



SRCIC Newsletter, June 2017

AIIB and SRCIC partnership

During meetings with the leadership of the Asian Infrastructure Investment Bank (AIIB) in Beijing in March 2017, an invitation was extended to SRCIC Chairman Lu Jianzhong to lead a business leaders' delegation to the AIIB annual meeting in South Korea, 15-18 June 2017.

The AIIB is the most important multilateral organization created since the World Trade Organization was established in 1995. After just two years of existence it has nearly 80 member countries who are contributing 200 Billion USD for its development fund. The AIIB has also implemented cooperation agreements with existing development banks such as the World Bank, Asia Development Bank and many national development agencies.

The SRCIC delegation discussions at the AIIB meeting will address two key issues:

- The process to submit development projects for funding by the AIIB, including infrastructure projects in telecommunications, roads, ports, railway transportation, energy and creation of special economic zones to enable companies to fully exploit new infrastructure development projects.
- The process for companies to bid for contracts to implement infrastructure projects funded by the AIIB.

AIIB rules state that proposals of both kinds are welcome from all countries and companies, even those beyond the traditional Silk Road regions.

The AIIB has welcomed the partnership with SRCIC as a practical means to inform our international business network about the trade, investment and business opportunities of the Belt and Road initiative.

The SRCIC delegation will report on the results of these meetings and provide practical advice to our members who wish to be part of the AIIB development projects.

First Belt and Road Forum for International Cooperation – Beijing, May 2017.

Chinese President Xi Jinping welcomed 29 Heads of Government in Beijing for the first high-level forum on the One Belt One Road. SRCIC Chairman Lu Jianzhong, Honorary Chairman Jemal Inaishvili and Executive Chairman Jean-Guy Carrier accepted the invitation for SRCIC to participate, joining



600+ representatives from business, academia and civil society communities worldwide.

The multi-trillion USD OBOR/Belt and Road initiative is the most ambitious economic development project in history, aiming to connect Asia and Europe in a vast network of roads, railways, pipelines, airports, sea ports, transnational electrical grids and fiber optic lines of communication. The Belt and Road will create an economic land belt traversing Central Asia and the Middle East as well as a maritime road that links China with the ports of the Indian Ocean, East Africa and the Mediterranean. The goal is to bolster trade by overcoming one of the biggest impediments to global growth, chronic lack of infrastructure.

In his speech to participants President Xi emphasized that “the OBOR is an open and inclusive platform for development, in which all countries in the world can participate, contribute and benefit from equally.”

The Silk Road Chamber of International Commerce and the Belt and Road Initiative (B&R)

The SRCIC was created as an international, non-government organization with the mission to facilitate participation by business in the trade and investment opportunities created by the B&R. The SRCIC links business, development banks and governments to create effective partnerships for the implementation of B&R projects.

The SRCIC has also launched a private-sector Silk Road Investment Fund. It is creating a unique online Silk Road to link its member companies and business organizations.

SRCIC leadership is creating partnerships and cooperation agreements with many Belt and Road international organizations, such as the AIIB, and with national business organizations. The series of SRCIC “road show” events providing information on B&R opportunities will continue over the next few months, as the leadership meets with business leaders in many countries wanting to participate in the Belt and Road.

OBOR/ B&R projects underway or in the pipeline

OBOR/ B&R infrastructure investments in 2016 totaled almost 1 trillion USD, and are expected to be at the same level for the next five years, building roads, airports, telecommunications and internet systems, ports, railways and energy transportation and generation projects where they are badly needed – in the 64 countries that are part of the 21st Century Silk Roads. The projects include:

- ***Khorgos-Aktau railway***

China and Kazakhstan are building a railway from Khorgos on the Chinese border to the Caspian Sea port of Aktau in Kazakhstan. The project dovetails with a \$2.7bn Kazakh project to modernise its locomotives and freight and passenger cars and repair 450 miles of rail.

- ***Central Asia-China gas pipeline***



The 3,666km Central Asia-China gas pipeline forms the backbone of infrastructure connections between Turkmenistan and China. Chinese-built, it runs from the Turkmenistan/Uzbekistan border to Jingbian in China and cost \$7.3bn.

- ***Central Asia-China gas pipeline, line D***

China signed agreements with Uzbekistan, Tajikistan and Kyrgyzstan to build a fourth line of the central Asia-China gas pipeline in September 2013. Line D is expected to raise Turkmenistan's gas export capacity to China from 55bn cu m per year to 85bn cu m.

China-Kyrgyzstan-Uzbekistan railway

- ***Khorgos Gateway***

Khorgos Gateway, a dry port on the China-Kazakh border seen as a key cargo hub on the new Silk Road, began operations in August 2015. China's Jiangsu province will invest more than \$600m over five years to build logistics and industrial zones around Khorgos.

- ***Rail connection to Tehran***

The first freight train from China arrived in Tehran in February 2016 as part of ongoing OBOR investments in overland rail transport throughout Central Asia. This has paved the way for deals with France and Germany for a much-needed modernization of Iran's railway network and provided a boost to Chinese-Iranian trade.

- ***China-Pakistan economic corridor***

China is investing USD 46 bn in ports, roads and railways that will create a new "economic corridor" between China and Pakistan. The projects also include power generating plants to address Pakistan's chronic shortage of electric power.

- ***Connecting Asian countries***

Along the jungle-covered mountains of Laos, Chinese engineers are drilling hundreds of tunnels and bridges to support a 260-mile railway, a USD 6bn project that will eventually connect eight Asian countries.

- ***Railways and port access to and from Europe***

Planners are mapping out train lines from Budapest, Hungary to Belgrade, Serbia, providing an artery for trade to and from Europe through the Greek port of Pireaus, where Chinese investments have created a world class facility.

- ***Railways in Africa***



In Kenya, China is upgrading the railway from the port of Mombasa to Nairobi. The rail line is the first to be built to Chinese standards outside China. Kenya will benefit for years from maintenance contracts.

- ***High-speed rail in Indonesia***

In Indonesia, construction of a high-speed railway between Jakarta and Bandung began last month as another OBOR investment.

Conclusion

We hope the content of the newsletter is useful for our members.

We invite you to contact us with comments, contributions and suggestions for future editions.

Please send you messages to jean-guy.carrier@srcic.com ; and secretariat@srcic.com.