



# Are Declining Trade Volumes a Bump on the New Silk Road?

Author of "Global Supply Chain Ecosystems", Mark Millar has been engaged as a Speaker, MC or Moderator at more than 400 corporate events and industry conferences in 23 countries.



Mark Millar

**For more than two millennia the ancient Silk Road served as the prime trade highway linking China and the Far East with the Middle East and into Europe.**

**Following centuries of neglect it was recently rediscovered, offering the potential of an alternative route to transport the massive amount of goods generated by the Chinese manufacturing machine destined for western European markets.**

**Back in 2011, the New Silk Road (NSR) Forum was formed in London, following a successful New Silk Road conference, and acts as a medium for all participants – including governments, institutions, corporations and professionals – to meet, discuss and understand the opportunities that the New Silk Road could provide.**

**Subsequently in 2013, Chinese President Xi Jinping introduced the Silk Road Economic Belt initiative in Kazakhstan in September and the 21st Century Maritime Silk Road initiative in Indonesia in October – now collectively known as One Belt One Road (OBOR) or more recently becoming just Belt and Road.**

**The potential advantages of these new Silk Road routes are substantial, including faster transit times compared with alternatives such as deep sea traffic, new multi-modal land-bridge linkages through direct road and rail connections, plus enhanced transport infrastructure that provides a much more integrated east-west supply chain ecosystem.**

## Asia-Europe trade flows have softened

However, in recent months the index that tracks freight movements among the countries along the New Silk Road has fallen to the lowest level since it was established. The Maritime Silk Road Freight Index was launched on a trial basis by the Shanghai Shipping Exchange in July 2015, with support from the Chinese President articulating that the index was intended to “enhance the transparency and influence of the market” by monitoring and measuring the flows of container imports and exports, dry bulk imports and tanker imports.

The index uses January 2015 as its base point, with a value of 100. The update released at the end of March 2016 shows that the index has gradually declined and overall has now fallen to 64.26 – a reduction of more than 35 % from the base rate of 100.

Some of this drastic fall reflects the significant impact that China’s economic slowdown has had on global shipping activity, with the country’s

exports during the first quarter of 2016 having declined by almost 10 % year on year, and imports down by almost 14 %. The 2016 slowdown in trade is not limited just to China – leading regional and global ports all saw reduced freight movements in early 2016. Singapore reported a 7.7 % drop in container movement in February, while both Shanghai and Hong Kong saw significant falls in traffic.

## Impact for the Silk Road initiatives?

So how seriously should we take the impact of reduced trade flows on these new Silk Road projects that have attracted vast global attention and huge investment, albeit largely driven by China?

At this early stage it would be unwise to read too much into what may well prove a comparatively short-term blip in economic growth, even if it lasts for a couple of years. Countries and companies who have the vision and resources to invest





in major infrastructure projects take a far longer-term view, often planning decades ahead.

China, more than most, has shown its readiness to take an ultra-long term perspective when investing, and their level of investment in *One Belt One Road* projects during the last couple of years has been mightily impressive, not to mention its commitment to the new Asian Infrastructure Investment Bank.

### Enduring strength through multi-lateral participation

When we consider the scale of participation in Silk Road trade and developments, this short-term impact of reduced trade flows on such a large scale long-term project becomes less of a concern.

Some thirty member countries from Turkey in the west to China in the east were involved in the London initiative that established the New Silk Road Forum.

Business and trade partners included the Mid-

dle East Association, the China-Britain Business Council, KPMG, UK India Business Council, PWC, Deloitte, Sumitomo Banking Corporation and the International Project Finance Association.

The Chinese Belt and Road initiative embraces more than 60 countries, representing a third of the world's total economy and more than half the global population.

Global giants such as Hewlett Packard, Apple and major car manufacturers have already shown their willingness to support and use the new road and rail routes because they can see the potential savings for their own international businesses.

### China's investment in New Silk Road Infrastructure projects is well underway

The first major project to be funded by the multibillion Silk Road Fund, that China established to make the *Belt and Road* initiative a reality, was unveiled by Chinese President Xi Jinping

during his visit to Pakistan in April 2015. The *Karot 720-MW Hydropower Project* is to begin construction by the end of 2016. Being constructed by a subsidiary of China Three Gorges Corp at an estimated cost of USD 1.64 billion, it was just one of the 51 agreements worth a total of USD 46 billion that were signed by China and Pakistan during the President's visit.

China has also won high-profile railway infrastructure contacts with both Laos and Indonesia, and officially signed another rail agreement with Thailand. Furthermore, after a thorough review of the contractual agreements, Sri Lanka's government have recently decided to allow a massive Chinese port development project to continue.

In February of this year, a new record in New Silk Road traffic flows was realised when the first train connecting China to Iran through the ancient Silk Road arrived in the Iranian capital of Tehran after traveling 10,399 kilometres (about 6,500 miles) in just 14 days! The freight train carrying 32 containers of commercial products originated from China's eastern province of Zhejiang and used existing rail links to go from China to Kazakhstan, then to Uzbekistan, then through Turkmenistan and thence on to the Iranian capital, Tehran.

China's *Belt and Road* initiative also includes the Maritime Silk Road, linking its own coastal ports to Europe through the South China Sea and the Indian Ocean in one route, and also connecting from China's coastal ports through the South China Sea to the South Pacific.

### Conclusion

Given the enormous potential economic advances the New Silk Road offers, the level of investment already committed and, perhaps just as important, the high-level and high-profile personal commitment from the President Xi Jinping, it will take more than a short-term drop in trade to divert the New Silk Road from its chosen route. It is without a doubt a project that is here for the long haul – and one that has the potential to transform both East-West trade and the lives and livelihoods of all those who live along its route. ■

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# 正在下降的贸易量是新丝路上的一个肿块吗？

“全球供应链生态系统”作者Mark Millar已经在23个国家的400多次企业活动和行业会议中受聘担任演讲者，司仪或主持人。



Mark Millar

在两千多年里，古丝绸之路曾担任连接中国和远东及中东之间的主要贸易大路并通往欧洲。

继几个世纪遭遇忽视以来，人们最近重新发现它，用来提供运输到西欧市场的潜力替代路线，这是为了运输中国制造机器所生产的数量巨大的商品。

早在2011年，新丝路（NSR）论坛成立于伦敦，随着新丝绸之路会议的成功，它作为所有参与者的媒介——包括政府、机构、企业 and 专业人士——为他们提供见面、讨论和理解新丝路的机遇。

随后在2013年，中国国家主席习近平九月在哈萨克斯坦主动介绍了丝绸之路经济带，在十月于印尼创办的21世纪海上丝绸之路活动——现在统称为一带一路（OBOR）或最近刚刚开始成为“带路”。

这些新丝绸之路路线存在巨大的潜在优势，包括如替代深海业务，通过直接的公路和铁路连接的新的多式陆桥联系，再加上它提供了更加综合的基础设施。提高交通能力，运输时间也缩短，形成东西向的供应链生态系统。

## 亚洲至欧洲航线流动已经软化

然而，在最近几个月，跟踪沿着新丝绸之路各国之间货物流动的指数已经下降到自它成立以来的最低水平。海上丝绸之路运价指数2015年7月由上海航运交易所试点基础上推出，中国国家主席支持阐明该指数旨在“提高市场的透明度和影响力”，通过监控和测量集装箱进口和出口流，干散货进口和油轮进口。

该指数采用2015年1月作为基准点，值为100。在2016年三月底发布的更新值中，表明该指数已经逐步下降，目前整体已经下降到64.26——从100基准率减少35%以上。

一些这方面急剧下降的状况反映了中国经济增速放缓对全球船运活动有显著的影响，与该国2016年第一季度出口同比已经下降了近10%，进口下降了近14%。2016年贸易放缓并不仅仅局限于中国——领先区域和全球所有港口在2016年年初都有所下降。新加坡货运的报道集装箱运输二月份跌幅在7.7%，上海和香港在交通方面都呈现出显著下跌。

## 丝绸之路活动有什么影响？

虽然主要是由中国驱动，但是这些项目已经引起广泛的全球关注和巨大投资，所以我们应该怎样认真对待这些新丝路项目流动贸易减少产生的影响？

在这个早期阶段，过度解读成什么可能被证明在经济增长的相对短期暂时现象将是不明智的，即使它持续了几年。拥有远见和投向重大基础设施项目

资源的国家和企业应采取长远的眼光来看，往往超前规划十年。

中国，相比大多数，表明了它准备投资时采取了一种超长期角度来看项目，他们过去几年中在一带一路项目的投资水平一直令人印象深刻，更何况还有它承诺的新亚洲基础设施投资银行。

## 通过多边参与的持久强度

当我们考虑丝绸之路贸易和发展的参与规模，贸易减少的这一短期影响在如此大规模的长期项目面前变得不那么令人担忧。

- 从在西面的土耳其到东面中国的这些30个会员国参与了在伦敦建立的新丝路论坛。

- 商业和贸易合作伙伴包括中东协会、中国英中贸易协会、毕马威会计师事务所、英国印度商业委员会、普华永道、德勤、住友银行和国际项目融资协会。

- 中国带路主动拥抱世界60多个国家，它们代表着三分之一的世界经济总量，以及超过全球的一半人口。

- 全球巨头如惠普、苹果和各大汽车制造商已经表示愿意支持并使用新的公路和铁路路线，因为他们可以看到为自己国际业务节约的潜在。

## 中国在新丝路基础设施项目的投资正在有条不紊地进行

第一个由数十亿丝路基金资助的主要项目，由中国国家主席习近平在2015年四月于巴基斯坦的访问中揭幕，这是由中国建立，使一带一路的开始成为现实。Karot 720兆瓦的水电项



目，在2016年年底开始建设，由中国三峡总公司的子公司以16.4亿美元，估计成本构成，它仅仅是中国主席访问期间，巴基斯坦51个被中国签订的总价值460亿美元的协议之一。

中国也赢得了备受瞩目的老挝和印尼铁路基建合同，并与泰国正式签署其他铁路协议。此外，合同协议进行彻底审查后，斯里兰卡政府最近决定允许一个庞大的中国港口发展项目继续。

今年二月，当通过古丝绸之路连接中国与伊朗的第一列火车，在短短14天内行驶10399公里（约6500英里）后到达伊朗首都德黑兰，这实现了抵达新丝路交通流的新纪录！货运列车运载32个集装箱的商业产品，起始于中国东部省份浙江，使用现有铁路连接从中国去哈萨克斯坦，再到乌兹别克斯坦，再通过土库曼斯坦，再去伊朗首都德黑兰。

中国一带一路举措还包括海上丝绸之路，通过中国南海和印度洋连接自己的沿海港口到欧洲形成一条航线，从中国沿海港口通过中国南海也连接到南太平洋。

## 结论

鉴于新丝绸之路提供了巨大的潜在的经济发展前景，已经承诺的投资，也许同样重要的层面是习近平高层次、高规格的个人承诺，短期贸易下降就改变新丝绸之路的路线选择的这种做法会带来更高的代价。这毫无疑问是潜力项目之一，是这里的将来——这有可能改变东西方这两个贸易体以及所有那些沿线居住者的生活和生计。

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# Mark Millar Recognised in USA Listing of Pros to Know in Supply Chain 2016

Mark Millar, one of Asia's foremost speakers and a leading authority on supply chain and logistics, has been recognised by USA-based media group Supply & Demand Chain Executive (SDCE) in their sixteenth annual listing of "Pros to Know" in the supply chain industry.

The 2016 Pros to Know Awards recognise supply chain executives that are leading initiatives to help companies prepare their supply chains for the significant challenges of today's business climate.

Announcing the awards in Fort Atkinson, Wisconsin, SDCE editor Ronnie Garrett said: "Supply & Demand Chain Executive congratulates the 2016 Pros to Know recipients. The Pros to Know

is a listing of exceptional executives. We commend recipients for their achievements. Their accomplishments offer a roadmap for other leaders looking to leverage the supply chain for competitive advantage."

Commenting on the award from his office in Hong Kong, Mark said: "It's a great privilege to be recognised by SDCE USA as one of their leading supply chain professionals. These awards reflect how companies increasingly recognise their supply chain ecosystems as strategic growth enablers, incremental revenue drivers and a source of competitive advantage. It is encouraging to see supply chain management becoming an essential topic across all spheres of business management - and a strategic agenda item in the

boardroom." This latest recognition of Mark's enthusiastic contribution to supply chain thought leadership follows the recent publication of his first book - Global Supply Chain Ecosystems - commissioned by leading business publisher Kogan Page of London. The book explores the ways in which twenty-first century supply chains have evolved into worldwide, interconnected supply-and-demand networks with profound interdependencies. With the use of real-life case studies drawn directly from Mark's experience, the book examines several critical aspects of a global supply chain ecosystem - including visibility, resilience, sustainability and collaboration - and explores the latest market trends and industry developments.

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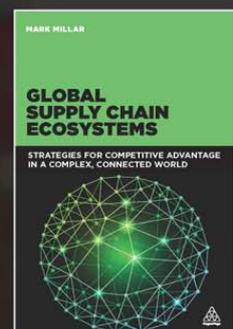
## Delivering with impact for your audience

Clients have engaged Mark Millar as Speaker, Moderator, MC or Conference Chairman at more than 400 Events in 23 Countries.



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Mark's book, **Global Supply Chain Ecosystems**, is available at [www.gsce-mm.com](http://www.gsce-mm.com)

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