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GEOPOLITICAL AND ECONOMIC IMPACTS OF THE NEW SILK ROAD



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LETTER TO THE DELEGATES

Dear delegates,

It is with great pleasure that the steering committee of the United Nations Conference on Trade and Development (UNCTAD) welcomes the 18th edition of PoliONU!

This year, the committee will address the theme “Geopolitical and economic impacts of the New Silk Road”, through debate dynamics exclusive to this organ of the United Nations. In this sense, we point out that the central axis of the discussion will be of an economic, geopolitical, and social nature, but it is worth noting that environmental issues associated with the theme will not be neglected.

During the four-day event, you will act as representatives of important international organizations such as states, companies, and NGOs. During the debates, the delegations must follow their foreign policies, always seeking the most egalitarian solution to the problem. At the end of the last session, the committee is expected to have jointly produced a Resolution Proposal, a document that contemplates the measures taken during the debates. Furthermore, all delegates are expected to behave in a manner consistent with their designated position, moreover, respect for all other participants, members of the organization, and employees of the Poliedro School are of utmost importance. In this simulation, acts of disrespect will not be tolerated.

We emphasize that, for a good performance in the event, reading the “Study Guide” is indispensable. However, your studies should not be limited to this document, the delegate’s external commitment and the positioning and decisions taken regarding the positioning of the delegation assigned to each participant are extremely important. Beyond that, we remind you that UNCTAD has a “Rules Guide” provided together with the “Study Guide”, explaining the production of the DPO - Official Positioning Document -, which will have to be delivered at the first session of the event, and other essential information.

In advance, the United Nations Conference on Trade and Development bureau is available to answer any questions through the email listed below. Finally, we wish you all an excellent event!

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1. INTRODUCTION

In recent decades, China has established itself as a commercial superpower and second largest economy in the world, being one the largest industrial centres. According to The Observatory of Economic Complexity, by MIT Media Lab, China was the world's largest exporter in 2020, being responsible for over 15% of exports in that year.

China's running president Xi Jinping (习近平) has announced a plan to expand even more its global influence in trade and geopolitics, the Belt and Road Initiative (BRI, 一带一路, in chinese), or the New Silk Road, as it became known, is the largest project of infrastructure in modern history and looks forward to helping underdeveloped countries to build trade infrastructure, connecting the world to the chinese industry.

Although the Chinese authorities have declared good intentions for the project, some countries aren't very optimists about how the project will turn out. Major economies, like the US, India and Germany worry that the project might lead to a chinese hegemony on global trade, giving its government too much power over the global community. On the other hand, the project will bring visibility to eastern-asian economies and prevent western domination, that nations such as the US and Germany have been doing. Underdeveloped economies, such as Greece and Somalia, are concerned about the big Chinese political and cultural influence on their territory. Such conflict of interests has led to geopolitical tensions around the world that this committee will debate on.

2. CONTEXTUALIZATION

2.1. CHINA

The People's Republic of China currently holds the largest population in the globe, around one fifth of the world's total population is Chinese, while also being the third largest country by area. Since the Chinese civil war, China has been governed by the Chinese Communist Party as a one-party socialist republic, and has emerged as one the biggest economies in the world, largely because of its huge industrial yard, holding about 20% of global manufacturing.

China is the second largest economy by GDP, and the largest by Purchase Power Parity (PPP), a theoretical exchange that allows you to buy the same amount of goods and services in every country, also being the world's greatest manufacturer and exporter. Recently, chinese economy has integrated itself into the global economy by expanding its influence in the West, being now the largest trading partner of 124 countries. China has increased its significance on the global level by joining many economic blocks, the most important ones being the BRICS, the Asia and Pacific economic cooperation (Apec), the Regional Comprehensive Economic Partnership (RCEP, the world's largest trading block).

Since Xi Jinping came to office in the 2012-13, chinese foreign diplomacy has been turning to a more aggressive and assertive approach known as "wolf warrior diplomacy", that follows a trend of standing up to the West and for chinese interests. This kind of diplomacy can be seen in China's relations to other minor economies in East Asia and the Pacific, as it usually prefers to establish bilateral relations with other countries, allowing China to pursue its interests on natural resources and internal market of those countries.

Although guaranteed in the Chinese constitution, freedom of speech and press are tightly controlled by the government. Its control policies have been the target of criticism, but they are still largely used to prevent political outrage. Following these social issues, the international community has condemned China's poor labor conditions and has questioned its respect to the Bill of Human Rights.

2.1.1. Historical situation

China has a very long history that dates back to 1250 BCE. During its history, China has passed through many different regimes and has seen periods of greatness and disgrace. For much of its history, China was an absolute monarchy, but in 1912, with the fall of the Qing Dynasty, it declared itself a republic.

The newly born Chinese republic was unstable. Its first president founded the Nationalist Party, Kuomintang (KMT), but after he resigned, the following president died in 1916, leaving the country without a centralized leader, and China was fought over and controlled by warlords. In Shanghai, the Communist Party was founded and its leaders were preparing a revolution to take over power, as the Kuomintang tried to reunify the country under its staff.

Chinese problems would only get worse as the Japanese seized the Chinese and Mongolian region of Manchuria, and war between the two nations began 1937, during which the Kuomintang and the Communist Party cooperated to defeat Japan. In 1945, after the Chinese victory, a civil war between the Kuomintang and the Communist Party broke out in China, ending with the communist's victory over the nationalists in 1949, who evacuated to the island of Taiwan off China's coast. In this year, People's Republic of China was proclaimed.

The Mao Zedong administration promoted a series of reforms to match the communist political regime, and in an attempt to insert China in the international scenario, Mao launched the "Great Leap Forward" Initiative, which looked to surpass European nations, such as Britain in industrial production. But the poor quality industries and the agricultural reforms made famine and disease spread throughout the country, causing one of the largest famines in human history, which killed an estimated 30 million people from starvation.

China opened its doors to the West after the Great Proletarian Cultural Revolution, by shifting its diplomacy to the "Open Door Policy" and normalized its relations with the United States after Richard Nixon visited the country. Deng Xiaoping's administration shifted China's economy towards socialism with the Four Modernizations program and instituted the One-child Policy to limit births. This policy was cruel to unplanned children, because denied to them education and other benefits.

From the 1980s to the present, China has been establishing itself as a world economic superpower and since it started shifting its economy towards capitalism, we see the rise of China as a trade power.

In addition, the country has become known for human rights issues, since it bases its production on cheap labor.

2.1.2. Economical development

The Chinese economy is currently the fastest growing in the world, among the world's largest economy, registering successive growths in its Gross Domestic Product (GDP) at an average of 9% per year. Thus, at the beginning of the 21st century, China became the second largest economic power on the planet, rapidly surpassing countries such as Japan, the United Kingdom, Germany, and approaching the United States. This configuration has reserved great attention for the Chinese model of economic growth.

China is, without a doubt, the greatest example that economic growth does not represent social development. Despite registering the highest rates of variation in the GDP, the distribution of its wealth, as well as the improvement of living conditions for most of the population, are still problems, although the Chinese have also demonstrated advances in this regard, mainly to transform its population into a large consumer market.

The People's Republic of China has an upper middle income developing mixed socialist market economy that incorporates economic planning through industrial policies and strategic five-year plans.

The great engine of the Chinese economy is directly linked to the political facts that marked the country in the 1970s, when Deng Xiao Ping took power and promoted a wide market opening in the country, with the installation of foreign companies, which saw the Chinese market as a great business opportunity. Until then, the country adopted the Maoist model, in which state ownership and harsh intervention and control by the Chinese Communist Party (CCP) predominated.

The Chinese model was based on the adoption of an economic practice called "Joint Venture," in which foreign companies wishing to establish themselves in the country should necessarily associate with a local company, usually a state-owned one. Due to this policy, the government managed to keep at least part of the foreign capital in the country. In addition, the multinationals should install their factories in specific territories, previously determined in specific legislation, in the so-called "SEZs" (Special Economic Zones). Despite these requirements, China, by the end of the 1990s, became the largest recipient of foreign investments in the world.

But why do multinational companies invest in the Chinese market, even with so many government impositions?

Because of a series of advantages that the Chinese economy offers, such as:

a) Cheap and abundant labor: being the country with the largest population in the world, China has one of the largest reserve markets, that is, a huge number of workers in search of employment. Due to this, the tendency is for wages to remain low, which increases the generation of profit by the owners of the means of production. To have an idea, a worker in China receives four times less than one in Brazil, six times less than one in Mexico, and twenty times less than one in the United States;

b) Abundance and easy access to raw materials: the Chinese territory presents valuable mineral reserves of the most diverse types, such as mineral coal, manganese, uranium, zinc, and tungsten. Besides this, the production of primary products, used in production, is also expressive, which guarantees the good functioning of the foreign industries that are installed in the country;

c) Broad consumer market: despite the wide opening of the market and the fast adoption of the Western model of consumerism, China is still considered as a market to be explored. This is because a large part of its population does not have access to minimum standards of consumption, which should change in the coming years, giving purchasing power to millions and millions of Chinese. Due to this aspect, the country becomes a real "gold mine" for industrial producers from the most diverse sectors, especially in the technological and food areas;

d) Easy outflow and export of production: it is known that generally, when foreign companies settle in an underdeveloped country, they only concentrate on assembling their production there. The technology itself is performed in other countries, and only the assembly of the parts of a given product is performed in the place where the investment is made. These are the so-called "maquiladoras". In China, this process is made easier by the fact that most of the investment zones offered by the government are concentrated on the coast of the country, which facilitates the flow of production to other regions and consumer markets around the world.

For these factors, it is possible to observe that the Chinese model does not present a socialist organization. This is because it is sustained by the maximum principle of capitalism: the generation of profit from the exploitation of the workers. Generally, the expression “socialist market economy” is used to refer to the Chinese, so that “socialist” refers to the political plan, because the country has only one party (the CCP) and “market” to refer to the economic plan.

2.1.3. Geopolitical development

The Chinese “One belt one road” isn’t the first Eurasian road delegated by China. Since the second century BCE until the mid-15th century, they have already used roads for economical and political embasement. At the past, they used to explore and dominate unknown lands with the purpose of increasing their global influence and to simplify their economic trades, such as Silk, porcelain, perfume, horses, camel, wine and gold.

Meanwhile, in this type of economic and geographic trades geopolitical involvement, it’s crucial to the development of the Project. In that regard, the present “One belt One road” initiative requests a lot of communication. China at the beginning has done this with underdeveloped and emerging countries, using the argument of giving an opportunity to jump onto China’s economical high-speed trail, with infrastructure, technology, investments and enhancing the living standards of those countries. Still, this embasement disregards the fact that part of these 65 regional countries isn’t from the West of Asia, and consequently, they don’t have the same values. This economical development necessitates the alignment of those countries, especially in relation to democracy. Just two of those countries are total democracies giving the incentive and influence to change their government politics. The other countries are not democratic, which opens up the possibility to transform this whole plan into authoritarian capitalism.

All of these strategies have already been used by American soft power, which uses ideological and cultural appeal, projecting liberal values abroad by promoting democracy and human rights, resulting in a PaxAmericana. So leading with this familiar discourse guides us to the result of the BRI (Belt and Road Initiative). After all, nowadays this global scramble for influence affects mainly the periphery of the global system.

However, all these investments in infrastructure require more than governmental political alignment, require the concealment of the culture of those countries, because providing Chinese investments to create Chinese industries, buildings, and commercial properties, gives the illusion of more circulation of financial capital into those countries, but in fact, they will monopolize all the national trades and all the profit will return to China. As a result, all the inner commerce will decrease, and these countries will be forced to cede their autonomy for the China economy, leaving the country dominated by China.

Besides, they will have some mismatches during the construction and functioning of the BRI,, therefore, dealing with the security of this construction that covers all the Eurasian extensions, almost 175 thousand meters, it’s a crucial point to the success of the BRI. China already had a plan to protect the security of the BRI, they’d installed a military base along the trade for safety purposes, however, the government affirms that military artifacts transportation will be not allowed on the route, and this statement as well as controversial it’s dangerous and alarming for those who look forward, because there’s no extern pressure for the regulation for these bases and the control of the Chinese military activity is provided by China. This context is a perfect scenario to take another type of prominence in this region, even more, when they have most of the services on their hands, leaving no reason to use these service to prejudice other countries in China favor when this effort could be constructed by other countries.

Furthermore, China projected these military bases to prevent American attacks. This was planned during the Trump government, which was characterized by violence, negationism, and nationalist, so dealing with the probability of a maritime block on Malacca Street, it's an economical disaster for Chinese exportation, therefore, constructing these bases actually is more about preventing attacks than create a nationalist scenario.

In addition, the "One belt one road" initiative, which encompasses continental and maritime trades, changes the EUA in Euroasian power, especially in the Euroasian heartland, an area whereby EUA volunteered to forsake this strategic position. China will create a new continental dynamic with open borders and intra-regional trade, resulting in a huge economical integration with the expanding of the Eurasian continent power. Especially after China joined the global integration scenario in 1978 when Deng Xiaoping started his reforms.

Corruption affects all countries and most institutions, and shouldn't be different with a big project that involves thousands of people. Corruption is a big issue in all intergovernmental treaties and organisations and to guarantee a healthy development of OBOR it is important to address corruption and prevent it from becoming a big issue. To assure that local governments and leaderships don't practise corruption, constant vigilance and surveillance is necessary, along with strong legislation against it and strong institutions, all in order to prevent corruption that could break the project apart.

2.2. THE ORIGIN OF THE SILK ROAD

In the secondcentury BCE, Europe and the Near East were under Roman control, and on the Far East side of the globe China experienced unity under the Han Dynasty after a period of civil war. The Han Dynasty sent an expedition to the west of its borders looking for trade opportunities, finding fabulous empires and, most importantly, huge consumer markets that would bring the chinese empire to its greatest.

Soon, chinese traders found that silk was highly valued in the West and laid the foundations of what would later become the largest trading route in the world during its time: the Silk Road.

The Silk Road (絲綢之路) is a modern term used to refer to the web of land and sea routes that connected most of the eurasian continent, allowing for great exchange of goods and ideas between China, the Roman empire, and the Middle Empires, the Parthians and the Kushians. Such commercial relations resulted in the flow of knowledge and culture between the Far East and the West, expanding chinese cultural influence in Rome and western Asia.

The land commercial routes became less popular due to conflicts between Rome and the Middle Empires, but the Silk Road was active until the 15th century CE, when conflicts between christians and muslims after the Crusades and the Discovery of of the Americas by european sailors and the portuguese trading Spice Route with India put an end to the long story of the Silk Road.

But it would be later rediscovered by the modern Xi Jinping administration that looks to establish a new Silk Road even larger and more ambitious than the original, since China occupies again a central role in global trade and manufacturing.

3. WHAT IS THE NEW SILK ROAD

The Chinese government established The New Silk Road, also known as The Belt and Road Initiative (BRI, or B&R), formerly known as One Belt One Road or OBOR for short, as a worldwide infrastructure development strategy in 2013. This Project aims to invest in roughly 150 nations and international organizations. It is regarded as the focal point of Chinese President Xi Jinping's foreign policy. The BRI is a key part of Xi's "Major Country Diplomacy" strategy, which urges China to take on a bigger leadership role in world events in light of its growing influence and stature. Likened to the American Marshall Plan, 149 nations and international organisations were mentioned as having ratified the BRI as of August 2022.

The "Silk Road Economic Belt" was the name given to the plan when it was first unveiled by Xi in September 2013 during an official trip to Kazakhstan. While "road" is short for the "21st Century Maritime Silk Road," it refers to the Indo-Pacific Sea routes through Southeast Asia to South Asia, the Middle East, and Africa. "Belt" is short for the "Silk Road Economic Belt," referring to the proposed overland routes for road and rail transportation through landlocked Central Asia along the famed historical trade routes of the Western Regions. Among the infrastructure projects funded by the Belt and Road Initiative are ports, skyscrapers, railroads, roads, bridges, airports, dams, coal-fired power plants, and railroad tunnels.

In 2018, the initiative was included into the Chinese Constitution. The project is described as "a bid to promote regional connectedness and embrace a brighter future" by the Xi Jinping Administration. The project is expected to be finished in 2049, which is also the 100th anniversary of the founding of the People's Republic of China (PRC).

The World Bank has predicted in numerous studies that BRI can increase trade flows by 4,1% in 149 participating countries, reduce the cost of international commerce by 1,1% to 2,2%, and increase GDP in developing East Asian and Pacific nations by an average of 2,6% to 3,9%. According to CEBR consultants, a London-based firm, BRI is anticipated to boost global GDP by \$7.1 trillion annually by 2040, and its "benefits will likely be universal" as trade expands due to lessening "frictions that hold back international trade." The CEBR also comes to the conclusion that if the global infrastructure pushes advances and picks up steam, other nations will probably join the project.

Supporters praise the BRI for its potential to boost the global GDP, particularly in developing countries. However, there has also been criticism over human rights violations and environmental impact, as well as concerns of debt-trap diplomacy resulting in neocolonialism and economic imperialism.

3.1. ROUTES

Six corridors will complete this Silk Road:

3.1.1. The New Eurasia Land Bridge Economic Corridor



Source: https://www.researchgate.net/figure/First-Eurasian-Land-Bridge-Deutsche-Bahn-2016_fig2_339103201

The New Eurasia Land Bridge Economic Corridor is one of the most ambitious OBOR projects; it involves developing rail transportation between China and Europe through Kazakhstan, Russia, and Belarus.

Freight trains link Chongqing to Duisburg, Chengdu to Lodz, Yiwu to Madrid, Wuhan to Hamburg, and Wuhan to Lyon. The objective of this corridor is to increase the frequency of rail transportation between China and Europe.

To accelerate trade along this route and increase its competitiveness vis-à-vis maritime transportation, this program is complemented by simplifying customs procedures according to the principle of “declaration, inspection, clearance”.

Other infrastructure upgrades will be added to this corridor.

3.1.2. The China-Mongolia-Russia Economic Corridor



Source: <https://beltandroad.ventures/beltandroadblog/china-mongolia-russia-economic-corridor>

The new Steppe Road aims to develop trade between China and Mongolia, making Mongolia a hub between China and Russia. This project involves the modernization of transport, telecommunication and energy networks.

3.1.3. The China-Central Asia-West Asia Economic Corridor



Source: <https://beltandroad.ventures/beltandroadblog/china-mongolia-russia-economic-corridor>

This is one of the principal axes of the new Silk Road; it connects the Chinese province of Xinjiang to the Mediterranean Sea through Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran and Turkey. It follows the ancient Silk Route. Bilateral cooperation agreements between China and Central Asia states complete this initiative. This corridor aims to better connect all the regional economies to China and Europe, thus offering a new intercontinental communication network that will open up Central Asian states.

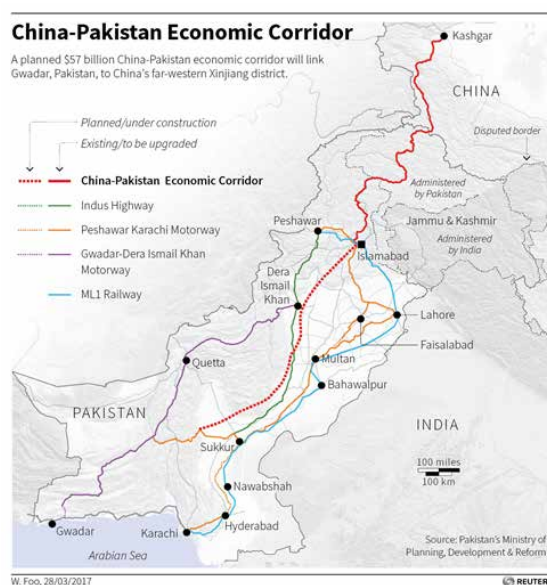
This corridor requires the construction of numerous transportation and energy infrastructures from the Middle East to China. It is supplemented by various measures to increase trade among all states involved in the OBOR.

3.1.4. The China-Indochina Peninsula Economic Corridor



Source: <https://www.gica.global/content/china-indochina-peninsula-economic-corridor>

This program aims to strengthen cooperation among states of the Greater Mekong subregion, particularly by developing transport (motorways, railways and air connections). This initiative will support trade between China and ASEAN members already bound by a free trade agreement since 2010. In China, the provinces of Yunnan and Guangxi are the most involved in this cooperation.



Source: https://www.researchgate.net/figure/Eastern-Western-and-Central-Routes-of-CPEC_fig2_338204876

3.1.5. The China-Pakistan Economic Corridor

This cooperation program connects Kashgar in the Chinese province of Xinjiang to the port of Gwadar in Pakistan; it includes the construction of railways, highways, optical fiber networks, the creation of an international airport in Gwadar, as well as the establishment of special economic zones.

3.1.6. The Bangladesh, China, India And Myanmar Economic Corridor



Source: <https://affairscloud.com/the-bcim-corridor-linking-india-and-myanmar-is-no-longer-under-the-bri-coverage-framework/>

The purpose of this corridor is to better connect China with the various economic centers of the Gulf of Bengal and to increase interregional trade by reducing non-tariff barriers. It also aims at strengthening transport infrastructures and reduce poverty in this region.

This corridor would link Kunming to Kolkata (Calcutta) via Mandalay and Dhaka.

However, very little progress has been made on these corridors, because India still refuses to join China's initiative.

3.1.7. 21st Century Maritime Silk Road

All the previous routes are part of the overland routes of the new silk route. Besides these routes that extend for kilometers on land, there are also maritime routes that have the name of the 21st century maritime route, as you can see in this Picture, which also contains the terrestrial routes:



Source: <https://www.republicworld.com/world-news/china/chinas-plans-for-polar-silk-road-in-arctic-ocean.html>

The “Maritime Silk Road” is an attempt at re-branding for China. Now that the concept has been officially extended as far west as Sri Lanka, its connection to the “string of pearls” is obvious. China has never officially used the term “string of pearls,” which originated in a 2005 U.S. study made by the defense contractor Booz Allen Hamilton. Accordingly, China has somewhat lost control of the messaging. The “string of pearls” concept is often viewed as a military initiative, with the aim of providing China's navy access to a series of ports stretching from the South China Sea to the Arabian Sea. This has caused some consternation, particularly in India, which sees itself as being encircled.

3.2. OBJECTIVES

China's “One belt One road” initiative's main goal it's to build trade communication between China and countries in Central Asia, Europe, and the African continent. But more than that, the BRI wants to create a multifaceted economy, looking for a new multi-polar world dynamic.

Notably, they are doing this global dynamic change, using and taking the influence and the power from the Eurasian heartland, such as Russia, Belarus, Kazakhstan, Kyrgyzstan, Ukraine, Tajikistan, Turkmenistan, Uzbekistan, and part of the Caucasus, a region which concentrates 75% of the global population and energy resources, being near to countries which are rich in resources of mineral, land tourism or some kind of industrial power. Therefore, taking an important piece in the hegemonic world order, enchanting a lot of influence, such as developing and investing in infrastructure, increasing cultural exchanges, and simplifying maritime commerce, giving to China the perfect scenario to having total stability in West region, developing favorable economic and commercial relations and finally ensuring the transportation of oil and gas.

4. GLOBAL IMPACTS

From economic growth to social dynamics, the New Silk Road will affect the globe as a whole changing the course of international relations as underdeveloped countries create deep relations with China and the largest consumer markets in the world will be connected to it.

The BRI has brought the attention of many countries and is already being implemented in some, allowing us to analyze how China will manage and use the BRI to its benefit and world wide development. An example is the Greek port in Piraeus, the largest in the country, which has been under Chinese administration since 2016, when Greece sold it to pay for debts after an economic downfall in the 2010s. The project looks to invest in such infrastructure in many countries, but almost exclusively to attend Chinese interests, as it's possible to observe with the case of Greece. Another example of how China will use the project is Cambodia. China has played a major role in recent Cambodian history, and is now investing in Cambodia building casinos and hotels to boost tourism, mostly from Chinese people in the country.

The initiative will affect, either directly or indirectly, the major international players in the modern geopolitical scenario, as China wants to insert itself in the international community through the BRI. The project's intentions divide countries in two large groups, the first one being underdeveloped countries in which China will invest to enlarge its manufacturing and transport capabilities, such as Somalia, Sri Lanka, Cambodia, Thailand and Pakistan, among others. The other group are the countries with resources and big consumer markets to buy chinese products, in which China will invest in ports, trading routes and other infrastructure that will enable Chinese products to get to the final consumer. These countries are european nations, the UK and the US, among other developed nations.

4.1. ECONOMIC IMPACTS

The Belt and Road Initiative, also known as the New Silk Road, is a massive infrastructure and investment project proposed by the Chinese government to promote economic and trade cooperation between China and other countries along the ancient Silk Road trade routes. The project, which was first announced in 2013, aims to connect Asia, Europe, and Africa through a network of roads, railways, ports, and other infrastructure. The initiative has the potential to have a significant impact on the global economy.

Economic impacts of the New Silk Road can be grouped in three main categories:

- Economic growth: The New Silk Road is expected to boost economic growth in countries along the route by increasing trade and investment. The development of infrastructure, such as roads, railways,

and ports will improve connectivity and make it easier for businesses to transport goods and services. This, in turn, will create jobs and increase economic activity. Additionally, the construction of industrial parks and special economic zones along the route will attract foreign investment and promote trade and economic cooperation;

- Access to new markets: The New Silk Road will provide access to new markets for countries along the route. By improving connectivity, the initiative will make it easier for businesses to export their goods and services to new markets, increasing their potential customer base. This will provide new opportunities for economic growth and development;
- Cooperation and integration: The New Silk Road will promote cooperation and integration among countries along the route. The initiative will foster the development of cross-border trade, investment, and transportation, which will increase economic interdependence and promote peace and stability.
- It's important to note that the New Silk Road initiative also has potential negative impacts, such as:
 - Debt risks: Some countries along the route have taken on large loans from China to fund infrastructure projects. If these countries are unable to repay the loans, it could lead to a debt crisis;
 - Environmental risks: The construction of infrastructure projects along the route could have negative environmental impacts, such as deforestation, loss of biodiversity, and pollution;
 - Competition: The New Silk Road may lead to increased competition among countries along the route, as far as for access to new markets and investment;
 - Unfair trade practices: The New Silk Road initiative could also lead to unfair trade practices, such as Chinese dumping of goods, which can negatively impact the domestic industries and economies of the importing countries.

In conclusion, the New Silk Road initiative has the potential to bring significant economic benefits, including increased trade, investment, and economic growth. However, it also has the potential to create risks and challenges, such as debt, environmental damage, and unfair trade practices, which should be carefully managed and addressed.

In addition to the risks and challenges presented above, it is worth highlighting the financial bottlenecks in the Middle East region as a critical point to be discussed. Infrastructure projects typically have low profitability, long payback periods and strict government oversight; as a result, there are few private investment and financing options available. Meeting their investment finance targets could leave most Middle Eastern states with little choice but to rely on the Silk Road Fund and the Asian Infrastructure Investment Bank due to the region's extreme fiscal pressure.

An additional topic that concerns the economic implications of OBOR is the practice of dumping goods.

Dumping of goods refers to the practice of exporting goods to other countries at prices below the cost of production. This is done in order to gain market share and undercut domestic competitors in the importing country. The Chinese government has been accused of encouraging this practice, in order to boost their exports and support their domestic industries.

The dumping of Chinese goods can affect the implementation of the new Silk Road in various ways. It is important to note that the implementation of the new Silk Road aims to increase economic and commercial cooperation among participating countries, and dumping can negatively affect these efforts, as countries may opt for protectionist measures to protect themselves from unfair competition. Some of the potential effects include:

- Economic damage to countries along the route: Chinese goods sold at below-market prices can make it difficult for domestic industries in countries along the Silk Road to compete. This can lead to job losses and closures of domestic companies;
- Trade imbalances: Dumping can create trade imbalances between countries along the Silk Road, as countries that are exporting goods at below-market prices will have an unfair advantage over their trading partners;
- Protectionist measures: Countries along the Silk Road may feel compelled to take protectionist measures, such as imposing tariffs or other trade barriers, in order to protect their domestic industries from the effects of Chinese dumping;
- Decrease in cooperation: Dumping can also decrease cooperation among countries along the Silk Road, because the countries may be less willing to work together when they are in competition with each other;
- Decrease in investment: Foreign investors may be less willing to invest in countries along the Silk Road if they believe that Chinese goods will be sold at below-market prices;
- Decrease in the number of trade deals: Chinese dumping can also decrease the number of trade deals between countries along the Silk Road, as countries may be less willing to engage in trade agreements if they believe that Chinese goods will be sold at below-market prices.

It is important to note that the World Trade Organization (WTO) has rules on anti-dumping measures, which allows countries to impose tariffs on goods that are being sold at below fair market value.

4.2. GEOPOLITICAL IMPACTS

Despite its growing involvement in the Middle East, Beijing lacks a precise, consistent, and all-encompassing strategy for the successful implementation of the new Silk Road. Despite being characterized by strategic flexibility and exploiting chances, China's Belt and Road Initiative (BRI) framework for cooperation with the Middle Eastern governments may not be sufficient. China and the other nations in the region will face short-term geopolitical and geoeconomic issues as they grow more interconnected and share risks.

Since the turn of the century, the Middle East has undergone profound change, exposing the region to geopolitical threats and instability. Because regional order and international relations have yet to reach a new equilibrium in the disintegration process, such restructuring could easily spark geopolitical conflicts, even wars, in addition to increase uncertainty and risk in the new Silk Road construction. The BRI reveals China to be an ambitious power, seeking short-term regional dominance and long-term global dominance. The BRI, like the US Marshall Plan for Europe, is China's attempt to portray itself as a benevolent country with leadership potential. As a result, other regional and global powers became hostile, with some attempting to counter Beijing's advances.

First, "great power" competition between the United States and Russia is likely to have a negative impact on the BRI's success. The Middle East serves as a staging ground for proxy conflicts between the United States and Russia. Russia has reemerged as a key powerbroker and military actor in the Middle East, most notably in Syria, as a result of the United States' eastward strategic rebalancing. In most cases, Beijing appears to have backed Moscow's position. However, China's long-term presence in the region will almost certainly necessitate it becoming more active on the political stage and adopting an independent policy orientation. Indeed, without actively addressing the critical issues confronting the Middle East, China has very little chance of influencing regional dynamics.

Second, the Middle East is being roiled by a regional strategic rivalry between Saudi Arabia and Iran. The two countries' proxy wars in Iraq, Syria, Yemen, Lebanon, and elsewhere have exacerbated regional tensions and fueled Sunni-Shia sectarianism throughout the Muslim world. The ongoing

conflict between Iran and Saudi Arabia, as well as the United States' withdrawal from the JCPOA and reimposition of sanctions against Iran, have complicated Beijing's efforts to advance the BRI.

Iran is one of the major countries along the China-Central Asia-West Asia (CCAWA) Economic Corridor — a potential strategic hub linking the Middle East, Central, and South Asia and located at the intersection of the Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSRI). Given Iran's strategic location and abundant oil and gas resources, it is not surprising that Beijing views the country's inclusion in the BRI as critical.

Paradoxically, Iran's regional hegemonic potential and aspirations may end up doing more harm than good for the BRI's prospects. A more capable Shia Iran with a revisionist bent intent on expanding its power will probably face a stiff opposition from the Sunni-led Gulf States, which are also critical to the BRI.

Third, China's efforts to advance the BRI face potential terrorist threats from Middle Eastern violent extremist groups. Such groups have the potential to harm or destroy BRI infrastructure projects. There is also a chance that extremist groups or criminal networks will kidnap Chinese workers for political or economic reasons. In the fight against terrorism, Beijing will rely on partnerships with Middle Eastern countries to improve security along the BRI's routes.

Fourth, there are a bunch of conflict hotspots and flashpoints in the region. Unresolved territorial or maritime disputes have the potential to trigger a sudden crisis. The standoff between Qatar and its GCC neighbors may persist or their already-pronounced differences may become even more pronounced. It's possible that the antagonism between the US and Iran, or between Saudi Arabia and Iran, will lead to direct conflict. Yemen's civil war and humanitarian crisis might continue, creating a failed state and a breeding ground for violent extremist networks. China's BRI objectives are in jeopardy due to these unsettling and challenging circumstances.

4.3. SOCIAL IMPACTS

BRI is mainly focused and motivated by an economic slant, with the purpose of opening up new markets for Chinese goods, and therefore increasing the demand for their national products and services. However, to achieve this economic and commercial success, it's essential to have an international geopolitical relationship power, and accomplish that goodwill status it's a Chinese challenge, moreover when you're doing one of the most extensive infrastructures on the world, becoming a richer, cultural and political area.

Initially, is important to emphasize the different governance models of those countries which participate in the BRI initiative. We can see socialist states such as Lao, China, and Vietnam, monarchies such as Afghanistan, and capitalist states such as USA. In other words, dealing with a project which aims to develop and instigate the commercial, economic and cultural change, is a delicate operation, especially when a miscommunication during a geopolitical change can cause a stressed atmosphere between partner countries, causing a decreasing on the external investments and the chances of the success in the partners relationships. Furthermore, these misunderstandings can delay the BRI initiative and also higher the cost of the production.

In addition, it is crucial to remember the owner of the project, because it can be an opportunity to grow up and invest in undeveloped countries and improve those life quality standards, with more visibility, chances to network, and increase the number of jobs, tourists, and technological buildings or equipment.

During the construction of BRI, most undeveloped countries will suffer with the Chinese industrialization, but like all the negotiations, both sides will search for an advantage, and the BRI initiative will be not different, notably in Thailand, where local Chinese living in BRI partners countries changed the cultural standard. We can see that with the number of Chinese moved manufacturing to Thailand and the participation of China on the investments, as well as Cambodia with the cassino's, and in both countries, we can see as a result the cultural misappropriation and the monopolization of the

“local business” and tourist attraction, such as academical influence during the formation of teenagers on the school period, with the stimulation of studying the Chinese values to enter into university or to obtain a good job.

There's another failure on the social aspect. China already have a fame of low labour conditions full of analogous slave labour, with forced workers, confiscation of identity documents, confiscation of travel, forced overtime, intimidation and even physical violence. During the construction of the OBOR will be not different, as well as manufacturing and taking control or space on foreign countries, they mostly recrute Chinese workers rather than relying on local workers, because of the regulation of each country, that seems more rigid than Chinese one. we can see that in Laos, when BRI projects brought Chinese workers to replace Laotians who had protested delayed wage payments, and when Chinese workers try to draw media attention regarding the payment, they were simply deported. Even more, there's a movement of the local elite of internice and overwhelm anti-Chinese labour protest, even when analysis by the United State Institute of Peace suggest that between 2006 and 2016 at least 619 overseas Chinese workers were killed in violent attacks, proving that Chinese labour conditions are alarming and inhuman.

Moreover, the Chinese project involves a lot of undeveloped countries, most of them don't have economic stability or found to support the BRI project. Many of them are putting their own economies into a high-risk credit default, known as debt-trap - including Sri Lanka, Kenya, Djibouti, Pakistan, Montenegro, Maldives, Laos, Mongolia, Tajikistan, and Kyrgyzstan. Consequently, giving the perfect opportunity to allow those countries to pay with another form, like Sri Lanka which was unable to make its loan payments to Chinese financing. The country gave 70% of control onto Hambantota port to China. Similar to this event, Kenya already gave all the control of the Mombasa port, and with those kind of events, USA it's concerned about the control of a key port in Djibouti.

These historical events delegated by China, prove and alert, the possibility of a Chinese regime in those undeveloped countries, which uses all their resources and labour to support a project which gave them industrialization, putting their economy and cultural values in risk. This scenario aims to dominate and monopolize the market on Eurasia, mostly impacting on the poor community that's already marginalized.

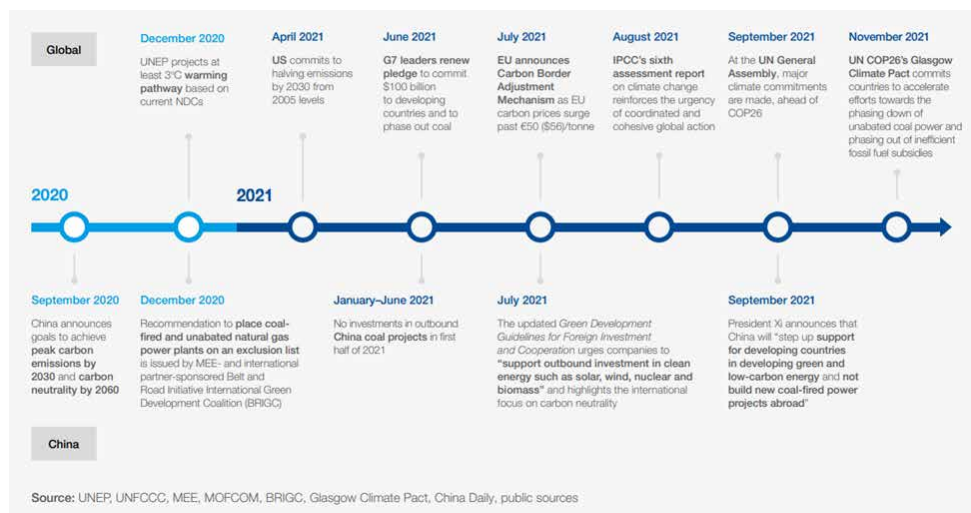
4.4. ENVIRONMENTAL IMPACTS

BRI, the world's largest project, evolving Eurasian roads and maritime trades, will use a lot of materials, labor, machines, and electricity to support these infrastructure, consequently emitting several gases, especially carbon that potentially attack the environment. So focusing a special attention on the execution of the project, especially when 95 past projects were characterized by a low-quality infrastructure roads and rail transport that are mostly destroyed.

It's important to gave the world the vision of a ecological importance and how execute a technological and ecological infrastructure is a possibility for the big economy's - WWF already made a project of a green BRI, which analysis possibilities to run the project in a low ecological footprint.

Firstly, understanding the role of China after the execution of the BRI is essential, because will give China the responsibility of a global leader on climate change, mainly because they are one of the biggest pollution zone. The country should offer a sustainable organization development along and within the corridors, land bridges, and maritime bridgeheads.

Notably, China already is involved in the sustainable development of the project, starting in 2015, when the World Economic Forum Annual Meeting raised the topic of carbon emission during the project and how they should execute that structure using technology and avoiding the contribution to climate change. During the session, China is positively positioned on that topic, by accepting and agreeing to highlight low carbon technological types of equipment, increasing the green investment principals on China. However,



China's project already prejudiced the global environment of ecologically sensitive areas where the route passes through. One particular case was in Indonesia when construction on the island of Sumatra poses serious threats to the orangutans and the jungle of the highly diverse Batang Toru ecosystem. Moreover, another project evolving hydropower it was considered harmful by the World's Bank international and Asian Development Bank because of ecological harmful evolving the flooding of the wide expansive jungle in Indonesia. A similar hydropower project in Myanmar suffer with the same ecological impacts. Although a lot of economical and developmental incentives could convince the governments to greenlight these Chinese projects.

At the same time, China sees the opportunity to spare ecological energy through the BRI, especially when Chinese citizens daily suffer with the poor air quality in China. According to the Energy Economics and Financial Analysis, the country spending around \$8 billion on solar goods, surpassing Germany on leading the clean energy services. More than that, China's one of the leaders producers of renewable energy products. Therefore, economically it is beneficial for them to use the BRI as an opportunity to promote norms of renewable energy.

5. GLOSSARY

GDP: The Gross Domestic Product is the measure of the value of all the goods and services created in a country.

Purchase Power Parity (PPP): A theoretical exchange that allows you to buy the same amount of goods and services in every country.

FTA: Free Trade Area.

BCE: Before the Common Era.

OBOR: One Belt One Road

BRI: Belt and Road Initiative

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