

Belt and Road and the China Dream

Part 4: International Relations

一帶一路与中国梦

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China Now 1990 Institute
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South China Sea

南海:

Troubled Waters





2013 visits

Xi Jinping
Central Asia

Southeast Asia

Challenges?

rivalry with Russia?

political and
commercial risks

local resistance



Usual diplomatic language

win-win

non-intervention

emphasize historical ties

Using post-2013 plenum economic language

market driven

China and the Asian Development Bank



China entered ADB in 1986

(Taiwan a founding member in 1966)

5.5% voting share (US 12.7%, Japan 12.8%)

1986-2015

total loans/technical assistance: \$34.1 billion

1,090 projects

Top contractors, 2011-2015

China Road & Bridge Corp.	\$317 million
Xinjiang Beixin Road & Bridge Corp.	\$304 million
Sinohydro Corp.	\$265 million
China Gezhouba (3 Gorges Dam) Gr.	\$234 million
China Railway Materials	\$231 million

China and the World Bank

(4 organizations)

Joined in 1980 (Taiwan lost its seat)



International Bank for Reconstruction and Development

4.6% of voting shares (U.S. 16.4%, Japan 7.1%)

(as of 2015) loans/assistance \$56 billion

389 projects

Biggest 2016 projects

Hebei Air Pollution Prevention & Control	\$500 million
Innovative Financing for Air Pollution: Jing-Jin-Ji	\$500 million
Zhuzhou Brownfield Remediation	\$150 million
Guizhou Tongren Rural Transport	\$150 million
Urumqi Urban Transport (II)	\$140 million



Photo:
World Economic Forum

“We’re lean, clean, and green, but not mean.”

**Jin Liqun, AIIB president
Washington, April 24, 2017**

Asian Infrastructure Investment Bank

Founding members

Leading country
China

Europe
Austria
Denmark
Finland
France
Germany
Iceland
Italy
Luxembourg
Malta
Netherlands
Norway
Poland
Portugal
Spain
Sweden
Switzerland
United Kingdom

Middle East
Egypt
Iran
Israel
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
UAE

Central Asia
Kazakhstan
Kyrgyzstan
Tajikistan
Uzbekistan

Russia

Mongolia

China

South Korea

**Headquarters
Beijing**

Southeast Asia

Brunei	Indonesia
Cambodia	Philippines
Laos	Singapore
Malaysia	Thailand
Myanmar	Vietnam

South Asia
Bangladesh
India
Maldives
Nepal
Pakistan
Sri Lanka

Australia

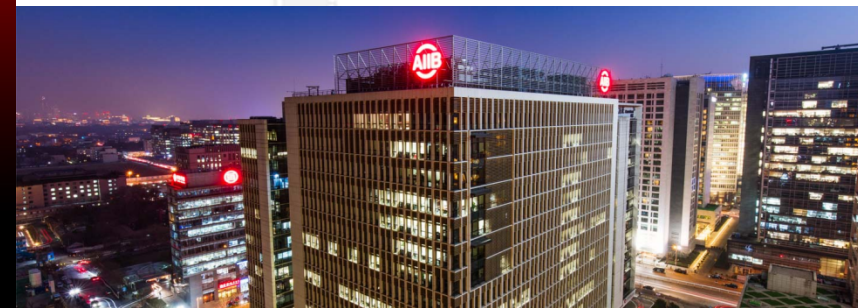
New Zealand

South Africa

Brazil

CHINA DAILY

Proposed in 2013, Formal Start in Jan. 2016
March 2017: 52 members, 18 prospective
China voting share: 27.8% (India 8%, Russia 6.3%)





NASA

Initial AIIB Projects I

Bangladesh March 2017
Natural Gas Infrastructure/Efficiency
Improvement Project
AIIB \$60 m
ADB \$167 m
Bangladesh \$226 m



Bangladesh June 2016
Electricity Distribution
Upgrade/Expansion
AIIB \$165 m

Initial AIIB Projects 2

Indonesia March 2017

Dam Operational Improvement and Safety,
Phase II

AIIB \$125 m, WB \$125 m, Indonesia \$50 m

Indonesia March 2017
Regional Infrastructure
Development Fund

AIIB \$100 m

WB \$100 m

Indonesia \$200 m



Initial AIIB Projects 3



Myanmar 9/2016
Myingyan Power
Plant
AIIB \$20 m
ADB ?

Initial AIIB Projects 4

Pakistan June 2016
National Motorway M-4
ADB (lead and administrator)
AIIB
UK DFID
Total: \$273 m



Pakistan September 2016
Tarbela Hydropower Plant
AIIB \$300 m
WB \$390 m
Pakistan \$134 m

Initial AIIB Projects 5

Azerbaijan - Natural Gas Pipeline
Oman - Duqm Port Commercial Terminal
Oman - Railway System Preparation
Indonesia - National Slum Upgrading
Tajikistan - Border Road Improvement

Proposed

India - Amaravati Capital City
India - Gujarat Rural Roads
India - Infrastructure Fund
India - Madhya Pradesh Rural Connectivity
India - Andhra Pradesh Power for All
India - Transmission Strengthening
Tajikistan - Nurek Hydropower Rehab, Phase I
Georgia - Batumi Bypass Road
Kazakhstan - Gulshat PV Solar Power Plant
Philippines - Manila Flood Management

China Development Bank



over 900 projects in 60 countries

more than \$890 billion

telecommunications a particular focus

move excess capacity/low tech factories abroad

China Development Bank keen to finance petroleum projects in Egypt



26 APRIL, 2017



North Africa

Russia

DEALS | Wed Apr 19, 2017 | 8:35am EDT

Exclusive: China Development Bank may finance Fosun's Polyus deal - sources

By Polina Devitt and Julie Zhu | MOSCOW/HONG KONG

China Development Bank is considering providing financing for a Chinese consortium seeking to buy a stake in Russia's largest gold producer Polyus ([PLZL.MM](#)), two sources familiar with discussions about the potential deal told Reuters.

China Export-Import Bank




Originally funding companies engaged in trade

2010 went into lending for international projects

In 2014 lent \$151 billion, \$80 b not related to trade

Nasr looks into increasing Chinese investments with Export-Import Bank

The minister also discussed with an investment committee member from the Pakistani cabinet ways of increasing cooperation between both countries

 Daily News Egypt  April 20, 2017



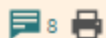
Daily News Egypt
April 20, 2017

Nigeria seeks \$6bn China loan to modernise railways

Government looks to revive economy via spending on big infrastructure projects



A rail line south of Lagos in need of upgrading © AFP



Save

Financial Times
April 26, 2017

China's Global Energy Finance

Chinese Development Bank (CDB) and Export-Import Bank of China (Ex-Im)

YEARS: 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 **2016** ALL



LOCATIONS

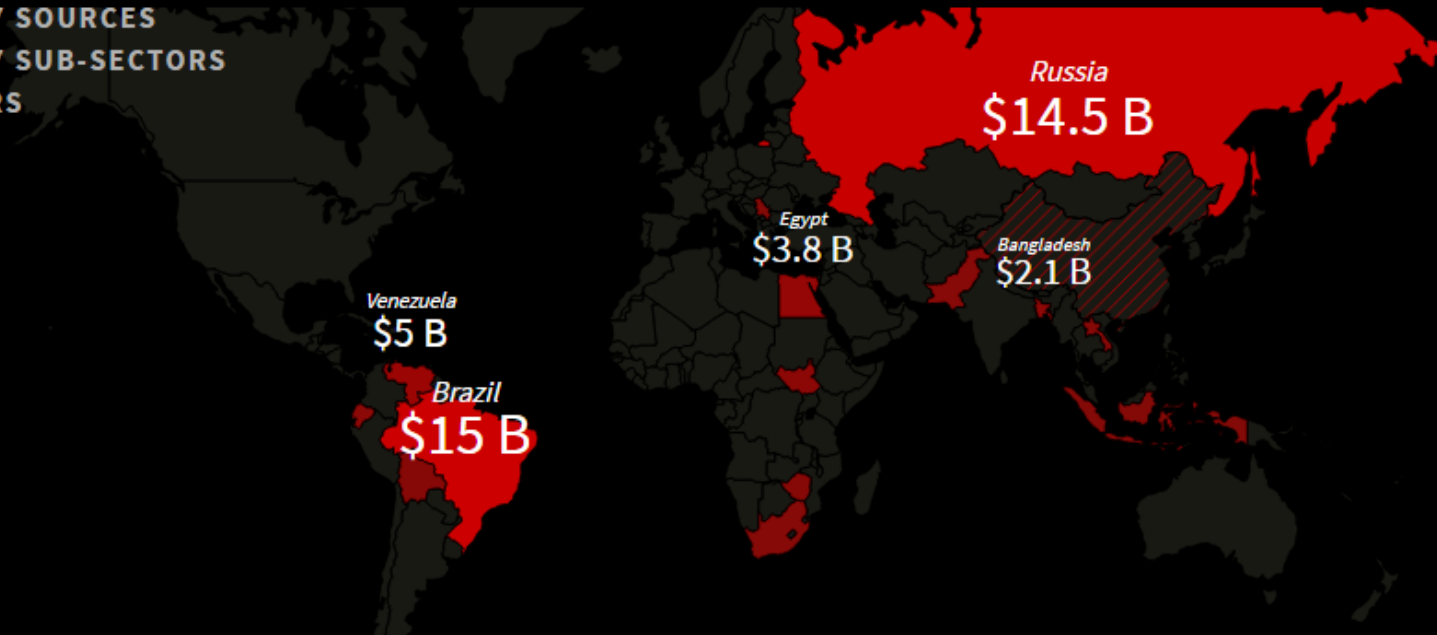
ENERGY SOURCES

ENERGY SUB-SECTORS

LENDERS

ABOUT

ENERGY SOURCES
ENERGY SUB-SECTORS
LENDERS



CDB: \$23.2 billion

China Ex-Im Co-Financing: \$14.2 b

China Ex-Im: \$11 b

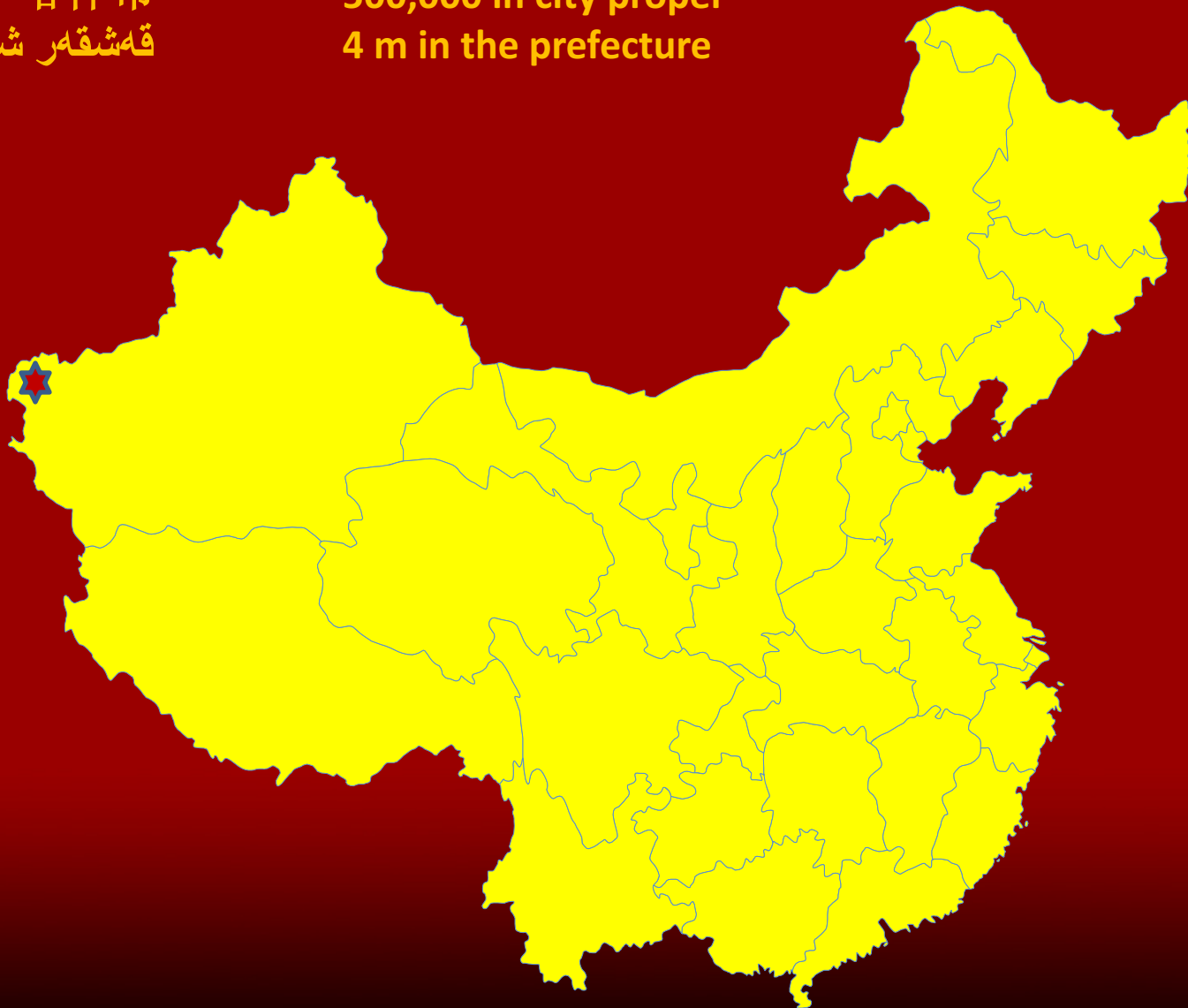
Boston University

Global Economic Governance Initiative

www.bu.edu/cgef

Kashi 喀什市
قەشقەر شەھرى

500,000 in city proper
4 m in the prefecture



2010 special economic zone

China terminus of Karakoram Highway



Kashi (Kashgar), 1985





Urumqi, 1985



“We are quite suspicious because we don’t know the real objective. Behind its Maritime Silk Road, China can advance its sovereignty propaganda.”

Tran Truong Thuy

Diplomacy Academy of Vietnam

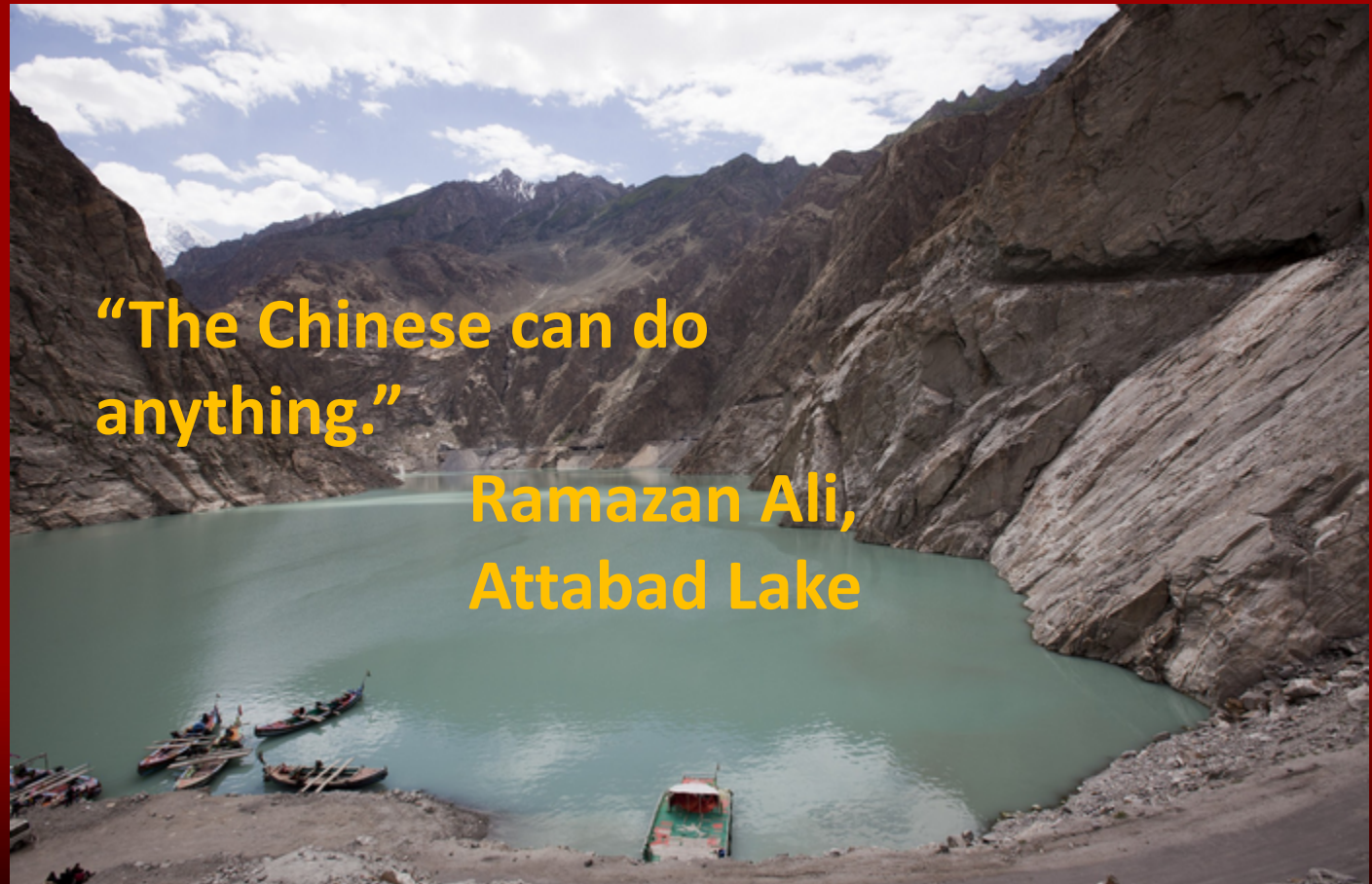
**Hanoi rail project:
3 years behind, 57% over budget**



China pledges \$46 billion for Pakistan projects

“The Chinese can do anything.”

Ramazan Ali,
Attabad Lake

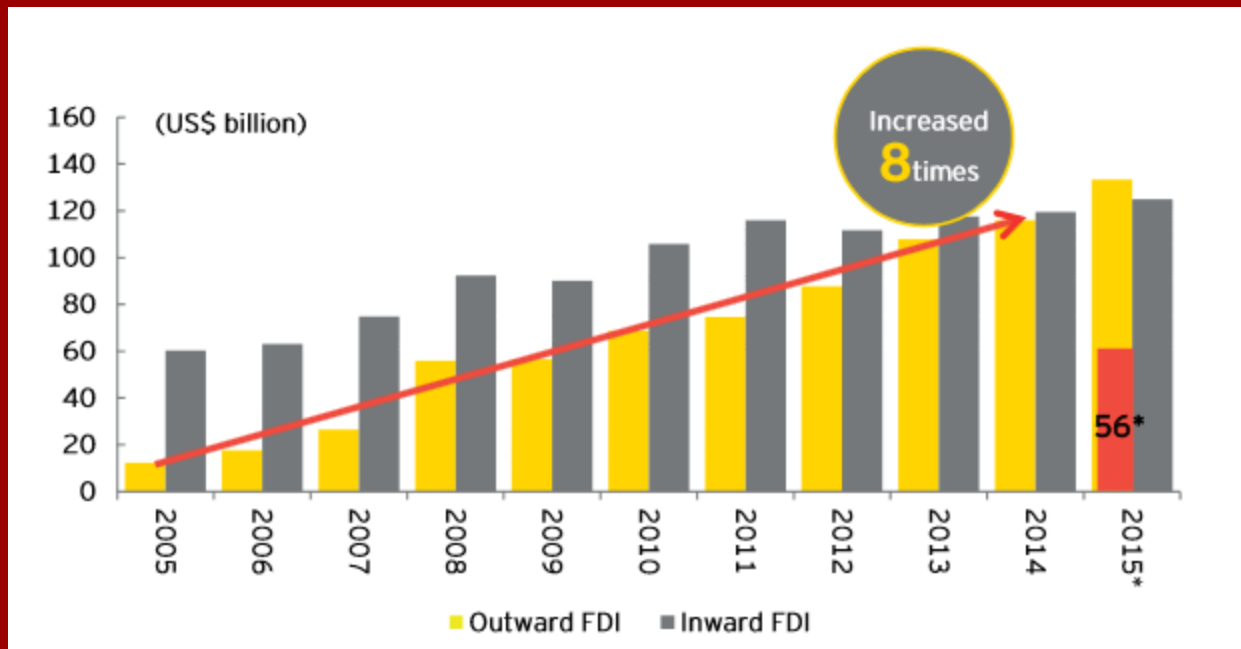


2002-2015 US => Pakistan

\$10.5 b economic assistance

\$ 7.6 b security-related aid

\$13 b counterterrorism reimbursement



EY, using MOFCOM, NBS

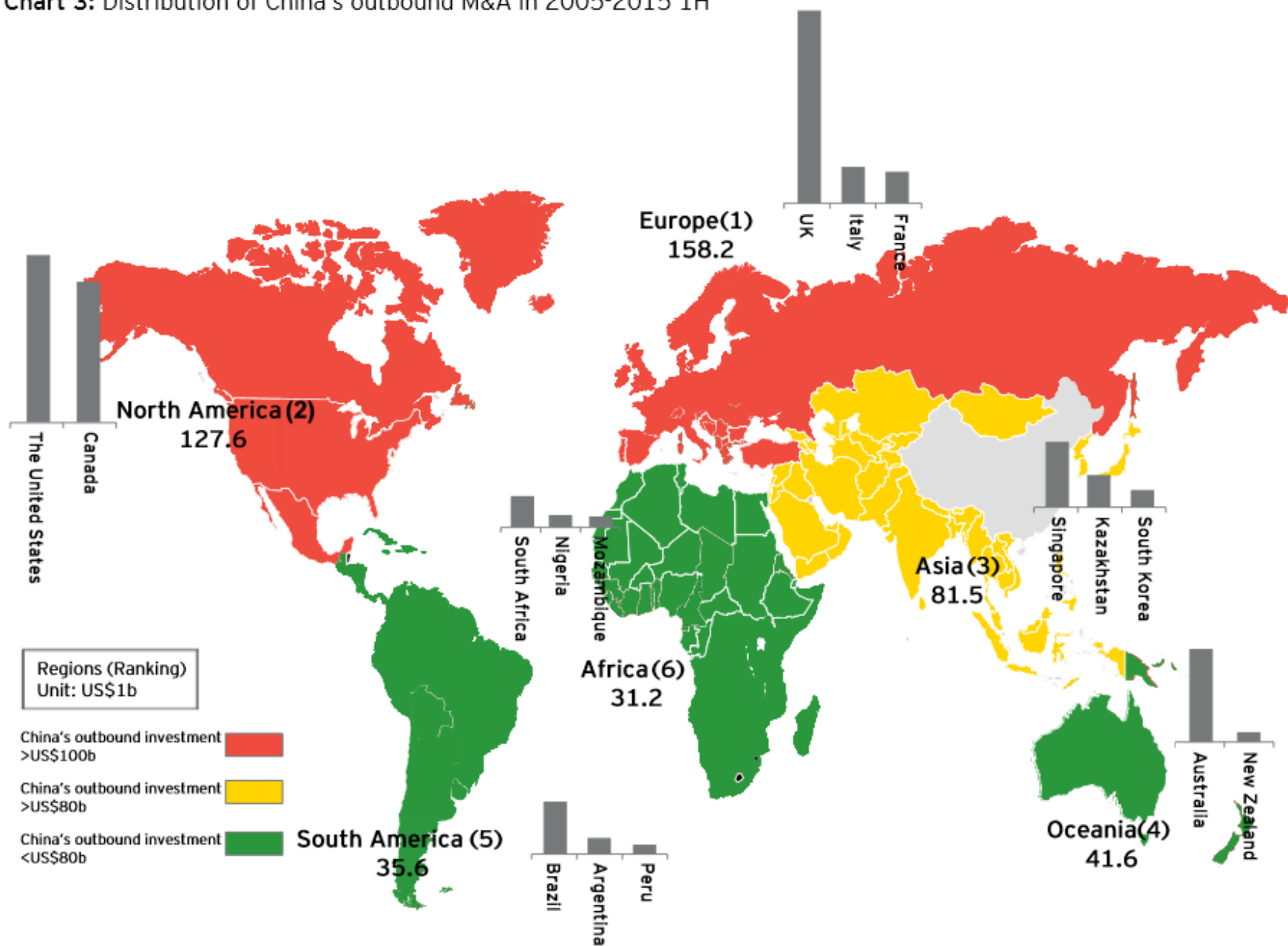
2015 Chinese FDI

\$61 billion

2/3 to advanced economies

>\$10 b to US

Chart 3: Distribution of China's outbound M&A in 2005-2015 1H



Source: Mergermarket, including outbound M&A in Hong Kong, Macao and Taiwan

Risks

mutual suspicions

security

readiness of recipient nations/firms

**2/3 of OBOR countries not
investment grade risks**

political risk

China bails out Pakistan with \$1.2bn loans

Rising imports and falling exports and remittances revive threat of forex crisis



Trade imbalance: China is backing the new port at Gwadar, but a Pakistani official says it will cost \$1bn of Chinese bailout loans for Islamabad © AFP



APRIL 25, 2017 by: **Kiran Stacey**, **Farhan Bokhari** and **Henny Sender** in Islamabad

China has increased its economic sway in Pakistan due to

Financial Times
Global Times
April 25, 2017

Chinese firms pull out of Venezuela

By Zhang Ye Source:Global Times Published: 2017/4/25 23:13:40

Companies not being paid as crisis grows



2016 Chinese Investment in California: 67 deals, \$16.6 b

transport & infrastructure \$6 b

entertainment \$3.6 b

*information/communications
technology \$2.8 b

*real estate & hospitality: \$1.6 b

finance & business services \$1.4 b

*health & biotech: \$1.3 b

electronics: \$629 m

automotive: \$90 m

greenfield: 20 deals, \$676 m

acquisitions: 47 deals, \$15.9 b

gov't: 11 deals, \$3.3 b

private: 56 deals, \$13.3 b



2011: \$690 m 2012: \$201 m 2013: \$1.2 b 2014: \$2.8 b 2015: \$3.4 b

Source: Rhodium Group

2011/2015



California jobs in 585
Chinese-owned firms:
18,300

2016



2016



Riot Games
OC Register, May 2017
AppLovin
Rhodium Group, 2017



Oceanwide Plaza

\$175 m, Dec. 2013

RTKL Architects Inc.



Oceanwide – 2017.7.19

一带一路与中国梦

imperatives

**political
demographic
economic**

survival and defining one's future

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