

**Economic and Social Commission for Western Asia (ESCWA)**

Committee on Transport and Logistics
Twentieth session
Amman, 9-10 December 2019

Item 9 of the provisional agenda

**Round-table discussion 2:
The Belt and Road Initiative: what is in it for the Arab region?**

Summary

The Chinese Belt and Road Initiative (or the new silk road) is a multidimensional megaproject likely to have a massive impact on various issues, including international transport and trade. The Arab region, a central region for global transport and trade, is expected to be affected by the project in various ways. Many Arab countries are geared towards engaging and benefiting from the project. However, it remains unclear if the region will play a role in the project given that, so far, no Arab country is officially part of any of its current corridors. Nevertheless, the impact of the Belt and Road Initiative, be it positive or negative, will reach many parts of the world, including countries not officially part of it.

The present document offers information on the Belt and Road Initiative and a preliminary assessment of the stakes for the region. It serves as a basis for a round-table discussion to be held at the twentieth session of the Committee on Transport and Logistics.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1-4	3
<i>Chapter</i>		
I. IMPACT OF THE BELT AND ROAD INITIATIVE ON GLOBAL TRADE.....	5-7	4
II. BELT AND ROAD INITIATIVE AND THE ARAB REGION	8-16	5
III. ENERGY AND ARAB COUNTRIES.....	17-20	8
IV. BELT AND ROAD INITIATIVE AND OTHER REGIONS.....	21-26	9
V. POSITION OF THE UNITED NATIONS.....	27-29	11
VI. CONCLUSION.....	30-34	12

Introduction

1. The Belt and Road Initiative (BRI) launched by China in 2013 is a large-scale project that aims to connect the world through a network of roads, railways, ports, pipelines, maritime routes and telecommunication links, passing through China and 65 other countries. The Chinese Government presented the Initiative as a way to improve cooperation and connectivity on a transregional level. China started the project with \$1 trillion and has attracted an additional \$8 trillion since.¹ The Initiative focuses on the following five areas: coordinating development policies; forging infrastructure and facilities networks; strengthening investment and trade relations; enhancing financial cooperation; and deepening social and cultural exchanges.²

2. The Initiative can be divided into two sectors: the Silk Road Economic Belt that aims to link China with Europe via South and Central Asia; and the Maritime Silk Road that seeks to connect China to Europe through Southeast Asia and the MENA region. Six economic corridors are planned along those two sectors. The China-Pakistan Economic Corridor, with \$62 billion invested in highways, industrial parks and energy projects since 2013.³ The Bangladesh-China-India-Myanmar Economic Corridor is one of the most ambitious plans with little progress, mostly owing to political changes in Myanmar.⁴ Nonetheless, China is developing railways, highways and a bridge in Bangladesh worth \$10 billion. The long-term Chinese vision is the construction of a China-Pakistan-India-Iran-Afghanistan-Kazakhstan Corridor.⁵ The China-Mongolia-Russia Economic Corridor entails promoting highway and rail construction.⁶ China and the Russian Federation established a \$10 billion investment cooperation fund to finance Russian projects under the Initiative,⁷ including the largest liquefied natural gas project in the Arctic. The New Eurasian Land Bridge mostly aims to enhance train services to increase the number of containers transporting goods from China to Europe.⁸ Chinese foreign direct investment in Europe totalled €35 billion in 2016, compared with €1 billion in 2008. In March 2019, Italy was the first European country to join the Initiative. The China-Indochina Peninsula Corridor will connect the countries along the Mekong river,⁹ comprising heavy railway, road and port construction projects amounting to over \$739 billion over the period 2013-2018.¹⁰ Lastly, the China-Central-West Asia Economic Corridor connects China with Iran and Turkey through Central Asia, and thus with the maritime Silk Road.¹¹ In addition

¹ Farid, T., Khan, M., Sandano, I., & Pratt, C. (2018). China's Belt and Road Initiative: A Global Model for an Evolving Approach to Sustainable Regional Development. *Sustainability*, 10(11), 1-20.

² Johnston, L. A. (2019). The Belt and Road Initiative: What is in it for China? *Asia and the Pacific Policy Studies*, 6(1), 40-58.

³ Singh, A. G. (2019, 03 02). China's Vision for the Belt and Road in South Asia. Retrieved from *The Diplomat*: <https://thediplomat.com/2019/03/chinas-vision-for-the-belt-and-road-in-south-asia/>.

⁴ Hung, M., & Chan, T. (2018). The Belt and Road Initiative- the New Silk Road: A research agenda. *Journal of Contemporary East Asia Studies*, 7(2), 104-123.

⁵ Singh, A. G. (2019, 03 02). China's Vision for the Belt and Road in South Asia. Retrieved from *The Diplomat*: <https://thediplomat.com/2019/03/chinas-vision-for-the-belt-and-road-in-south-asia/>.

⁶ UNESCAP. (2017). China's "One Belt, one Road" Initiative: An ESCAP Report. *Population and Development Review*, 43(3), 583-587.

⁷ Russia Briefing. (2017, 07 19). Russia Agrees to Significant Silk Road Projects with China. Retrieved from *Russia Briefing*: <https://www.russia-briefing.com/news/russia-agrees-significant-silk-road-projects-china.html/>.

⁸ Hung, M., & Chan, T. (2018). The Belt and Road Initiative- the New Silk Road: A research agenda. *Journal of Contemporary East Asia Studies*, 7(2), 104-123.

⁹ UNESCAP. (2017). China's "One Belt, one Road" Initiative: An ESCAP Report. *Population and Development Review*, 43(3), 583-587.

¹⁰ Vinales, P. (2019, 07 13). Making the Belt and Road work for Southeast Asia. *East Asia Forum*. Retrieved from <https://www.eastasiaforum.org/2019/07/13/making-the-belt-and-road-work-for-southeast-asia/>.

¹¹ Farid, T., Khan, M., Sandano, I., & Pratt, C. (2018). China's Belt and Road Initiative: A Global Model for an Evolving Approach to Sustainable Regional Development. *Sustainability*, 10(11), 1-20.

to the corridors, China invests around \$5 billion per year on the African continent as part of the 21st Century Maritime Silk Road.¹² The infrastructure projects target the energy sector, roads, railways and ports, including a key 500 km-long road in Kenya and new railways in Angola, Ethiopia, Kenya and Nigeria.¹³ China pledged another \$60 billion to African countries in 2018, including concessional loans and grants, and established an \$10 billion special fund for development financing.¹⁴

3. In theory, the Initiative's motives are clear: in addition to the need for shared development on a global scale, there is a requirement to promote financial inclusion, reduce trade costs, effectively use time to acquire goods and services, reduce poverty, develop infrastructure, and promote cultural assimilation by connecting countries.¹⁵

4. The present document aims to explore the Arab region's engagement in the Belt and Road Initiative, and to shed light on the Initiative's effects on the region's internal and global trade and integration. While taking into account the scarcity of information on the Initiative, the present document reviews available data and raises pertinent questions.

I. IMPACT OF THE BELT AND ROAD INITIATIVE ON GLOBAL TRADE

5. The Initiative is expected to disrupt international trade, and to greatly impact not only the countries it passes through but also other countries and regions, including the Arab region. A World Bank study highlights the effect of the Initiative on trade, using econometric and geometric analysis.¹⁶ The study finds that an increase in infrastructure could lead to an increase in trade among BRI countries of 2.5-4.1 per cent. With regard to policies designed to decrease trade barriers, results show an increase in exports of 7.2 per cent. More integrated trade laws and advantageous market entrances could lead to a high of 11.2 per cent, meaning that trade expansion can be strengthened by ensuring complementarity between infrastructure and policies.

6. Countries' trade gains from BRI include advanced infrastructure and better communication with other States. Figure 1 shows the expected change in exports forecasted for post-BRI countries compared with their pre-BRI status. States such as Iran and Oman benefit the most, with a 7 per cent increase in their exports. Similarly, China and Saudi Arabia are expected to witness an increase in the value-added of their exports, because they already conduct a significant amount of trade.¹⁷

7. The Initiative is likely to reduce shipping times for both BRI and non-BRI economies. The average decrease in shipping time ranges between 1.2 per cent and 2.5 per cent across all country pairs worldwide. BRI economies experience a decrease in shipment times ranging between 1.7 per cent and 3.2 per cent. The largest estimated gains are for the trade routes connecting East and South Asia, and along corridors that are part of the Initiative. For instance, shipping times among countries in the China-Central Asia-West Asia Economic Corridor will decline by 12 per cent owing to improved transport infrastructure. Reduction in shipping times

¹² Foster, V., Butterfield, W., Chen, C., & Pushak, N. (2008). Building Bridges: Retrieved from China's Growing Role as Infrastructure Financier for Sub-Saharan Africa: <http://siteresources.worldbank.org/NEWS/Resources/FinalExecsummaryEnglish.pdf>.

¹³ Froehlich, S. (2019, 04 26). China's Belt and Road forum: does Africa need new funding options? Retrieved from Deutsche Welle: <https://www.dw.com/en/chinas-belt-and-road-forum-does-africa-need-new-funding-options/a-48502797>.

¹⁴ Ubi, E. N. (2019, 06 18). How Africa can benefit from China's Belt and Road Initiative. Retrieved from Financial Nigeria: <http://www.financialnigeria.com/how-africa-can-benefit-from-china-s-belt-and-road-initiative-blog-449.html>.

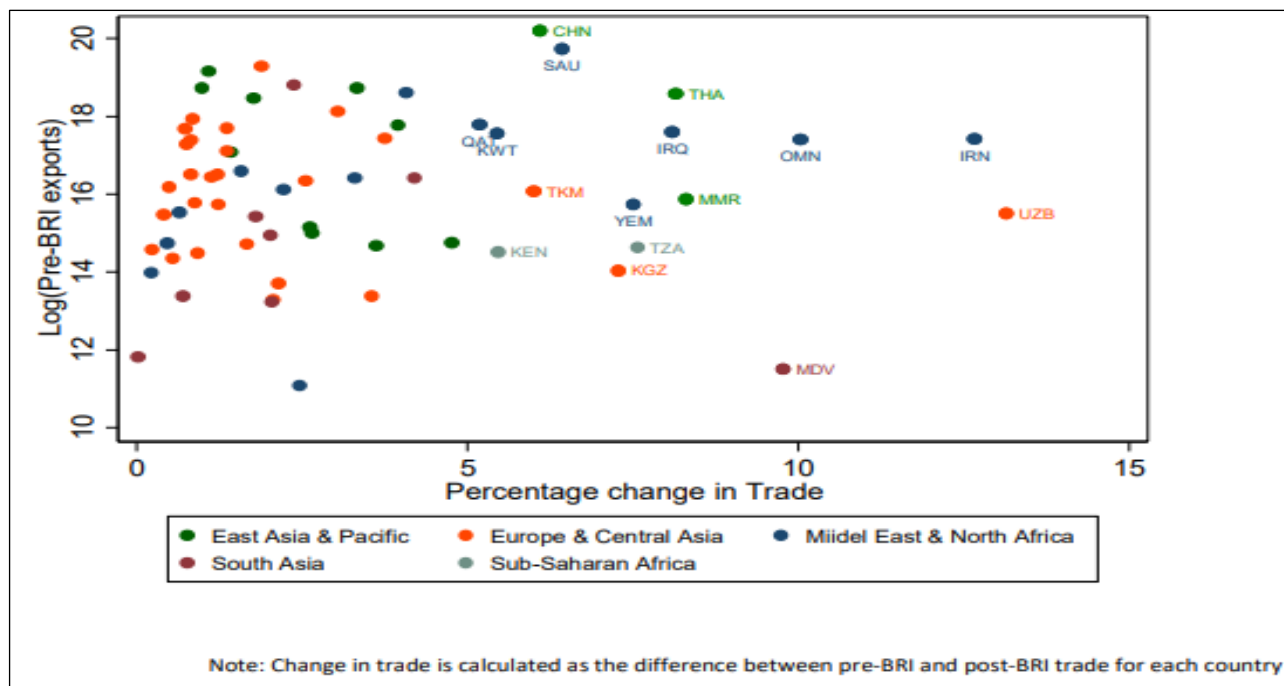
¹⁵ Farid, T., Khan, M., Sandano, I., & Pratt, C. (2018). China's Belt and Road Initiative: A Global Model for an Evolving Approach to Sustainable Regional Development. *Sustainability*, 10(11), 1-20.

¹⁶ Baniya, S., Rohca, N., & Ruta, M. (2019). Trade Effects of the New Silk Road: A Gravity Analysis. Policy Research Working Paper 8694. Retrieved from <http://documents.worldbank.org/curated/en/623141547127268639/pdf/Trade-Effects-of-the-New-Silk-Road-A-Gravity-Analysis.pdf>.

¹⁷ Ibid.

translates into significant reductions in trade costs. It is estimated that implementing all BRI transport infrastructure projects will reduce aggregate trade costs between 1.1 per cent and 2.2 per cent globally. For BRI economies, the change in trade costs will range between 1.5 per cent and 2.8 per cent. Arab countries are expected to witness a trade cost reduction of between 1 per cent and 3 per cent, depending on their location and degree of participation in the Initiative. As for shipping times, trade cost gains vary widely across country pairs, with East Asia and the Pacific and South Asia recording the largest average reductions, with more reduction along corridors.¹⁸

Figure 1. Change in total exports by country



Source: Baniya, S., Rohca, N., & Ruta, M. (2019). Trade Effects of the New Silk Road: A Gravity Analysis. Policy Research Working Paper 8694.

Note: Change in trade is calculated as the difference between pre-BRI and post-BRI trade for each country.

II. BELT AND ROAD INITIATIVE AND THE ARAB REGION

8. The ancient Silk Road went through the Arab region. The new Chinese Initiative, however, seems to steer clear of the Arab region, as none of the current six BRI corridors officially include any Arab countries. This is surprising since Arab countries are important to Chinese trade. For example, China imports 40 per cent of its oil from Arab countries.¹⁹ Nevertheless, Arab countries are seeking to integrate themselves into the Initiative. China has signed documents on BRI cooperation with Egypt, Iraq, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, the Sudan and Tunisia. It has also signed documents on industrial capacity cooperation with Algeria, Egypt, Saudi Arabia, the Sudan and the United Arab Emirates.

¹⁸ Kunaka, C. (2018, 10 04). Six corridors of integration: Connectivity along the overland corridors of the Belt and Road Initiative. Retrieved from World Bank Blogs: <https://blogs.worldbank.org/trade/six-corridors-integration-connectivity-along-overland-corridors-belt-and-road-initiative>.

¹⁹ Rakhmat, M. Z. (2019, 03 12). The Belt and Road Initiative in the Gulf: Building "Oil Roads" to Prosperity. Retrieved from Middle East Institute: <https://www.mei.edu/publications/belt-and-road-initiative-gulf-building-oil-roads-prosperity>.

9. The Initiative will probably affect regional power dynamics. The China-Central-West-Asia Economic Corridor may pose challenges for Gulf Cooperation Council (GCC) countries, as it allows Iran to become a transport and logistics hub in addition to its energy supply power. The China-Pakistan Economic Corridor may be a key corridor for GCC countries because the Gwadar port could accelerate trading of Gulf oil to China, but it would also constitute an alternative to Arab ports thus shift international trade away from the region.²⁰

10. Overall, however, the Initiative has resulted in vital positive economic developments for GCC countries. In 2016 Chinese direct investment in Arab countries reached \$29.5 billion.²¹ In 2017, China signed construction contracts worth \$33 billion, and Chinese-Arab trade totalled \$191 billion – four times higher than in 2004.²²

11. Since the start of the Initiative in 2013, Chinese investments in Egypt have risen by 55 per cent,²³ especially in the form of massive infrastructure enhancement. Since 1998, a Chinese firm has been building the Suez Canal Economic Zone (within Egypt).²⁴ For the period 2015-2019, investments into the Zone will amount to \$1 billion.²⁵ The Zone will provide opportunities for many businesses within the area, triggering a rise in investment, sales, imports and exports.²⁶ In March 2019, the Zone was fully integrated into the Belt and Road Initiative.²⁷ At the second BRI Forum in April 2019, a memorandum of understanding was signed to develop the second phase of the TEDA industrial zone within the Suez Canal Economic Zone. This deal is expected to provide at least 25,000 jobs and attract Chinese investments totalling \$5 billion.²⁸

12. Furthermore, the Chinese Government is planning to build a highway that will connect the new Silk Road to Iraq, Lebanon and the Syrian Arab Republic. Investments in Iraq involve mainly the gas and oil sector. China is clearly expanding its oil networks, and Iraq remains one of its main import origins.²⁹ President Xi Jinping has announced a \$20 billion loan for reconstructing Lebanon, Jordan and the Syrian Arab Republic.³⁰

²⁰ Fulton, J. (2017, 10 17). The G.C.C. Countries and China's Belt and Road Initiative (BRI): Curbing Their Enthusiasm? Retrieved from Middle East Institute: <https://www.mei.edu/publications/gcc-countries-and-chinas-belt-and-road-initiative-bri-curbing-their-enthusiasm>.

²¹ Middle East Monitor. (2017, 07 24). China is largest foreign investor in Middle East. Retrieved from Middle East Monitor: <https://www.middleeastmonitor.com/20170724-china-is-largest-foreign-investor-in-middle-east/>.

²² Jinping, X. (2018, 07 10). Keynote Speech, CASCF, 8th Ministerial Meeting. Retrieved from YouTube: https://www.youtube.com/channel/UCgrNz-aDmer2uuto8_DL2jg.

²³ El Tawil, N. (2019, 04 27). Why Egypt is significant to Belt and Road Initiative. Retrieved from <https://www.egypttoday.com/Article/2/68862/Why-Egypt-is-significant-to-Belt-and-Road-Initiative>.

²⁴ TEDA Suez. (2016). TEDA, a City Building Expert from China. Retrieved from <http://www.setc-zone.com/system/2017/05/15/011261383.shtml>.

²⁵ El Tawil, N. (2019, 04 27). Why Egypt is significant to Belt and Road Initiative.

²⁶ Fouly, M. (2018, 09 01). China's investment in Suez Canal zone tells success story of economic partnership. Retrieved from Xinhua: http://www.xinhuanet.com/english/2018-09/01/c_137436109.htm.

²⁷ Xinhua. (2019, 03 20). Egypt's Suez Canal economic zone integrates with China's BRI: minister. Retrieved from http://www.xinhuanet.com/english/2019-03/20/c_137908213.htm.

²⁸ Al- Youm, A. M. (2019, 04 28). China to invest US\$5 billion in Egypt's Suez Canal Economic Zone. Retrieved from Egypt Independent: <https://egyptindependent.com/china-to-invest-us5-billion-in-egypts-suez-canal-economic-zone/>.

²⁹ OEC. (2017). Where does China import Crude Petroleum from. Retrieved from Observatory of Economic Complexity: https://oec.world/en/visualize/tree_map/hs92/import/chn/show/2709/2017/.

³⁰ Jinping, X. (2018, 07 10). Keynote Speech, CASCF, 8th Ministerial Meeting. Retrieved from YouTube: https://www.youtube.com/channel/UCgrNz-aDmer2uuto8_DL2jg.

Lebanon is an important gateway for China to rebuild the Syrian Arab Republic;³¹ it has therefore invested in the port of Tripoli to enhance its container capacity.

13. China and Kuwait signed the Memorandum of Understanding on the Development and Construction Cooperation of the Hareer City and Five Islands.³² Moreover, the Silk Road Fund co-finances the National Fibre Optic Broadband Network Project of Oman.³³ Saudi Arabia also signed a memorandum of understanding with China regarding the Landbridge project, a railway linking the western and eastern coasts to connect Red Sea and the Arabian Gulf ports.³⁴ Since 2017, the Industrial Capacity Cooperation Demonstration Zone and the Belt and Road Logistics and Trade Complex are being developed in the United Arab Emirates in collaboration with China.³⁵ This has resulted in 15 companies confirming framework agreements, with investments totalling \$884 million.³⁶ The Chinese environmental department jointly launched the BRI International Green Development Coalition with 25 countries, including the United Arab Emirates. Furthermore, major financial institutions from China and the United Arab Emirates have signed up to the Green Investment Principles for Belt and Road Development.³⁷

14. The question of whether open and easier trade routes could potentially benefit the Arab region is pertinent. On the one hand, many Arab countries are still underdeveloped and weakly connected to the world, hence strengthening infrastructure and links to a global connectivity project would undoubtedly benefit their economies in the long run. On the other hand, the possibility of Arab countries participating in such an important Initiative is highly dependent on the decisions of the project's management and on their perception of how the region could serve the Initiative – Arab countries have little power to influence such decisions. Nevertheless, many Arab countries are rallying and competing among themselves to be part of the Initiative owing to its economic benefits and trading opportunities. Nonetheless, no regional role is envisaged to date.

15. A study by RAND Europe³⁸ estimates the impact of strengthening connectivity under the Initiative. The postulation in this scenario is that there are rail networks in all BRI areas, and that maritime costs decrease by 20 per cent. The simulation illustrates that there is a large increase in exports in the West Asia region and Egypt, with a 10 per cent increase in trade. The North African countries of Algeria, Mauritania and Tunisia display a -2.5-0 per cent change. The countries that do not indicate an alteration are Libya, the State of Palestine, the Syrian Arab Republic and Yemen, possibly owing to ongoing conflicts.

³¹ Xinhua. (2019, 03 20). Egypt's Suez Canal economic zone integrates with China's BRI: minister. Retrieved from http://www.xinhuanet.com/english/2019-03/20/c_137908213.htm.

³² The Second Belt and Road Forum. (2019b, 04 27). List of Deliverables of the Second Belt and Road Forum for International Cooperation. Retrieved from <http://www.beltandroadforum.org/english/n100/2019/0427/c36-1312.html>.

³³ Silk Road Fund. (2018, 11 07). Silk Road Fund entered into a Participation Agreement with Asian Infrastructure Investment Bank (AIIB) for Oman's national fiber optic broadband network project. Retrieved from <http://www.silkroadfund.com.cn/enwap/27389/27391/37556/index.html>.

³⁴ Saudi Gazette. (2018, 10 23). Three multi-billion dollar railway deals inked. Retrieved from <http://saudigazette.com.sa/article/546339>.

³⁵ The Second Belt and Road Forum. (2019b, 04 27). List of Deliverables of the Second Belt and Road Forum for International Cooperation.

³⁶ China Daily. (2019, 02 13). China-UAE Industrial Capacity Cooperation Demonstration Zone. Retrieved from China Daily: <http://govt.chinadaily.com.cn/a/201902/13/WS5c63c755498e27e33803839e.html>.

³⁷ The Second Belt and Road Forum. (2019b, 04 27). List of Deliverables of the Second Belt and Road Forum for International Cooperation.

³⁸ Hui Lu and others, *China Belt and Road Initiative: Measuring the Impact of Improving Transport Connectivity on International Trade in the Region - A Proof-of-Concept Study*, Cambridge, RAND, 2018.

16. The study also forecasts that strengthening infrastructure would increase total exports by 2-5 per cent in most of the West Asia region and Egypt, and by over 5 per cent in Iraq alone. Algeria, Mauritania and Tunisia display a -2.5-0 per cent change, as above. The countries that do not indicate an alteration are again Libya, the State of Palestine, the Syrian Arab Republic and Yemen. Consequently, the study concludes that connectivity has more of an impact than infrastructure in the Arab region.

III. ENERGY AND ARAB COUNTRIES

17. Figure 2 illustrates the timeline of BRI activities related to the Arab region. Energy is the backbone of the GCC-China affiliation. China is the largest importer of products associated with energy, and the MENA region is the largest exporter.³⁹ Other cooperation arrangements include investment growth, but it does not encourage deep unification between China and GCC countries.

18. In 2017, China imported around 8.4 million cylinders of oil per day, including 3.9 million from GCC countries. Saudi Arabia was the biggest exporter, followed by Iraq, Oman, Iran, Kuwait and the United Arab Emirates.⁴⁰ Similarly, in 2016, Qatar was the largest exporter of natural liquefied gas.⁴¹ However, China bears many costs from its relationship with the region. For example, an increase in transport prices has forced Chinese firms to stop transporting goods to war-torn economies, such as the Syrian Arab Republic and some places in Iraq.⁴² To reduce reliance on the MENA region, China will continue exploring ways to acquire its resources from beyond the region, including through the Central-Asia-Russia-China pipeline that is being discussed.⁴³

19. Demand for energy is gradually decreasing owing to increased environmental restrictions, larger energy competence, and technology. Conversely, the share of renewable energy has increased in the energy market. For this reason, oil-producing countries must find a way to maintain China as their main energy importer, and they must diversify their economies.

20. China started the Belt and Road Energy Partnership (BREP) with 17 countries, including Iraq, Kuwait and the Sudan. BREP promotes policy exchanges, technology exchange platforms, and bilateral and multilateral project cooperation in the energy sector, including by convening biennial energy ministerial conferences, and conducting personnel training and capacity-building.⁴⁴

³⁹ OEC. (2017). Where does China import Crude Petroleum from?

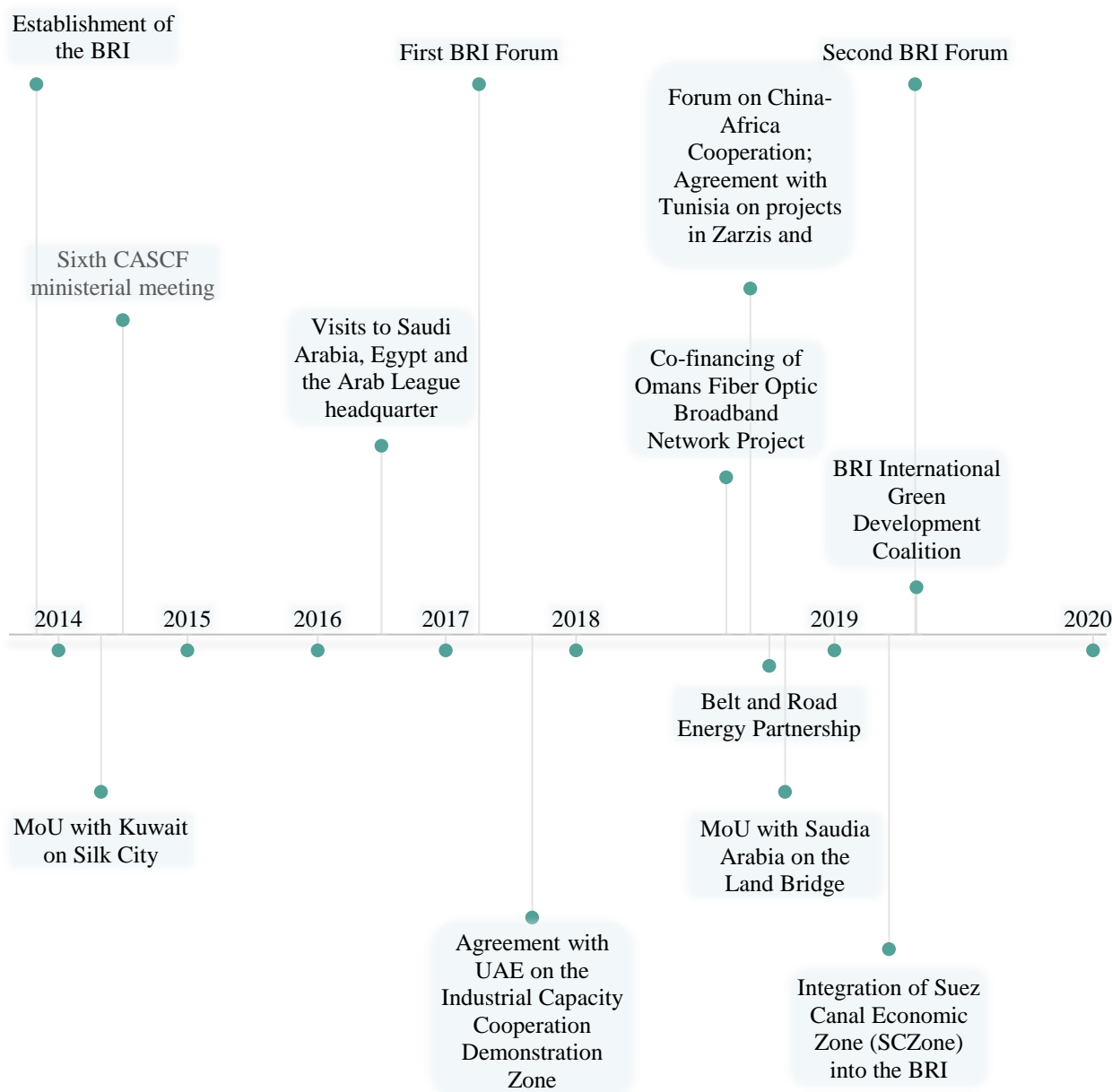
⁴⁰ Fulton, J., & Qian, X. (2017). China-Gulf Economic Relationship under the “Belt and Road” Initiative. *Asian Journal of Middle Eastern and Islamic Studies*, 11.

⁴¹ Davis, C. (2019, 04 02). Qatar Continues Prepping for Massive LNG Export Expansion. Retrieved from Natural Gas Intel: <https://www.naturalgasintel.com/articles/117908-qatar-continues-prepping-for-massive-lng-export-expansion>.

⁴² Nasser, S. & Prasad, A. (2018). Trends in trade and investment. MENA-OECD Working Group on Investment and Trade. Retrieved from <http://www.oecd.org/mena/competitiveness/WGTI2018-Trends-Trade-Investment-Policies-MENA-Nasser-Saidi.pdf>.

⁴³ Kunaka, C. (2018, 10 04). Six corridors of integration: Connectivity along the overland corridors of the Belt and Road Initiative. Retrieved from World Bank Blogs: <https://blogs.worldbank.org/trade/six-corridors-integration-connectivity-along-overland-corridors-belt-and-road-initiative>.

⁴⁴ Belt and Road Energy Cooperation. (2019, 04 25). Cooperation Principles and Concrete Actions of the Belt and Road Energy Partnership. Retrieved from <https://bremc.obor.nea.gov.cn/showOneNews?nd=17>.

Figure 2. Timeline of BRI activities related to the Arab region

Source: Developed by ESCWA.

IV. BELT AND ROAD INITIATIVE AND OTHER REGIONS

21. Southeast Asian countries have signed up to several agreements and infrastructure projects under the Initiative, including the Accounting Standards Cooperation Mechanism⁴⁵ and heavy railway, road and port construction projects in Cambodia, Indonesia and Malaysia.⁴⁶ Overall, BRI projects in ASEAN countries

⁴⁵ Parameswaran, P. (2019, 05 15). Southeast Asia and China's Belt and Road Initiative. The Diplomat. Retrieved from <https://thediplomat.com/2019/05/southeast-asia-and-chinas-belt-and-road-initiative/>.

⁴⁶ Yan, J. (2018). The Belt and Road Initiative in Southeast Asia. LSE IDEAS-CARI Special Report, 4-9. Retrieved from <http://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-China-SEA-BRI.pdf>.

amounted to over \$739 billion between 2013 and 2018.⁴⁷ Southern Asian countries are profiting foremost from the China-Pakistan Economic Corridor, with its \$62 billion investments in highways, industrial parks and energy projects since 2013. Within the Bangladesh-China-India-Myanmar Economic Corridor, China is developing three railways, three highways and a bridge in Bangladesh worth \$10 billion. The Chinese long-term vision is the construction of a China-Pakistan-India-Iran-Afghanistan-Kazakhstan Corridor.⁴⁸

22. Central Asia plays a key role in the New Eurasian Land Bridge Economic Corridor. China has invested in infrastructure, especially railways, to move containers from China to Europe in less than two weeks.⁴⁹ In 2018, three railroad connections and a highway were completed under the Initiative, and another highway connecting three countries is planned.⁵⁰ In the Caucasus, China has focused on connecting itself to Azerbaijani gas and oil wealth through shipping lanes and the BKT rail route bypassing Russia.⁵¹

23. On the African continent, Chinese investments are estimated at around \$5 billion per year.⁵² These infrastructure projects target energy, roads, railways and ports, including an important 500 km- long road in Kenya and four new railways in Angola, Ethiopia, Kenya and Nigeria. China pledged another \$60 billion to African countries at the Forum on China-Africa Cooperation in 2018, including concessional loans and grants. Moreover, the Chinese Government established a \$10 billion special fund for development financing.⁵³

24. Russia wants further integration of its Eurasian Economic Union with the Belt and Road Initiative, but it also fears Chinese power, especially in the far east of Russia.⁵⁴ The two countries established a \$10 billion China-Russia RMB Investment Cooperation Fund to finance Russian projects under the Initiative,⁵⁵ including the largest liquefied natural gas project in the Arctic.⁵⁶

25. European countries are divided on whether to join the Initiative. Many are sceptical about ‘debt-trap diplomacy’, which could potentially lead to Chinese influence over their internal affairs, but also to potential gains through trade, investment and infrastructure.⁵⁷ Nevertheless, Chinese foreign direct investment totalled €35 billion in 2016, compared with €1 billion in 2008. China is investing in a \$1 billion railway line between

⁴⁷ Vineles, P. (2019, 07 13). Making the Belt and Road work for Southeast Asia. East Asia Forum. Retrieved from <https://www.eastasiaforum.org/2019/07/13/making-the-belt-and-road-work-for-southeast-asia/>.

⁴⁸ Singh, A. G. (2019, 03 02). China’s Vision for the Belt and Road in South Asia. Retrieved from The Diplomat: <https://thediplomat.com/2019/03/chinas-vision-for-the-belt-and-road-in-south-asia/>.

⁴⁹ Russell, M. (2019). Connectivity in Central Asia Reconnecting the Silk Road. European Parliamentary Research Service. Retrieved from [http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/637891/EPRS_BRI\(2019\)637891_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/637891/EPRS_BRI(2019)637891_EN.pdf).

⁵⁰ Hashimova, U. (2018, 08 13). Why Central Asia Is Betting on China’s Belt and Road. Retrieved from The Diplomat: <https://thediplomat.com/2018/08/why-central-asia-is-betting-on-chinas-belt-and-road/>.

⁵¹ Devonshire- Ellis, C. (2018, 06 27). Baku, the City to Watch as China’s Belt and Road Divides the Caucasus. Retrieved from Silk Road Briefing: <https://www.silkroadbriefing.com/news/2018/06/27/baku-city-watch-chinas-belt-road-divides-caucasus/>.

⁵² Foster, V., Butterfield, W., Chen, C., & Pushak, N. (2008). Building Bridges: Retrieved from China’s Growing Role as Infrastructure Financier for Sub-Saharan Africa: <http://siteresources.worldbank.org/NEWS/Resources/FinalExecsummaryEnglish.pdf>.

⁵³ Ubi, E. N. (2019, 06 18). How Africa can benefit from China’s Belt and Road Initiative. Retrieved from Financial Nigeria: <http://www.financialnigeria.com/how-africa-can-benefit-from-china-s-belt-and-road-initiative-blog-449.html>.

⁵⁴ Schubert, J. (2019, 08 06). Russia & China’s positioning within Belt & Road. Retrieved from Belt and Road News: <https://www.beltandroad.news/2019/08/06/russia-chinas-positioning-within-belt-road/>.

⁵⁵ Russia Briefing. (2017, 07 19). Russia Agrees to Significant Silk Road Projects with China. Retrieved from Russia Briefing: <https://www.russia-briefing.com/news/russia-agrees-significant-silk-road-projects-china.html/>.

⁵⁶ China Daily. (2019, 05 02). Belt and Road projects: past, present and future. Retrieved from The Telegraph: <https://www.telegraph.co.uk/china-watch/business/belt-road-projects-list/>.

⁵⁷ Zeneli, V. (2019, 04 03). Italy Signs on to Belt and Road Initiative: EU-China Relations at Crossroads? Retrieved from The Diplomat: <https://thediplomat.com/2019/04/italy-signs-on-to-belt-and-road-initiative-eu-china-relations-at-crossroads/>.

Hungary and Serbia, the Piraeus port in Greece, and a highway in Montenegro.⁵⁸ In March 2019, Italy was the first G7 country to join the Initiative.⁵⁹

26. The largest opponent of the Chinese Belt and Road Initiative is the United States of America, which is creating an alternative, namely the International Development Finance Corporation, starting in October 2019 in collaboration with Australia and Japan.⁶⁰ Nevertheless, some American firms are engaging in BRI-related projects, like Honeywell International and General Electric.⁶¹ Although Canada is not participating in the Initiative, it has joined the Asian Infrastructure Investment Bank,⁶² and Canadian companies are getting involved with environmental protection around the BRI area.⁶³

V. POSITION OF THE UNITED NATIONS

27. The United Nations recognizes China for its vital role in multilateralism and international cooperation. The Chinese-led Belt and Road Initiative offers an additional framework to contribute to the formation of a more prosperous and equitable world for all, and thereby help achieve the Sustainable Development Goals (SDGs) by 2030. The five pillars of the Belt and Road Initiative are substantially linked to the 17 SDGs. For example, the Initiative helps close significant financing gaps for achieving the SDGs, as the developing world is in need of about \$ 1 trillion in infrastructure investments.⁶⁴

28. Furthermore, the Initiative provides an instrument where green principles can be transformed into green action, the opportunity to establish a new generation of people-centred and resilient transit systems and cities, and energy that promotes sustainability and low emissions. Countries not only lack physical bridges and roads to connect people and markets, they also need a clean and low-carbon energy future. The United Nations is ready to support the harmonization of the Belt and Road Initiative with the SDGs, to share knowledge, and to help the world fully exploit the opportunities of this enormous Initiative for maximal sustainable development gains. Consequently, the United Nations is ready to support member States in governance and capacity-building, and in accomplishing a sustainable integration of BRI projects in their societies and economies, in conformity with national development programmes anchored in the 2030 Agenda for Sustainable Development.⁶⁵

29. Several United Nations agencies are already involved in the Initiative. For example, the United Nations Development Programme, the United Nations Framework Convention on Climate Change and the United Nations Economic Commission for Europe assist the Initiative in becoming cleaner, and support BRI countries

⁵⁸ Brattberg, E., & Soula, E. (2018, 10 19). Europe's Emerging Approach to China's Belt and Road Initiative. Retrieved from Carnegie Endowment for international peace: <https://carnegieendowment.org/2018/10/19/europe-s-emerging-approach-to-china-s-belt-and-road-initiative-pub-77536>.

⁵⁹ Mitchell, C. (2019, 03 29). Italy joins China's Belt and Road Initiative. Retrieved from Aljazeera: <https://www.aljazeera.com/news/2019/03/italy-joins-china-belt-road-initiative-190321170015949.html>.

⁶⁰ Belt and Road News. (2019, 05 15). US Challenges China's Belt & Road. Retrieved from Belt and Road News: <https://www.beltandroad.news/2019/05/15/us-challenges-chinas-belt-road/>.

⁶¹ Tiankai, C. (2019, 04 23). Why the U.S. Shouldn't Sit Out the Belt and Road Initiative. Retrieved from Fortune: <https://fortune.com/2019/04/23/us-china-belt-and-road-initiative/>.

⁶² Herald, C. (2019, 05 25). Opinion: What China's Belt and Road Initiative could mean to Alberta. Retrieved from Calgary Herald: <https://calgaryherald.com/opinion/columnists/opinion-what-chinas-belt-and-road-initiative-means-to-alberta-oil-and-gas>.

⁶³ Li, N. (2017, 06 14). Belt and Road close to Canada, figuratively. Retrieved from China Daily: http://usa.chinadaily.com.cn/world/2017-06/14/content_29731128.htm.

⁶⁴ United Nations Secretary-General. (2019a, 04 26). Secretary-General's remarks at the opening ceremony of the Belt and Road Forum for International Cooperation. Retrieved 08 05, 2019, from <https://www.un.org/sg/en/content/sg/statement/2019-04-26/secretary-generals-remarks-the-opening-ceremony-of-the-belt-and-road-forum-for-international-cooperation>.

⁶⁵ Ibid.

in achieving the SDGs.⁶⁶ Specific United Nations institutions provide information, cooperation and policy research platforms for several topics, such as the Economic and Social Commission on the Asia and the Pacific region,⁶⁷ the United Nations Industrial Development Organization on facilitating trade and infrastructure development,⁶⁸ UN Habitat on reconstruction, regeneration and urban planning,⁶⁹ the World Tourism Organization on marketing and tourism route development, and the United Nations Children’s Fund on programme design and production with special emphasis on children along the Belt and Road.⁷⁰ Moreover, other United Nations institutions support individual initiatives. For example, the United Nations Office for South-South Cooperation is supporting the South-South Cooperation/Belt and Road-Nurturing Youth Leadership for Agricultural Development in Africa programme.⁷¹ UNESCO is also collaborating with China to develop technical and vocational education and skills training for BRI countries.⁷² Other United Nations agencies, including the International Labour Organization, The Economic Commission for Africa, the World Health Organization and the International Telecommunication Union have also signed memorandums of understanding with China under the Initiative.

VI. CONCLUSION

30. The question of whether the Arab region can influence the decision on its engagement in the Belt and Road Initiative is pertinent. China seems to have a clear plan for the Initiative and the areas it should pass through, and is unlikely to change it based on what countries can offer. In other words, the plan is there and there is nothing that can be done to influence China to change the direction of its Initiative to engage more Arab countries. However, it is possible that bringing more efficiency, capital and providing some incentives could motivate China to include the region in its plans and expand a corridor to it. The question will remain open and the answer is rather political. China has declared several times, including in its Arab policy paper, that it aims to enhance partnerships with Arab countries not only in trade but also in investment and other areas.

31. In all cases, the Arab world needs to prove itself a reliable trading and investment partner. The region therefore needs to show more integration, stability and solidarity to be a reliable hub for the Initiative.

⁶⁶ UNDP. (2019, 08 22). Belt and Road Initiative. Retrieved from UNDP:

<http://www.cn.undp.org/content/china/en/home/belt-and-road.html>; UNECE. (2017, 05 14).

MEMORANDUM OF UNDERSTANDING. Retrieved from UNECE:

https://www.unece.org/fileadmin/DAM/MoU_between_UNECE_the_NDRC_in_China_2017-05-14.pdf;

UNFCCC. (2017, 11 11). Belt & Road Green Development Partnership. Retrieved from UNFCCC:

<https://unfccc.int/sites/default/files/resource/Press%20Release-Green%20Development%20Under%20the%20BRI-Phusing%20Forward%20the%20Global%20Implementation%20of%20the%20Paris%20Agreement-20171108.pdf>.

⁶⁷ UNESCAP. (2019, 04 25). Statement at the Thematic Forum of Green Silk Road of the 2nd Belt and Road Forum for International Cooperation. Retrieved from UNESCAP: <https://www.unescap.org/speeches/statement-thematic-forum-green-silk-road-2nd-belt-and-road-forum-international-cooperation>.

⁶⁸ UNIDO. (2019, 04 25). UNIDO further engages with the Belt and Road Initiative. Retrieved from UNIDO: <https://www.unido.org/news/unido-further-engages-belt-and-road-initiative>.

⁶⁹ UN-Habitat. (2019, 04 25). On official mission to China, Ms. Sharif gets warm reception. Retrieved from <https://unhabitat.org/on-official-mission-to-china-ms-sharif-gets-warm-reception/>: <https://unhabitat.org/on-official-mission-to-china-ms-sharif-gets-warm-reception/>.

⁷⁰ UNICEF. (2018, 06 13). Belt & Road Initiative and 2030 Agenda for Sustainable Development. Retrieved from UNICEF: <https://www.unicef.org/press-releases/henrietta-fore-unicef-executive-director-high-level-symposium-belt-road-initiative>; Belt & Road News. (2019, 05 31). UN Agency eyes BRI Cooperation with China in the Middle East.

⁷¹ UNWTO. (2019). Objectives. Retrieved from UNWTO: <http://silkroad.unwto.org/content/objectives>.

⁷² UNESCO-UNEVOC. (2018, 06 01). UNESCO participates at the 2018 BRI International Conference on TVET. Retrieved from UNESCO- UNEVOC: <https://unevoc.unesco.org/go.php?q=Belt+Road+Initiative+Conference+on+TVET+2018>.

32. Another prerequisite could be the creation of sound regional value chains and participation in global value chains, to become indispensable to China not only as a source of energy but also as a source of manufactured goods and advanced services.

33. It is becoming clear that the importance of the Arab region's strategic location is diminishing with ongoing developments. The region's importance as a source of energy is also retracting owing to the rise of alternative sources of energy. It is therefore important that the region enhances its relevance, not by relying on natural endowments but by providing more efficient and sophisticated services that increase its value as a hub for international trade.

34. It should be clear that participation in the Initiative will not have only positive results. Some negative consequences can result from such engagement. Sound assessment of the pros and cons of participation should precede any decision to engage, at least to consider the cost and how to mitigate any possible negative impact and maximize the possible positive impact. A clear assessment of the impact of the project on the Arab region needs to be done at the regional level. ESCWA is in a good position to undertake such an assessment in the coming period.
