6. Silk Road Economic Development: Vision and Path

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The Silk Road: from past to present

The Silk Road: present and future

Due to the significant importance of the Silk Road, a great many powerful countries engaged in a fierce rivalry over this region for as long as 100 years, historically known as “the Great Game”. This is how the geopolitics took shape. In the late XIX century a railway network opened up, bringing the Silk Road into a modernized age. In 1896-1903, Russia built “the first Euro-Asia Continental Bridge” connecting Vladivostok with Moscow. In 1990, “the second Euro-Asia Continental Bridge” connecting Lianyungang in the Jiangsu province of China with Rotterdam in Holland was completed and further geared up the spread of railway networks along the Silk Road. On 3 June 2014, the 250km/h second double line of the Lanzhou-Xinjiang railway in China (the Xinjiang section) opened to traffic, laying the foundation for the Silk Road to enter the “high-speed rail era”. Lately, the National Development and Reform Commission (NDRC) disclosed that the overall planning of the Silk Road Economic Belt was in the works, and that Xinjiang would become the core region along the corridor of development to open more widely to the inside and outside world. Based on the current estimate of China’s high-speed rail

experimental running speed as close to 600km/h\(^2\), it is technically possible to cross the Eurasian continent within 24 hours. In addition, there are national highways connecting Northeast Asia, South Asia, Central Asia and China with Russia, Kazakhstan and Pakistan. And the construction of other routes, including the China-Kyrgyzstan-Uzbekistan highway, Tajikistan-Urumchi highway, and Pakistan’s Karakoram highway are in the planning stage.

Railroads lead the way to modern civilization. Railroad lines and corresponding motorways connect separate towns and continents, with new cities and factories emerging and booming along them. An all-weather logistics network is to be built. A brand new blueprint of Eurasia has unfolded.

On 7 September 2013, Chinese President Xi Jinping proposed the concept of “Silk Road Economic Belt” during his visit to Kazakhstan; a month later President Xi visited Southeast Asia and unveiled the “21st Century Maritime Silk Road” project to strengthen regional infrastructure and trade with countries of the Association of Southeast Asian Nations (ASEAN). On 23 March 2015, the Chinese government issued an action plan on the China-proposed Belt and Road Initiative, which refers to the Silk Road Economic Belt that links China with Europe through central and western Asia, and the 21st Century Maritime Silk Road connecting China with Southeast Asia, Africa and Europe.

Conceptually, the “Silk Road Economic Belt” is essentially a transport network and trading channel which starts within China at one end and links to Europe by extending north to Russia and Central Asia along the north line, west to countries around the Caspian Sea and Black Sea along the middle line, and south to South Asian countries and Europe along the south line, with North Africa as its extension. Specifically, the Belt runs through over 30 countries including China, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, India, Pakistan, and Iran.

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2 According to 21st Century Business Herald released on 16 January 2014, the experimental speed of CIT500 made by CSR clocks in at 605km/h.
Turkmenistan, Afghanistan, Iran, Syria, Russia, Belarus, Ukraine, India, Pakistan, Turkey and several European countries.

The Silk Road Economic Belt is like a golden line connecting many countries having political confidence, developed economies, rich resources and strong national strength, including the world’s top 10 biggest economies (except the U.S., Japan and Brazil). The combined GDP of countries along the Silk Road accounts for 55 per cent of the world’s total, whereas their populations and proven reserves may account for 70 and 75 per cent respectively. With such a big economic scale, plus the most competitive economic development speed in the world, it is very likely that the Silk Road Economic Belt will be an economic artery in the era of globalization.

Looking from the perspective of cooperative frameworks, regional economic cooperation usually comes in three forms, i.e., regional economic cooperation forums, regional trading arrangements, and sub-regional economic cooperation. First, for regional economic cooperation forums, the Shanghai Cooperation Organization has matured over the years. Next, for sub-regional economic cooperation, there is the Central Asia Regional Economic Cooperation (CAREC)
mechanism, an important Asian regional economic cooperation mechanism initiated by the Asian Development Bank in 2002. CAREC has 10 member states including China, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Uzbekistan, Turkmenistan and Pakistan, and transport, energy sources, trade facilitation and trade policies are its four key cooperative fields. Thirdly, no Regional Trade Agreement (RTA) has been set up between China and other countries on the Silk Road Economic Belt. Looking from this perspective, the Silk Road Economic Belt serves as more than a road connection. Mechanism connections should also be enhanced to drive and guarantee the development of the countries involved.

Common development: from ideas to action

As China’s relations with European and Asian countries developed rapidly over the past 20 years, the old Silk Road has begun to re-invigorate and take mutually beneficial cooperation between China and other countries to a new height with a new form.

China values development opportunities: instead of seeking domination in regional affairs and carrying out military expansion, China advocates that countries should seek common development and keep enhancing mutual trust, consolidating friendships, strengthening cooperation and boosting common prosperity, creating well-being among people of all countries.

The history of contacts over the past 2,000 years proves that countries of different races with different beliefs and cultural backgrounds are quite able to share peace and common development as long as we cooperate to achieve a “win-win situation” on the principles of unity and mutual trust, equality and mutual benefit, being inclusive and learning from each other.

New bonds for peaceful development

Developing the Silk Road Economic Belt and making new bonds for peaceful development will bring various benefits in security, development and stability to all the countries involved.
First of all, construction of the Silk Road Economic Belt will raise the regional security level. Giving each other firm mutual support in key issues concerning national sovereignty, territorial integrity, security and stability represents the essence of China’s development of strategic partnerships with Central Asian countries. Developing the Economic Belt helps eliminate the breeding ground for organized transborder crimes such as terrorism, “three evil forces”\textsuperscript{3}, drug trafficking and illegal armed groups, etc.

At present, terrorism threats exist in countries like Afghanistan and the Middle East countries that are along the Silk Road. As the U.S. withdraws its troops from Iraq and Afghanistan, security prospects in these regions face uncertainties. On the other hand, it should be noted that major nations in these regions have a tradition of trading, a good cultural foundation for developing economies peacefully. The fact that conflicts in this region seem endless, called “a thousand-year war”, is linked to inadequate communication between races and tribes whose technological conditions are poor. Construction of the Silk Road Economic Belt will undoubtedly put all of inland Eurasia under a common trade framework, thus rooting out violence and terrorism.

Secondly, construction of the Silk Road Economic Belt will boost economic development. China became the world’s largest consumer market in 2013. It is estimated that, during 2014-2018, China’s imports will hit US$ 10 trillion, with direct overseas investment exceeding US$ 500 billion. The development of the Silk Road Economic Belt will provide new potential for economic development in Middle East countries and contribute to economic links between Middle East countries and Europe. China and Russia have set the goal of increasing bilateral trade volume up to US$ 200 billion by 2020 and the Silk Road Economic Belt can be one of the key impetuses to meeting the target. By taking advantage of the Belt, the Central Asian countries not only have their outlet to the sea but can also integrate into global financial and trading

\textsuperscript{3} The “three evil forces” are terrorism, separatism and religious extremism. This is an analytical concept frequently used by Chinese authorities within the context of the Shanghai Cooperation Organization (Sco).
systems. For Middle East countries, the Belt will further help them enter China’s energy consumption market, which has tremendous significance considering that the U.S. is committed to localizing its energy supply. For developing countries along the Belt, they can gain the “positive spillover” effect from China’s economic success, certainly significant.

Thirdly, construction of the Economic Belt will boost stability in all the countries involved. Both China and other countries along the Belt are at a critical stage of development and face unprecedented opportunities and challenges. Their strategic goals are the same, i.e., to ensure long-term and stable economic development and achieve national prosperity and reinvigoration. If all countries can strengthen practical cooperation in an all-around manner by converting advantages such as political relations, regional proximity and economic complementarity into the advantages of practical cooperation and sustainable growth, creating a community of interest, a favorable development environment and a stable political environment will be the result.

**New blueprint for economic development**

Over past centuries, history has proved that sea power decides the rise and fall of a country. Lacking an outlet to the sea, Central Asian countries lag behind in global evolution. At present, their economies remain at the stage of primitive capital accumulation. If foreign investment can be drawn into these countries, their economic level will rise significantly.

Looking at their territories, the Central Asian region links together the largest energy base and manufacturing center in the world. To its east is the Asia-Pacific economic rim, which is experiencing rapid economic development, and to its west is the developed European economic rim. There is a considerable economic gap between the region and its western and eastern neighbors despite the fact that they have uniquely abundant natural resources, land resources and human resources. In particular, the region’s mineral products can meet the needs of almost all manufacturing countries, with huge exploration potential. A good thing is that technical advances have removed the
bottleneck restricting the development of countries in the inland part of the continent and, what’s more, the Silk Road Economic Belt will turn their geographical nature to unique advantage.

**Figure 2 - Growth Trend of Trade Between China & Five Central Asian Countries**

The Silk Road Economic Belt covers a population of nearly 3 billion, with unmatched market scale and growth potential, as well as cooperative potential between countries in trade and investment. With the Economic Belt realized a new common market will emerge, followed by a new round of economic growth.

China is by far the largest trade partner of each of the five Central Asian countries. In 1992, total bilateral trade volume was only US$ 460 million but rose to US$ 50.2 billion by 2013. Meanwhile, bilateral trade between China and Central/Eastern Europe experienced fast growth too. In 2000, the trade volume was US$ 3 billion and by 2015 the figure topped US$ 56.2 billion⁴.

⁴ Refer to the General Administration of Customs of the People's Republic of China.
Referring to the “1+2+3” cooperative landscape mentioned by President Xi on June 5, 2014 at the opening ceremony of “The 6th Ministerial Meeting of China-Arab Cooperation Forum”, we can conceive a “1+2+3” cooperation framework for the China – Central Asian Silk Road Economic Belt as well. Here “1” refers to natural resource cooperation by deepening production-chain cooperation in petroleum, gas and minerals, and ensuring security for pipelines; and based on that, building long-term friendly relationships featuring mutual benefit and reliability. “2” means enhancing cooperation in key development projects and iconic job-creation programs while promoting infrastructure building and trade and investment facilitation, and making arrangements for promoting bilateral trade and investment. “3” means making great efforts to upgrade practical cooperation and move towards all-round economic cooperation by making breakthroughs in the three sectors of nuclear energy, high technology and new energy.

**New focus of world development strategy**

The world’s wealth-creation center has shifted at an increasing rate since 2008. Following the financial crisis, the economies in the West remained in a downturn while China contributed 52 per cent of new GDP growth during 2009-2013. The world’s wealth-creation center is shifting from Europe and America to Asia. It is foreseeable that, in the near future, the world’s wealth creation will focus around the Silk Road Economic Belt and the shift of the world’s wealth center will be followed by changes in the global strategic landscape.

Noticing the shift of the world’s economic center towards Eurasia, American mainstream strategists judged that it was China’s fast rise that broke the strategic balance of international patterns and the world order after the Cold War. Based on this judgment, the U.S. became the first to implement so-called “Resetting the Balance”, and other Western countries followed suit immediately. For the United States, “Resetting the Balance” first refers to a “Return to Asia”, while leading the establishment of Trans-Pacific Partner-
ship Agreement (TPP). For America’s loyal ally, Japan, “Resetting the Balance” means reinforcing its military alliance with the U.S., joining the U.S.-led TPP and negotiating with the EU on the Europe-Japan Free Trade Zone Agreement. In Europe, “Resetting the Balance” is the Transatlantic Trade and Investment Partnership (TTIP) to establish a European-American free trade zone. In October 2013, the EU and Canada signed a bilateral free-trade agreement, the first among G8 countries to do so and this serves as an excellent example. A host of Western countries headed by the U.S. are driving the strategy of “Resetting the Balance” which could lead to the formation of new international rules. Compared to the previous rules, the new rules will become stricter, more uniform, more universal and more specific while their non-neutrality becomes more hidden.

Given this situation, the Silk Road Economic Belt will undoubtedly play a significant role in encouraging developing countries to participate together in the formulation of international rules. China,
Russia and India as representatives of developing countries need a top-level design to “balance” new trade-zone planning dominated by developed countries. Similarly, the five Central Asian countries as representatives of inland economies need and should be in a central position of trade instead of being marginalized. Likewise, the Middle East countries need new orientation in Eurasia. With all this in mind, the Silk Road Economic Belt is a strategic scheme in the best interest of Eurasian countries in the changing landscape of the global economy.

**Overcome difficulties – From communication to cooperation**

*Resetting the balance among world powers*

Halford Mackinder’s concept of the “heartland” was further developed by his student, Zbigniew Brzezinski\(^5\), making Central Asia a place for world powers to compete for by implementing their specific strategies. How to reset the balance among these strategies is a test for the decision-makers and think tanks of the countries along the Silk Road Economic Belt.

1) America’s “New Silk Road” plan. In July 2011, the then Secretary of State Hillary Clinton, at the second U.S.-India Strategic Dialogue held in India, said for the first time that the American concept of “New Silk Road” had three aims\(^6\). First, to ensure safety after American troops withdraw from Afghanistan; second, to develop a regional framework to manage the India-Pakistan relationship and improve regional security; third, to play a dominant role in regional development to ensure American influence\(^7\). The “New

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Silk Road” plan centers around Afghanistan and is designed to construct a channel leading from inland Eurasia to the Indian Ocean, which involves five Central Asian countries: India, Pakistan, Afghanistan, etc. Although the plan’s designer admitted that the plan would affect the interests of Russia, Iran and China, it excluded these three countries. Looking at the cooperation areas, the “New Silk Road” plan emphasizes, on the one hand, regional free trade and trade facilitation, including reducing trade barriers, improving trade regulation, simplifying customs formalities, and performing policy coordination etc. On the other hand, it also emphasizes energy pipelines and infrastructure development including oil-gas pipeline networks, roads, bridges, electric power and railways etc. It needs to be pointed out that the “New Silk Road” plan is by no means the core interest of the United States. After Hillary Clinton’s term of office ended, the plan’s importance decreased in American strategic dialogues. If Hillary Clinton wins the 2016 presidential election, the “New Silk Road” plan is likely to become a main framework of American foreign strategy.

2) Russian’s “Eurasian Economic Integration”. On 29 May 2014, Russia, Belarus and Kazakhstan signed the Eurasian Economic Union Treaty, on the basis of which the Eurasian Economic Union went into effect on 1 January 2015, giving the three countries a free flow of commodities, services, capital and labor force, with the ultimate goal that an economic union similar to the EU will emerge as a unified market with a population of 170 million. This marks significant progress in the Eurasian Economic Integration project initiated by the three countries. Russian hopes for economic integration among CIS countries through closer economic ties. Thus far, the Union has made noticeable progress in trade and tariff cooperation, monetary and financial cooperation and infrastructure building cooperation.

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In monetary and financial cooperation, five member states of the Eurasian Economic Community (Russia, Kazakhstan, Belarus, Tajikistan and Kyrgyzstan) signed the Anti-Crisis Fund Treaty (ACF) with the observer state Armenia on 9 June 2009. The purposes of the treaty are to help member states combat global financial and economic crises, ensure the long-term stability of economies and finance and promote economic integration among the member states. The fund in ACF is owned by all member states but is under the management of the Eurasian Development Bank (EDB) in accordance with ACF fund management agreement\(^9\). Currently, ACF has a total of US$ 8.513 billion, to which Russia contributed US$ 7.5 billion, Kazakhstan US$ 1 billion, Belarus US$ 10 million, Armenia, Tajikistan and Kyrgyzstan US$ 1 million each. Russia’s fund contribution to ACF is commensurate with its GDP percentage in the aggregate GDP of all countries. This reflects Russian’s dominance in the organization.

3) EU-dominated cooperation and assistance. After the former Soviet Union and Eastern Europe changed dramatically, the EU began providing economic and technological assistance to Eastern European and Central Asian countries, with a view to improving democracy and human rights, combating corruption and conducting good governance in those countries. The assistance focuses on personnel training for governmental agencies, laying out rules and regulations, building local government, fiscal and budget reform, healthcare facility building and healthcare system reform, and judiciary system reform. These efforts continue today. For example, at the ministerial meeting held in 2013 the EU declared it would provide 1 billion euro to Central Asian countries for their development from 2014 to 2020, supporting them to achieve sustainable

\(^9\) EDB was founded on 12 January 2006 by Russia and Kazakhstan with legalized capital of US$ 1.5 billion (Russia and Kazakhstan contributed US$ 1 billion and US$ 0.5 billion respectively). Its purpose is to facilitate market economy development and economic growth in the member states and advance trade and economy integration through investment among the member states. So far it mainly finances projects for transport infrastructure, energy and the agro-industrial complex. As of 29 August 2013, assets invested through EDB were as high as US$ 3.857 billion.
natural resource management, social and economic development and regional security, etc. The Development Committee of the European Commission announced that the key cooperation areas in the next seven years will be governance, inclusiveness, and sustainable development, mainly targeting the most impoverished and most fragile countries. It is true that the EU has important interests in the Silk Road areas, but the importance has not grown to the life-or-death extent. In economic cooperation, the EU over-emphasizes superstructures such as government and institutions, emphasizing similarity as close as possible to EU patterns and standards, but relatively neglects universal concerns such as basic livelihoods, infrastructure and economic and trade exchanges. This reduces the mutual dependence between EU and Central Asia in structure.

In addition to the above mentioned strategies for inland Asian dominated by major powers, countries in this region also have their own strategic concepts, e.g., the Silk Wind plan advocated mainly by Kazakhstan and the “Modern Silk Road” (also known as the Middle East Corridor) plan initiated by Turkey.

4) The Trans-Eurasia transportation plan initiated by Kazakhstan and other neighboring countries. The “Silk Wind” plan based on railway transportation aims to build a multi-modal container transport system running from Asia through the Caucasus to Europe. The system was originally proposed by Azerbaijan and Turkey in the framework of the “Transport Corridor Europe-Caucasus-Asia” (TRACECA) and the participation of Kazakhstan and Georgia in 2012 took the plan to the implementation stage. In November 2012, member states of TRACECA held a meeting of the standing secretariat in Moldova, planning to complete the “Silk Wind” program by 2025. On 22 May 2014, the 9th International

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10 “EU increases its assistance to Middle-Asian countries”, http://www.chinamission.be/chn/omdt/t1102869.html
11 Refer to “Silk Wind Project in Central Asia and South Caucasus Gains Speed”, Eurasia Daily Monitor, vol. 9, no. 224, 7 December 2012. http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=40217
12 TRACECA was initiated by the EU in 1993. Now it has 14 member states, includ-
Conference on Transit & Transport Potential titled “Trans-Eurasia 2014” was held in Astana, Kazakhstan, where Kazakhstan, Turkey, Azerbaijan and Georgia signed an intergovernmental agreement on the Silk Wind program, i.e., enabling container trains to run through China, Kazakhstan, the Caspian Sea area, Caucasus, Turkey and Europe.

As for a Eurasian road network, Kazakhstan has been proposing to implement a “Western Europe – West China Transport Corridor” plan. Or rather, it is a “Western Europe – Russia – Kazakhstan – West China” plan designed to connect over 10 cities in the three countries through their existing road networks with a total length of 8998km, 3000km of which is within Kazakhstan territory. Goods will enter Kazakhstan through Khorgas Port, continue on via Alma-Ata, Taraz and Shymkent to Samara in the Volga Basin, Russia, and finally arrive in Western European countries through European road networks. The Transport Corridor reduces the 45-day period on the sea to 11-day road transport.

5) The “Modern Silk Road” plan initiated by Turkey and other countries. The 3rd Caspian Sea Forum was held in Istanbul, Turkey on 5 December 2013, where Turkey and Azerbaijan announced the plan. Based on the “Silk Wind” plan, the “Modern Silk Road” is a strategy of connecting Silk Road trade routes, mainly including energy transmission networks focusing around the “new global energy center” in the Caspian Sea area, the Baku-Tbilisi-Kars railway line and the Azerbaijan Alat International Seaport project. The project was scheduled to start in 2015, allowing China-Europe transport time to be cut from 45 days by sea

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13 Refer to “Kazakhstan to host international conference on transit and transport potential”, http://inform.kz/eng/article/2658412
via the Suez Canal to 12 days by road. As a result, China-EU trade volume is expected to double in five or six years.

According to the general summary of the main powers’ cooperation prospects and proposals for this region, we find that infrastructure is the common element for cooperation. It is worthy of note that the differences or the “chasms” to be filled among these proposals are remarkable.

Firstly, with respect to regional power games, there is the very tense relationship between Russia and the U.S. and EU. In many aspects, including the Ukraine Crisis and energy, the disputes and fractures between Russia and the U.S. and EU cannot be resolved in short the term.

Secondly, with regard to infrastructure, the differences in intention between these countries are remarkable. The U.S. stresses south-north communication between Central Asia and South Asia. Russia focuses on economic integration between the north of Central Asia and Russia; the EU hopes to connect Western Europe from the Caspian Sea through Turkey, Central Europe and Eastern Europe.

Thirdly, in terms of cooperation mechanisms, currently, the Silk Road region has been in a fragmented and overlapping trend. Bilateral and multilateral mechanisms co-exist, formal and informal cooperation modes develop concurrently, and the large-coverage mechanisms overlap those with small coverage, resulting in unclear regional cooperation paths.

By summarizing all the data and information available, the “Silk Road Economic Belt” Research Group of Chongyang Institute for Financial Studies, Renmin University of China deems that the “Silk Road Economic Belt” is to the benefit of the countries in Central Asia. For more than 20 years since the start of national transformation, while having achieved a great deal in politics, economy, society, etc., these countries have been facing many difficulties. For example, they are all in the hinterland and have no sea ports, some have limited national resources (making it very difficult to develop their economies), some are in grave security situations, which
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has blocked economic development and weakened the capacity to maintain social stability. Road connections, smooth-flowing trade and, monetary exchange through the “Silk Road Economic Belt” can provide important support for the countries in Central Asia in promoting nation-building and reinforcing connections with the outside world. Roughly, the benefits for the countries in Central Asia include support for the construction of infrastructures such as roads, oil and gas pipelines, power grids and so on, multiplex energy export routes, enriching domestic commodity markets and expanding foreign trade volume, obtaining sea ports and easier integration with the global economy, obtaining the power to improve domestic investment environments so as to increase foreign investment, and furthering connection with the outside, in particular with China and European countries.

The countries in the Middle East are also in favor of China’s project. The strategic dialogue between China and GCC (Gulf Cooperation Council) countries activated in 2010 is the effective platform between the parties to discuss how to promote the “Silk Road Economic Belt”. Iran also hopes that, after construction, the land Silk Road open to the west, would help Iran become the most important energy exporter to China. At present, there are petroleum and gas pipelines extending from Iran to Pakistan; in the future, in the “Silk Road Economic Belt” framework, the parties may jointly construct energy pipelines to China through negotiation.

In addition, the countries in Central and Eastern Europe have positive attitudes toward the “Silk Road Economic Belt”. The cooperation initiatives between China and 16 countries in Central and Eastern Europe in transport, energy, etc. show that these regions are also important integral parts of China’s new Silk Road policy. Some scholars suggest that Poland’s cooperation focus should be on western China, for example, the Lanzhou New Zone should be the bridgehead for economic cooperation with Poland.

Without doubt, the “Silk Road Economic Belt” project is encountering pressure from outside forces. Some international media and experts view the “Silk Road Economic Belt” as a “zero-sum game”, the construction of common interests as the game of big
powers, the cooperation of countries in the region as “apparently of one accord but divided in heart”. Such instigating and misunderstanding in international opinion and atmosphere are blocking construction of the “Silk Road Economic Belt” and also affecting mutual trust among the countries in the region.

However, as a whole, the countries in the region understand and agree with this initiative more than they doubt or object to it, which has provided a good international foundation for the promotion and implementation of “Silk Road Economic Belt” strategy. On the other hand, the main concerns of the potential partners in the region stem from an insufficient understanding of the specific measures of “Silk Road Economic Belt” strategy, and they are less confident in the implementation of these specific measures. China is playing a more active role and should achieve more through cooperation mechanisms and project innovation as early as possible, and bring forward a development agenda able to realize multi-win outcomes so as to increase confidence, dispel doubts and unify the people.

Compared with the “heartland” strategy of the other big powers, “Silk Road Economic Belt” strategy not only advocates geopolitical strategy on the basis of national demand but also intends to achieve mutual benefit and overall win outcomes; and it is a long-term common development program with a higher pursuit of value. It has the following three features:

Firstly, “Silk Road Economic Belt” strategy is characterized by stronger mutual benefit and higher mutual win. Instead of any specific target, it aims at enhancing friendship and expanding exchanges between the peoples on the Eurasian Continent, and exploring areas for common long-term development.

Secondly, “Silk Road Economic Belt” strategy is characterized by wider scope and higher inclusion. It directly connects more than 30 countries on the Eurasian continent and focuses on the construction of “5 intercommunications” (as defined hereinafter) rather than a narrow “Free Trade Zone”. Both in geographic scope and in connotation, it is wider and more inclusive than other strategic plans. It is not exclusive to, and does not repel, the concurrent promotion of the strategic plans of the other countries in the region.
Finally, “Silk Road Economic Belt” strategy is characterized by rich content and a long time span. The foundation of this strategy lies in connecting the hearts of the peoples of the region. On such a basis, it promotes the exchange and cooperation of populations in economy, trade, science and technology, culture, energy, transport, education, security, etc. It is not confined to certain fields. Instead, it is an integrated plan, in the long-term calling for the permanent participation of the countries.

**Internal re-coordination of China**

After presentation of the “Silk Road Economic Belt” concept, the Chinese Central Government has approved many projects, including coordination with other major strategic plans. On June 11, 2014, the executive meeting of the State Council of China approved construction of a comprehensive solid transport corridor to create the Yangtze River Economic Belt and proposed that this economic belt should be strategically interactive with the “Silk Road Economic Belt” in order to create a new economic support belt and an open a cooperation platform with global influence\(^\text{16}\).

However, the Chinese Central Government has not announced the domestic scope involved in the “Silk Road Economic Belt”: to be specific, what provinces will be covered? Several local governments regard the “Silk Road Economic Belt” as a major opportunity to speed their own economic and social development and include the project in their administrative targets.

By studying the government work reports and statements of all the provinces, autonomous regions and municipalities in regard to the “Silk Road Economic Belt” in 2014, the “Silk Road Economic Belt” Research Group of Chongyang Institute for Financial Studies, Renmin University of China has found that there are three types of combinations of “Silk Road Economic Belt” strategy these lo-

\(^{16}\) See the news report “Premier Li Keqiang holds the executive meeting of the State Council to deploy the construction of comprehensive solid transport corridor to create the Yangtze River Economic Belt at www.gov.cn.
cal governments envision, as follows: the first type consists of the provinces that regard the “Silk Road Economic Belt” as the main or material route to opening up and have clear local plans and programs connected with the overall strategy, such as Shaanxi, Xinjiang, Gansu and Ningxia. The second type consists of the provinces that integrate the “Silk Road Economic Belt” into existing local development plans in order to make full use of the comprehensive cooperation role of different development plans, such as Chongqing, Qinghai, Yunnan, Sichuan, Shanxi, Zhejiang, Jiangsu, Shandong and Hubei. The third type consists of the provinces that connect the “Silk Road Economic Belt” with specific projects and in specific development directions.

With respect to the economic scale of the provinces mentioned, the provinces actively connecting to the “Silk Road Economic Belt” are weak in economy but have large potential. In the 17 provinces mentioning the “Silk Road Economic Belt” in their government work reports, the economy of the first type of province with the strongest intentions accounts for 5.5 per cent of total GDP of all the provinces; that of the 8 provinces invited to participate in the seminars held by the National Development and Reform Commission and the Ministry of Foreign Affairs due to their involvement in the “Silk Road Economic Belt” for 14.2 per cent; that of the 17 provinces, 55.9 per cent.

In terms of Chinese provinces’ dependence on foreign trade, only Fujian, Jiangsu and Zhejiang exceed the national average (45.34%); all the other provinces are far below this average, for example, Shaanxi, one of the first type of provinces, relies on foreign trade only 7.79 per cent; Gansu only 9.94 per cent; Ningxia only 7.68 per cent; Xinjiang, a little higher, but less than half the national average; Qinghai in northwest China only 4.13 per cent. With regard to investment, whether “internal” or “external”, most of the provinces connecting to the “Silk Road Economic Belt” are below the national average. Regarding inflows of foreign investment, only Jiangsu, Zhejiang, Shandong and Fujian exceed the national average; regarding “outward” investment, only Jiangsu, Zhejiang and Shandong exceed the national average. Therefore, these provinces
long very much for the development opportunities brought by con-
struction of the “Silk Road Economic Belt”; and they have rather
large development potential and intrinsic drive. These constitute the
domestic powers of China for construction of the “Silk Road Eco-
nomic Belt”.