BRI & Beyond Forecast

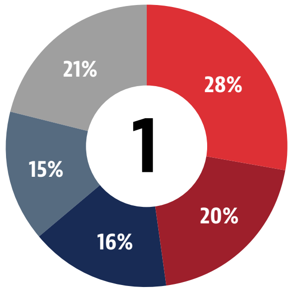
Five Divergent BRI Forecasts for the Decade Ahead

Baker McKenzie.

The Belt and Road Initiative (BRI) is a groundbreaking infrastructure development initiative that has been constantly evolving since its inception in 2013. Baker McKenzie and Silk Road Associates have modelled five BRI scenarios for the 2020s. All offer distinct outcomes based on various key geopolitical trends.

Continuing on the current trajectory equals an estimated US $910 billion in BRI infrastructure investments

If BRI infrastructure investments stay on their current course, the original 65 core BRI countries will continue to see significant investment, as will the recently-joined Latin American countries. In this model, while the number of BRI projects will continue to increase, many projects will be of average size and smaller value, which is a trend already in evidence.



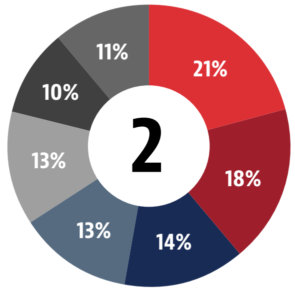
Baseline Model

- Sub-Saharan Africa
- Southeast Asia
- Latin America
- South Asia
- North Africa, Europe, Central and East Asia

Key investment sectors:
Power, Manufacturing and Railways

Collaboration wins big, totalling US $1.32 trillion in BRI investments

Lessons learned so far, point to collaboration as the win-win BRI solution that reduces political opposition and ensures the highest long-term success rate for infrastructure projects and better access to ongoing multilateral funding. This scenario is based around more formal partnerships between China and external 3rd parties, including other governments and private capital, and BRI-project alignment with the multilateral development banks.



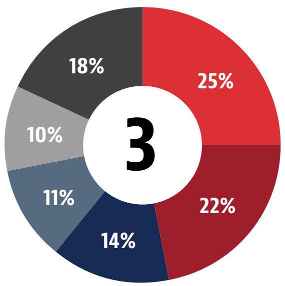
Global Cooperation Model

- Southeast Asia
- Sub-sarahan Africa
- Latin America
- South Asia
- Middle East
- Europe
- North Africa, Centra and East Asia

Key investment sectors:
Clean Energy, Rail (Intercity and Metro), Ports, Manufacturing

Sustainability becomes a key driver, pushing future BRI investments to US $1.2 trillion

If China adopts a policy of even closer alignment between its BRI goals and sustainable initiatives, it is very likely that it will gain access to new streams of multilateral funding for BRI projects. It will also make Chinese engineering and construction companies more competitive globally to win major clean energy and water project bids as part of BRI.



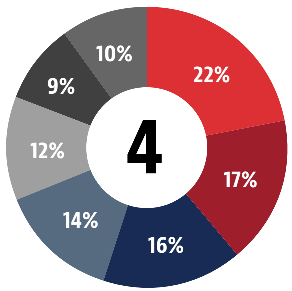
Global Sustainability Model

- Sub-saharan Africa
- Southeast Asia
- Latin America
- South Asia
- Middle East
- North Africa, Europe, Central and East Asia

Key investment sectors:
Clean Power, Water Supply & Treatment, Manufacturing and Railways

With tariffs remaining high over a longer term period, BRI infrastructure projects can still garner an estimated US $1.06 trillion

Ongoing trade tensions between the US and China have led to the partial relocation of manufacturing away from China, including by Chinese companies, to low-cost countries in Southeast Asia and South Asia. In this scenario the influx of manufacturing sees renewed interest in BRI infrastructure investments in these countries (private and through state-owned enterprises) to support the production relocation.



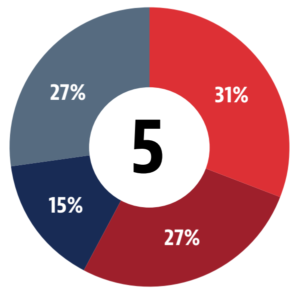
Supply Chain Relocation Model

- Southeast Asia
- Latin America
- Sub-saharan Africa
- Europe
- Middle East
- South Asia
- North Africa, Central and East Asia

Key investment sectors:
Power, Railways and Manufacturing

Global protectionism dampens down future BRI investment, totalling US $560 billion

Fierce, politicised and protectionist competition among countries will almost halve global BRI investments when compared with the Baseline Model (Forecast 1). Of all the five forecasts, this one offers the most modest benefits to all stakeholders.



Uni-Polar Model

- Sub-saharan Africa
- Southeast Asia
- South Asia
- Middle East, North Africa, Latin America, Central and East Asia, Europe

Key investment sectors:
Power and Railways

Source: Research by Silk Road Associates. Examined BRI investments across 150+ countries from 2020 to 2030. Forecasting model includes core infrastructure, including power, rail, road, ports, and water, as well as related activity, including export manufacturing. Figures are expressed in current US$.