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# V. Finance and Economics of the Belt and Road Initiative

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## V. FINANCE AND ECONOMICS OF THE BELT AND ROAD INITIATIVE

### Finance

In contrast to the lack of more comprehensive and immediate detail about what the BRI means for the region, the allocation of finance to back the ambitious vision has been quick to emerge.

China's President Xi Jinping marked the announcement of the SREB in 2013 with deals worth billions of dollars: \$30 billion in Kazakhstan, \$3 billion in Kyrgyzstan and \$15 billion in Uzbekistan.<sup>1</sup> In September 2014, Tajikistan and China signed a \$5-billion direct investment deal.<sup>2</sup> In Pakistan in April 2015 Xi and Pakistan's Prime Minister Nawaz Sharif agreed a \$46-billion deal to fund the development of the CPEC.<sup>3</sup>

It is unclear, however, how exact these numbers are. One representative in the Chinese Embassy in Tashkent said that '\$15 billion' in a deal with China sometimes changed 'depending on who you were speaking to'.<sup>4</sup> It is also not always clear the degree to which the deals are actually new each time, or whether they are in fact old deals repackaged or reannounced. For example, the deals between Chinese regions and specific Central Asian countries often appear to be subsets of the larger national deal signed when Xi visits the country.

Fundamentally, however, the grand totals are less important than the physical projects that result from Chinese investment. This has led many in Central Asia to view China as a somewhat more reliable partner than Russia in terms of aid and infrastructure construction pledges.<sup>5</sup>

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<sup>2</sup> Yu Lintao, 'Getting Tight with Tajikistan', *Beijing Review*, 22 September 2014.

<sup>3</sup> Katharine Houreld, 'China and Pakistan Launch Economic Corridor Plan Worth \$46 Billion', *Reuters*, 20 April 2015.

<sup>4</sup> Authors interview with representative from Chinese Embassy, Tashkent, Uzbekistan, October 2014.

<sup>5</sup> This surfaced repeatedly in conversations, particularly on research trips to Kazakhstan and Kyrgyzstan, September 2014.

## Notes

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