



GEORGE H. W. BUSH FOUNDATION
FOR U.S.-CHINA RELATIONS
乔治布什美中关系基金会

Building the Green, Digital and Inclusive City of the 21st Century

BRI: Mach2; Superior Technology, Faster and Deeper Deployment

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Global Leadership/Superior Technology

China leads the world in:

- Infrastructure/Construction
- Green Energy
- Digital- including 5G
- New Energy Vehicles (NEVs)
- TCM

Superior Technology; Deeper Deployment

China recently inaugurated first pilot free trade zone (FTZ) in Xinjiang designed to advance industrial upgrading and boost digital trade.

- Xinjiang, the BRI's gateway from China to Central Asia and onto Europe, is adding an FTZ which will have a total area of circa 180 km², covering Urumqi, Kashi prefecture and Horgos – key components of China-Europe rail freight
- The FTZ is designed to accelerate economic and trade and links (including culture, education, talent and tech cooperation) between Xinjiang and Central Asia bordering with: Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan and India
 - The Urumqi area will focus on developing global trade, modern logistics, advanced manufacturing, textiles and clothes as well as bio-pharma, new energy and new materials
 - The Kashi area will be developed into a processing and assembly base for labour-intensive industries that connects with Central Asian and South Asian markets
 - Horgos will leverage its edge as an international cooperation centre in cross-border logistics
- In August 2023, President Xi visited Urumqi's Industrial IoT Industrial Park, Xinjiang's first 5G Industrial IoT Industrial Park. This will build upon China's strength in 5G where it leads the world in integrating 5G into the real economy

Deeper Deployment – Eurasian Rail

Russia Belarus Alternative Routes Enhancement

- In 2022, the conflict in Ukraine radically complicated the operating environment of the Eurasian railway route passing through Belarus, Russia and Kazakhstan
- As such, the Middle Corridor became the near-term focus
- Kazakhstan stated that traffic time on Middle Corridor – Eurasian rail route that bypasses Russia – will be reduced from 38–53 days to 14–18 days by end of 2023
- Transit time across Kazakhstan reduced from 12 to 5 days



- At the end of October 2023, Premier Li Qiang called for accelerated cooperation on a planned international railway linking China, Kyrgyzstan and Uzbekistan

Superior Infrastructure

Deeper Deployment – Increased Eurasian Connectivity

- The Wakhan Corridor is a territory located within the Badakhshan province of Afghanistan, 217 miles, 9 miles wide connecting Afghanistan to Xinjiang
- To the Corridor's north lies Tajikistan; to its south lies greater Kashmir
- In January, Taliban-run Afghanistan saw its first significant foreign investment of \$540 million with CNPC to extract oil from the Amu Darya basin between Central Asia and Afghanistan
- In October, the Taliban attended BRFIll to discussions on plans to build a road through the Wakhan corridor – through extremely difficult terrain



TCM –Global Leadership

Deeper Penetration

- In February 2022, The National Administration of Traditional Chinese Medicine (TCM) announced plans to add traditional TCM to the BRI. It plans to build 30 overseas TCM centres and 50 international co-operation bases and service export bases in countries along BRI routes during the period (2021-2025)
- Later in 2022 BRICS Online Initiative for Cooperation in Traditional Medicine was launched
- In December 2022, 1st regional launch – China-ASEAN Forum on Traditional Medicine – every two years
- In Q4 2023, the 4th “Belt and Road Traditional Medicine Alliance” held
- These all followed the June 2021 launch of the Belt and Road Vaccine cooperation, initially including 29 BRI countries (now circa 35 countries)

Superior Technology – NEVs

Fastest

- Thailand is ASEAN's leading automotive producer; it also ranks in the top 10 globally for automotive production and total auto exports
- Relative to EVs, Thailand is the 1st country in Southeast Asia to offer special incentives and to have clear targets that least 30% of the cars made in Thailand are EVs by 2030
- Four Chinese carmakers have already invested in EV manufacturing in Thailand – BYD Auto (2022 – \$485 million in 2023), Great Wall Motor (2020 – acquired plant for \$634 million previously owned by GM), SAIC Motor (2019 / with CP Group) and Neta Auto (2022)
- Other Chinese EV companies including Chang'an Automobile (\$285 million) and GAC Aion, are also investing in Thailand
- “The competitive advantages of Chinese NEV manufacturers in Thailand are partly a result of their excellent technology and consistent innovation. Because they were the first to realize the potential offered by Thailand's EV policy, they are enjoying an early-mover advantage in the Thai and regional markets”
- In 2023, at least 6 Chinese companies also launched printed circuit board (pcb) operations in Thailand

Faster – Deeper Deployment

Over-Riding Funding Constraints

- The effects of Trump's trade war designed to slow the Chinese economy were more than offset by the effects of China's 2018-2020 opening up
- Inbound FDI leapt from \$130 billion/year to circa \$180 billion/year, where it stayed until 2023
- Measures taken to tighten capital China inflows in 2022
- Other measure included influenced major international corporates to build future plants elsewhere (BMW, SK) and relocate China based employees elsewhere (Microsoft to Canada, Dell to India)
- China's FDI actually turned negative in Q3 2023

Faster – Deeper Deployment

Over-Riding Funding Constraints

- August 2022 – Chinese companies began delisting from NYSE (auditing process)
- December 2022 – timeline for Chinese companies delisting sped up – the last 2 Chinese firms delisted their US ADRs in January 2023
- Feb 2023 – Trump's list of banned Chinese company stock investments increased to 59 companies (not JVs)
- 2022 – China sees huge decline in US PE investments. H1 2023 – China raised only \$1.4 billion in PE funds
- August 2023 – WH signs Executive Order banning US investment into Chinese Technology severely limiting PE and VC firms new investments into China
- October 2023 – Q3 saw sharp drop off in value of investments by US PE and VC funds

Faster – Deeper Deployment

Over-Riding Funding Constraints

- In December 2022 – Saudi and China signed 34 investment agreements with face amount of circa \$30 billion. By October 2023, total disclosed amounts of announced of inbound investments: \$16.1 billion (face \$25+ billion)
 - Tech (9) \$8.0 billion (key growth capital into Chinese growth companies)
 - Petrochemicals (3) \$7.8 billion
 - Lifesciences (1) \$300 million
- Inbound GCC announced with no Financial Amounts Disclosed
 - 3 Green energy
 - 2 Investments/Finance
 - 1 each in Digital, logistics and tourism

Superior Technology

Faster, Deeper Deployment of Green Energy

China Thorium Molten Salt Experimental Reactor (TMSR)

- In 2011, after nearly 40 years of lying dormant, the USA Government released the IP rights to a thorium reactor to Jiang Zemin's son, with the express proviso that once China was able to implement the technology, China would return it to USA (2015 to Gates)
- Construction of the 2 MWt TMSR-LF1 reactor began in September 2018 and was reportedly completed in August 2021 (scheduled to be completed in 2024)
- In June 2023, China's National Nuclear Safety Administration gave authorisation to Shanghai Institute of Applied Physics (SINAP) to operate a 2MWt liquid fuel TMSR operation application for 10 years; it will start by testing operations
- This marks the first MSR since the US shutdown its Oak Ridge test reactor in 1969
- If the TMSR-LF1 proves successful, China plans to build a reactor with a capacity of 373 MWt by 2030, with the ability to produce 20,000 GW power from a single plant (Gobi desert)
- A Chinese nuclear official was quoted as saying China plans to build 41 of these TMSRs throughout the BRI

ONE PEOPLE... ONE PLANET

- HEALTH
- GREEN

THANK YOU