

*From the Editor's Desk**China's One Belt One Road Initiative: Prospects and Challenges*

One Belt One Road (OBOR), a six -corridor trade initiative which would go from China through Asia to Europe, including Africa. China claims that 'One Belt One Road', has brought about numerous misinterpretations, as the partners tend to focus too much on the word "one", assuming that there is to be only one maritime route and a single land belt, whereas, in reality, "The Belt and Road Initiative" aims to connect Asia, Europe, and Africa along six corridors. Supposedly, the perception of a single road as a limited offer can drive the regional partners into competition mode, therefore, the stressing of the numeral "one" is to be avoided. However, the term OBOR has gained tractions in the collective mindset as is evident when we see that the keyword used to search the initiative on Google is mainly OBOR (Forbes, 2017)<sup>1</sup>. Whether OBOR is China's grand strategy or is it a geopolitical trade route that will truly allow regional integration dynamics and will elevate it to be considered as the contemporary version of the ancient silk route? These are pertinent questions and should instigate enough interest among the academicians in the next few years.

It would be funded mainly by China and corporations that believe they would benefit from OBOR in terms of accomplishing business goals. The plan is to create "six international economic corridors" with an estimated total investment of \$890 billion<sup>2</sup>. The entire project will cost around one trillion dollars, an investment China believes will be well worth it to them and other countries involved. The expansion of free trade, after all, gives businesses the opportunity to find the best labor and materials to produce their goods for the lowest possible price and to sell these goods to consumers from within and outside the country in which the goods were produced. Additionally, consumers will enjoy lower prices, since goods will be produced at a high quality for a lower price.

Certainly, China has the largest economy and has potential to see more Chinese businesses become competitive with large western businesses as a result of OBOR, and China has seen very significant economic growth in recent decades, mainly as a result of free trade with developed nations. Therefore, loosening trade borders between China and developing countries would not only benefit Chinese corporations, but it could lead to significant economic growth in any developing country which chooses to be part of OBOR.

The significant economic growth seen by such developing countries as a result of OBOR, in addition to the increased trade connections between so many countries throughout the world could lead to increased peace between these countries. This phenomenon is consistent with the liberal theory in international relations and, if it occurs, could help to stabilize warlike conditions in the Middle East and Africa, which means that OBOR could help bring an end to living in fear and poverty for many Middle Eastern and African people.

With all these potential long-term and global advantages of OBOR, some countries have legitimate concerns about the implications of entering OBOR. Detractors can view it as a statement of China's new grand strategy. Traditionally, the grand strategy was linked with war and how to mobilize resources to achieve the political objective of the war (Hart, 1967). Late 20<sup>th</sup> century's

<sup>1</sup> <https://www.forbes.com/sites/wadeshepard/2017/08/01/beijing-to-the-world-please-stop-saying-obor/#7768288817d4>

<sup>2</sup> <https://www.reuters.com/article/idUSFit987609>

economic globalization shifted the concept of global strategy. As Kennedy (1991) argues that grand strategy includes not only the overall political, economic and military aims to preserve the long-term interests of a state, but also a correct balancing of priorities within those interests on the part of the state. In a similar fashion, Biddle (2004) states that a grand strategy constitutes the ultimate objectives of a state, by integrating military, political, and economic means to pursue its objectives within the international system.

India, currently the fastest growing economy in the world is among a few South Asian countries opposing OBOR, Japan being the other major Asian power. If China runs OBOR with a centralized power structure and other countries decide they wish to back out of the agreement, then it is quite possible that countries which will not have joined OBOR, to begin with, would support the countries that are not part of OBOR. Possibly, these countries then will look for an alternative trade route which would add to the geopolitical tension in the world and add massive instability between China and all of its trading partners. The *ripple effect* of such will be felt across the globe and could jeopardize the steady recovery of the global economy post-2008's financial crisis. It is wise, therefore, from a geopolitical perspective, for China to allow OBOR to be run in a decentralized manner, including Indian and Japan would be the key to ensure OBOR's success.

**Deepraj Mukherjee, Ph.D**

*Editor-in-Chief*

International Journal of Business & Economic Development (IJBED)

Associate Professor

Department of Economics

Kent State University (Stark Campus)

Web: <https://www.kent.edu/business/deepraj-mukherjee-phd>