

**The Belt and Road Initiative:
Opens great opportunities for Sweden and Scandinavia**

Report by the Belt and Road Institute in Sweden (BRIX)

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Preface:

“If you want to get rich, first build a road!” (Chinese proverb)

Already 5 years after its launch, China's Belt and Road Initiative (BRI) has become a global game changer and a phenomenon of historically unprecedented proportions. China has signed 158 cooperation documents with 129 countries 29 international organizations (as of September 2019) both in the developing sector and industrialized nations. The BRI has already impacted global trade and economic relations, but what is more important is its potential ability to transform the economic conditions on our planet and the relations among nations positively. Even its opponents are admitting that it is unstoppable, and that Western nations, who were previously skeptical or against it, are now realizing that they must reckon with it and benefit as much as possible from the opportunities it offers their businesses and communities.

Lack of knowledge means missed opportunities. While it is positive, in a sense, that the Swedish government in its recently published “China Strategy” described the global magnitude of the BRI in positive terms as a “comprehensive framework with a wide range of projects” for transport, energy, telecommunications and even scientific research, it is still falling short of defining what it means by “seizing the opportunities it offers”. It is the purpose of this report to explain these aspects and how these “opportunities” can contribute to growth and increased productivity in Sweden and Europe generally. In addition, there are opportunities the BRI offers in other parts of the world for Swedish companies, not merely the large multinational ones, but the small and medium size companies (SMEs) in particular. Swedish large corporations are already benefiting from the growing Chinese market and its industrial base's increased productivity. Swedish large corporations have focused only on exports to China, but not in engaging Chinese companies in other parts of the world where the BRI is in operation. The negative attitude towards China in the Swedish mass media and among certain political elites has made any level of understanding of the BRI per se a very complicated matter.

Therefore, this report provides objective information about the genesis of the BRI, its main features, evolution, and impact. Thus, it can help the Swedish decision makers outline a more clear and realistic policy of engaging China and other BRI nations in a productive and collaborative manner. Swedish businesses can also learn how to apply the well-known Swedish innovative capacity to the proper and effective implementation of the BRI projects and work together with other partners to expand on a global scale. The present lack of objective information and knowledge of the BRI means many lost opportunities.

Finally, we in the BRIX believe that a better understanding of the BRI can help the Swedish public and political institutions to have a better understanding of China's policies and intentions, and thus enhance the people-to-people dialog and cooperation.

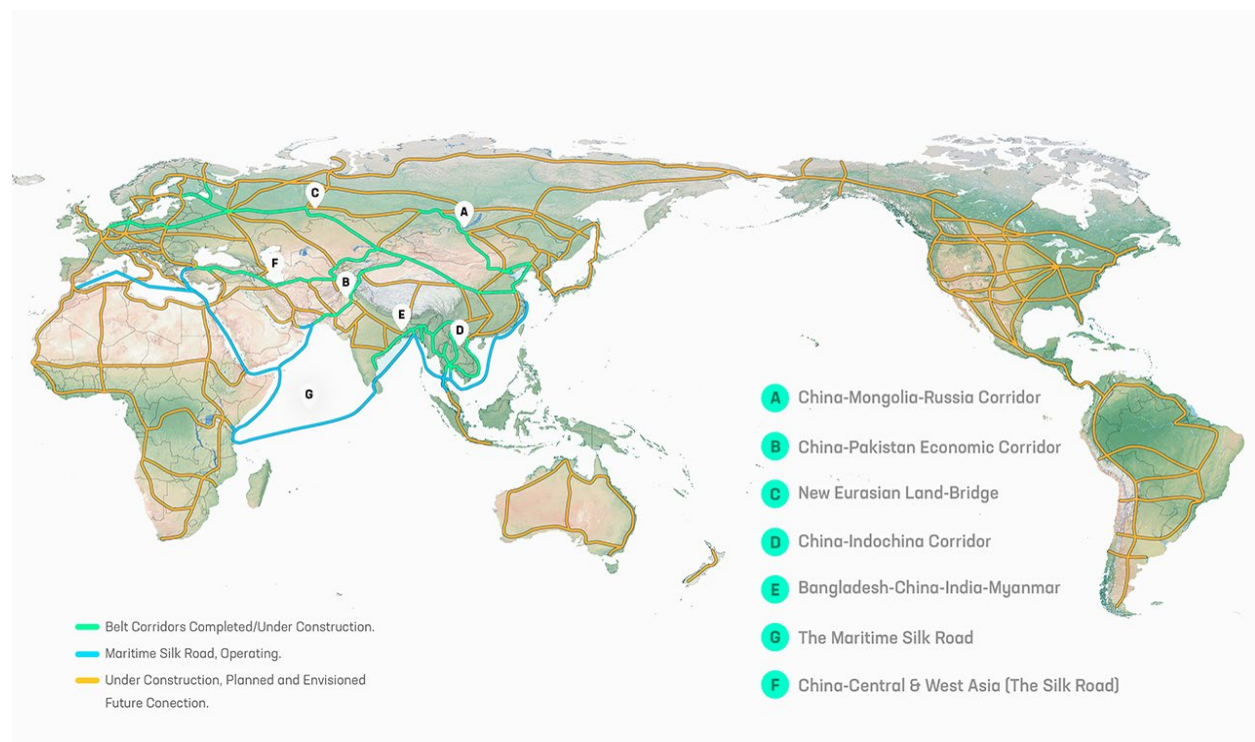
Chapter 1.

What is the Belt & Road Initiative?

The Belt and Road Initiative (BRI) was launched by Chinese President Xi Jinping in 2013. The Belt refers to the land-based “Economic Belt of the New Silk Road” and was proposed by President Xi in a speech he delivered on September 7th in Nazarbayev University in the capital of Kazakhstan, Astana. The “Road” refers to “the 21st Century Maritime Silk Road” which President Xi announced a month later in the Indonesian Parliament. The BRI is inspired by the ancient Silk Road, and is intended to build completely new, or expand existing infrastructure and trade corridors on a transcontinental scale connecting China and East Asia to Europe and Africa, with possibilities for future connection to the Americas.

According to the European Bank of Reconstruction and Development¹, the countries located on the BRI corridors represent more than half of the planet’s population (4.8 billion people). Their economies are worth a total US\$ 21 trillion, accounting for about half of the world’s GDP. US\$ 1 trillion are already allocated for ongoing and planned projects.

The BRI consists of 6 land-based economic corridors and one Maritime Silk Road (See map 1):



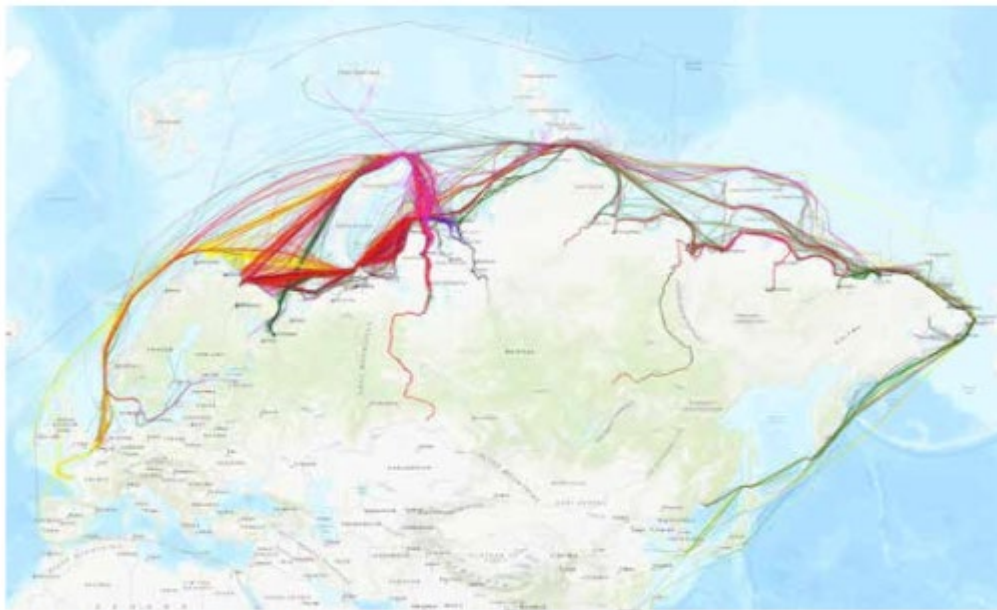
Current BRI corridors and future expansion potential into a “world land-bridge”, Source: BRIX

¹ <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>

- A. China, Mongolia, Russia Corridor,
- B. China Pakistan Economic Corridor (CPEC),
- C. The New Eurasian Corridor,
- D. China-Indochina Corridor,
- E. China-Myanmar-Bangladesh-India Corridor,
- F. China-Central- and West Asia Corridor (The New Silk Road)

The Maritime Silk Road of the 21st Century is represented by G.

Furthermore, as the BRI expanded, it has evolved from these mere “Silk Road” trade routes to a global network, where other nations and continents are involved either with China or among themselves in developing new development corridors.

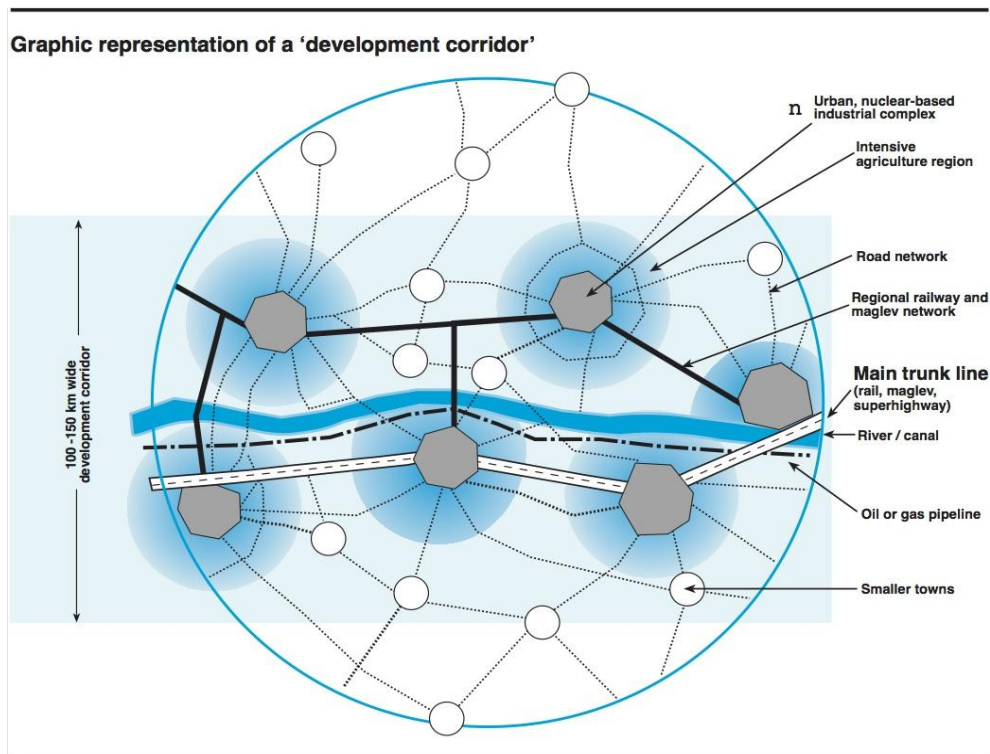


Shipping in the Northern Sea Route during 2018. Source: CHNL

For example, The Arctic Silk Road has emerged as a BRI-project with great significance for Sweden and the Nordic countries. The shipping on the Northern Sea Route is expanding rapidly with giant new oil, gas and mineral projects where beside Russian companies also European, Chinese, Japanese, American and Indian companies take part. The Arctic Silk Road Economic Corridor reaches not only the coastal regions but deep into Eurasia. Japan trades with Kazakhstan over the 2000 km river connection with the Arctic Silk road².

² For further reading on the Arctic Silk Road, the Arctic Economic Council provides a detailed account of the “The State of Maritime Transport in the Arctic”, 2017: <https://arcticeconomiccouncil.com/wp-content/uploads/2019/05/AEC-Maritime-Transportation-WG-report.pdf>

General info: What is a development corridor?



A cross section of a development corridor. Source: Executive Intelligence Review

In Sweden BRI is misunderstood as just some kind of railway or trade route project. Lately this misunderstanding has been transformed to mean some kind of sinister military logistics system. This is because Swedes generally have not understood the word "Belt" in the Belt & Road.

The "Belt" signifies something radically different. It means a development corridor in the same meaning as a river culture along a river, the foundation for the most ancient civilizations of the world. The railway centered corridors, the Belts, are the modern river cultures meant to foster civilizational development much more efficiently than the old Silk Roads. The potential for civilizational development can be sensed, when we consider the remarkable effects of the very limited transport capacities of the old Silk Road, creating the whole chain of legendary cities of trade, production skills and wisdom.

The BRI means going back to fundamentals like respect for sovereignty, exchange of ideas and science, development of productive powers with the help of new technology, raising productivity with the help of new infrastructure platforms, city-building, raising educational levels and raising living standards. It means cooperation on higher principles. A modern development corridor is about 100-150 kilometer wide belt, centered around transport (rail and roads), water and power transmission lines. It opens landlocked areas for development of its potential through maximizing the advantages of their human and natural resources of these regions. New cities

and agro-industrial centers would naturally popup when these transmission lines are constructed.

Beside railways, highways, ports, sea lines, oil and gas pipelines, the BRI includes new aviation routes, telecommunication cables and cooperation in space. The aim is to enhance connectivity among continents and regions to promote economic growth, trade, people-to-people cultural exchange and economic cooperation, and to build trust among nations to create a peaceful world.

Goals and means of the BRI

The principles governing the BRI were elaborated by the Chinese National Development and Reform Commission (NDRC) in a document published in March 2015 titled “Vision and Action on Jointly Building Silk Road Economic Belt and a 21st Century Maritime Silk Road”³. These principles in summary are⁴:

1. Policy Coordination
2. Connectivity
3. Unimpeded trade
4. Financial integration
5. People-to-people connections

These principles, many of which are part of the U.N. Charter, translate into a win-win cooperation resulting in mutual benefit for all participants. Political coordination aims at avoiding misunderstandings by showing respect for the sovereignty, independence, cultural diversity of nations, and the differences in their domestic political systems and norms. The BRI reject geopolitics, zero-sum games, and spheres of influence, where nations traditionally, especially superpowers, attempt to undermine each other and gain advantages from each other weaknesses. It should rather strengthen each other and care for their interests. This kind of coordination aim at the ultimate goal of creating “a community of shared future for mankind”, as President Xi describes it. Connectivity is the key element of the initiative, with infrastructure construction as the major activity of Chinese and other international construction partners, leading to physically connect nations, regions and continents to enhance the flow of trade, economic growth and prosperity. Free and fair trade should be pursued by all participants without barriers, sanctions and trade wars. Policies should also be coordinated to create financial resources in the form of productive credit and made available to enhance cooperation and investments in basic infrastructure and industrial production. The people-to-people connection in the form of educational and cultural exchanges, joint research and tourism is a door opener for creating mutual understanding of each other’s cultures and ways of life.

³ http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

⁴ A sixth element, industrial cooperation, was added during Second Belt and Road Forum in Beijing in April 2019 in a document assessing the progress made in the BRI in the previous 6 year: <https://eng.yidaiyilu.gov.cn/zchj/qwfb/86739.htm>

China is not hiding the fact that it will itself benefit from this initiative, but as a legitimate goal. “China’s economy is closely connected with the world economy”, the NDFC states. “The Initiative will enable China to further expand and deepen its opening-up, and to strengthen its mutually beneficial cooperation with countries in Asia, Europe and Africa and the rest of the world.” China will be able to utilize its enormous industrial capacity it has developed in the past three decades and use it to open up new markets and trade partners for its technologies. However, the ultimate goal is to benefit all nations.

A Community of Shared Future for Mankind

President Xi presented the most detailed and eloquent description of this notion in his speech at the General Debate of the 70th Session of the UN General Assembly in September 2015.⁵

“We should renew our commitment to the purposes and principles of the UN Charter, build a new type of international relations featuring win-win cooperation, and create a community of shared future for mankind,” he said, stressing that to achieve this goal nations “should build partnerships in which countries treat each other as equals, engage in mutual consultation and show mutual understanding,” and that “the principle of sovereign equality underpins the UN Charter.... The future of the world must be shaped by all countries. All countries are equals.” President Xi further explained: “We should be committed to multilateralism and reject unilateralism. We should adopt a new vision of seeking win-win outcomes for all, and reject the outdated mindset that one’s gain means the other’s loss or that the winner shall take all. Consultation is an important form of democracy, and it should also become an important means of exercising contemporary international governance.”

Who runs the BRI?

The common description of the BRI in Sweden and Europe, even among the best-informed institutions, is that it is “vague”⁶ and there is no clarity or transparency regarding how it is shaped or who controls it. The confusion emerges from the perception that the BRI is “a project”, like the Marshall Plan, which is run and managed by China alone from some office in Beijing, as a company is run. The BRI is an initiative of cooperation among independent and sovereign nations. China’s agreements with each nation on BRI projects is determined by that partner country’s aspirations, conditions and policies. Respect for the political, economic and cultural characteristics of each nation is a key element in the BRI cooperation. Therefore, each BRI Memorandum of Understanding (MoU) signed by China with any country differs from the

⁵ The speech was titled “Working Together to Forge a New Partnership of Win-win Cooperation and Create a Community of Shared Future for Mankind.”

https://qadebate.un.org/sites/default/files/qastatements/70/70_ZH_en.pdf

⁶ “The BRI is vast in its scale and ambition but often perceived as vague in its purpose and scope. There is no official list of projects or even a list of BRI countries.” From the report by Business Sweden, China’s Belt and Road Initiative: What is in for Swedish Companies, February 2019, page 3.

<https://www.business-sweden.se/contentassets/7bf2dc4eff4f4247bceddae32b8bca59/belt-and-road-initiative.pdf>. There is actually a list of projects and a list of BRI countries available in this link: https://eng.yidaiyilu.gov.cn/info/iList.jsp?cat_id=10076

other MoUs, but all of them rest upon the 5 principles of the BRI explained above. Furthermore, these MoUs are non-binding and imply a great deal of flexibility and freedom for implementation for both sides.

However, the general outline and principles of the BRI has been thoroughly defined by the Chinese National Development and Reform Commission (NDRC), which is responsible for elaborating the BRI⁷, but does not control it. In March 2015, the white paper “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” was issued jointly by the NDRC, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, with State Council authorization.

A further elaboration of the BRI was issued on the eve of the Second Belt and Road Forum in Beijing in April 2019, which was attended by representatives of 150 nations. The document titled “The Belt and Road Initiative Progress, Contributions and Prospects”⁸. At the conclusion of the summit, 35 worldwide projects were identified as BRI projects. Many national, regional and continental infrastructure projects which have been on the drawing boards for decades, are now revived and rejuvenated thanks to the BRI and China’s input, like the Trans-African highway which was intended in the 1980s to connect all the capitals of Africa. However, the Chinese contribution is to build Standard Gauge railway and later high-speed railways besides the highways. (See case study Africa in this report).

To understand the BRI, understand the “new” China!

The BRI is based on the solid foundation of China’s own economic miracle. This miracle hinges on three decades of incredible industrialization through government investments in urban and rural infrastructure projects, mega-projects in transportation, water, power, space technology and scientific research. Between 1978 and 2018, China lifted 850 million of its citizens out of poverty—as attested by such institutions as the World Bank⁹—by investing in urban and rural infrastructure projects, by completing mega-projects in transportation, water, and power, and by building an industrial and scientific capacity unparalleled in world history.

Between 1987 and 2017, China witnessed the largest urbanization process (organized internal immigration) witnessed in the history of mankind. In that period the urbanization rate increased from 24% to 58%, surpassing that of the world average of 54%, according to the World Development Indicators / World Bank data¹⁰. Moreover, 27% of the urban population lives in cities with more than 1 million inhabitants.

China’s Gross Domestic Product (GDP) per capita grew 13 times between 1992 and 2017 from \$1300 to reach the global average of \$16800. This is unprecedented in modern history. The world average GDP grew only three times during the same period.

⁷ This document clearly outlines the idea of the BRI and how it is intended by the Chinese leadership to be implemented and to what ends. http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

⁸ The Belt and Road Initiative Progress, Contributions and Prospects”, April 2019: <https://eng.yidaiyilu.gov.cn/zchj/qwfb/86739.htm>

⁹ <https://www.worldbank.org/en/country/china/overview>

¹⁰ <https://data.worldbank.org/country/china>

In terms of education, China made major investments and efforts in the education sector with universities in the country producing 8 million university graduates each year.

Over the past forty years, China built more water management projects than the United States had done in a hundred years. Another metric that emphasizes the immense magnitude of the undertaking is the fact that China used more cement in the three years 2011–2013, than did the United States during the entire 20th century! The Chinese 30,000 km high-speed railway network has already surpassed the combined networks of the Western European nations. China is already exploring the cutting-edge frontier technology of magnetically levitated rail systems (Maglev). The first commercial Maglev railway was built between Shanghai Airport and Shanghai (30 km) with a top speed of 430 km/h. China is planning to connect all the major cities with this new technology. It is also developing the new generation of maglev trains that can reach 600 km/h. This will contribute to replacing many of the domestic, short distance flight routes.

China has 37 operating nuclear power plants (70% of which were built in the past decade alone), and a further 19 plants are under construction as of December 31, 2017¹¹. Although coal and fossil fuels have dominated China's energy mix, it has been moving rapidly in expanding the renewable energy sector, becoming a world leader in hydro, solar and wind power production, constituting 37% of the energy mix in 2018. The Three Gorges Dam alone, completed in 2012 as the largest in the world, has an installed power generation capacity of 20,000 Megawatts.

China has also built the world's largest and longest water transfer project, the South-to-North Water Transfer mega project, It aims to channel 45 billion cubic meters of fresh water annually (as much as the Nile river when it reaches Aswan in Egypt) from the Yangtze River in southern China to the more arid and industrialized north through three canal systems.

China has also developed an advanced and ambitious space exploration program, with rovers landed on the surface of the moon, and plans to reach Mars.

The only close example of such rapid industrialization is the 1930s and 1940s New Deal and WWII mobilization under U.S. President Franklin D. Roosevelt. This unparalleled achievement can be replicated, in its outline, by all developing nations, although with different dimensions and characteristics.

Naturally, these achievements have made China a world leader in many sectors of construction and manufacturing, telecommunications, Artificial Intelligence, and in scientific research. China is now home to some of the world's largest companies in railway construction (CRRC), building hydropower plants and water systems (SinoHydro and PowerChina), in telecommunications (Huawei).

Chinese companies are taking a larger and larger share of the global construction contracts. For example, in 2018, Chinese contractors gained about US\$120 billion in revenues outside the Chinese market. This amounts to 25% of the global construction sector's revenues.

¹¹ The International Atomic Energy Agency, China country profile, 2018; http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

Chinese builders won 60% of all cross-border construction revenue in Africa and 40% of non-domestic revenue in Asia. Chinese players held the top spots in contracts for transport, power and factories. As a result, Chinese contractors represent 76 of the world's largest 250 contractors. Among the top 20 companies, 7 are Chinese, according to the U.S. Engineering News-Record¹². These companies have the BRI to thank for this progress

Financing the BRI:

China has placed these productive capabilities, in addition to its enormous financial clout amounting to US\$ 3 trillion in foreign reserves, behind the BRI. It has also taken the lead in establishing international financial institutions to provide credit for development projects like the Asian Infrastructure Investment Bank (AIIB), with a capital of US\$ 100 billion and the membership of 100 (as of September, 2019)¹³ nations including Sweden, and The Silk Road Fund (US\$ 40 billion). China is also a major contributor to the New Development Bank (NDB) established in 2014 by the BRICS nations (Brazil, Russia, India, China, and South Africa) with an initial capital of US\$ 100 billion. The NDB headquarters is located in Shanghai¹⁴.

The “big four” public commercial banks of China (Export-Import Bank, China Construction Bank, China Development Bank, and China National Agricultural Bank) are world-leading examples of the issuance of “productive credit”. They have created nearly (US\$ 14 trillion) new currency—“money”—in the form of loans over the past decade. While not banks of deposit for the government of China, these public commercial banks have not claimed the ability to create credit simply as fiat currency; rather they have issued credit anchored by the People’s Bank of China’s loans to them, of China’s foreign exchange reserves earned by production and export.

Between 2014 and 2017, they extended roughly \$300 billion in additional credit for infrastructure projects outside China through the Belt and Road Initiative. The result has been an extraordinary 8-10% of GDP invested in economic infrastructure for 20 years; and multi-factor productivity growth averaging 3.11% annually from 2001-2014 according to the Bureau of Economic Analysis in the United States (which compared this to U.S. multi-factor productivity growth just one-seventh as great).

In contrast The “big three” central banks of the United States (Federal Reserve), Europe (European Central Bank) and Japan (Bank of Japan) have created, by rough estimates, \$13-14 trillion equivalent in money since the outbreak of the financial and banking crisis in 2008 (by “quantitative easing” programs. But none of that money has been created for an *economic purpose*, nor for a *trade* purpose. It has been created for a strictly *financial* purpose: providing the largest banks in the Trilateral countries’ enough capital and liquid reserves to survive massive losses and bad debts in financial speculation.

China is, ironically, applying the same state-backed “productive credit” concept as the U.S. and Europe used in the reconstruction and development era in the wake of WWII. But that concept

¹² <https://www.enr.com/toplists/2019-Top-250-International-Contractors-1>

¹³ <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>

¹⁴ <https://www.ndb.int/about-us/>

is not applied any more the U.S. and Europe. China is extending its domestically successful financing methods to the BRI projects.

According to the OECD¹⁵, “finance for the infrastructure goals of the BRI is already well underway.” The China Development Bank has supported 400 projects in 37 economies worth USD 110 billion and is tracking more potential projects. The Industrial and Commercial Bank of China (ICBC) is involved in 212 projects worth USD 67 billion and is expected to arrive at around USD 159 billion. The Bank of China is pledging USD 100 billion for the period 2016-2018. China Exim Bank supported 1000 projects in 49 economies worth USD 80 billion. The China Construction Bank also supports BRI projects. The Silk Road Fund, with pledged capital of USD 40 billion, is smaller in comparison, but works with other institutions in consortiums.

What is wrong with the “debt trap” narrative?

In the past three years a new narrative has been circulating in American and European media on the BRI as being China’s sinister plan to set debt traps to poor and developing nations through massive loans for infrastructure projects. There are at least three fatal flaws in this narrative:

One: China does not propose nor impose on other BRI nations what kinds of projects they should build. China simply participates in building priority projects outlined by those nations themselves as part of their national development plans. For example, the much touted Hambantota Port in Sri Lanka, which has become the main and only example of how China “lures nations with loans for mega projects they cannot afford”, was part of a Sri Lankan government plan to ease the congestion at the only major port of the country, the Colombo Harbor Port, and building an industrial zone in its vicinity. This plan dates back to 2002, long before the BRI was conceived. Building power plants and industrial zones to foster economic activity was part of the “Regaining Sri Lanka” economic program. After many years of fruitless appealing to Japan, Europe, and World Bank for financing, the Sri Lankan government accepted the offer from China in 2010.

Two: The lack of any tangible evidence supporting the claims of the authors in these media and academic reports, none of which stand up to serious scrutiny. They are generalized suspicions and pre-established prejudices against China. What the facts show, is quite contrary to the impression intended by much of this kind of reporting. For example, well-documented research made by the China-Africa Research Initiative at the School of Advanced International Studies (SAIS-CARI) at Johns Hopkins University¹⁶, reveals that the majority of African debt is not held by China, but by Western countries and such Western-backed institutions as the International Monetary Fund (IMF) and World Bank. This debt burden was incurred by those nations long

¹⁵ China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape, OECD, 2018 <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>

¹⁶ “The Path Ahead: The 7th Forum on China-Africa Cooperation” SAIS-CARI Briefing Paper, Aug 1, 2018, Janet Eom, Deborah Brautigam, and Lina Benabdallah. Available at: <http://www.sais-cari.org/s/Briefing-Paper-1-August-2018-Final.pdf>

before China came to the scene. In all African countries, on average, except for three (Djibouti, Republic of Congo, and Zambia), China holds only 18% of the foreign debt, while Western institutions hold more than 70%.

In every other case, such as Sri Lanka and Pakistan, most of the debt of these countries is owed to Western financial institutions. For example, in Pakistan, the Paris Club of lenders (composed almost entirely of Western countries), and multilateral lenders, spearheaded by the IMF and international commercial banks, are the largest lenders, not China, according to official statistics provided by the State Bank of Pakistan¹⁷. Pakistan's foreign debt surpassed US \$95 billion in 2018. In the fiscal year 2018, Pakistan paid \$4.2 billion to these foreign creditors. Debt servicing of China-Pakistan Economic Corridor (CPEC) loans will start in 2021 with about \$300-400 million annually, according to Pakistani officials cited by Dawn daily¹⁸.

Three: The other important difference between the Chinese and other loans, is that the Chinese loans are directed to productive projects that will inevitably lead to the increased productivity of that country, and thus its ability to refinance and pay its debt. IMF loans are for purely financial purposes and include in their conditionalities the slashing of investments in infrastructure. For example, the IMF loans to Pakistan through the Extended Fund Facility of 2016, which included a loan of \$6.4 billion in 2016, the conditionalities attached to the loan were a government fiscal deficit limit of 4.2%, meaning that any substantial state-backed investments in infrastructure would be impossible. In addition, these conditionalities included the slashing of 200 billion Pakistani rupees (approximately \$1.6 billion) from Pakistan's own development plans.

The correlation between the development of advanced infrastructure and the increase in the productivity of the economy is thoroughly proven from studies conducted on the U.S. economy itself. As for Pakistan, the case is clarified in the next chapter.

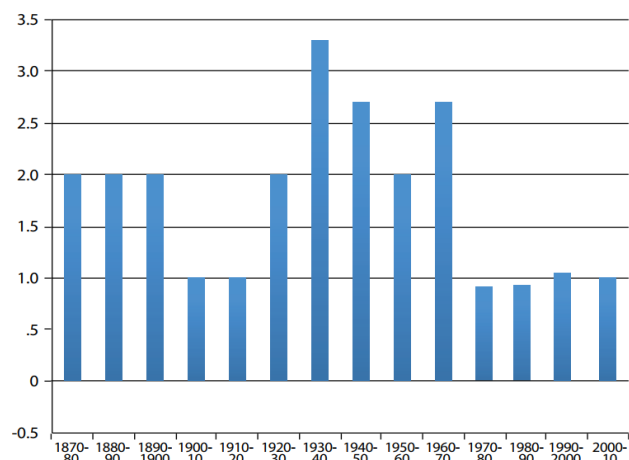
There is a proven strong relationship between credit issued for projects of new infrastructure and multi-factor (or total factor) productivity. This latter parameter attempts to measure that rate of growth of an economy due to technological advance. The highest annual rate of growth of American productivity, thus measured, occurred in the periods in which the greatest investments were made in new infrastructure that required new technologies—road, canal, rail, and later space transportation technologies, electric power technologies, water management and flood control technologies, and communications. The most rapid growth of multi-factor productivity was the 3.30% annual rate of the 1930s, under President Franklin Roosevelt's New Deal re-employment and massive "Four Corners" infrastructure programs, According to a 2005 report by the U.S. National Bureau of Economic Research.¹⁹

¹⁷ See the full list of Pakistan's major creditors, foreign debt, and liabilities for the fiscal year 2017-2018 here: <http://www.sbp.org.pk/ecodata/pakdebt.pdf>

¹⁸ <https://www.dawn.com/news/1438508>

¹⁹ "Sources of TFP Growth in the Golden Age," National Bureau of Economics Research, 2005

FIGURE 3
Total Factor Productivity in the U.S. Economy
 (Annual Growth by Decade)



Source: NBER, Congressional Research Paper "Total Factor Productivity Growth in Historical Perspective", 2013

The same close connection exists in the more recent history in the last 20 years of China's economic growth.

BRI: FACTS AND FIGURES

- China has signed cooperative documents with 129 countries and 29 international organizations.
- The China-Europe freight trains, connecting China with 50 cities in 15 countries, carried out more than 14,000 trips by the end of March.
- The goods trade volume between China and countries involved in the initiative surpassed \$6 trillion from 2013 to 2018, with an average annual growth rate of 4 percent.
- Chinese companies' direct investment in countries involved in the initiative surpassed \$1 trillion from 2013 to 2018, with an average annual growth rate of 5.2 percent.
- The total value of new foreign contracts signed with countries involved in the initiative surpassed \$600 billion, with an average annual growth rate of 11.9 percent.
- So far, the overseas economic and trade cooperation zones Chinese enterprises have built in countries involved in the initiative have created about 300,000 local jobs, with total investment of more than \$30 billion.
- By the end of 2018, China Export & Credit Insurance Corp realized total insurance amount of more than \$600 billion in countries involved in the initiative.

Chapter 2

The BRI in action:

Raising productivity & securing sustainability

One of the main obstacles for development and raising the productivity of societies in many regions of the world is the lack of basic economic infrastructure (transport, power and water in addition to education and healthcare). That's why China is investing heavily in infrastructure projects in BRI partner countries. This lesson has China learned from its own development process.

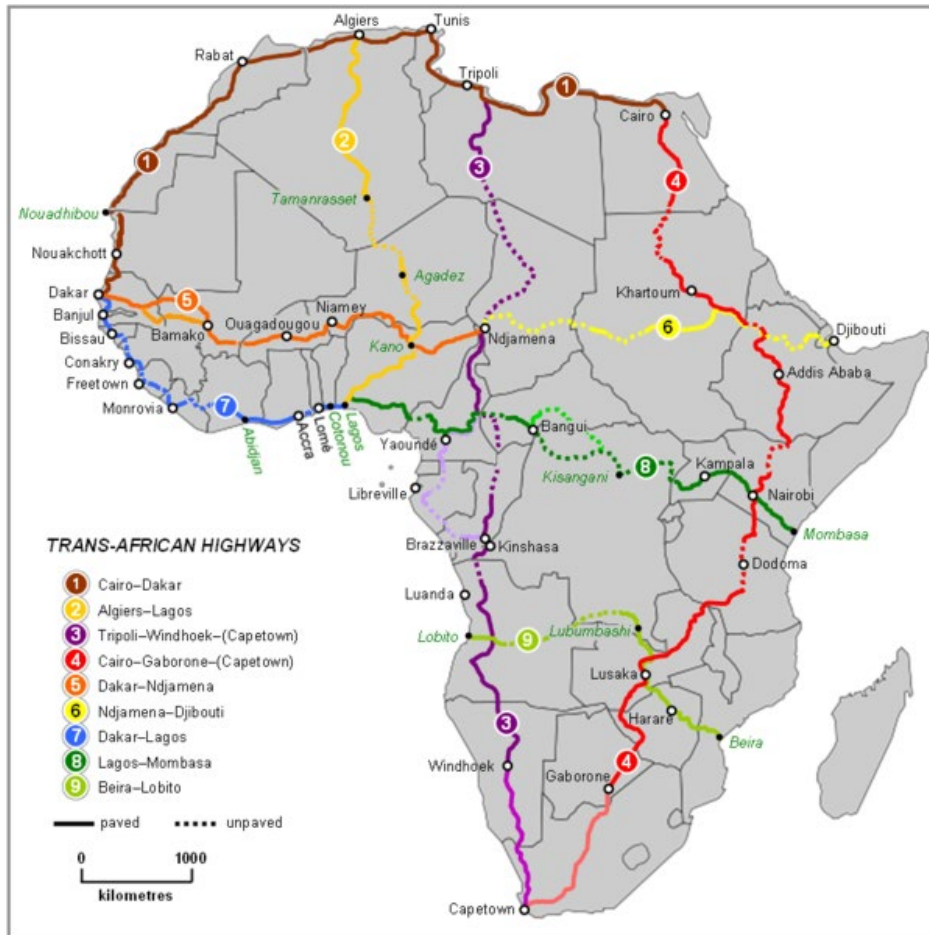
Case study Africa

The Chinese correctly identified very early on the “three bottlenecks of development” in Africa. These are: 1. Lack of infrastructure, 2. Shortage of credit, and 3. Shortage of skilled labor. President Xi Jinping expressed this in his speech at the FOCAC Summit in Johannesburg in 2015²⁰. He also identified how China will tackle these bottlenecks. Xi said: “To build China-Africa comprehensive strategic and cooperative partnership, China will implement ten cooperation plans with Africa in the next three years. Guided by the principle of government guidance, businesses being the major actors, market operation and win-win cooperation, these plans aim at addressing three bottleneck issues holding back Africa’s development, namely, inadequate infrastructure, lack of professional and skilled personnel, and funding shortage, accelerating Africa’s industrialization and agricultural modernization, and achieving sustainable self-development.”

- 1. Lack of infrastructure:** African countries generally suffer from inadequate transport, power and water infrastructure. This has been one of the most serious obstacles to the African nation’s economic development. The African Union has long since defined a number of transcontinental transport corridors, such as the Trans-African Highway network (See map). But these plans were never materialized. As a result, trade between African countries themselves is only 13% of Africa’s total trade. A brief study published by the World Bank in 2006 argued that even the mere upgrading of the existing trans-African road system, could lead to incredible increases in trade, especially among the landlocked nations, reaching 1000% in some cases.²¹ In May, 2014, Chinese Prime Minister Li Keqiang toured the African continent and pledged that China will work with the AU to connect all the African capitals with modern railways.

²⁰ See full text of the speech by President Xi Jinping at the FOCAC Summit 2015 in Johannesburg here: <http://english.cri.cn/12394/2015/12/05/4083s906994.htm>

²¹ Uwe Deichmann, “Road Upgrading and Trade Expansion in Sub-Saharan Africa,” World Bank, 2006. (<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:22203784~pagePK:64165401~piPK:64165026~theSitePK:469382.00.html>)



Trans-African Highway network

China's investments in Africa's infrastructure since then has focused on bridging the gap in the connectivity within countries and among countries. In May 2014 China signed an agreement with the East African Community (EAC), to build a \$3.8 billion rail link between Kenya's Indian Ocean port city of Mombasa and the capital, Nairobi, as the first stage of a line that will eventually link Uganda, Rwanda, Burundi, South Sudan and Ethiopia. The 485 Km Nairobi-Mombasa railway line came into operation in 2017. China also financed and built the Nigerian Lagos–Kano SGR, completed in July 2016. Another landmark achievement in Africa was the completion of the Addis Ababa–Djibouti 750 km electrified SGR in October 2016. It connects land-locked Ethiopia and its 90 million population to world transport routes and the Maritime Silk Road through the Port of Djibouti. Construction was started after an agreement was signed in 2011 between the Ethiopian Railway Corporation and the Chinese construction corporations CREC and CRCC. The project was financed with a \$3 billion loan extended by the Exim Bank of China. This railway is part of a very ambitious Ethiopian plan for industrialization, the Growth and Transformation Plan, which includes a national railway network connecting the major cities of the country, the development of five major industrial zones, and water, power and agricultural projects. In Angola, Chinese companies completed the 1,344 km Benguela railway in 2014. This railway is part of the Trans-African Tanzania-Zambia-Angola project connecting the Indian Ocean coast of Africa to the Atlantic.

China is also involved in a wide range of power and water projects in different parts of Africa. The biggest such investment is the first stage of the Grand Inga dam series on the Congo river in the Democratic Republic of Congo (DRC). This stage called Inga III will generate 11,000 MW of electricity tripling the country's power generation capacity. This \$14 billion project will be financed and carried out jointly by Three Gorges and Sinohydro from China and Spanish construction company ASC and EUROFINSA. The total Grand Inga series has the potential of generating 40,000 MW, which will make it the largest hydropower project in Africa and the world. With abundant electricity, DRC and its neighbors in Africa will have a great possibility of reaching their development goals. This kind of joint Chinese-European cooperation is a promising aspect of the cooperation around the BRI for other European countries and Sweden.

- 2. Lack of Credit:** Between 2015-2018, China provided \$60 billion in loans and direct investments in infrastructure projects in the first round of its cooperation with Africa within the framework of the Forum for China-Africa Cooperation (FOCAC). In the second FOCAC summit in Beijing in September 2018, President Xi pledged to provide another \$60 billion. These sums are directed towards projects carried out by Chinese generally state-owned construction companies and their African partners. However, Chinese banks continue to provide loans to Chinese private companies investing and expanding in Africa.
- 3. Lack of skilled labor:** As reported in McKinsey study above, Chinese companies involved in projects in Africa often carry out training courses for the local African employees, many of them being sent to undergo technical courses in China itself. Besides, China has increased the quota of African students enrolling in Chinese universities with 45,000 students per year. In 2018, China surpassed both the U.K. and the U.S. in the number of African students. Only France is still ahead of China in this respect. China is also actively developing research cooperation with African countries and universities, especially in the field of agriculture and food security.

China and Africa: Facts versus fiction

Already in 2017, China became Africa's largest trade partner. A June 2017 report by the global consultancy McKinsey & Company revealed stunning facts about China's level of economic engagement with Africa and refuted many myths about that involvement. The report, titled "Dance of the Lions and Dragons,"²² is based on surveys of 1,000 Chinese firms in eight African countries.

The study reported the following:

- China's involvement in Africa far exceeds the estimates provided by Chinese official statistics.
- In the past two decades, China has become Africa's largest economic partner, with annual goods trade in 2015 reaching \$180 billion, compared to the other large partners of Africa: India (59 billion), France (57 billion), the United States (53 billion), and Germany (46 billion). Trade has been growing at approximately 20 percent per year.
- Chinese foreign direct investment has grown even faster over the past decade, with an annual growth rate of 40 percent.
- China is also a large and fast-growing source of aid.
- China is the largest source of "construction financing for many of Africa's most ambitious infrastructure developments in recent years."
- Ten thousand Chinese firms are active in Africa. Around 90 percent of these firms are privately owned, contrary to the reports that giant state-owned firms are the dominant ones.
- A third of these firms are involved in manufacturing, handling an "estimated 12 percent of Africa's industrial production—valued at some \$500 billion a year in total."
- Contrary to allegations of Chinese grabbing of African natural resources, the study shows that the activity of these firms is not focused on exporting goods out of Africa, but rather producing to meet the growing demand in Africa itself.
- In infrastructure, Chinese firms handle 50 percent of Africa's internationally contracted construction market.
- The common perception of Chinese firms bringing hundreds of thousands of Chinese laborers to Africa, rather than employing locals, is refuted. Among the 1,000 Chinese companies surveyed, 89% of the employees were African, adding up to nearly 300,000 jobs for African workers. Projecting these figures to all 10,000 Chinese firms in Africa, this suggests that Chinese-owned businesses employ several million Africans!
- Furthermore, 44% of the managers at these firms are Africans.
- Some form of skills training is provided by 64% of the Chinese employers. In companies engaged in construction and manufacturing, where skilled labor is a necessity, half offer apprenticeship training.
- Chinese companies are actively transferring technology to Africa, and in many cases are lowering the prices of sophisticated technology and machinery by as much as 40%, making them affordable in Africa.

²² McKinsey & Company, *Dance of the Lions and Dragons: How are Africa and China engaging, and how will the partnership evolve?*, June 2017 (<http://www.mckinsey.com/global-themes/middle-east-and-africa/the-closest-look-yet-at-chinese-economic-engagement-in-africa>)

Case study Pakistan

The China-Pakistan Economic Corridor (CPEC)—the most compact and well-defined BRI project—is revolutionizing Pakistan, a nation which until a couple of years ago was indebted and broken, economically. Now, Pakistan is bustling with optimism and its economy being transformed by all the power, water, transport, and logistics projects being undertaken at breathtaking speed under the CPEC.

The industrial base of Pakistan which was mostly shut down in the past few years due to lack of electricity, is poised to reemerge now. Pakistan’s ports, like Gwadar, are in the process of moving from an isolated and abandoned fishing village to world-class maritime transport and logistics hub. China’s investments in Pakistan are reaching USD 60-70 billion from the originally planned level of \$45 billion.

Before the CPEC projects came to fruition, Pakistan’s economic development was stymied by the lack of electricity, which lack prevented the needed growth to escape the actual debt trap related to a lack of development. As a result of its large trade deficit, Pakistan’s growing foreign debt reached \$95 billion in 2017. It has been running a yearly trade deficit of over \$23 billion for the past few years.

Pakistan’s main export items are raw materials and staple foodstuffs, and its main manufactured export is textiles. Staple food and raw materials suffer from price oscillations, whereas the textile sector’s competitiveness is crippled by the unreliable and inadequate energy supply. And it is precisely the crucial energy sector and transportation, that are the main focus of Chinese investments in the CPEC.

Pakistan’s energy imports have contributed significantly to its trade imbalance and indebtedness. Over the fiscal year 2017–2018, imports stood at \$60.86 billion, 2.6 times the \$23.22 billion of exports, resulting in a historically high trade deficit of \$37.64 billion. Nearly a quarter of Pakistan’s imports were energy (oil and gas), amounting to \$14.43 billion.²³ These energy imports constitute nearly half of the annual deficit! On August 3, 2018, the Pakistan Express Tribune reported that the British Standard Chartered Bank was to extend a \$200-million commercial loan (at 4.2% interest rate) to Pakistan to finance LNG imports. The SCB is one of Pakistan’s largest lenders, with \$1.1 billion in loans in 2016–2017 alone. This is how a nation walks into a debt trap.

Before the full completion of CPEC power projects, Pakistan’s total installed electrical capacity was below 25,000 MW (for a population of 179 million). In comparison, Sweden (with a population of less than 11 million) had a generation capacity of 39,000 MW in 2015.

The CPEC energy projects will play a significant role in expanding electricity access in Pakistan.²⁴ This can eliminate the energy deficit and prepare the economy for a further surge in industrial activity.

²³ “Pakistan’s Trade Deficit Stands at \$30.19b” Salman Siddiqui, *The Express Tribune*, Aug 14, 2018: <https://tribune.com.pk/story/1780174/2-pakistans-trade-deficit-stands-3-19b/>

²⁴ For detailed description of the energy projects involved in the CPEC, consult the project’s official website: <http://cpec.gov.pk/energy>

The breakdown of the investments that are completed, under construction or negotiation is as follows: Coal plants: 8,580 MW; Hydropower: 2,700 MW; other thermal plants (natural gas): 825 MW; Solar power plants: 900 MW; wind farms: 350 MW.²⁵ The expected total new electricity generating capacity is 13,355 MW. And the total cost of all these power generation projects (including mining of coal and electricity transmission lines) is estimated to be \$23-30 billion, which is approximately the cost of two years' imports of oil and gas, and less than the annual trade deficit.

Chapter 3:

An Initiative belonging to all nations!

A: What is in it for Europe?

Chinese officials insist that the BRI is not a Chinese exclusive club nor a Chinese Marshal Plan or aid program. It is what it is called, "an initiative", which means that every nation and economic power on the planet can participate and benefit from it. China alone is not capable of fulfilling the goals of eradicating poverty and achieving sustainable development in the world, and the technological and productive potential in the industrial nations is crucial for achieving that. The potential presented by the BRI for Europe is therefore unlimited.

China's economic boom has contributed greatly to growth in Europe after the recession that hit the world economy following the 2008 financial crisis. The European trade with China has increased dramatically since 2008. Since the BRI was launched the trade overland has been increasing dramatically. 14,000 trains from China have reached Europe in 50 destination cities including Lisbon, Madrid, Paris, London, Duisburg, Hamburg, Warsaw, Klaipeda, Riga, Tallinn and Kouvola in Finland, and returned. These transport routes are still very limited compared to the dominating sea transports (<95%), but what is important is that they are long term corridors for growth, exchange of ideas and peace all the way.

²⁵ Since the expected capacity factor of solar and wind would be no greater than 30%, the energy generated by these systems should be estimated as being at most one-third their official capacity. These projects, by dint of the low intensity of their power sources, are also expensive. Considering both their cost and their likely capacity factors, the (intermittent) electricity produced by these projects will cost several times more than coal or large hydro.

Chinese companies consider the EU countries not only a sales market. Chinese enterprises active in the EU have created 250,000 local jobs²⁶. In line with China's innovation policy a number of Chinese firms have established their research and development (R&D) centers and factories in the EU, counting on long-term growth. Huawei has built no fewer than 23 R&D centers in 14 EU countries, where 2,383 R&D staff are employed and over EU75 million (\$82.9 million) are invested.

When the Western financial resources dried up, not just trade with China but also Chinese investments in crucial infrastructure also became the lifeline especially for many countries in Eastern and Southern Europe. This is the background to the Chinese cooperation agreements with 17 Eastern European in the framework CEEC 17+1. Here China contributes to the European connectivity by realizing parts of EU's old TEN-T plans for infrastructure corridors crisscrossing Europe and much needed industrial projects.

Many of the Chinese investments in Europe have helped their European partners to reorient their infrastructure towards the perspectives of the BRI of global development. The new infrastructure is mainly directed towards the international trade routes as well as the emerging markets spurred by the development programs launched by BRI in Africa, South East Asia, Central Asia, West Asia and Ibero America where the new global growth centers are about to take off. Several EU members, such as Greece, Italy, Spain and Portugal have expressed clear interest in serving as maritime hubs for the BRI and in cooperating in projects in Africa also together with Japan and South Korea.

The flagship project was the investment in parts of the main Greek harbor Piraeus which was expanded and also supported with follow up investments for road and rail connections north with the intention to reach the main Central European East-West corridor along the Donau river. At the Donau it will meet the Eurasian Land Bridge Railway corridor which will be linked up with the help of an extension of the Broad Gauge railway from Bratislava to a new big transport hub outside Vienna.

Investments in the Italian harbor of Trieste north of Venice will link up the Maritime Silk Road to the Transeuropean corridor ScanMed linking up the Mediterranean Sea with Scandinavia and the Bothnian Corridor to Haparanda.

Portugal will develop its South Western harbor Sines as hub for the connections with Ibero America and Africa where BRI projects are changing the economy rapidly. In Africa, China is offering to build the cross-continental railways to all African capitals and in South America the Bioceanic Corridors are set to traverse the continent connecting its interiors to the Seas and to Europe.

²⁶ "Report on the Development of Chinese Enterprises in the EU," drafted jointly by the China Chamber of Commerce to the EU, and Roland Berger Management Consultants: <https://www.huawei.eu/file-download/download/public/2035>

B: Sweden would benefit from joining the BRI

The Swedish government in October 2019 proposed a new Swedish China strategy, not surprisingly it stated: *The Government's approach to China is based on the EU's China strategy from 2016 and describes how the EU's strategy is implemented nationally.*

Sweden became a member of the United Nations in 1946, one year after it was formed by its founding members. In similar way Sweden became a member of EU in 1995, two years after it was formed in 1993. Sweden has since they became members, always behaved as strong supporters of these organizations. Sweden's approach to dealing with sensitive issues is characterized by a preference for diplomatic discussions conducted within the framework of the larger organizations to which Sweden has joined and an acceptance of the decisions taken by them, EU in the case of the Swedish China strategy.

Today 16 out of 28 EU countries has signed an MoU with China with respect to BRI (Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Italy and Luxemburg).

France signed the Joint Declaration between the People's Republic of China and the French Republic in 2018 in which France welcomed the BRI. Finland signed its joint declaration with China in 2017, noting that it "appreciates China's initiative to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road" putting the initiative into the context of a new type of cooperative partnership (Source CGTN).

A new dimension of BRI cooperation for Northern Europe is the current giant tunnel project connecting Helsinki and Tallinn, about to start tunneling with 16 boring machines next year. It is the biggest construction project in all of Northern Europe, to be built with the aid of China Railway Engineering Company, China Railway International Group and China Communications Construction Company, and with the financial backing of Touchstone Capital Partners, a Chinese investment group²⁷. This will bring Finland into the Baltic Rail corridor connecting it all the way to the Mediterranean Sea. It brings the New Silk Road corridor development policy to Northern Europe in a big way.

The fact that several EU countries has signed an MoU with China with respect to BRI, bilateral MoUs between EU member states and China do not necessarily undermine EU unity, as long as member-states remain committed to EU agreements.

Given the above, no legal issues prevent The Swedish government to sign an MoU with China with respect to BRI, sadly to say, it is only a question of lack of political will to do so.

²⁷ <https://finestbayarea.online/>, <https://industryeurope.com/chinese-consortium-inks-finest-bay-area-development-deal/>

Indirect Swedish economic cooperation with BRI

Even though The Swedish government has not signed up to BRI, several Swedish companies have since long become a part of China's tremendous economic development over the last 30 years. Since the launch of BRI in 2013 the successful concept has been extended to include BRI countries which have built new global patterns of trade, production and partnerships.

China is today Sweden's largest trading partner in Asia and the exports and imports amounts to about 5% of the total Swedish foreign trade. According to the Embassy of Sweden in China, some 10 000 Swedish companies do business with China and some 600 Swedish companies are present in China.

The Chinese acquisition of Volvo Cars is a highlighted case of a successful collaboration. In 2010, when the Geely Holding Group, founded and led by Chinese businessman Li Shufu, bought Volvo Cars from Ford Motors, the company was in crisis. Under the Chinese industrial leadership and headed by Håkan Samuelsson as CEO, Volvo Cars was turned around and has now more than doubled its production, built new factories and expanded also in Sweden. It is organized according to the win-win principle of mutual development.

Another success story involves another huge Swedish Chinese industrial cooperation process organized by the Swedish Ericsson Telecommunication company. It was Ericsson that digitalized China's telephone system, laying the ground for the tremendous growth of China's telecom industry. The giant Huawei learned greatly from Ericsson, recruiting some of their first engineers from the Swedish side. So, what was the result of this almost symbiotic relationship between these competitors? Was it detrimental to work with China? The answer can be seen in the Nordic 5G miracle where, globally, besides Huawei and ZTE from China and Samsung from South Korea, only Ericsson and Nokia are able to provide 5G networks.

Swedish multinational companies cooperate in China with their partners and do join them in some international BRI construction projects. Even though the Swedish government has not signed up to BRI, Sweden takes part in the BRI projects outside China through these big companies. However, the Swedish businessmen are left to themselves to find these jobs. Even for the big Swedish multinationals, three-part cooperation agreements are very complicated²⁸. These projects would benefit much if the Swedish government would be part of the BRI and cooperate officially with the governments of nations taking part in the projects. Cooperation on a government level would make it possible to learn about the projects much earlier. In the BRI many big projects are initiated on the level of state leaders or prime ministers. This is especially the case with complicated agreements including several nations.

If Sweden joins the BRI it would thus benefit the multinational companies, but it would improve the opportunities for especially the small and medium-size business (SME). Special SME cooperation agreements could then be established with different BRI nations for cooperation

²⁸ Business Sweden, Report on China's Belt and Road Initiative, February 2019: <http://beta.business-sweden.se/grow-globally/articles-global/articles-global2/chinas-belt-and-road-initiative/>

with different industrial clusters and branches, like bioscience. Also, the needed backup from Swedish government research institutions would be possible. Swedish SMEs would easier establish contact and develop new science, talents and SME in an innovative environment in the new science and entrepreneur networks of the fast growing BRI nations.

Upshifting Swedish infrastructure projects with BRI

An important part of the BRI is that each country that signs up to be part of it, has exclusive rights to decide which infrastructure projects should have priority, provided that the projects are financially defensible and meets other requirements to be implemented as part of the agreement.

The EU's priority transport network TEN-T is impressive but is nonetheless a compromise that does not cover all member states' own priorities. One example is the Stockholm-Gothenburg corridor. The Swedish government requested in 2018 that ScanMed, one of the EU's nine most strategic transport corridors, which goes from the Mediterranean to Scandinavia, should be extended from Stockholm all the way along the Bothnian Corridor to Haparanda at the Finnish border and to Narvik in Norway. The expansion of the ScanMed corridor would also link up Stockholm with Oslo in Norway, which would connect all the capitals of the four Nordic nations, Copenhagen, Stockholm, Oslo and Helsinki, in the so-called Nordic Triangle. Not much has happened in Sweden with the TEN-T plan (after the Malmö- Copenhagen bridge) but with the cooperation with BRI, the development of infrastructure again can become the priority.

All by EU approved TEN-T rail construction projects in Sweden, are eligible for 20 percent co-financing from the EU. Since the Second Belt & Road Forum in Beijing in April 2019, TNT-T corridors have been added to the list of now 35 giant BRI-projects. In this way these projects planned by EU also could be supported and financed within the framework of the BRI.

The national transport plan adopted by Sweden in 2017 amounts to SEK 60 billion / year for the next 10 years. Half of the sum is for maintenance to maintain the standard of our existing roads and railways. The remaining SEK 30 billion / year will be spent on removing several bottlenecks in the transport network throughout Sweden. When it comes to cross-border transport, there are no concrete or decided measures, and only three areas for analysis and discussion and some of the rail lines needed today are expected to be ready only in 2050.

The Swedish Coalition Government's agreement in January 2019 has again updated the project on a new main high-speed railway line that will link Stockholm - Gothenburg and Malmö. Costs are expected to amount to SEK 230 billion, but many believe that the final price tag will be significantly higher, as the high cost of several underground stations are not included. The project is therefore strongly questionable and not likely to be pursued.

Experience from earlier major infrastructure projects in Sweden shows that the final costs are significantly higher than planned, that the projects take longer to complete and that the results are nevertheless disappointing. Examples include the tunnel under Hallandsåsen, the new road

that passes Stockholm (Förfart Stockholm) and the infrastructure projects "New Karolinska Hospital" (buy 1 hospital but pay for 3 with much lower capacity than before).

If Sweden joins the BRI, we could take advantage of the extensive experience that exists within BRI countries and the benefits that the BRI offers for our own major infrastructure projects.

Industrialization and poverty reduction

Another important part of signing a MoU with China with respect to the BRI, is that Sweden by doing so would acknowledge that it appreciates China's initiative to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road, putting the initiative into the context of a new type of cooperative partnership that can contribute to creating better living conditions in the countries that have joined.

Innovation is the core concept for China's industrial policy today. The time of sweatshop competition is over and replaced with a system creating added value with advanced technology and innovation. So, when replicating China's development experience in partnership with other nations in the BRI, the policy is to leapfrog the development, avoid old dead-end technologies and support innovation. Around the major Chinese international infrastructure projects there are educational facilities and research centers to train the labor force and find solutions and local resources for the projects. The new natural environment, climate conditions and other challenges spur development of new applications, products and entrepreneurship. The projects often starting from scratch are open fields for testing new ideas and products.

The BRI policy is to cooperate with nations struggling against poverty using a policy of industrialization. This was the model China used, but also originally all other welfare states.



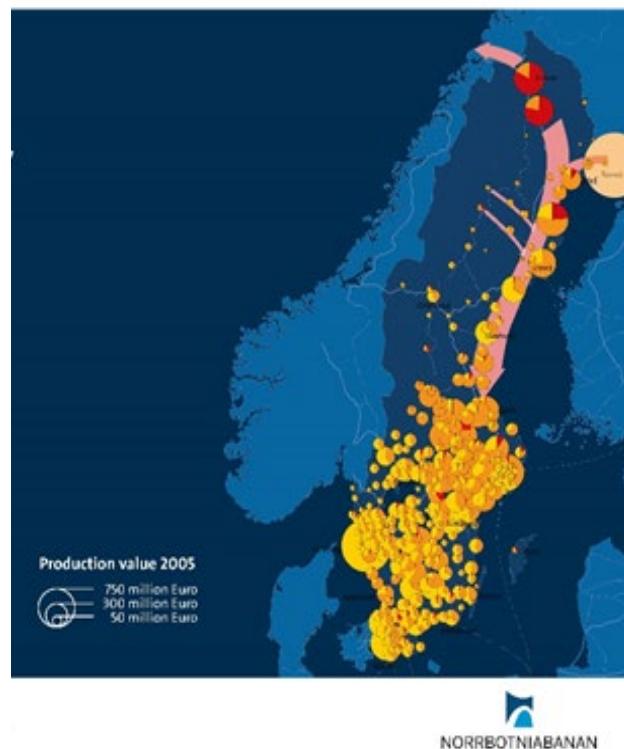
The Swedish forest industry was built on the same basis of infrastructure development, as China is implementing for its industrialization today.

Forestry will be one important branch for the industrialization process now in many BRI nations when enormous forest reserves emerge as the electrification has led to much less wood burning

and the giant tree planting projects in China and India, which are now greening the deserts, are maturing. Forestry has implications for most of the territory of any nation and therefore must be developed under the control of the government and science and not in limited business relations.

Sweden knows the policy of industrialization from its own history which started with construction of the basic infrastructure like power production, national electrification programs, railways, roads and harbors. The huge investments in infrastructure in the past, made the whole of Sweden into a development corridor.

An illustrative example of this is to study how and where the value of the mining production from the very north of Sweden is increasing along the way towards the final customers in the processing from raw material to refining end products for various needs. The infrastructure is not just for transporting a product from A to B. Instead it becomes like a river civilization generating growth along the way.



The production from the mining in the north (red circles) of 2.5 billion € is processed by the metals industry in orange and the machine industry in yellow into a value of 55 billion €. Further processing in Europe increase the production value of this corridor 10 times.

Source Norrbotniabanen and ÅF2010.



Sweden needs to add North-South as well as East -West corridors by connecting to the New Silk Roads. The obvious points are marked on the map.

First priority, based on The Swedish government request to the EU in 2018, would be that ScanMed, one of the EU's nine most strategic transport corridors, should be extended from Stockholm all the way along the Bothnian Corridor to Haparanda at the Finnish border and to Narvik in Norway. It would connect Sweden to the New Silk Road over the RailgateFinland corridor between the city of Xi'an in China and Finland's railway hub Kouvola, close to the border with Russia. This corridor is functioning with block trains run by Kazakhstan Railway KTX Express. A feeding system for this corridor is developed from Sweden at Haparanda and from Norway at Narvik. The harbor Narvik also allows a multimodal connection of this corridor to Canada, the American East Coast and the Great Lakes.

Another need is to build the tunnel connections under the strait between Sweden and Denmark to connect to the Hamburg corridor to China. The Fehmern Belt tunnel will be ready in 2028 and the traffic increase will make the Malmö – Copenhagen bridge insufficient.²⁹ One suggestion is to build a tunnel between Danish Helsingør and Sweden's Helsingborg harbors.

Further feeding of the East West corridor will require development on the cargo ferry links between Sweden and Finland as well as the Baltic states. A real gamechanger for the future would be to make the Nordic Triangle into a fixed link with of tunnels passing Åland.³⁰ Then the industrial regions of Southern Finland, Southern Sweden, Denmark and Northern Germany would link up to S.t Petersburg-Moscow-Central Asia -China creating an East West development corridor that could become one very important Silk Road between Western Europe and China.

²⁹ <https://www.dredgingtoday.com/2019/03/28/fehmbelt-tunnel-project-about-to-begin/>

³⁰ <https://baltirail.files.wordpress.com/2009/09/memo-in-english-14-9-2007.pdf>

What is the BRIX

The Belt and Road Institute in Sweden (BRIX) is a non-profit association that has been formed by the organizers, speakers, and participants in a seminar held in Stockholm on May 30th, 2018 on the Belt and Road Initiative (BRI) and its economic and strategic significance for Europe and Sweden. The seminar was organized jointly by the Schiller Institute and the China-Sweden Business Council.

The BRIX members include entrepreneurs, economists and strategic experts, with a wide range of expertise in Swedish and Chinese economic affairs. Their common conclusion is that the BRI is significant not only for a good economic and political relationship between China and Sweden, but fundamentally beneficial for economic development and peace among all nations.

The goals of the BRIX:

1. To promote an open dialogue and greater awareness about the BRI and its benefits for Sweden, China, and the world community. BRIX will provide objective, well-researched information free from prejudice and geopolitical agendas that, unfortunately, tainted many reports in Western media on the BRI and China's "agenda" behind it. This educational effort aims at bringing a clear understanding of the BRI among leading political, academic, mass media, business layers, as well as the public. BRIX will be holding seminars, educational initiatives and publish information through mass media and social media. It will be cooperating with Swedish and Chinese institutions, as well as individuals and groups interested in the BRI domestically and globally.
2. To develop bilateral business exchanges between Swedish businesses, especially innovative small and medium sized enterprises (SMEs), and interested partners in the Chinese market and vice versa. Sweden has a long-standing culture of innovation, which has become a trademark of the globally recognized Swedish industrial excellence. BRIX will help clarify the differences in business cultures in Sweden and China. Educational activities on "best business practices" and delegation visits to both countries will potentially be part of this activity.

Läs på svenska mer om Belt & Road och Belt & Road Institute Sweden – BRIX på:

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