



Pathfinder View Point- 8

Capitalizing on the Maritime Silk Road Initiative to Achieve Win - Win - Win Situation

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The Maritime Silk Road (MSR) and Economic Belt policy initiatives unveiled by President Xi Jinping in 2013 were identified as significant elements of an overall Chinese attempt to leverage China's growing economic power and influence along its geographic boundaries. The objectives of this enormous development initiative is to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security.

MSR : Concept and Direction

MSR and Economic Belt, also known as One Belt, one Road initiative, has envisioned the creation of a highly integrated, cooperative, and mutually beneficial set of maritime and land-based economic corridors linking European and Asian markets. The Belt and road run through the continents of Asia, Europe, and Africa, connecting the vibrant East Asia Economic circle at one end to a developed European economic circle at the other and encompassing countries with huge potential for economic development. The Silk Road Economic Belt focuses on bringing together China, Central Asia, and West Asia. The

“Maritime Road” which is designed to extend from the China’s coasts through the South China sea, the Indian Ocean, the Red Sea, the Mediterranean Sea (through the Suez Canal), with stops in Africa along the way. After the official announcement by President Xi Jinping, the funding for the implementation of MSR and Economic Belt is to be modified through the Asian Infrastructure Investment Bank (AIIB) amounting to \$50 billion , \$40 billion from the New Silk Road Fund, and the New Development Bank initiative between BRICS nations.

The scope and content of the One Belt, One Road initiative is breathtaking, and its goals are ambitious. A Chinese authoritative source once declared that the primary goal of this initiative is to promote and achieve five major goals: “policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people contacts” among its constituent nation states. The initiative to jointly build the Belt and Road embraces the trend towards a multipolar world, economic globalization, cultural diversity and greater ICT application. It is also designed to uphold the global free trade regime and open the world economy. It is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets. It is also aimed at encouraging the countries along the Belt and Road to achieve economic policy coordination, carry out broader and more in-depth regional cooperation and jointly create an open, inclusive and balanced regional economic cooperation architecture that will benefit all.

The Belt and Road Initiative aims to promote the connectivity of Asian, European and African continents and their adjacent seas. Established and strengthened partnerships among the countries along the Belt and Road, sets up multi-dimensional, multi-tiered and composite connectivity networks, which promote diversified, independent, and sustainable- balanced development among nations. The connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and

consumption, create demand and job opportunities and enhance people-to people and cultural exchanges.

Perception of the West and the Indians

An article authored by Jacob Stokes, which originally appeared on the Times of India, states that, “the plans have strong financial backing, particularly through China’s vaunted AIIB, and the support of China’s political and economic elites. But huge stumbling blocks still remain, and could challenge China’s ability to realise its ambitions. While efforts to fill Asia’s infrastructure gap- estimated at \$8 trillion through 2020- are welcome, lax lending standards could undermine progress”. If nations use the funding to pursue illogical or unfeasible development projects related to One Belt, One Road, Chinese investments will suffer as debtors struggle to pay back loans. In addition, projects that come with unexpected environmental or human rights scandals could dampen Chinese efforts to upgrade port infrastructure along the route and create free trade zones which add trade capacity for participating nations. He also added that, “it is not yet clear how the maritime road will supplement existing shipping lines”.

Further, although Chinese Foreign Minister Wang Yi has stated that One Belt, One Road is “not a tool of geopolitics,” there is concern that China would attempt to turn economic cooperation into political influence. Doing so will require Beijing to overcome a number of difficult obstacles, primarily, managing great power competition with India, Russia, and the United States within Central Asia, South Asia, and the Middle East. Russia’s efforts to create a Eurasian Union, linking former Soviet states through economic cooperation, poses direct competition to China’s own integration strategy, even though

Chinese - Russian relations are on the mend. India would have reservations about Chinese regional aspirations as well, Since Beijing's programs could hinder its own "Act East" and "Connect Central Asia" policies. Chinese maritime expansion into the Indian Ocean - especially within ports that could serve as staging grounds for Chinese naval operations - only adds to India's unease. Although the United States involvement in Central Asia is waning as its role in Afghanistan winds down, Chinese involvement across Eurasia, the Indian Ocean, and the Middle East will test Beijing's ability to balance competition with cooperation - working with, than against, neighbours and global political powers.

Benefits and Pitfalls of Sri Lanka aligning with MSR

MSR itself will have many positive impacts on medium and longer term economic development of Sri Lanka as a country located strategically in the middle of the proposed Maritime Silk Road. Initially, it will attract infrastructure development oriented funding from the Chinese sources, such as Exim Bank, Asian Infrastructure Investment Bank, Silk Road Fund as well as private investors. Such improvements will provide the basis for flow of FDI from a large number of other investors from both the East and the West.

However, the Western and Indian analysts perceive and project the Chinese one-belt-one-road strategy as a security threat to its neighbours specially India, Sri Lanka's closest neighbour. Historical animosity and suspicion between India and China is now being fueled by the latter's emerging economic and military power. Issue in question is whether Sri Lanka should be the victim of rivalry between two countries which claim to be genuine friends of us.

Sri Lankan leaders, taking into consideration the complexities that exist in the geopolitical situation need to manoeuvre Sri Lanka - China and Sri Lanka - India relations to achieve a win-win- win situation.

*This is a View Point of the Pathfinder Foundation. Readers' comments are welcome at
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