

Change in Name

China's much-publicised double trade and investment corridor is beginning to take shape. The "One Belt One Road" initiative, the foundation for a network of regional cooperation and systematic infrastructure projects of global significance, has now officially become the "Belt and Road Initiative" (BRI).

The change in name is designed to remedy a situation where nomenclature and reality did not run together; Beijing decided that BRI better captured an initiative that is manifestly plural – comprising three overland routes and one maritime – with participating countries accounting for 30% of the world's GDP and 35% of world trade.

Further, clarification of the name reaffirms that the proposal is not a vision, programme or strategy; it is an "initiative" that focusses on "shared growth through discussion and collaboration".¹

As such, the BRI is now seen as being much more than just an investment and infrastructure idea: the BRI is also part of President Xi Jinping's "Thought on Socialism with Chinese Characteristics for a New Era" and is included in the Communist Party of China's Constitution.

Improved Clarity

There is also greater clarity about the projects included in the BRI. Apart from the Asia-Europe land and sea "silk" routes, there are plans for six economic corridors:

1. China-Mongolia-Russia
2. the New Eurasian Land Bridge, a 10,000km rail link from China to Rotterdam
3. the China-Central Asia-West Asia-Economic Corridor, replicating the ancient Silk Road
4. the China-Indo China Peninsula Economic Corridor
5. the China-Pakistan Economic Corridor
6. the Bangladesh-China-India-Myanmar Economic Corridor

Along with high-speed railways, ports and airports, the BRI will also look to develop digital connectivity, known as the "Digital Silk Road". This aspect of the initiative will adopt action plans for the development of e-commerce, digital economy, smart cities and science.

Multinational Cooperation

As the BRI gains momentum, China has reached out to the European Union, the Association of Southeast Asian Nations (ASEAN) and the Shanghai Cooperation Organisation (SCO) members. It has also entered into BRI-related construction agreements with six Arab countries, and has obtained declarations of support for the BRI from Saudi Arabia, Kuwait, the UAE and Oman.

With no final blueprint encompassing all the projects, commentators have noted that the BRI is broad, flexible and provides an inclusive framework for cooperation. To that end, it is sufficiently "vague" and "fluid", such that a variety of different projects are to be included under the BRI umbrella.

While the BRI is clearly a Chinese initiative, projecting China's achievements as a modern state wielding influence in global affairs, it is not an exclusively Chinese enterprise. In fact, more than 900 projects are likely to come under the BRI umbrella. An initiative of this scale will require the active mobilisation of technology, management and human resources on a global basis.

With the cost of the projects taken together estimated at more than AU\$1 trillion, it is anticipated that China will provide about AU\$300 billion by 2030. The balance will have to come from other national, regional and international sources, such as the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and forums like the SCO and China-Arab States Cooperation Forum. These institutions will insist upon the application of their own norms and rules to ensure transparency and viability, meaning that BRI projects are likely to be multinational, even global, in character.

Dispute Resolution

Despite the Chinese Supreme People's Court's intention to set up international commercial tribunals, international arbitration is likely to be the preferred means of resolving disputes arising out of the BRI.

China's recent announcement that it would establish courts under its own judicial system is an understandable response to the reluctance of many Chinese state-owned enterprises that feel compelled to cede resolution of conflict to foreign arbitration commissions.

¹ The Communist Party of China (CPC) has incorporated pushing for Belt and Road development into its Constitution, according to a resolution approved by the 19th CPC National Congress.

As a form of compromise, countries such as Singapore and Hong Kong are well positioned as international arbitration hubs via the Singapore and Hong Kong International Arbitration Centres (SIAC and HKIAC, respectively), with legal systems that are neutral, stable and with high-quality jurisprudence.²

In keeping with the BRI's traits of internationalism, its own success will mean the realisation of Singapore and Hong Kong's roles as enablers; while not direct "recipients" of infrastructure, these nations will ultimately be the place where deals are made and disputes resolved. In fact, Singapore's role as arbitrator has already been confirmed via the signing of a Memorandum of Understanding between the Singapore International Mediation Centre and the Mediation Centre of the China Council for the Promotion of International Trade/China Chamber of International Commerce.

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² One of the greatest advantages of arbitration is the enforceability of awards. BRI disputes will involve Chinese parties, which means that enforcement may take place in mainland China and against Chinese assets. We note that HKIAC and Hong Kong-based awards have a strong enforcement rate, by virtue of the 1999 Arrangement Concerning Mutual Enforcement of Arbitral Awards between Hong Kong and China.