

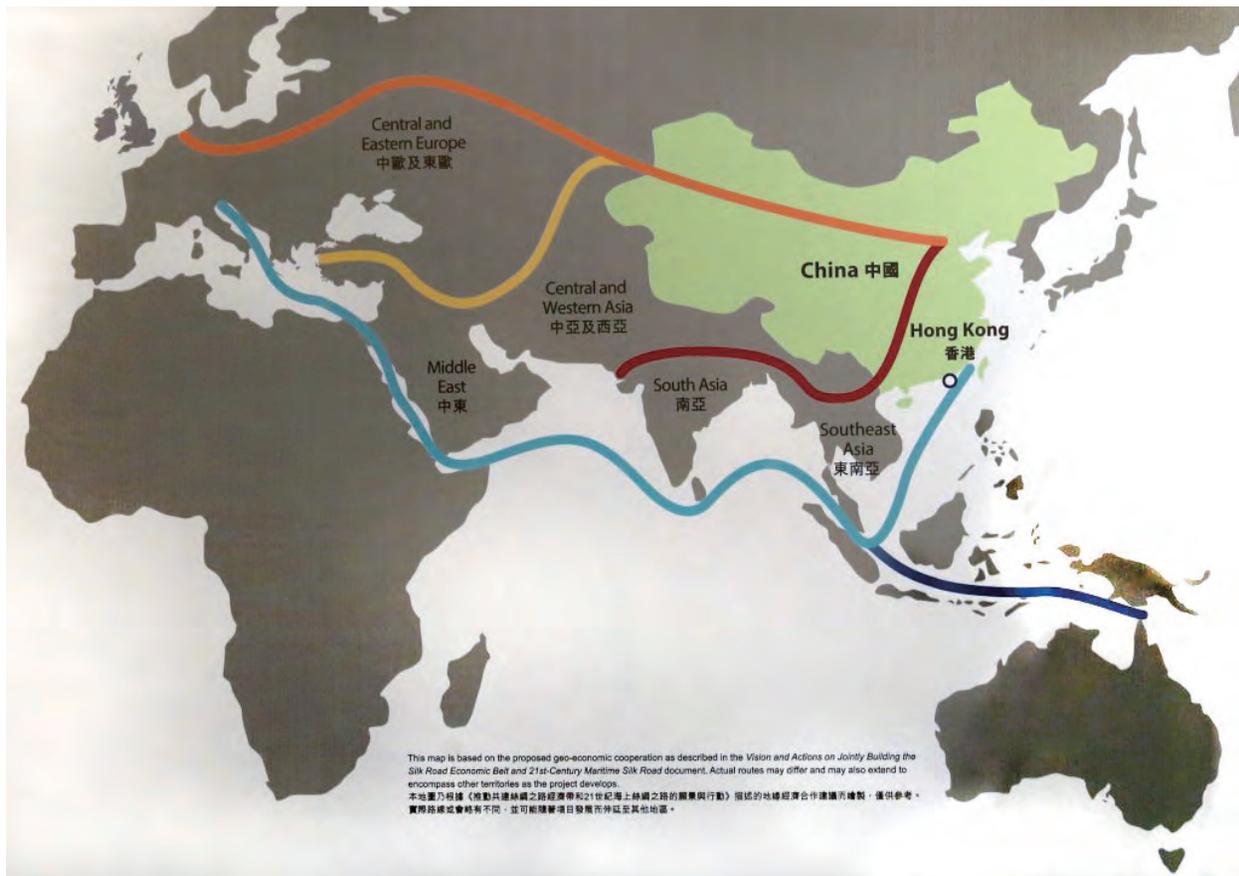
China's "One Belt One Road Initiative"- How Can ASEAN Fastener Suppliers Benefit from It

by Behrooz Lotfian

東盟扣件供應商如何能從中國一帶一路政策中獲利

Introduction

Within just 30 years, China has developed from a poor inward-looking agricultural country to a global manufacturing powerhouse. Its model of investing and producing at home and exporting to developed markets has elevated it to the world's second-largest economy after the USA. Now faced with a slowing economy at home, China's leadership is looking for new channels to sustain its appetite for growth at a time when developing neighbours are experiencing rapidly rising demand.¹ One of these channels is "One Belt, One Road". The 'One Belt, One Road' (OBOR) initiative is a foreign policy and economic strategy of the People's Republic of China. The term derives from the overland 'Silk Road Economic Belt' and the '21st-Century Maritime Silk Road' concepts introduced by PRC President Xi Jinping in 2013. These are the two major axes along which China proposes to economically link Europe to China through countries across Eurasia and the Indian Ocean. The OBOR initiative also links to Africa and Oceania.



A map illustrates China's One Belt, One Road megaproject at the Asian Financial Forum in Hong Kong, China Jan. 18, 2016. Photo by Bobby Yip/Reuters³

1 <https://www.clsa.com/special/onebeltoneroad/>

2 http://english.cri.cn/12394/2015/03/29/2941s872030_1.htm

3 <http://www.pbs.org/newshour/making-sense/china-is-spending-nearly-1-trillion-to-rebuild-the-silk-road/>

The Belt and Road Initiative is a way for win-win cooperation that promotes common development and prosperity and a road towards peace and friendship by enhancing mutual understanding and trust, and strengthening all-round exchanges. The Chinese government advocates peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit. It promotes practical cooperation in all fields, and works to build a community of shared interests, destiny and responsibility featuring mutual political trust, economic integration and cultural inclusiveness.²

ASEAN Fastener Suppliers & One Belt One Road Initiative

This road can affect all businesses and ASEAN fastener suppliers are no exception.

ASEAN fastener suppliers can play an important role in supporting the development and connectivity of China's provinces and other countries, thereby contributing to the country's continued strong and sustainable growth while simultaneously benefitting from new commercial opportunities. There will be new and exciting short and long-term commercial opportunities both within China and in countries along the routes.

Many immediate opportunities will be within China. The potential exists for powerful partnerships between ASEAN fastener suppliers and Chinese companies playing to respective strengths. A wide range of business models may be deployed, including joint partnerships, technology transfer, investment funding, engineering, procurement, and changing supply chains.

Infrastructure

Sector opportunities will initially be in areas of ASEAN fastener producers' infrastructure; Renovation of the production technologies will play an important role in connecting with European countries along the routes; The joint ventures or partnerships contracts also help the ASEAN fastener producers to import the know-how of new technology, investing fund can also be the other opportunity for them.

Cheaper and Faster Transportation

The Belt and Road run through the continents of Asia, Europe and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development.⁴ On the other hand, the silk road economic belts help Thailand, Vietnam, Malaysia to use railroad for exporting their fastener production and importing the requirements through rail road from Russia, and Central Asia and even Europe.

New Markets

Joint ventures with fastener suppliers in this road help ASEAN fastener producers to enter the other countries easier than before, and it creates new markets for them. The maritime silk road going through the Indian Ocean will touch countries in Eastern and Southern Africa, with an emphasis presently on Tanzania and Kenya, two countries which have recently discovered new markets for fastener producers in these regions.

Decrease China's Dominance in Global Fastener Market

This road helps the ASEAN producers to decrease the power of Chinese fastener producers in the world through the new relationships that will occur in this new area.

Last Word

The implementation of this vision will for sure change the fastener business concept in the world, as it will emphasize Europe-Asian-African ties, while leaving behind the American continent and the United States. The global, but also regional and national consequences of this initiative could be very important, depending on its level and extent of implementation. It also can be a guide for fastener producers to remove or build their new factories in the nearest areas to these road transportation facilities.

ASEAN developing countries have a great deal to gain from such an initiative, but there is a number of risks in this cooperation, too, the depreciation of Malaysian currency against US dollar caused the price instability; the political problem that occurred in Thailand, the risk of recession that threats Singapore.

These issues in ASEAN region help Chinese fastener producers to use the OBOR more effectively, and therefore, they may expand their fastener market faster than ASEAN fastener producers, absorb more foreign investments, etc.

Other References:

- 1- http://koehlerservices.com/images/stories/pdf/Legal_Tax_Alerts/Chinas-One-Belt-One-Road-Initiative.pdf
- 2- <http://blogs.lse.ac.uk/internationaldevelopment/2017/01/30/the-impact-of-chinas-one-belt-one-road-initiative-on-developing-countries/>

4 http://english.cri.cn/12394/2015/03/29/2941s872030_1.htm