

# **2017 Asia Economic Forum on “The One-Belt One-Road Initiative: Impact and Implications”**

**Mr K. Shanmugam**

**Minister for Home Affairs and Minister for Law, Singapore**

# **OBOR in the context of...**

- 1. Geopolitical trends**
- 2. History**
- 3. Current international situation**

# CONTEXT: (1) GEOPOLITICAL TRENDS

# What are the trends?



1. The rise of China
2. Change of relative power between America and China

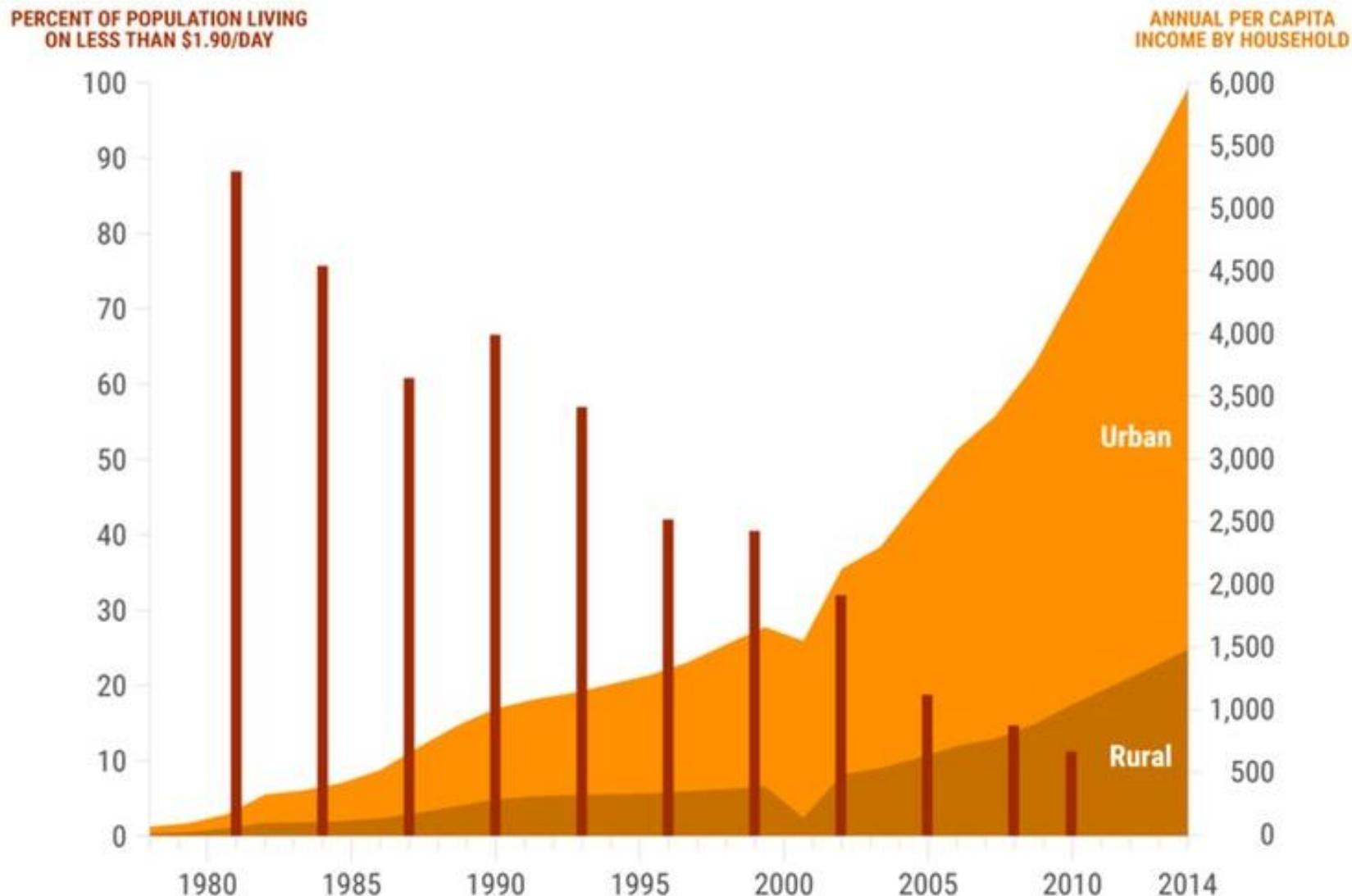
“It is quite untenable to speak in terms of the “containment” of China. China with a population of 1.3 billion people is determined to progress in all fields and take its rightful place in the community of nations. It will succeed in that. Its people are bright and technologically savvy. The country and its people are not going to be contained.

From Singapore’s perspective, the relationship between the US and China is not a zero-sum game. The rise of China does not imply the decline of the US. Competition between both countries can take place within a stable framework, with both countries playing a constructive role in world and regional affairs.”

– Minister K Shanmugam,

*Speech at The Center for Strategic and International Studies Singapore Conference,  
8 February 2012*

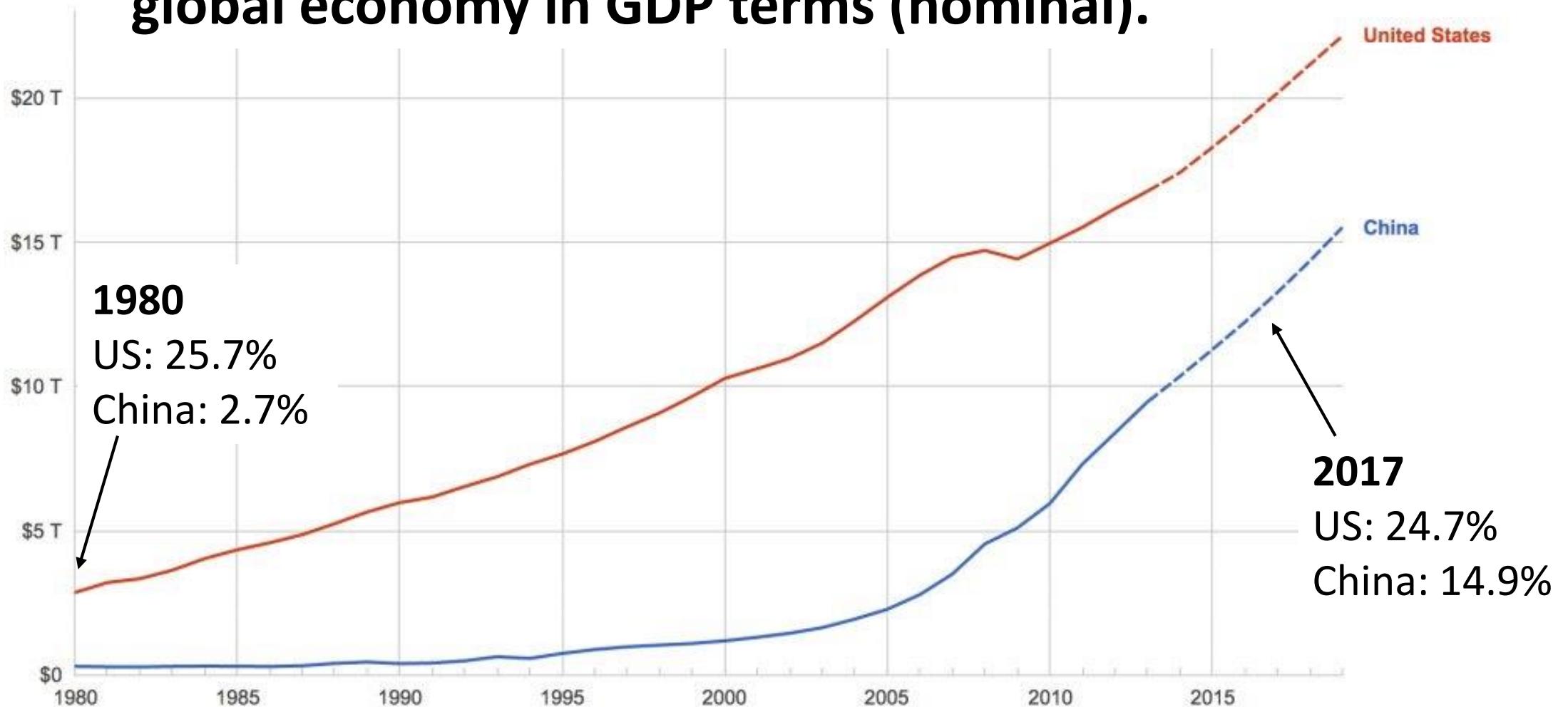
# Income and poverty in China



Note: Daily income is 2011 PPP; Yearly income is per capita disposable income of urban households and per capita net income of rural households; current USD.  
Sources: World Bank, China Statistical Yearbook 2015 (compiled by the National Bureau of Statistics of China) and GPF calculations

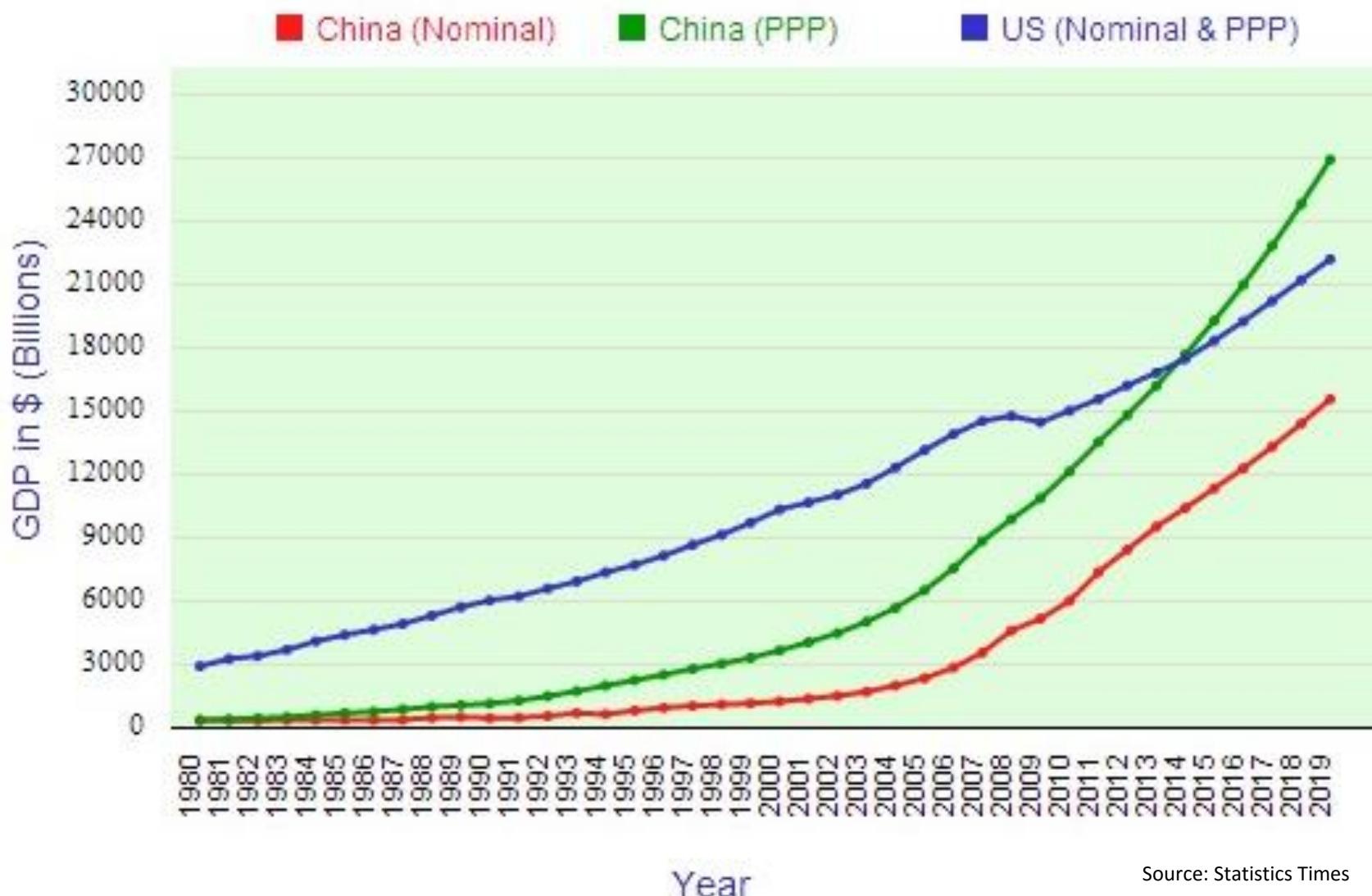
Source: Geopolitical Futures, 2016

**China and the US make up about 40% of the global economy in GDP terms (nominal).**



Source: Business Insider, 2014  
and World Bank data

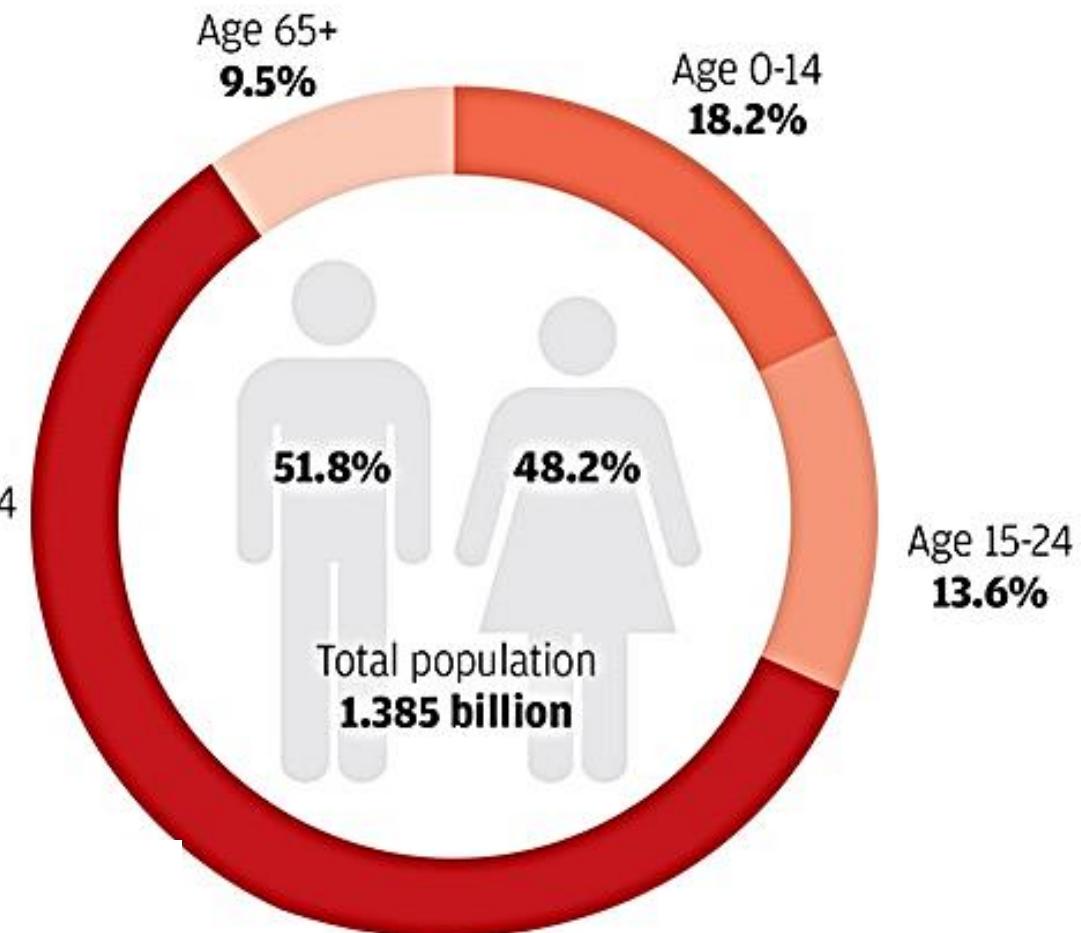
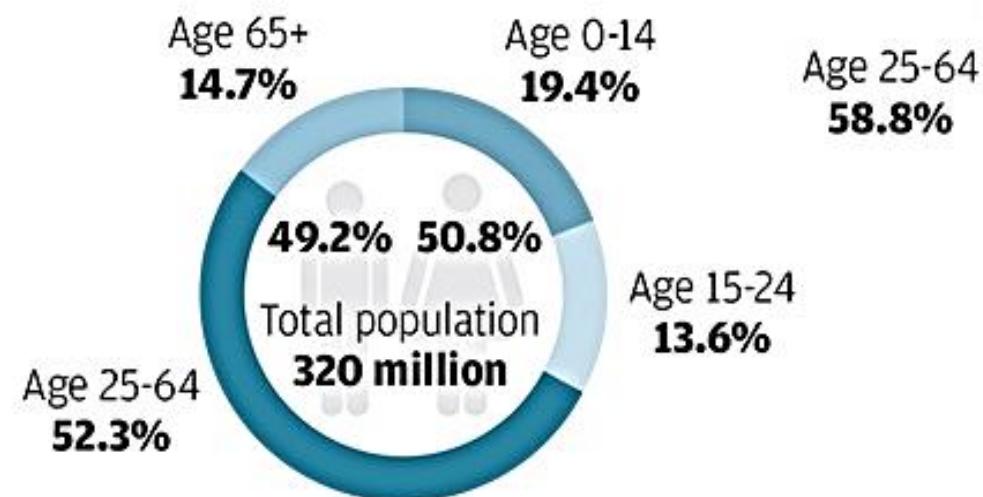
# China has overtaken the US in GDP (PPP).



**China's rate of GDP growth is about double that of the US – albeit from a lower level.**

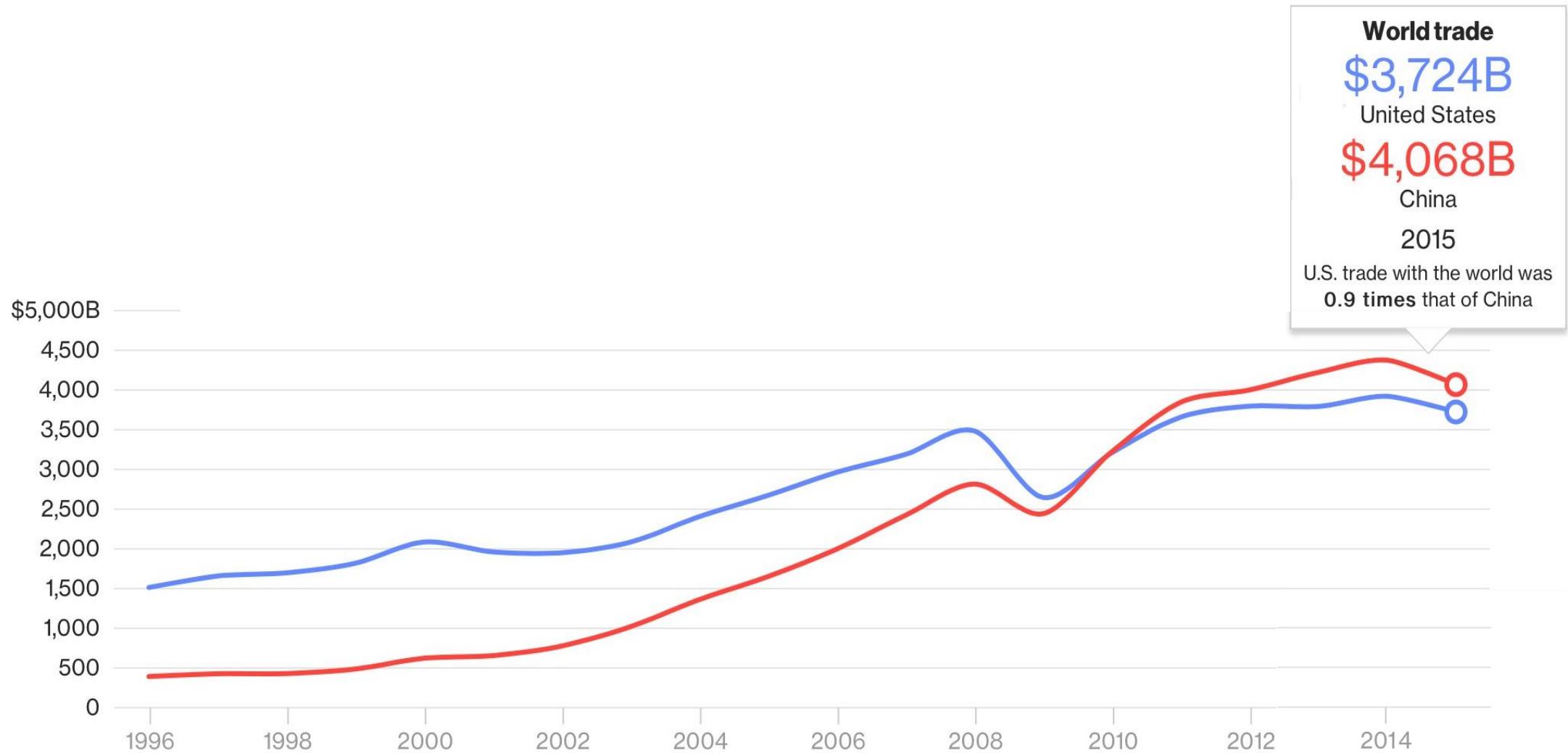


# China's population is four times that of the US.



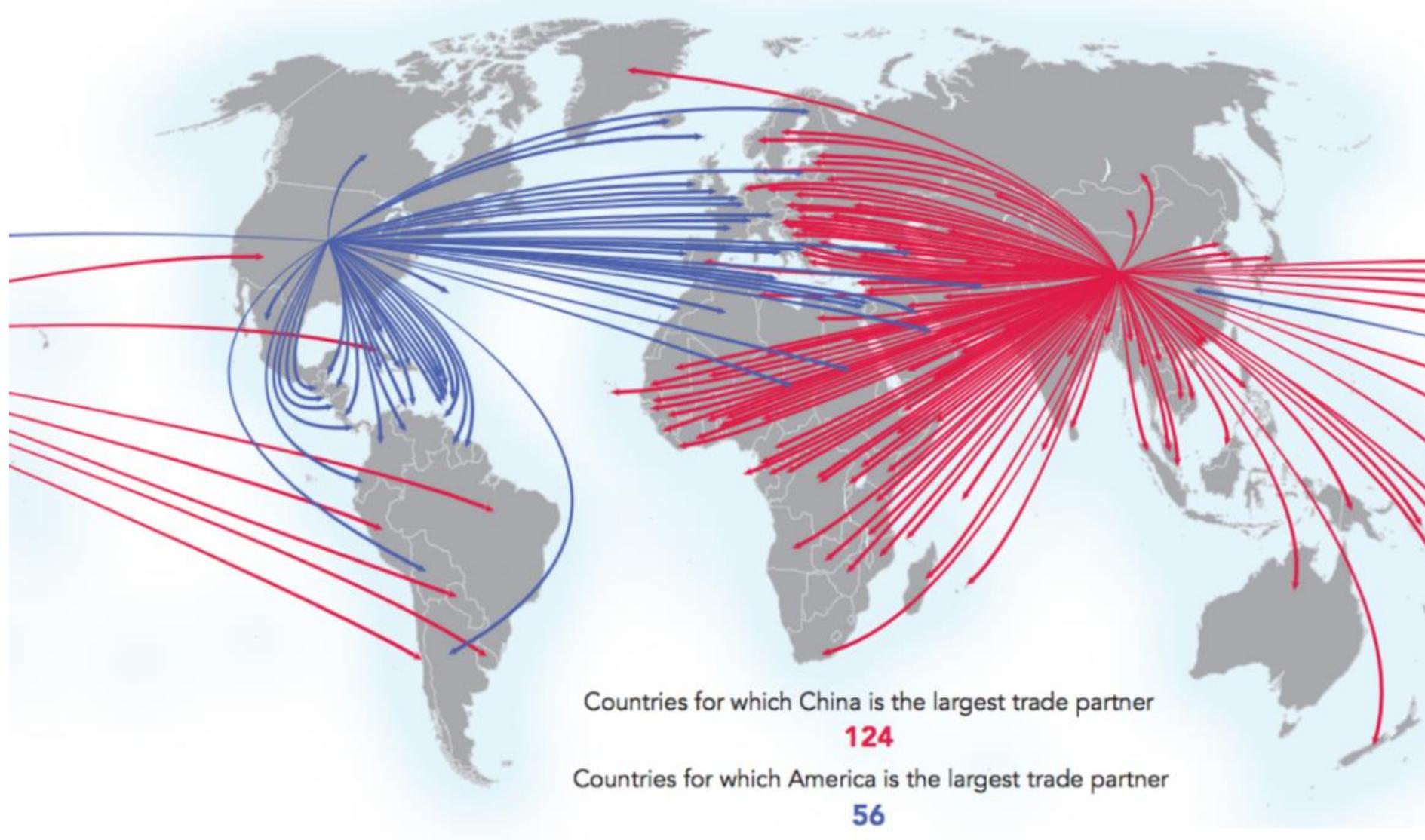
Source: South China Morning Post, 2015

# China is the world's largest trading nation.



Source: Bloomberg, 2016

# China is the largest trading partner for most countries.



Source: Parag Khanna, *Connectography*, 2016

# US anger at Britain joining Chinese-led investment bank AIIB

US statement says of UK membership that it is 'worried about a trend of constant accommodation' of China, in a rare public breach in the special relationship

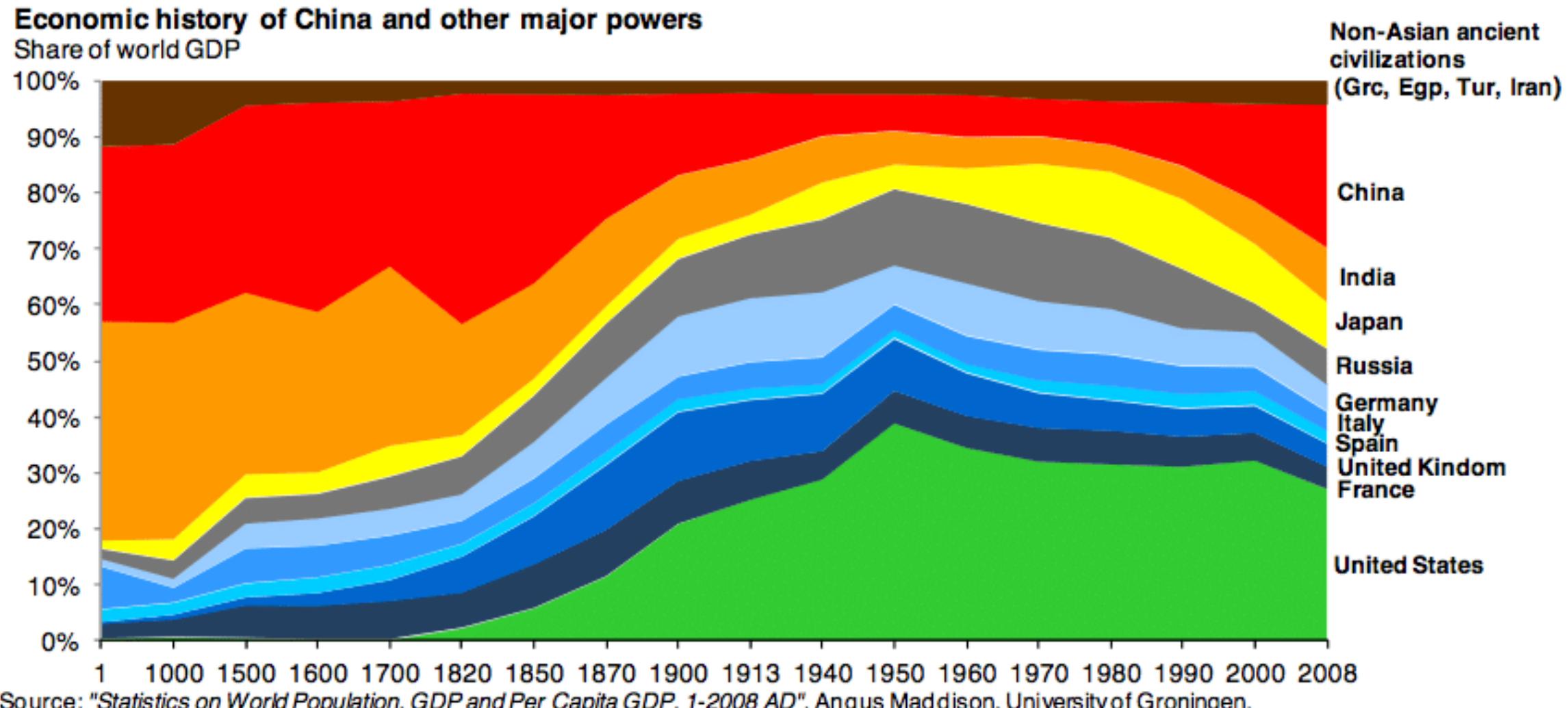


 George Osborne on a 2013 trade visit to China. The chancellor has been a keen backer of closer economic ties.  
Photograph: Rex Features

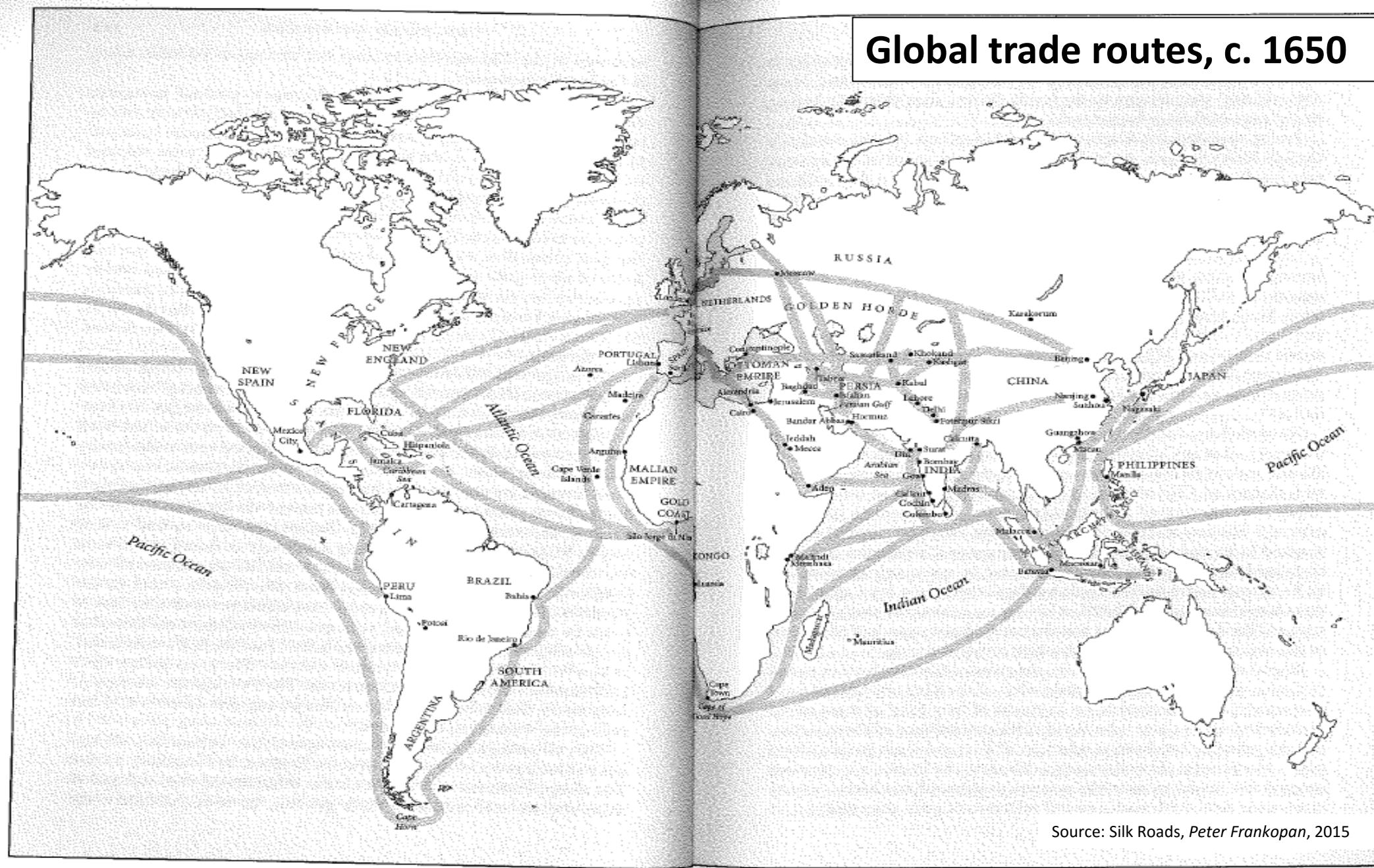
Source: The Guardian, 2015

## **CONTEXT: (2) HISTORY**

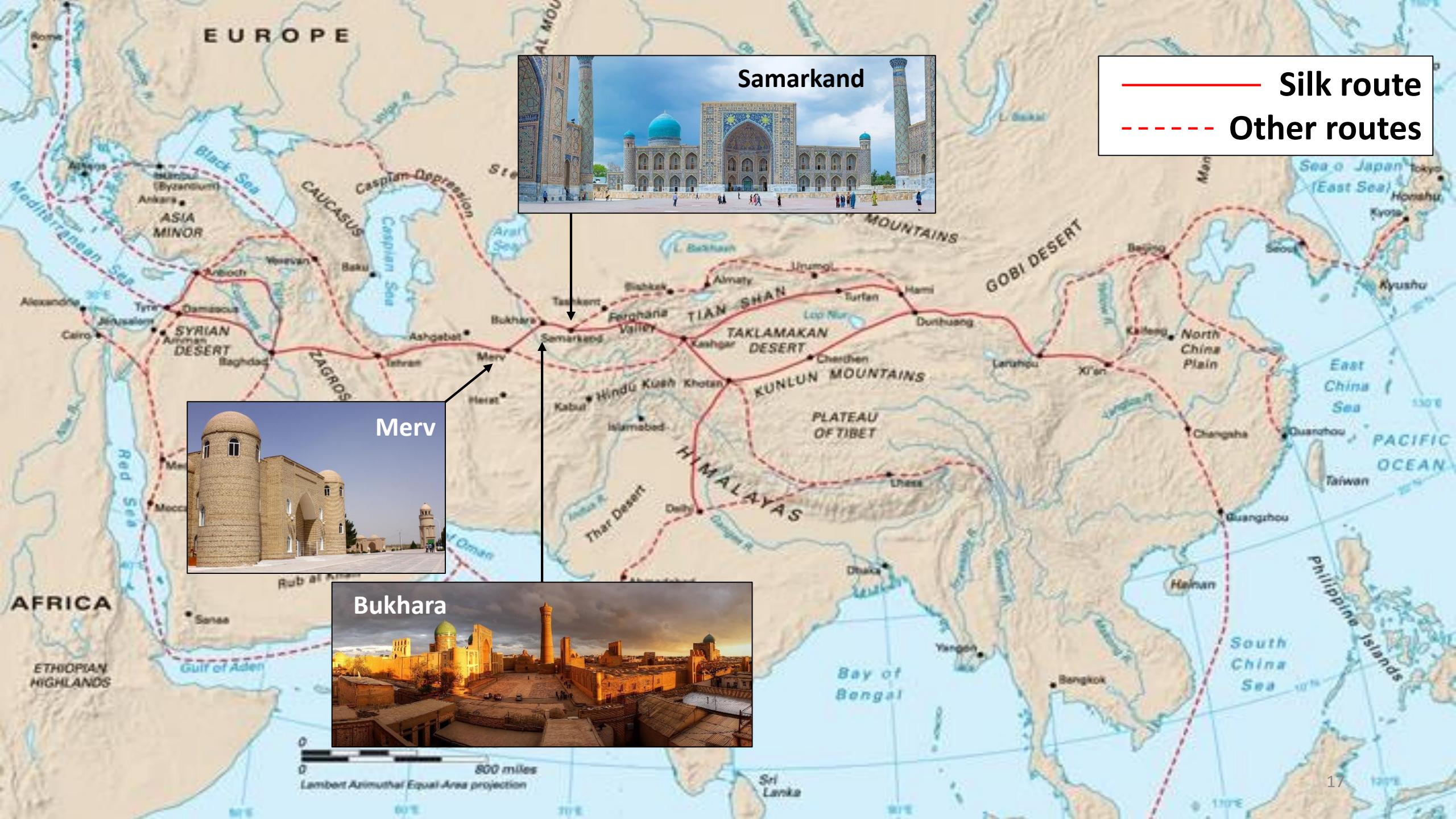
# The Silk Route was the lifeline of world trade in the past.



# Global trade routes, c. 1650



Source: Silk Roads, Peter Frankopan, 2015



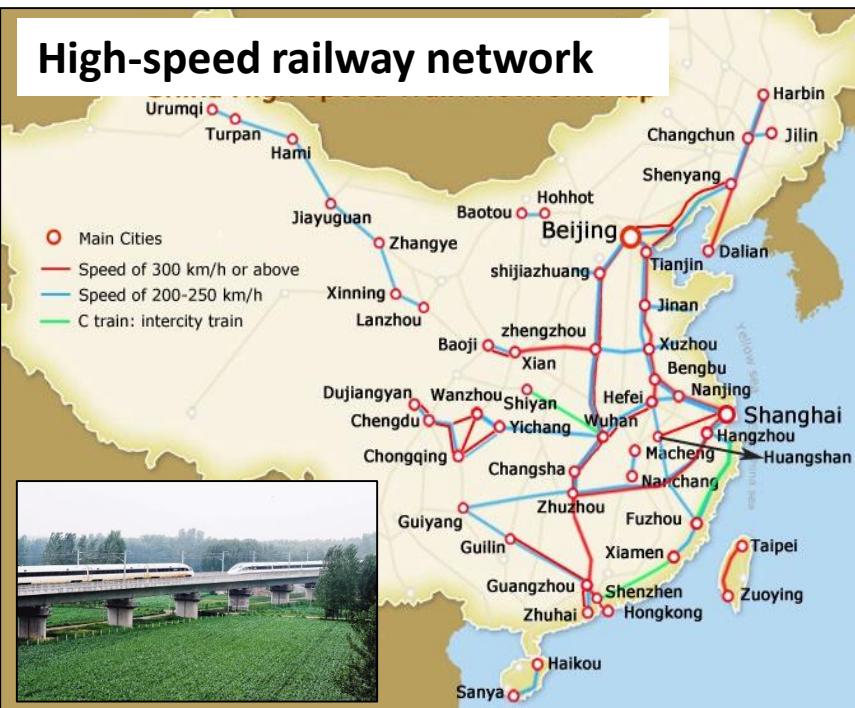
## Qinghai-Tibet Permafrost Railway



## Three Gorges Dam



## High-speed railway network



## Drawing of the HK-Zhuhai-Macau Bridge



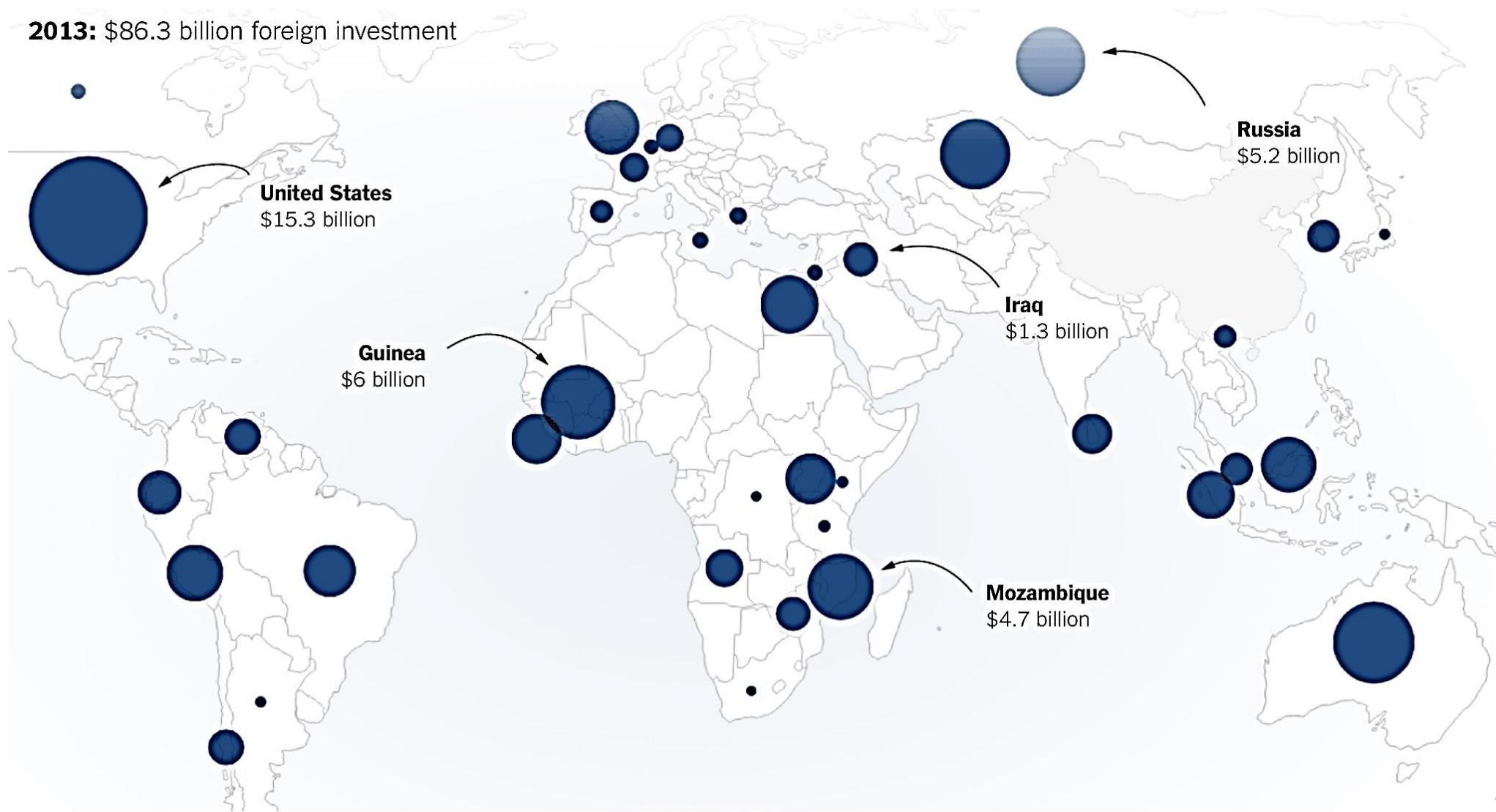
## Three Gorges Dam ship lift

## **CONTEXT: (3) CURRENT INTERNATIONAL SITUATION**

## **Three developments that will impact geopolitical trends**

1. China's strategic economic engagement
2. China's ability to bring together its resources and focus relentlessly on the desired outcome
3. Possible redefining of America's interests

# China's foreign investment outflows in 2013



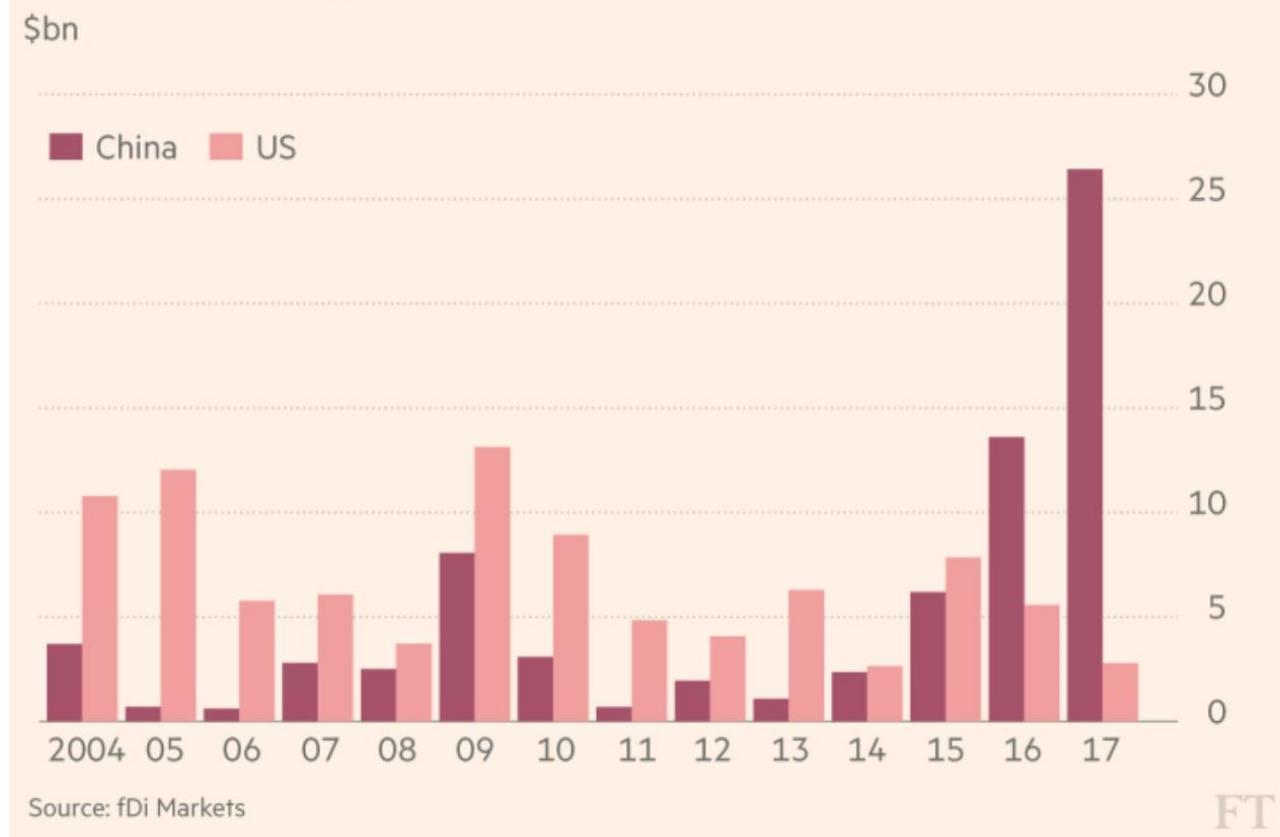
Source: The World According to China, *The New York Times*.



# China's FDI in Africa



Greenfield foreign direct investment into Africa



Source: Financial Times, 2017

# President Xi Jinping pledges to revamp China's sweeping anti-corruption campaign

PUBLISHED : Wednesday, 13 January, 2016, 12:07am

UPDATED : Wednesday, 13 January, 2016, 12:07am

COMMENTS:

5



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Cary Huang

President Xi Jinping (習近平) called yesterday for a revamp of the Communist Party's approach to fighting corruption, while vowing to continue with the highly-publicised campaign.

Source: South China Morning Post, Jan 2016

# China's spike in births will not alleviate its ageing problem

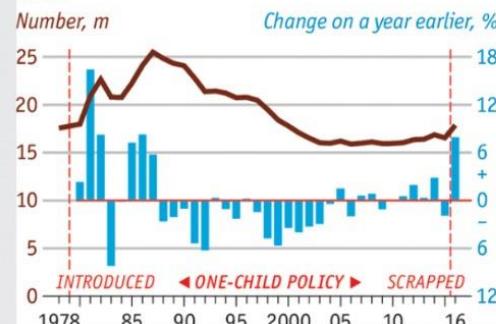
*China's spike in births will not alleviate its ageing problem*

## Nappy valley

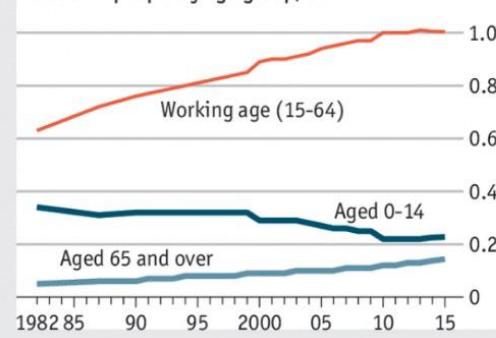
China

Births

Number, m

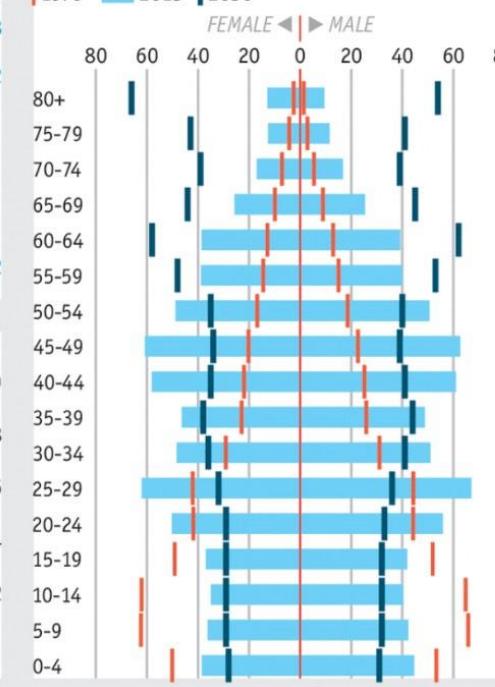


Number of people by age group, bn



Number of people by age group, m

1979 2015 2050



Economist.com

Source: The Economist, Jan 2017

# Innovation

Business

## Sales jump at Huawei's UK arm

JIM ARMITAGE | Monday 8 May 2017 11:51 | [2 comments](#)



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The Evening Standard



Huawei Technologies UK saw its revenues leap 30% last year *Chris McGrath / Getty*

**Huawei Technologies UK, the Chinese telecoms behemoth running swathes of Britain's broadband infrastructure, saw its revenues leap 30% to more than £900 million last year.**

“In the UK we broke through into the market not as we had in other countries – through budget devices – but through the premium tier of devices. Our biggest seller in the UK is the P9, so the UK is a special market, so it must have a special strategy... I think if you can be number one in China, in the most competitive devices market in the world, we can have the confidence of success elsewhere as well.”

*– Huawei UK Consumer Business Group MD James Jie, interview with Mobile Today in 2017*

Source: London Evening Standard

# China uses a quantum satellite to transmit potentially unhackable data

- China has demonstrated way to send data over long distances which is potentially unhackable.
- It relies on "quantum cryptography" and a satellite sending data via photons from space to earth.
- The implications could be huge for cybersecurity, making businesses safer, but also making it more difficult for governments to hack into communication.

Arjun Kharpal | @ArjunKharpal

Published 4:58 AM ET Thu, 10 Aug 2017 | Updated 8:55 AM ET Thu, 10 Aug 2017



Source (top): CNBC, 2017

Source (right): BBC, 2017

## China's quantum satellite in big leap

By Roland Pease  
BBC Radio Science Unit

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GETTY IMAGES

Micius went up from the Jiuquan Satellite Launch Centre in China's north west

The term "spy satellite" has taken on a new meaning with the successful test of a novel Chinese spacecraft.

“America First signals the restoration of American leadership and our government’s traditional role overseas – to use the diplomatic, economic and military resources of the US to enhance American security, promote American prosperity, and extend American influence around the world.”

– *General McMaster, US National Security Advisor*

“The times when we could completely count on others, they are over to a certain extent. I have experienced this in the last few days.

And that is why I can only say that we Europeans must really take our fate into our own hands, of course in friendship with the United States, in friendship with Great Britain and as good neighbours wherever that is possible, also with other countries, even with Russia.

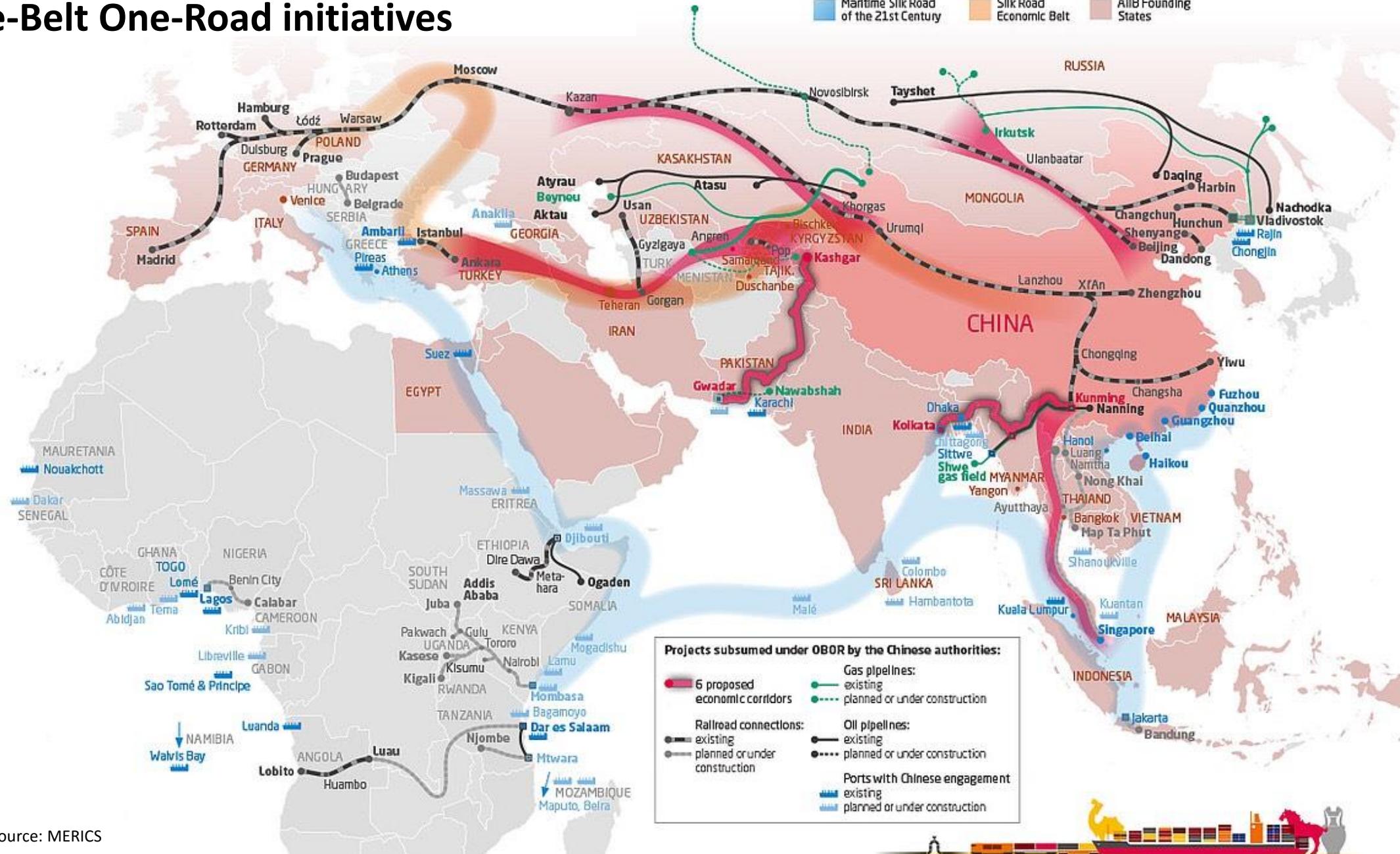
But we have to know that we must fight for our future on our own, for our destiny as Europeans, and that's what I want to do together with you.”

– Angela Merkel, German Chancellor



**One-Belt One-Road**

# One-Belt One-Road initiatives



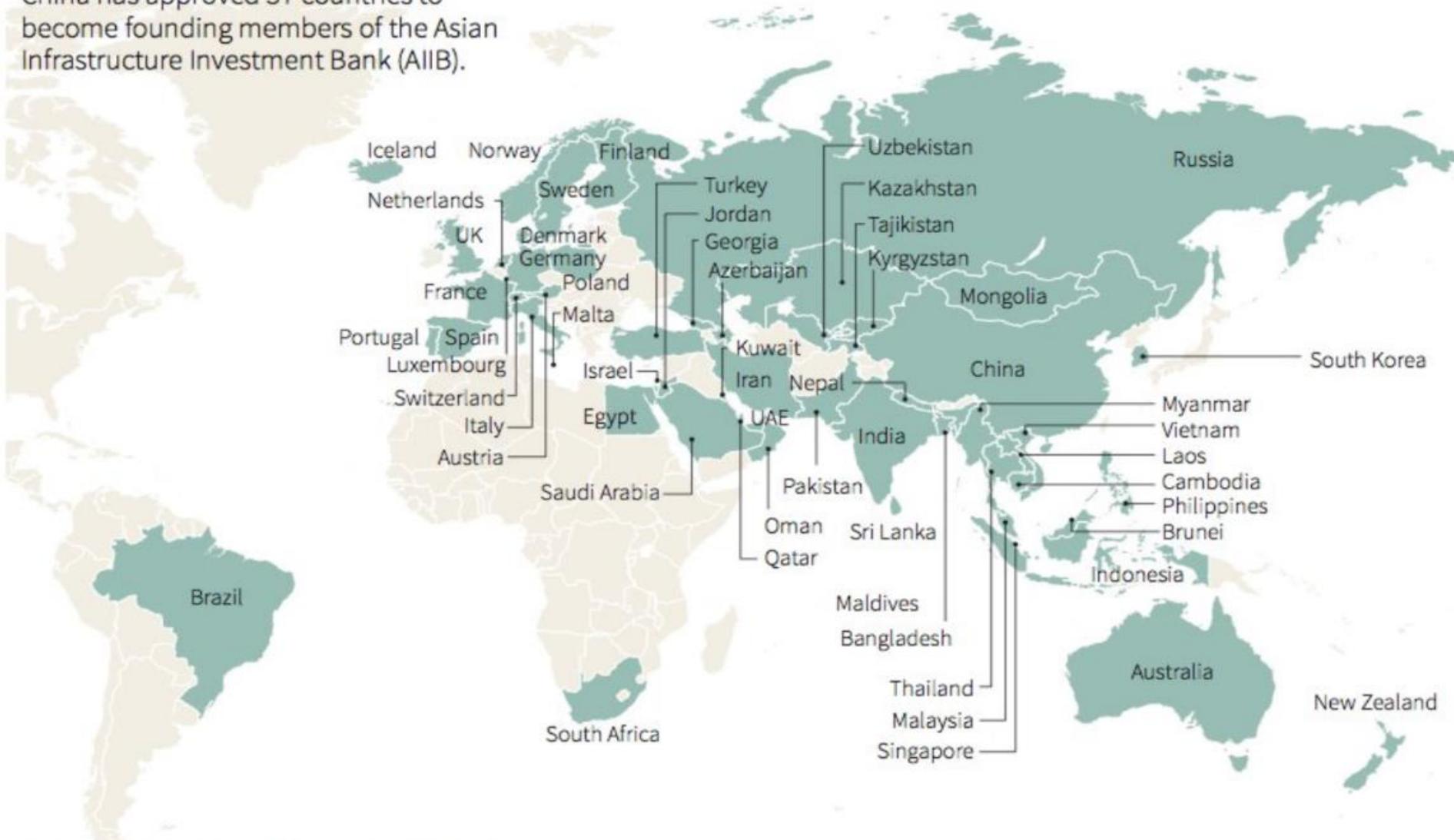
# Rudyard Kipling – The Young British Soldier (extract)

If your officer's dead and the sergeants look white,  
Remember it's ruin to run from a fight:  
So take open order, lie down, and sit tight,  
And wait for supports like a soldier.  
Wait, wait, wait like a soldier...

When you're wounded and left on Afghanistan's plains,  
And the women come out to cut up what remains,  
Jest roll to your rifle and blow out your brains  
An' go to your Gawd like a soldier.  
Go, go, go like a soldier...

# AIIB founding members

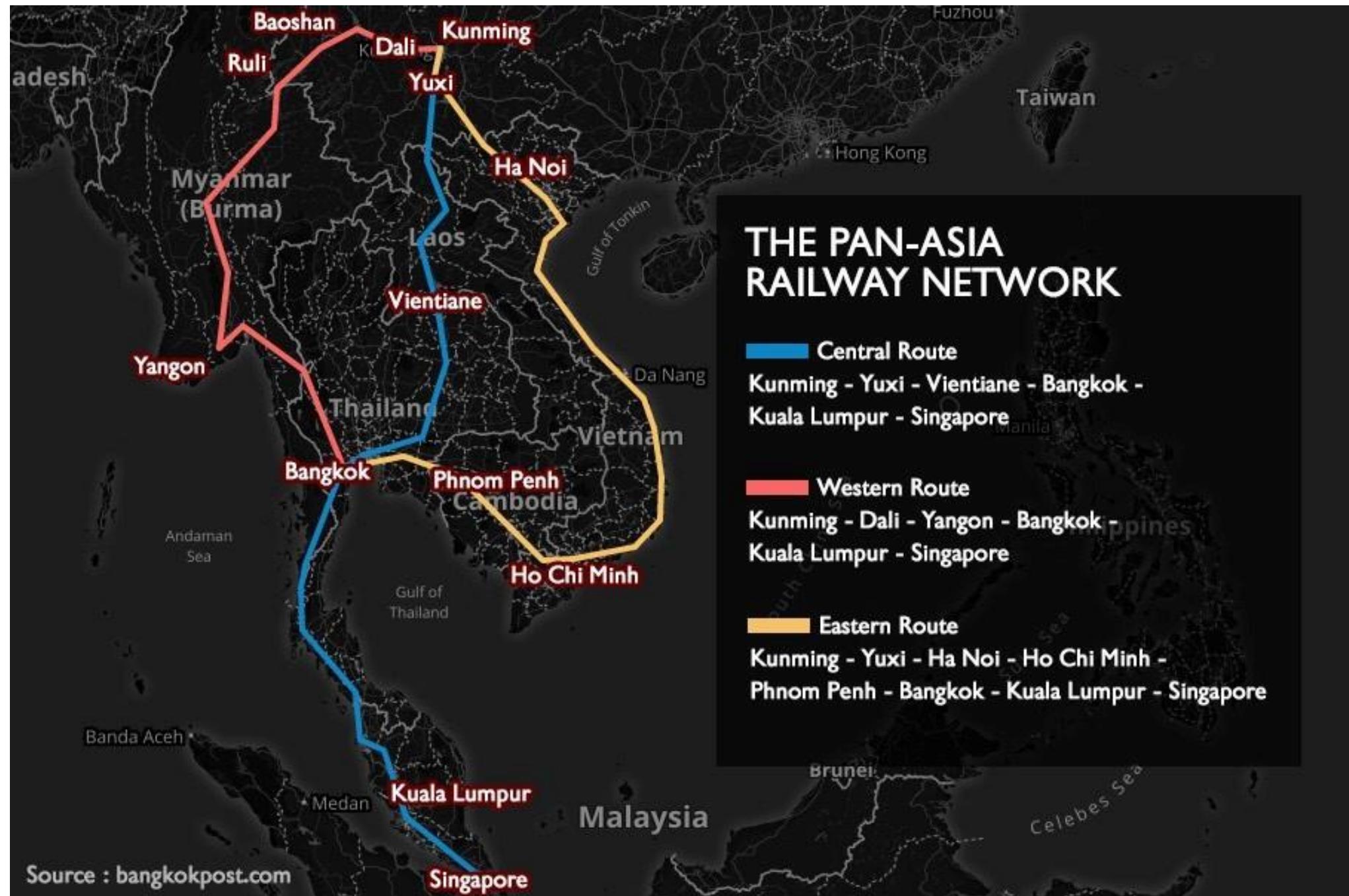
China has approved 57 countries to become founding members of the Asian Infrastructure Investment Bank (AIIB).



Source: The Asian Infrastructure Investment Bank

## Shanghai Cooperation Organisation





## THE PAN-ASIA RAILWAY NETWORK

### Central Route

Kunming - Yuxi - Vientiane - Bangkok -  
Kuala Lumpur - Singapore

### Western Route

Kunming - Dali - Yangon - Bangkok -  
Kuala Lumpur - Singapore

### Eastern Route

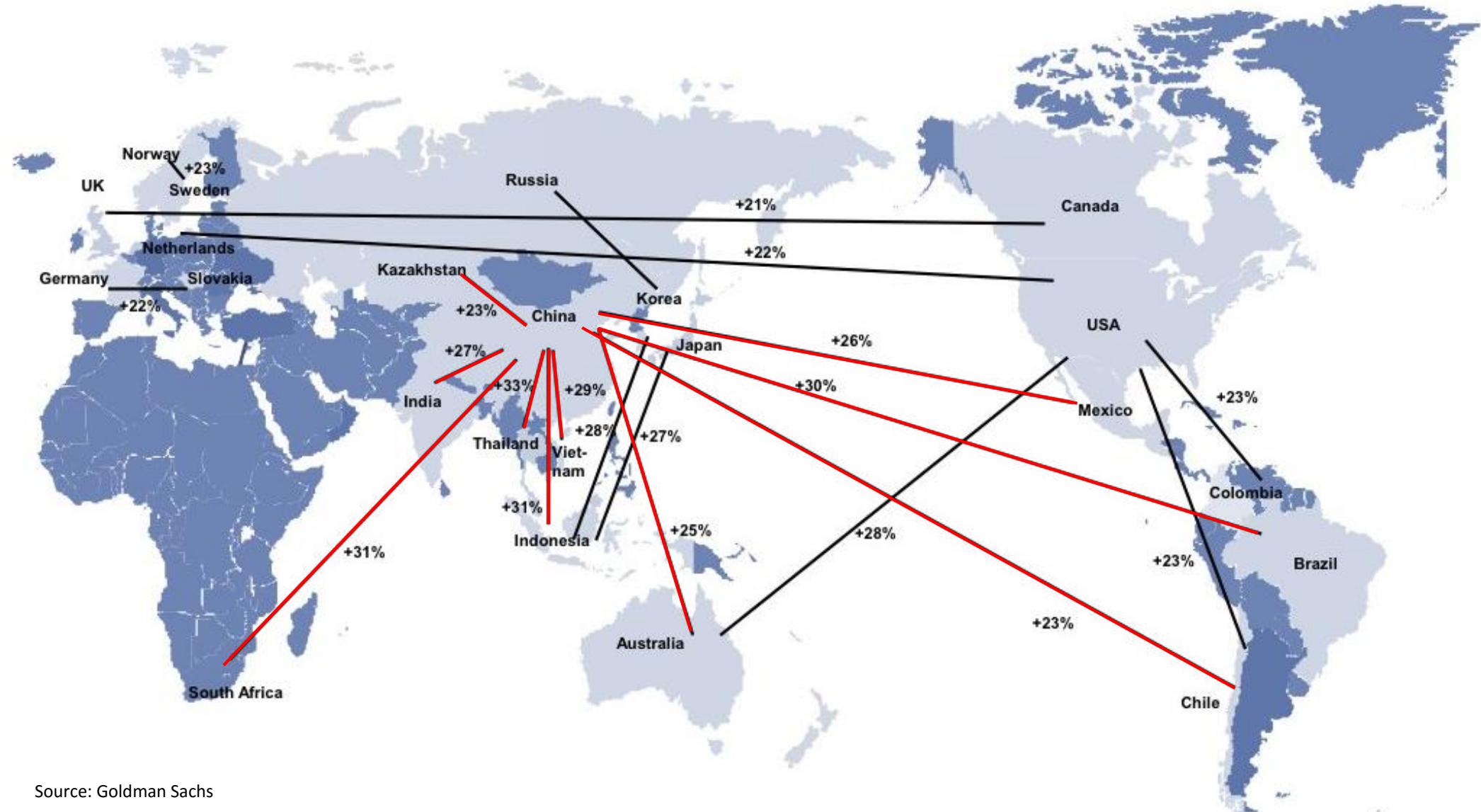
Kunming - Yuxi - Ha Noi - Ho Chi Minh -  
Phnom Penh - Bangkok - Kuala Lumpur - Singapore



# **Implications, Impact**

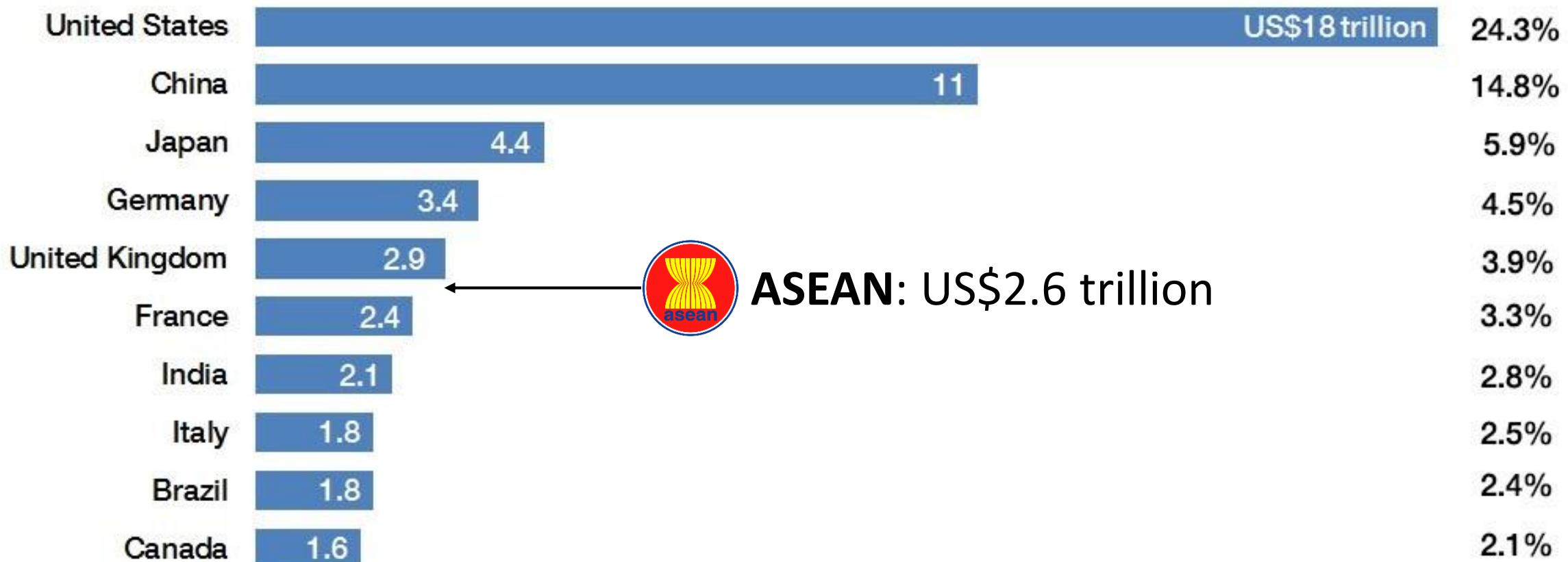
- 1. Economics**
- 2. Security architecture**
- 3. Geopolitical impact**

# 20 fastest growing trade routes (2005-2012)



# The world's biggest economies

GDP in current USD and share of global total, latest World Bank data, 2015



Source: World Economic Forum,  
based on World Bank data

# **Singapore: What does all this mean for us?**

# Major Belt and Road gains for Asean

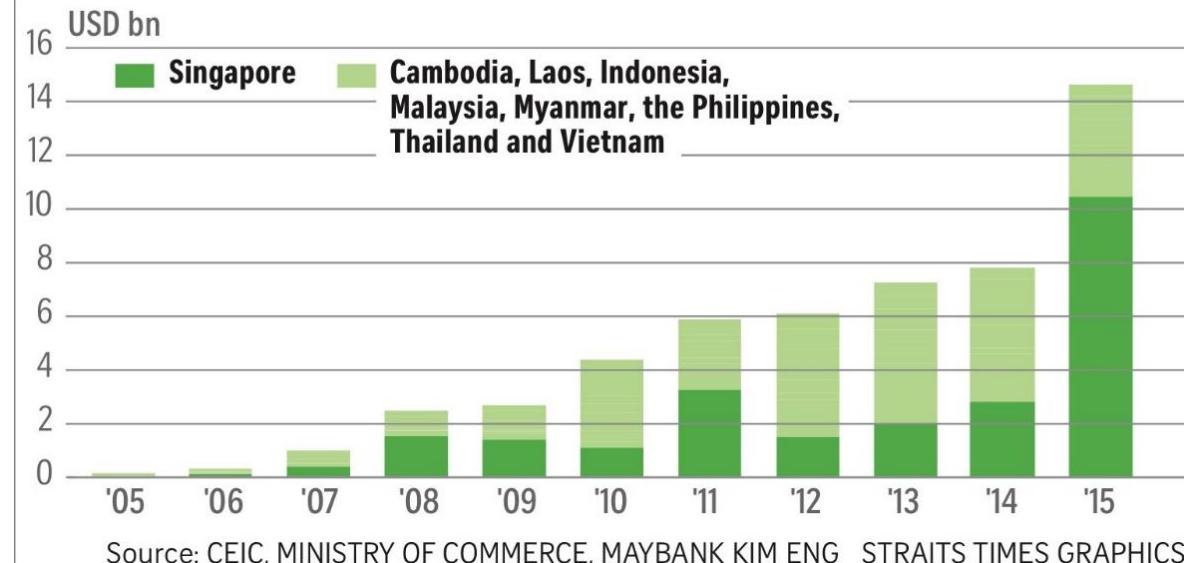


A "Golden Bridge on Silk Road" installation set up outside the National Convention Centre in Beijing for the Belt and Road Forum on International Cooperation held last month. During the summit, Chinese President Xi Jinping pledged an additional US\$124 billion (\$172 billion) to the initiative. PHOTO: REUTERS

PUBLISHED JUN 19, 2017, 5:00 AM SGT

Source: The Straits Times, Jun 2017

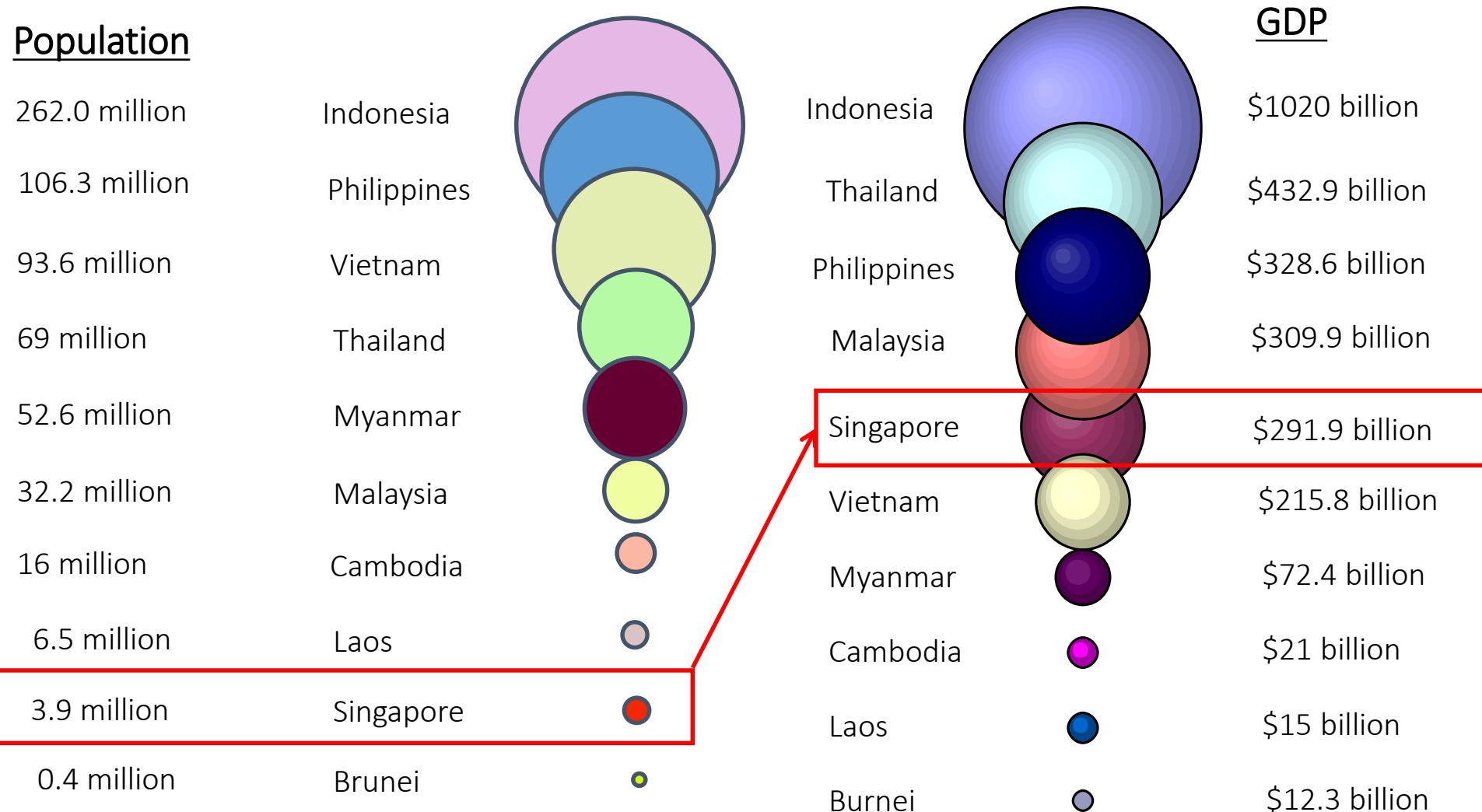
## China investment flows to Asean



“A small state that is united, very clear in its purpose, focused in finding good sets of relationships, can be very powerful and exert a lot of influence.”

*– Prof Wang Gungwu, Chairman of the East Asian Institute*

# ASEAN: Comparative GDP - Population



Based on IMF Apr 2017 estimates

# Singapore geared up to keep its spot as major port



□ 1 of 2 Maritime and Port Authority of Singapore chief executive Andrew Tan says the emergence of alternative trade routes could affect trade flowing through the Strait of Malacca and Singapore, but the Republic's stable government, long-term and forward thinking, reliability and good track record are strong attributes to help it stay ahead of the competition. ST PHOTO: NG SOR LUAN

Source: The Straits Times, Aug 2017

## Port developments in South-east Asia



**Thank you**