

# The New Silk Road

*Ding Yifan, Deputy Director of the Institute of World Development, under the Chinese State Council, gave this video address to the conference.*



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*Ding Yifan*

I want to make six points about the New Silk Road and China's economic restructuring.

So first of all, China had very fast economic growth for several years.

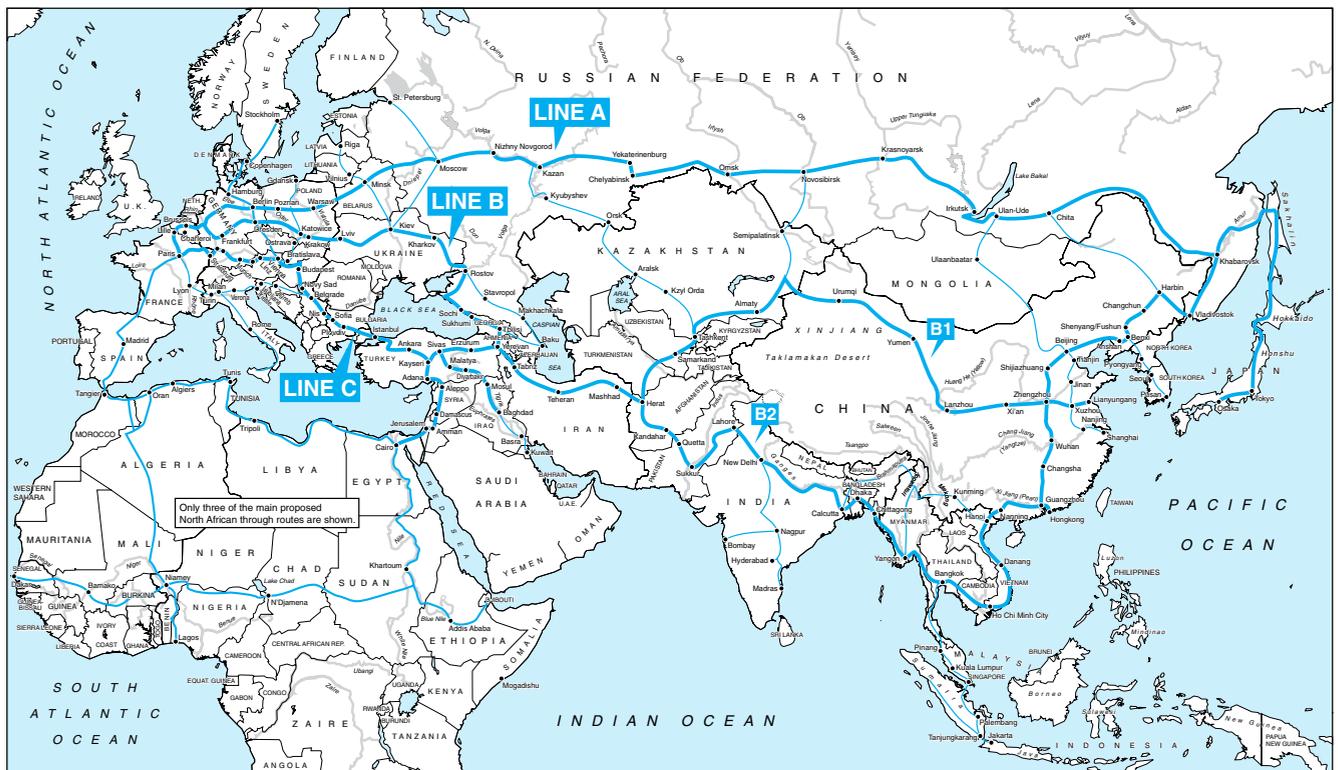
But, because of the international financial crisis, we've had a lot of difficulties to face. Multi-national companies invested heavily in the Coastal areas in China. That rapid growth enlarged the Chinese government's fiscal revenues. The Chinese government also invested a lot in infrastructure construction that improved the environment in the coastal areas, so we attracted more investment in this area.

But, with the international financial crisis, the external markets are shrinking, so Chinese exports are declining. China decided to shift the economy, the focus of economic growth, towards the internal domestic market. We have to invest heavily and massively in the Central and Western part of China, especially in infrastructure construction, in order to improve the region, and to reduce the original disparity between the different regions in China.

Also, because the labor costs, and all kinds of costs in the Coastal regions are rising, the processing trade is no longer sustainable in Coastal regions. So there is a dislocation in China. Some industries are moving from Coastal areas to the Central and the Western part of China.

The Central and Western part of China is far from the sea lanes, from the Coastal area. So the transport costs, of course, are rising. So, China has invested in railroad construction in the Central and Western part of

FIGURE 1  
The Eurasian Land-Bridge



EIRNS

*Ding Yifan illustrated his talk with this EIR map of the three Eurasian Land-Bridge routes, from EIR's original Eurasian Land-Bridge report from 1997. Many improvements to the map have been made since then.*

China, in order to connect these regions with Central Asia and Europe.

So far, China has constructed three land-bridges, which were connected to Central Asia and Europe. The first one is a north land-bridge that goes across Russia to Europe. The second land-bridge started from Central China, Xian and Chongqing, and goes through Central Asian countries from Kazakhstan and so on, and goes to Europe. And the third land-bridge goes through Myanmar and India, and Iran, to Turkey and to Europe.

With these three railroads, China's Central and Western parts will be connected to Central Asia, and the European market. So, the transport costs are a little bit higher than sea transport, but trains are much faster than sea line transport, and are less expensive than air transport. So the railroads are essential in shipping these products from Central and Western parts of China towards Europe.

When Chinese President Xi Jinping visited the

Central Asian countries and Russia, he talked about the New Silk Road project. That means that China will be investing along those railroads and allowing those railroads to make those regions' economies prosperous. Actually, China, Russia, and Central Asian countries are members of the Shanghai Cooperation Organization. They were committed to cooperation in fighting the religious extremists, separatists, and terrorists. And then in these areas they made tremendous progress.

### Fighting Poverty

But China realized that poverty is something that is favorable to these extremists, separatists, and terrorists, and that it is essential in these regions, to get rid of these extremists, separatists, and terrorists, in order for those regions to take advantage of economic developments and prosperity.

So China will invest massively in those regions to try to help those regions have a sound economic de-

velopment, and to make these people happier with their new life. That approach will be very helpful in the fight against these forces in the region. Also, since the crisis, some sectors of the Chinese economy are facing over-capacity, so China needs to find new channels to invest, and even to absorb these over-capacities.

So this economic co-operation with Central Asia countries, will be very helpful for China to enlarge China's investment in this region, and, to some extent, to absorb China's over-capacity.

Actually, my last point concerns China, Russia, and Central Asian co-operation in this region and, that this kind of cooperation can change the picture of the world economy.

I think that Mr. LaRouche talked about the Land-Bridge—a Eurasian Land-Bridge—many years ago. But his analysis is often ahead of the event, ahead of the development. So, sometimes people only realize the importance of these assessments, or of his forecasts, several years after his projection. But his projection is often proven very right. So, this time I think that the New Silk Road has proven once more that LaRouche is right, in these Chinese efforts to combine economic development efforts and economic co-operation along with Central Asian countries and Russia, and then to make the Eurasian Land-Bridge a vital development line for China and also for the region.

## **War in Asia?**

*Ding was asked about the danger of war in Asia.*

I can say a few words about that. The New Silk Road is also critical for Chinese strategic defense, because historically, the threat to China came over land, from the north, but since the Opium War, the threat comes always from the sea, from the ocean, from the southeastern part of China. So, with the Obama Administration's pivot to Asia, China feels more pressure from Japan, from the military alliance between the United States and Japan, so the pressure comes also from the southeast part, while the New Silk Road is a big background for China to have some provisions of energy, of resources, for Chinese development, and by railroad China will have access to the European market. So this time, when the threat comes from the sea, from the southeastern part, China can resist with this background support.