



OESTERREICHISCHE NATIONALBANK
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A snapshot of some maritime Belt & Road projects

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Connecting Europe and Asia

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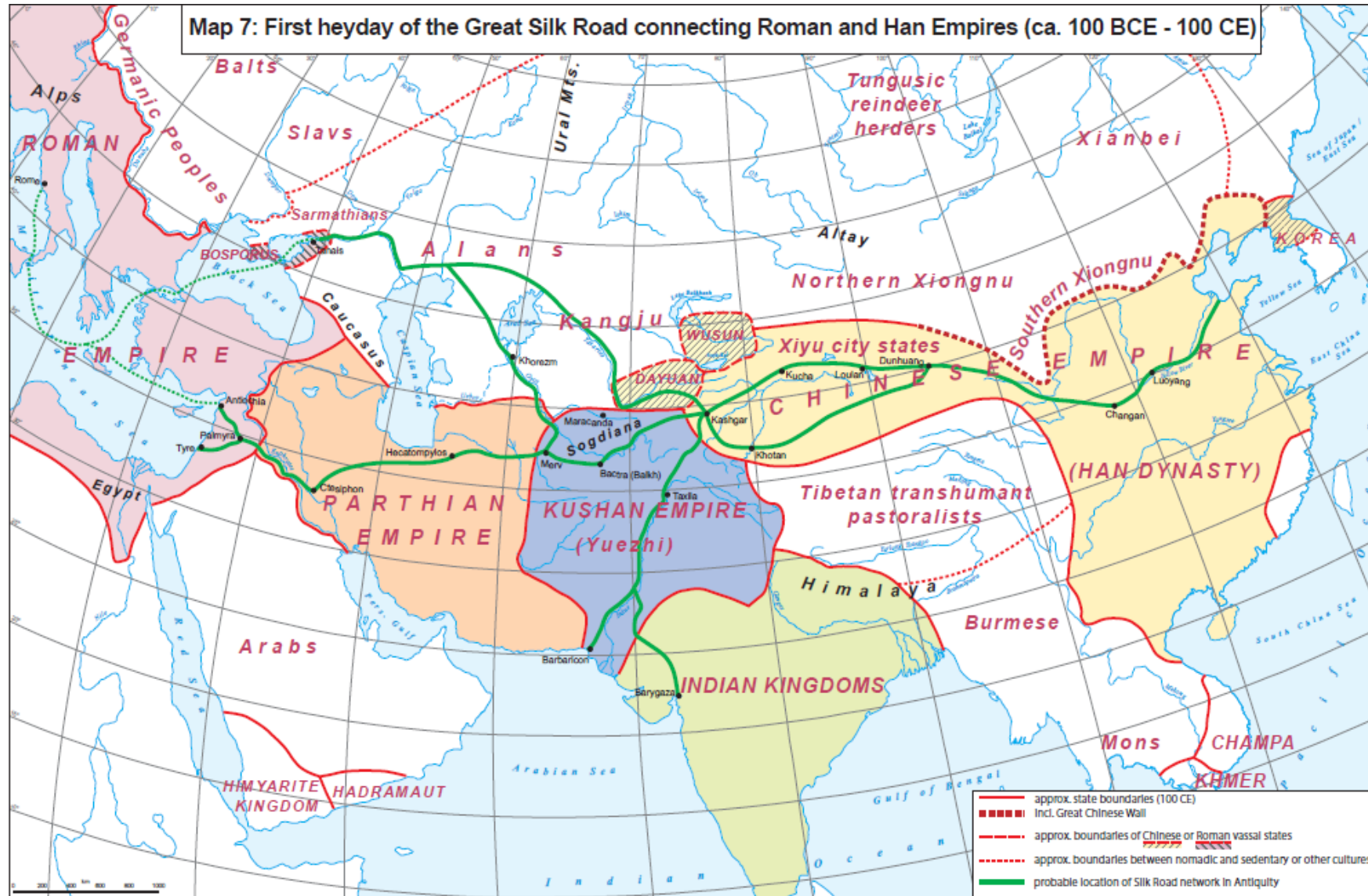
Vienna, 14 December 2018

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Introduction: The Old Silk Road (OSR)

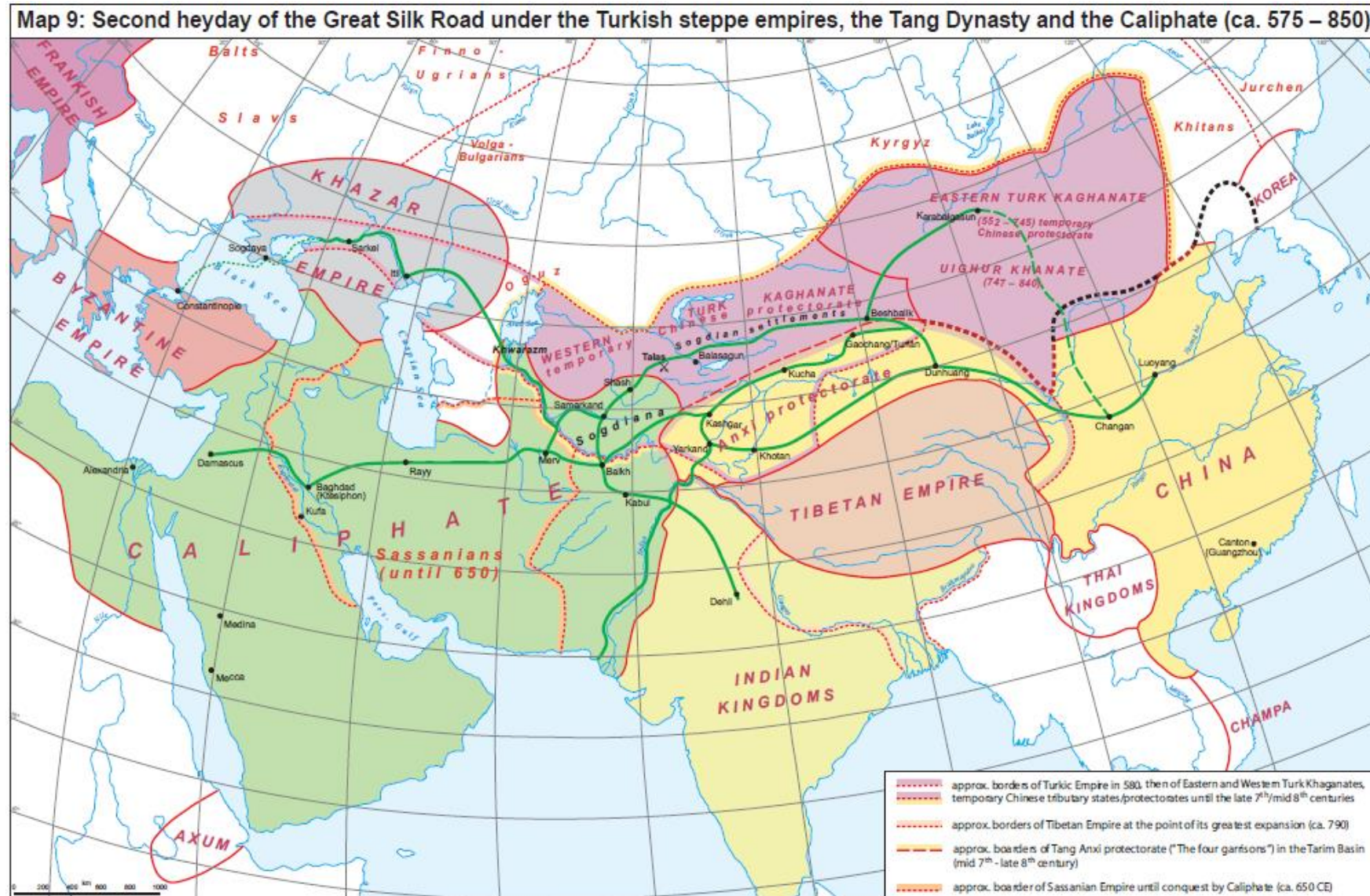
- The (traditional or) Old Silk Road was a **network of overland trade routes** that provided commercial and cultural exchange between Europe, Central Asia (CA), India and China (Ferdinand v. Richthofen, 1877)
- The OSR is estimated to have existed for **almost two millennia** – up the 19th century
- The OSR enjoyed at least three **heydays**:
 - **Han Dynasty – Roman Empire** (ca. 100 BCE – 200 CE)
 - **Tang Dynasty – Caliphate** (ca. 675-875 CE)
 - **Mongol Empire (Yuan Dynasty)**, ca. 1245-1345)
- But the OSR also experienced **periods of crisis/decline**, often due to
 - Political instability, wars
 - Technological factors
- As its name indicates, **silk** was very popular as SR merchandise; it often even served as a de-facto means of payment
- From the late 16th century, **silver** (from America) also attained importance as a medium of exchange
- The **Middle Kingdom** remained the economically predominant and most resourceful power along the OSR

First heyday of the Silk Road



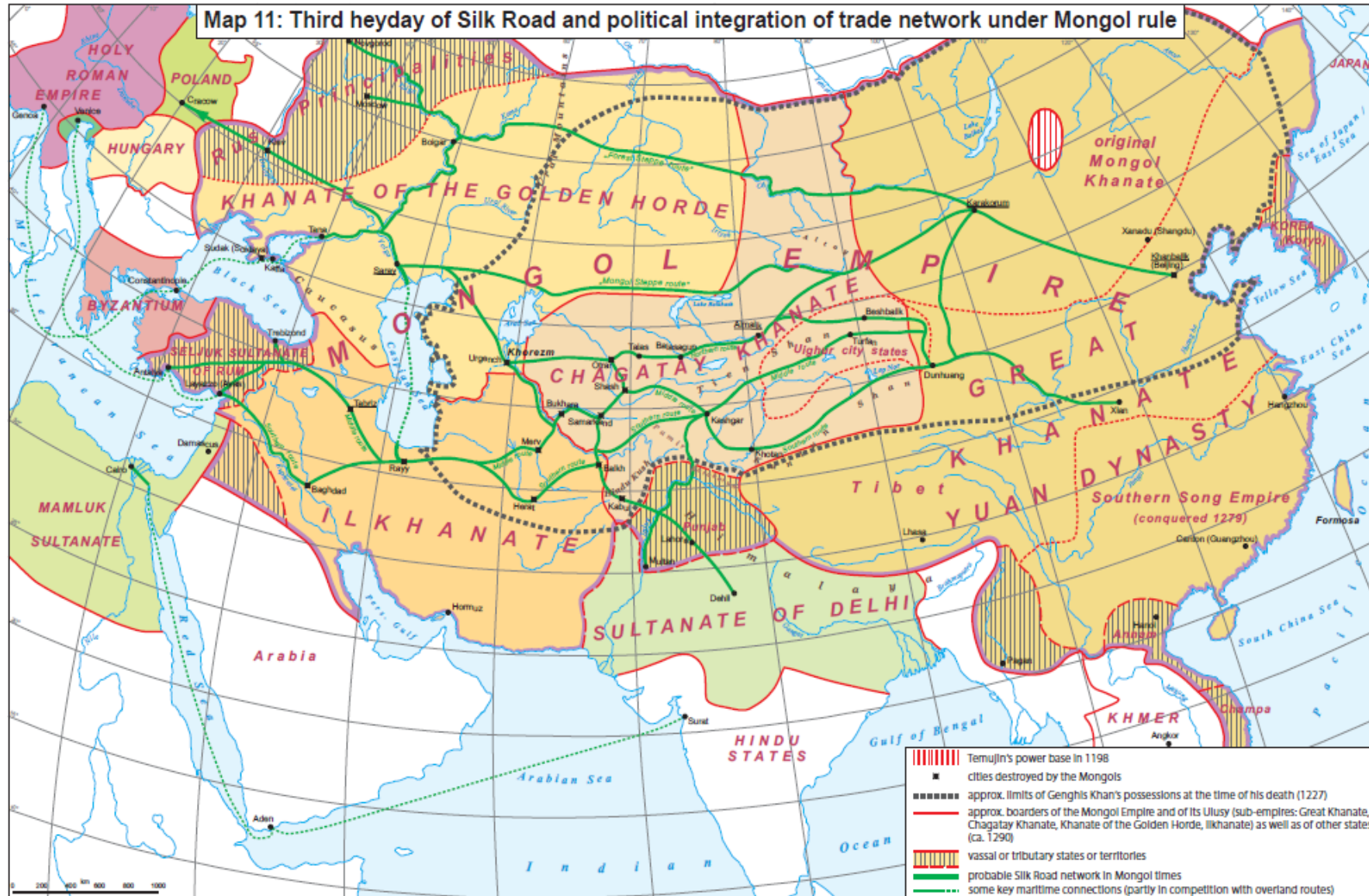
Source: Stephan Barisitz: Central Asia and the Silk Road - Economic Rise and Decline Over Several Millennia, Springer Publishing, Heidelberg, New York 2017

Second heyday of Silk Road



Source: Stephan Barisitz: Central Asia and the Silk Road - Economic Rise and Decline Over Several Millennia, Springer Publishing, Heidelberg, New York 2017

Third heyday of Silk Road



Source: Stephan Barisitz: Central Asia and the Silk Road - Economic Rise and Decline Over Several Millennia, Springer Publishing, Heidelberg, New York 2017

Factors that contributed to ups and downs (heydays and declines) of the Old Silk Road

Heydays

- Simultaneous political stabilization
- Successful economic reforms
- OSR infrastructure investments
- Political = economic integration (of large parts) of OSR
- Tendencies toward religious unification
- Spillovers of Western silver flows from America to Eurasia (late 16th century)
- Networks of enterprising merchants (Sogdians, Uighurs, Bukharans, etc)

Downturns

- Political instability/de-stabilization, turmoil, warfare
- Unraveling or lack of economic reforms
- Vicious circle between political instability and loss of OSR revenues
- Diseases/pandemics spread by the OSR, notably the “Black Death”
- Slow loss of importance of OSR through increasing Western maritime competition circumventing Central Asia (from 16th century)
- Emergence of Siberian Route (Russia), equally bypassing the OSR

Some differences and commonalities between Old and New Silk Roads

- New Silk Road (NSR, „Belt & Road“): overland (SREB) + maritime (MSR)
- After replacing **caravan trails**, some railroad routes are in turn being replaced by **high capacity rail trajectories**
- **China remains the pivotal power** on the Silk Road in the sense of
 - being economically predominant and
 - boasting continuous trade and financial surpluses
- While in the final centuries of the OSR, China was falling behind early capitalist developments and **Industrial Revolution** in Europe
- In contrast, today China appears to
 - **master** functioning of capitalism quite well and,
 - even feature among most competitive countries globally
- Therefore, the „Middle Kingdom“ as the driving force of the NSR is now
 - much **more determined, ambitious and outward-looking**
 - than even during some of the OSR heydays of the past

Focusing on modern Chinese Belt & Road (New Silk Road) connectivity:



While *Euro-Asian overland connectivity* is slightly gaining ground today,
Euro-Asian maritime connectivity still predominates by far

For a **40-cubic-feet container** going from East Asia to Europe (acc. to expert estimate SEZ Khorgos Eastern Gate) :

- going by sea will cost USD 2500-3000
- by rail will cost USD 8000-10000
- by air will cost USD 30000-50000

⇔ Depending on weight or value, **shares of East-West trade** currently are approximately:

- **Maritime transportation** **80-90 %**
- Rail (+road) transportation 3-8 %
- Air freight 6-12%

Eurasian rail connectivity is gaining ground because of structural catching up, Chinese subsidies.

But a train might take 100 containers at the most, whereas a container tanker can load up to 20000!

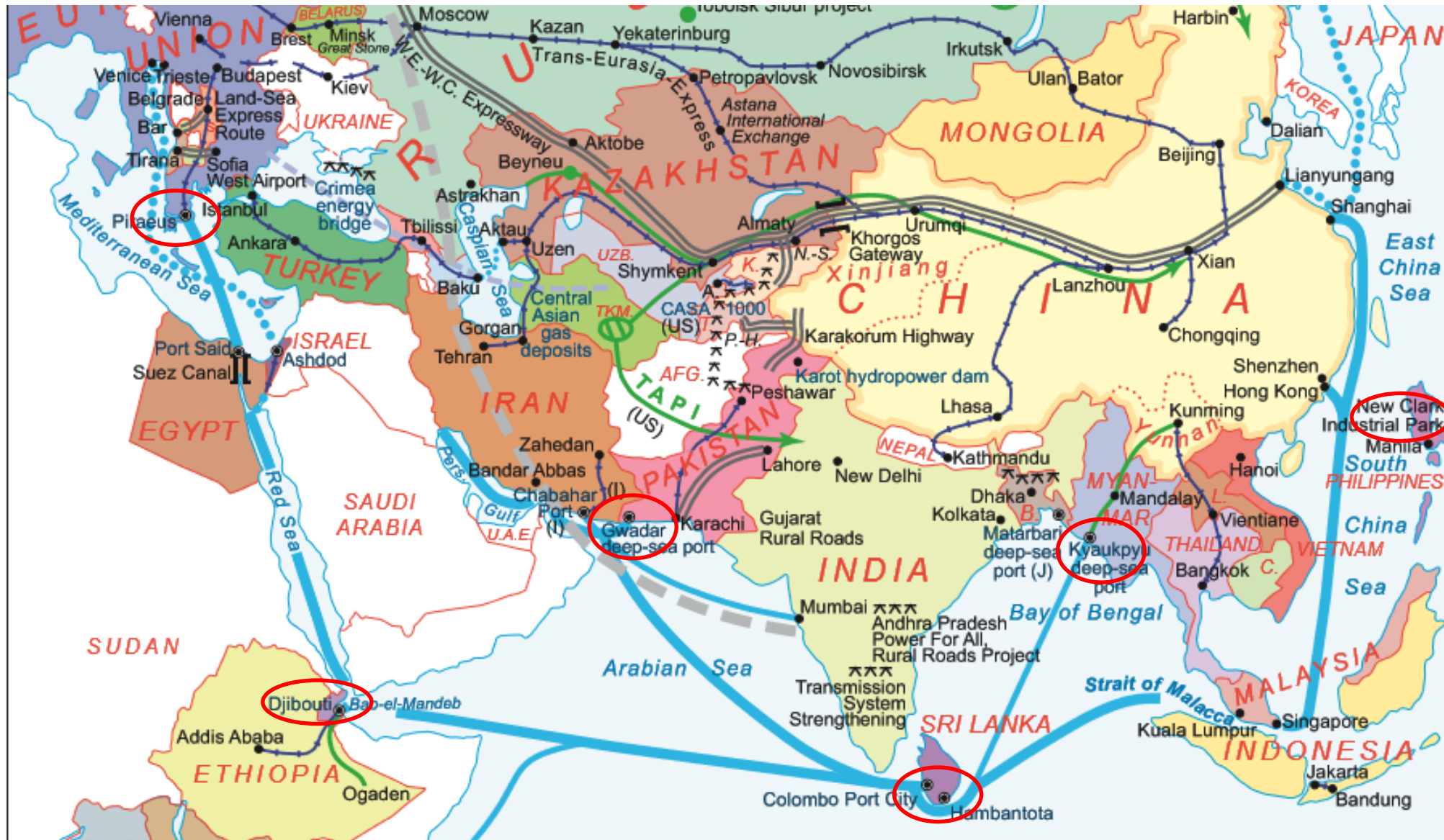
Some major New Silk Road projects: a spatial overview



A selection of some strategic New Silk Road projects:

- **Colombo Port City and Hambantota Port/ Sri Lanka**
- Deep water port of **Gwadar/ Pakistan**
- Deep water port **Kyaukpyu/ Myanmar**
- **Djibouti** container terminal (East Africa)
- Port of **Piraeus/ Greece**
- **New Clark City** Industrial Park, Manila/ Philippines

Some major New Silk Road projects: spatial overview (close-up)



What to take away:

- Maritime (and other) Belt & Road infrastructure projects are often arranged on basis of clear **geo-economic or geo-political logic**
- However, „**debt traps**“ can emerge, possibly even triggering „debt-equity swaps“, or prompting host countries to suspend/renegotiate some projects

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- **Reconnecting Asia. CSIS.** <https://reconnectingasia.csis.org/>
- **Silk Road Fund.** <http://www.silkroadfund.com.cn/>

Danke für Ihre Aufmerksamkeit

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