakistan to play a constructive role on Afghanistan issue and

will work with Pakistan to advance the reconciliation process and smooth transition in Afghanistan.

However, despite many hurdles, Beijing is solely relying on Pakistan for the insurance of security for Chinese workers as well as regional stability. Pakistan's security forces have targeted the East Turkistan Islamic Movement (ETIM) and other Uyghur militant groups responsible for attacks on Chinese workers within Pakistan. China is still in the phase of "Do more" to dismantle the terrorist groups (MOFC 2014).

CPEC would serve Beijing interests in the region in many ways. Economically, the transportation cost of western and central China with central Asia Middle East, Europe, and Africa will be reduced. Trade via CPEC would save around 2 billion\$ every year upon the 50 % volume of energy supply from the Middle East. Better connectivity and easier sea access favour the development of Xinjiang. Additionally, CPEC has geostrategic value for China less vulnerability to US 'pivot to Asia' and future blockade of Malacca straits in the event of war with the US. CPEC could also facilitate the projection of China's influence in the Indian Ocean and Eurasia. The 21st Century maritime and silk land road eventually converges at Gwadar port.

If CPEC is merely a transit corridor, its potential for the development of socio-economy of Pakistan will be limited. China is financing CPEC through the provision of loans with red tape; Pakistan is expected to repay them. However, the total amount of loans is not disclosed but the volume is quite significant.

CONCLUSION:

Chinese investment for economic integration with its neighbour in the West, south-east and south-west. OBOR have the potentials to integrate 60 countries along the belt and road. Various projects are under construction like Laos-China railway, Pak-China Economic Corridor and Port in Vietnam.

Social scientists are of the view that these initiatives have the capacities to boost economies, political cooperation, and people to people cultural exchange in Asian Pacific region. OBOR is based on three derives energy, security, and market. Prior to this Beijing foreign policy was based on Maritime domain and "Go West"--. With OBOR initiative Beijing sews these two concepts together and form a mega project of foreign policy. OBOR objective is the rejuvenation of the Chinese nation as it was a dominant trade power in 3rd century BC and 15th Century through Silk Road with Central Asia and Europe.

OBOR initiative can promote inclusive economic growth in both developed and developing countries. It will stabilize the global economy and will fulfill the demands of the countries, can push forward industrialization and infrastructural development of the nations along the Belt and Road.

Gwadar port in Pakistan is also having strategic significance for China in OBOR initiative as its close proximity to the strait Hormuz. It provides a transit terminal for crude oil import from Gulf, Africa, and Iran. The US presence in Persian Gulf Indian Ocean and the Arabian Sea not only threatening Chinese navy but also to its commercial interests in the region. Iran is also rich energy region lying at the important node on land, road and pipelines routes in OBOR strategy building energy pipelines and rails from central Asian states to Iran and further to Turkey and Europe. The littoral states also want to use the Iranian territory for Maritime trade. Similarly, the investment of China in Mekong Sub region of Thailand, Laos, Cambodia, Vietnam, and Myanmar is also important for the economic integration and regional stability. The bilateral trade of China with Laos increased up to 3.6 billion \$ WITH 32 % increase from the 2015 year. Chinese investment in hydropower, agriculture mining etc. is parallel to the Laotian government developmental strategy of "turning the land into capital" can not only generate revenue but also the transfer of

knowledge and know-how from Chinese expert for the maximum exploration of Laotian natural resources.

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