

# **Dalian Maple Leaf International school**

## **Zhou Enlai Class**



Project research about Silk Road

## **How does Silk Road Impact the World Trade**

Grade 10, Zhou Enlai Class

Group 2

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August, 2017

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## **Introduction**

Katherine Wang

Throughout the history, the Silk Road has been closely-related with trade. In ancient time lasting for hundreds of years from Han Dynasty, the Silk Road was a channel of exchanging commodities among alongside countries. Along the long road, which winded from Chang'an to Rome, a variety of traders in all social positions promoted trade in their own ways. Because of the Silk Road, during the trade, the mean of exchange-money, was spread further away. Various products with alongside countries' features were exported and imported, and China's four great inventions also brought big business opportunities to the whole world. While in modern time, since many European and American countries implemented trade protection policies, the development of the import and export trade of China and the alongside countries has been hindered. With "The Belt and Road Initiative" strategy, which is put forward by President Xi and conducted in 2013, Silk Road again promoted trade by resources output, win-win cooperation and encouraging the improvement in stability of the economy. In comparison with the ancient Silk Road, the trading goods, the relationship between the traders, and the mode of transportation as well as the trading communication have all made a difference. Meanwhile, both the Modern Silk Road and the Ancient silk road have all had significant impact on the world trade in a variety of ways.

# Chapter one Ancient Silk Road

## Section 1 Where

Leo Liu

Silk Road covers from Chang'an to the Ancient Rome which is about 7,000 kilometers long.



*A photo of the ancient Silk Road.*

As you can see, the Silk Road covers the south part of Europe, most part of Asia and the north part of Africa. It works as a bridge between the Pacific Ocean and the Atlantic Ocean. Also it surrounds the Mediterranean, which forms a circle. The two greatest countries at that time, the ancient Rome and China were connected. The trade between these two countries also had a great influence on the countries in the mid-Asia. With a large area that it covers, Silk Road connects half of the world together, which means much more goods are involved in the trade. Varied items keep the trade active and diverse. Also goods can spread to farther places where more trade can be conducted.

## **Section 2 Who**

Victoria Ruan

The Western Han Dynasty is considered as the most prosperous period of the trade contacts on the Silk Road. More and more people had the opportunities to purchase and sell the various goods. Turfan was one of the most important pivots on the Silk Road, so many residents of Turfan called Sogdians had become the core of the Silk Road merchants. There was a small group of Sogdian merchants who worked full-time as traders. They were literally called “xingshenghushang”(興生胡商), which was abbreviated to xinghu.(1) These merchants played an important role in the trade of the Silk Road.

## **Section 3 How**

Victoria Ruan

Trade along the Silk Road was conducted using a combination of barter and monetary exchange.

At the beginning of the Western Han Dynasty( 206 B.C.-A.D.24), silk was exported in huge quantities from China and was regarded as a type of currency for trade.(2) The merchants used silk to exchange different kinds of goods, including spices, gold, silver, thread, and ammonium chloride. Unlike the real money, silk had a very constant value, so it wouldn't be depreciated easily. Therefore, the use of the silk stabilized the business transaction on the silk road.

However, due to the perishable property and the inconvenience of carrying, coins gradually replaced the silk. The two major currencies of the Silk Road, the silver *drachm* of Sasanian Iran and the gold *solidus* of the East Roman or Byzantine empire, were struck (stamped) from precious metals. Because their metal was never debased nor their weight reduced, they were ideal for transnational trade.(3)

Through the trade on the Silk Road, the currency circulation and the connection among the different communities had strengthened.

## Section 4 What

Leo Liu

The four greatest inventions were spread to the west by Silk Road.

- **1.4.1 paper and printing.** Paper was invented in 105 A.C ( two hundred years after Silk Road was pioneered). Firstly, paper was spread to Kazakhstan by Silk Road. Then through the war around 751 A.C, Arab people had paper. During the next 500 years, paper was spread westward little by little. In 13th century, paper was spread to Europe.

After China's printing was invented, it gradually spread to foreign countries. First, it goes to all Southeast Asian countries, and then through Iran, Egypt and Europe by the Silk Road. This was quite twists and took about 800 years. After this two technique spreading to the west, European literature flourished. A new, good book or we call the printed matter, was started to trade. Thanks to the Silk Road, paper and

printing can be spread easily and led to a boom time of literature trade in Europe. They also made a contribution to the Renaissance

- **1.4.2 Compass.** Compass has the same experience like the paper. They first spread to Arab and then to Europe at around twelfth century. A researcher, Pan Jixing thinks that the compass of China gave a huge impact to the compass of Europe after a long research. Compass greatly contributed to the European maritime industry, which made a great contribution to the future global sailing, thus enabling some European countries to trade at sea.
- **1.4.3 fireworks.** Fireworks also spread westward by the Silk Road and the Arab people in the 12th century. However, Indians also made a contribution to the spreading of it. Thanks to the help of the first firework that spread to the west, many scientists could invent more kinds of fireworks, like Nobel. With fireworks, people could build more roads to make their trade more convenient. Fireworks can also help industry grow to make the economy better.

Items	Paper	Printing	Compass	Fireworks
How did they spread	Arab->Europe Silk Road	Silk road	Arab->Europe Silk Road	Arab->Europe Silk Road
When	12th century	15th century	13th century	13th century to the Arab
The function to trade	Literature, Renaissance		Maritime	Industry

## **Chapter two Modern Silk Road**

### **Section 1 the Silk Road and output resources**

James Lin

#### **2.1.1 The output of the overcapacity**

Firstly, there is a surplus of capital. China now has \$4 trillion in foreign exchange reserves, which is the highest in the world. These large sums of money can be invested in these developing countries and can provide technology and manpower to boost their economic growth.

Secondly, the excess capacity, China's massive infrastructure construction era has passed. Resources like steel, cement are overabundant, while "The Belt And Road Initiative" countries just need these resources. Third, China has a strong technical experience in infrastructure construction. China is the world's most capable country for infrastructure construction. Most "The Belt and Road Initiative" countries are poor. China railway construction is vigorous, which connects the transportation and trades among the countries.

#### **2.1.2 Send talent with high-tech knowledge**

The rail is the tool that connects the China with the neighborhood countries which are joined in the "The Belt and Road Initiative" cooperation. As a result, sending experts is indispensable. They should help them to establish the system of high-speed rail and train the standard drivers. The plenty of relevant technical personnel will be dispatched out of China to help the related countries to develop the new rail systems.



## **Section 2 the Silk Road and the win-win cooperation**

James Lin

### **2.2.1 Ensure the profit maximization among countries**

In terms of mutual benefit, the export of capital can boost the economic development of these countries, and China can also benefit greatly. The output of excess capacity, such as steel, cement and coal, could accelerate the infrastructure of these poor countries by providing jobs for more people and solve China's unemployment problem. The vigorous railway development can increase China's exports and foreign imports to achieve mutual benefit. Moreover, railway transportation is faster and cheaper than sea transportation, and the transportation time is greatly reduced.

### **2.2.2 Promote environmental-friendly development**

"The Belt and Road Initiative" is a national strategy. China's excess capacity is looking for endless opportunities. China is the world's largest manufacturer, with very strict standard in environmental protection. Whether it is Russia or Southeast Asia, South Asia and the Middle East, the environmental protection industry lags behind China and the market space is broader.

For instance, 2017, August 7, learns from Sichuan jun and the environmental protection LTD. The company will invest \$205 million, of the republic of bashkortostan Joe coleStan in Russia to build an annual output of 2 million tons of new dry process cement production line.

This course of action does not only benefit the interests of the win-win cooperation, but has optimized the ecological environment of the countries along the belt and road as well.

### **Section 3: The modern Silk Road and the improvement in stability of the economy.**

Katherine Wang

In the recent scheme, President Xi has stated the keynote of the development of China's economy, which is "the improvement in stability". In the whole background, the modern Silk Road also coordinates with the keynote and has made great contribution to China's economic development.

#### **2.3.1**

First of all, the modern Silk Road has promoted the internationalization of the RMB. With China's expanding range of trading, RMB is more and more commonly used in the international markets. It enables more neighborhood countries to use RMB in settlement instead of the US dollar. As a result, it reduces the degree of nations' dependence on the US dollar and thus enhances the resistance of international financial crisis and risks, which in other words ensures the steady development of the world's economy. Moreover, along with the development of the RMB exchange and settlement business, more countries are about to reserve a larger amount of RMB. This helps to enlarge the capital market of RMB, and has great potential in making big profits.

### 2.3.2

Secondly, the modern Silk Road provides opportunities for alongside countries to make more financial profits during import and export as well as the win-win cooperation. As mentioned in 1 and 2 above, the alongside countries not only export their commodities but also exchange their resources. By the end of the first quarter of 2016, China's export to the alongside countries such as Russia, Pakistan, Poland, Kazakhstan, and India has respectively increased by 37%, 18.7%, 19%, 69.3% and 27.7%. In particular, the tally of import and export in March was 2314.2 billion yuan, which is 24.2% higher than last year's. From the data, it can be clearly concluded that much more profits are made both for China and for the alongside countries, which is just a reflection and an outcome of the trade prosperity and the economic boom in the modern Silk Road.

### 2.3.3

Lastly, the development of the modern Silk Road results in the setting up of the International World Bank. On 16<sup>th</sup> November in Djibouti, as a response to China's "One Belt One Road" conception, the International World Bank was set up together by some Chinese companies with the support of the Djibouti government. This is a groundbreaking milestone of the world's economy, as it is not only an effective technique to tackle the depreciation of the currency, but also it forms a new bank business pattern. Before the establishment of the International World Bank, a conducted survey shows that a pretty renowned Chinese Company suffered approximately 1.8 billion yuan interest loss in the mid-Asia merely due to the depreciation of the currency. Chinese companies invested with US dollars or RMB but



meanwhile received the local currency, what made the matter even worse was that US dollars are out of the currency circulation in many small-scale foreign markets. All these posed great risks to the decreasing of the value of money, which also prevented many international companies from engaging in the trade actively and gradually led to the economic recession. However, the International World Bank has already improved this situation by altering the US dollar dominated settlement structure into a brand-new structure. By following this new structure, the companies can get the money transfers timely, which reduces the financial risks. Moreover, all countries' currencies are allowed in the settlement. Therefore, it not only benefits the Chinese companies by ensuring their profits but also it is welcomed by a large number of European enterprises. In the future, the Silk Road may even achieve its larger potential as being a role model for the construction of the world bank business.

All aspects included, the Silk Road has promoted the improvements in stability of the World's economy. By promoting the internationalization of the RMB, a steady economic environment is created. In the great environment, the chances of making financial profits are developed, and the International World Bank is also set up and has wonderful prospects for influencing the world's economy. I am looking forward to the future economy with the contribution of the Silk Road.

## Chapter 3 compare & contrast

Leo Liu & Victoria Ruan

Both the ancient and the modern Silk Road are two bright stars that shine the human history. They have made such great impact on the global trade.

Items	Ancient Silk Road	Modern Silk Road
Transportation of the trade	manpower, animal power, ships	Railway, airway, road and cars
Area that it covers	Asia, Europe, north of Africa 	More area 
Goods that we trade	Silk, spices, gold, silver, thread, ammonium chloride	Natural resources , Industry product ,
Relationship	Only exchange goods	Win-win cooperations, bank, Help each other.
Communications	Letters which take up long time	Technology communications, Internet

First, transport changed a lot. In the ancient time, traders could only use manpower or animal power. These are inconvenient ways, which takes a long time. Now, we can use various ways to transport, such as railway, airway, road and cars. These convenient ways make trade easier.

Second, the modern Silk Road has a bigger area than the ancient one. That means more trade can be conducted. Thus trade can be various.

Third, the goods we trade are being more advanced, which vary from the simple hand-made product to the industry product.

Fourth, we now have a better relationship with the traders. In the ancient time, people only exchanged things. Now we have a closer relationship. We are more globalized.

Fifth, communications became better and better. Compared with the past, communications is becoming more and more convenient. That means trade is also becoming easier. In a few seconds, we are able to finish the trade.

In general, Silk Road is becoming more and more modernized, which can not only trading by ground transportation, but also can trade through the navigation. It shows that China's technology has been changed dye-in-the-wood. The modern strategy "The Belt and Road Initiative" is based on the ancient one. Although the present ways of communications is totally different from the ancient one, China is still re-traveling the ancient routes to the neighborhood countries. Therefore, the ancient Silk Road established a solid foundation for future generations to follow its trading track.

## **Chapter 4 conclusion**

James Lin

In conclusion, our group annotates the Silk Road by separating into two parts, which are the ancient one and the modern one. We analyze the background information, the main trades, the output of resources and economic affects. For over two thousand years, Silk Road has played an extremely important role in the world trade. In ancient time, international trade was formed by the Silk Road. People started to exchange things with people from other countries. People's life became much more colorful. However, this kind of trade only remained among people, not countries. On the other hand, during the modern Silk Road, we not only transport things but also form a close fellowship. The trades bring a high speed development to the countries and banks are set up to enlarge the trade. The "Belt And Road Initiative" is not a solo show for China. This strategy needs the participating neighborhood countries to cooperate with China together. Silk road is not just a road, also a way to connect the whole world to make China more prosperous and prestigious.

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