

**CHINA'S "MARITIME SILK ROAD OF
THE 21ST CENTURY" INITIATIVE**

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EAI Background Brief No. 941

Date of Publication: 30 July 2014

Executive Summary

1. The maritime silk road was a trade network of different shipping lines that had involved both China and the Association of Southeast Asian Nations (ASEAN) for centuries.
2. President Xi Jinping's decision to announce the "Maritime Silk Road (MSR) of the 21st Century" initiatives in Indonesia shows the importance of ASEAN in this initiative.
3. Together with the "Silk Road Economic Belt", the MSR proposal forms a key part of China's new foreign cooperation strategy under the new Chinese leadership.
4. China is a leader in global shipping industries and cargo transportation by ports. Its MSR initiatives to ASEAN are a reflection of China's ascendance and her growing power in the global arena, economically, politically, as well as strategically.
5. China's MSR initiatives to ASEAN are both economically and politically motivated. By promoting port and other forms of infrastructure cooperation, China seeks to ease its territorial disputes with other ASEAN claimant states, and strengthen mutual trust.
6. On the economic front, the MSR proposal will boost maritime connectivity, port and harbour cooperation, and maritime commerce. It also provides a channel of overseas investment for Chinese companies and capital, either in infrastructure construction, or in manufacturing and foreign commodity trade and service sectors.
7. The cooperation will also narrow the huge infrastructure development gap among ASEAN members. For China, such outward infrastructure investment is important for boosting its manufacturing sectors, addressing its domestic production overcapacity and stimulating domestic economic growth.

8. Provincial governments in China such as Yunnan and Guangxi have played a very active role in forging a close bilateral relationship between China and ASEAN countries.
9. China faces both internal and external challenges in the implementation of the MSR proposal. Domestically, inter-organisational coordination is the most challenging task.
10. Externally, the challenge is with the South China Sea territorial disputes. Expanding bilateral cooperation with ASEAN is contingent on the smooth settlement of disputes in the South China Sea.
11. Although cooperation with ASEAN on maritime trade is on the rise, China has yet to cultivate the much needed political and strategic trust. The viability of the MSR is thus still in question.