



POLICY PAPER

No. 7 (148), February 2016 © PISM

Editors: Wojciech Lorenz (Managing Editor)

Jarosław Ćwiek-Karpowicz • Anna Maria Dynier • Aleksandra Gawlikowska-Fyk
Dariusz Kałan • Patryk Kugiel • Sebastian Płóciennik • Patrycja Sasnal • Marcin Terlikowski

Many Belts and Many Roads: The Proliferation of Infrastructure Initiatives in Asia

Justyna Szczudlik

Asia could be described as the world's great construction site, and is already the focus of a scramble for infrastructure projects. Among countries competing for investments are not only China with its Silk Road initiative, but also Korea, Japan, India and ASEAN, which have prepared their own infrastructural strategies. The plethora of initiatives may have a positive impact on Asia, offering diverse solutions to the infrastructural bottleneck and reforms of existing institutions and modes of assistance. But there is also the risk that fierce competition may result in unprofitable projects, while economic slowdown could cause a decline in funding. For Europe these initiatives create opportunities to take part in new projects, but the EU should be aware that the projects will be implemented mainly in Asia and by Asian countries.

Asia's Infrastructure Hunger

There is no doubt that Asia is the most economically vibrant and fastest growing region. Asian nations have been trying to integrate for decades, but the process remains far from smooth. However, it seems that these ASEAN-led integration efforts are no longer the only ones in Asia. The number of new initiatives for Asian integration has been rising in recent years, with the preponderant focus on overcoming the region's infrastructure deficit. In this sense, infrastructural investments are becoming a tool that eventually may lead to Asian integration.

The "pivot to Asia" slogan extensively used by the United States in recent years is taking on new momentum and new forms. Such pivots are now visible in countries of the Asian region itself as they turn their focus inward, and are noticeable in the proliferation of infrastructure investment projects. Perhaps the first such initiative to come to mind is the widely-promoted China-led Silk Road ("One Belt, One Road" or OBOR) strategy. But this is not the only one. Other countries, such as the Republic of Korea (ROK), India, and Japan, and ASEAN have announced their own infrastructure initiatives, making the Asian landscape complicated and intriguing. On the one hand, these initiatives might arise as a result of rivalry between states about their primacy in the region. On the other, they offer diverse solutions to the Asian infrastructure bottleneck, which is a serious impediment to the flow of trade, hampering investment and limiting revenues. These initiatives are also means to overcome economic perils in countries that are facing domestic slowdown or shrinking local markets due to ageing societies, higher consumption taxes (for example, Japan), restrictive immigration policies, or domestic investment saturation.

According to various estimates, Asia's infrastructure needs are huge and vary between \$60 billion per year until 2022,¹ and \$8 trillion until 2020 (of these estimates, 68% is for new projects and 32% for maintaining and replacing existing infrastructure).² It is said that the biggest needs are in the transport and energy sectors. There are also statistics indicating that, for example, Indonesia needs infrastructure investment of about \$600 billion in the next five years if it is to maintain its economic growth (the government can only contribute 25% of this total),³ while Thailand plans to spend \$100 billion on infrastructure, in the expectation that this will help raise the country's GDP growth to 3%.⁴

Bearing in mind the slow economic growth in Western countries, which are a major destination for Asian export, and taking into consideration the economic gyrations in China, Asia (especially the southeast part of the continent) is becoming a prospective destination for foreign investors. To make this region competitive, infrastructural challenges should be addressed.

A Plethora of Infrastructural Initiatives

There have been various new infrastructural proposals in Asia in recent years. Apart from the China-led Silk Road, India, under prime minister Narendra Modi's leadership, is enhancing its Indian Ocean strategy with an initiative called "Blue Economy" and an "Act East" policy focused on Asia. Korea under President Park Geun-hye, has announced the "Eurasian Initiative," while Japan's prime minister Shinzo Abe has unveiled the "Partnership for Quality Infrastructure." Moreover, ASEAN is implementing its "Master Plan on ASEAN Connectivity."

China's One Belt, One Road (Silk Road) Initiative

China under Xi Jinping is trying to recalibrate its economic model from export and investment-oriented to higher domestic consumption. Nevertheless, bearing in mind China's size, its overproduction, and its huge stock of foreign exchange reserves, it seems plausible that Beijing cannot entirely abandon its traditional economic model. Facing an economic downturn and domestic infrastructure investment saturation, and having huge, state-owned contractors with investment capabilities and know-how along with many plants that boast immense production capacities, Beijing needs a greater "going out" strategy. It needs to export its overproduction (to avoid shutting down plants and increasing unemployment) in areas such as steel, its best-known symbol, and internationalise its contractors and currency.

Announced in mid-2013, the Silk Road initiative is, despite its vagueness, widely perceived as a huge investment infrastructure project and an economic stimulus package for China. Overall, the OBOR consists of two main pillars, a hinterland Silk Road known as the "economic belt" and a maritime Silk Road. Despite the fact that this initiative has a worldwide scope, the fact that it was announced in Kazakhstan and Indonesia is a clear message that China's neighbourhood is the core and that Asia will be the main beneficiary. Promoted as an initiative (not a strategy), which is based on a win-win philosophy, the main rationale behind the OBOR is to improve connectivity throughout Asia. In practical terms, it is a massive plan of infrastructure investment projects, including as roads, railways, pipelines and harbours, as well as internet and satellite connections using Chinese capital, labour and technologies. What is more, the focus is on facilitating trade and investments as the initiative assumes the reduction of economic barriers through the establishment of free trade areas, agreements to avoid double taxation, investment protection, building economic corridors, multimodal transport and logistics hubs, and so on.⁵ Due to the very broad scope of

¹ "An Overview of Infrastructure Opportunities in ASEAN," KPMG, 2014, p. 3.

² "Infrastructure for a Seamless Asia," A Joint Study of the Asian Development Bank and the Asian Development Bank Institute, 2009, p. 167.

³ See: "Bappenas: Indonesia Needs IDR 7.200 Trillion for Infrastructure Development," www.indonesia-investments.com/news/todays-headlines/bappenas-indonesia-needs-idr-7.200-trillion-for-infrastructure-development/item1423.

⁴ R. Corben, "Thailand Plans Major Infrastructure Upgrade," *Voice of America*, 27 January 2015.

⁵ "Tuidong gongjian sichouzhilu jingjidai he 21 shiji haishang sichouzhilu de yuanjing yu xingdong" [Together build and promote vision and actions of the Silk Road Economic Belt and 21-Century Maritime Silk Road], National Development Reform Commission, Ministry of Commerce, Ministry of Foreign Affairs, March 2015, *RenminRibao*, 29 March 2015; J. Szczudlik-Tatar, "'One Belt, One Road': Mapping China's New Diplomatic Strategy," *PISM Bulletin*, no. 67 (799), 2 July 2015.

OBOR activities, it is difficult to define all priority, ongoing and planned projects within this framework. It seems that every infrastructural investment project in Asia is counted by China as part of the Silk Road.

India's "Blue Economy" and Act East Policies

India, a growing global giant that is competing with China's Silk Road project and the PRC's "string of pearls" idea, has⁶ under Modi's leadership also been developing its own policy towards its neighbours. Delhi is crafting its "Blue Economy" (sometimes called hydrography), which is an ambitious foreign policy towards Indian Ocean states. The first signals of this approach were Modi's visits to the Maldives, the Seychelles, Mauritius and Sri Lanka in 2015 (the first such visits by an Indian leader in 30 years) and attempts to reinvigorate regional organisations such as the Indian Ocean Rim Association⁷ and the Indian Ocean Naval Symposium.⁸

This policy assumes greater cooperation with small countries on the Indian Ocean, by offering them development assistance and a security umbrella (for example, through the export of military equipment), hydrographic surveys, cooperation over natural resources, and infrastructure investments, mainly in the security domain. India has announced preparation for infrastructure development (including military infrastructure) on Assumption Island, part of the Seychelles archipelago. It is expected to improve the island's connectivity and defence capability.⁹ Mauritius' Agalega Island has also been offered infrastructure development to improve sea and transport facilities, and overall India has promised Mauritius \$500 million in concessional credit for infrastructure investments.¹⁰ There is also a plan for a coastal surveillance radar project, which would include facilities in Mauritius, the Seychelles, Sri Lanka and the Maldives.¹¹

The "Blue Economy" is not the only one to reach out to India's neighbours in the east, west and further north to Russia and Europe. Modi wants to transform India's long held "Look East policy" into an "Act East policy," to develop transport links and boost trade with ASEAN countries. It is important for underdeveloped northeastern states in particular, and to India's global ambitions, to improve connectivity with Myanmar and further east with ASEAN states. India supports building a bimodal transport corridor in Myanmar and a trilateral highway leading further to Thailand and Vietnam. On the western border, India has joined the long-planned TAPI pipeline (Turkmenistan-Afghanistan-Pakistan-India) despite concerns over cooperation with Islamabad, and the project eventually started last year. The end of sanctions against Iran may soon revive another transnational pipeline project, the IPI, and boost to another ambitious infrastructure dream, the North-South Transport Corridor. The latter idea, which has been floated since the 1990s, envisages a maritime connection between India and Iran, and from there via the Caspian Sea to the Caucasus and Russia and on to the Baltic Sea and the European Union. Indian companies have for years been active in refurbishing the Iranian port of Chhabar on the Gulf, and connecting it to the Iranian network, and this project could be a useful complement to the east-west transport corridors planned along China's OBOR and connecting the EU with South Asia and ASEAN states. India's problem, however, is the lack of capital and technologies compared to China.

Korea's "Eurasia Initiative"

Another initiative that aims to address infrastructure congestion has been announced by the Republic of Korea. This policy, known as the "Eurasia Initiative" and advertised as the grand national strategy, was unveiled by Korea's president in October 2013, just a few days after Xi Jinping's declaration about the Silk Road. It seems that Korea's goals are very similar to China's, as indicated by Korean slogans such as connectivity, trust-building, peace and integration efforts to overcome trade and investment bottlenecks.

⁶ China's "String of Pearls" theory argues that the PRC intends to build civilian facilities in friendly countries along the Indian Ocean and on other seas, and that these might easily be transformed into military facilities.

⁷ Established in 1997, this is an international organisation (with its headquarters in Mauritius), which includes coastal states bordering the Indian Ocean.

⁸ IONS is an initiative to provide a venue for littoral countries of the Indian Ocean to exchange information and increase cooperation.

⁹ "India Begins Its Infrastructure Work on Assumption Island of Seychelles," 26 August 2015, www.business-standard.com.

¹⁰ "India Offers \$500 Million Credit to Mauritius During PM Modi's Visit, 5 Pacts Signed," 12 March 2015, www.ndtv.com.

¹¹ C. Raja Mohan, "Modi and the Indian Ocean: Restoring India's Sphere of Influence," 18 June 2015, www.amti.csis.org.

Moreover, the Korean proposal uses similar buzzwords, such as the name of the main railway connection (the Silk Road Express, SRX) and the general slogan “One Dream, One Eurasia.”

The “Eurasia Initiative” is based on three pillars. The first, “Connectivity,” assumes connecting Asia via infrastructure such as oil and gas pipelines, a logistics and energy network, intermodal facilities and new land and maritime transport lanes. The main focus is on infrastructure and transport. The second pillar is “Creativity,” which indicates that Asia as an engine of the world’s growth needs reforms because its comparative economic advantages (such as the huge population and cheap workforce) are coming to an end. Under these circumstances, Asia is required to formulate a new type of growth that should be based on science, technology, ICT and innovation. The third pillar, “Peace and Trust Building,” pays special attention to security threats in Asia (for example, problems with North Korea), which are serious impediments to trade, investment and general development.¹²

It seems that this initiative is Korea’s attempt to escape its transport isolation brought about by problems with North Korea, and to compete with China using similar but more concrete proposals and offering higher quality assistance. The focus not only on logistics and multimodal transport facilities, but also on technology and innovation, is added value compared to the OBOR.

Unlike the Chinese Silk Road, which is billed as “everything” and so makes it difficult to indicate priority investments, the Korean initiative seems to be more concrete. It presents main projects such as the Silk Road Express connecting Busan, North Korea, Russia, China, Central Asia and Europe. There are also plans to set up new sea lane through the Arctic. Other projects include an energy transport network (for example, by linking energy infrastructure such as pipelines and electric grids), which is essential to the ROK as a huge importer of energy resources. There are also plans to enhance maritime routes with the “singaporisation” of Busan, which would be a flagship project making this port the main maritime crossroads on the east-west route and the north-south maritime lane.¹³

Japan’s “Partnership for Quality Infrastructure: Investment for Asia’s Future”

The next crucial stakeholder in expanding infrastructure investments in Asia is Japan. On 21 May 2015, Abe announced investment worth \$110 billion for infrastructure in Asia within the framework of the “Partnership for Quality Infrastructure: Investment for Asia’s Future” five-year initiative. This announcement was made after the fourth round of talks about the Asia Infrastructure Investment Bank (AIIB). In that sense, Japan’s new policy is perceived as a response to the AIIB, and the amount of money proposed by Japan is slightly higher than the founding capital of the AIIB (\$100 billion). The core of Japanese initiative is infrastructure development in Southeast, Southwest and Central Asia.

Apparently, Japan is trying to differentiate from the OBOR and the AIIB, with a focus on “quality infrastructure investments.” This means environmentally friendly, disaster resilient projects that are cost-effective in the long run, create jobs for local people, increase local skills and improve people’s lives. Additionally, all investments should be based on each country’s development plan. Japan is also trying to diversify the sources and tools for financing those investments. It is underscored that private funding will be playing a leading role, as public sources are not sufficient. The Japanese initiative has four pillars. The first is to expand the scope of Japanese ODA through increasing loans for infrastructure by about 25% and initiating private funding through PPP schemes. The second pillar concentrates on enhancing the role of the ADB (the Manila-based bank of which Japan is the biggest stakeholder). The third pillar is focused on high-risk projects and assumes strengthening the role of Japan’s state agencies. The fourth pillar promotes “quality infrastructure investment” as an international standard.¹⁴

¹² “EurAsia Initiative,” Ministry of Foreign Affairs of the Republic of Korea.

¹³ Ibidem; Sung Yun Park, “Korean Road to Developing Intermodal Transport System,” Korea Maritime Institute, International Logistics Department, presentation given at the National Seminar on Integrated Intermodal Transport Connectivity, Yonayakarta, Indonesia, 8 September 2015.

¹⁴ “Partnership for Quality Infrastructure. Investments for Asia’s Future,” 21 May 2015, Japan’s Ministry of Economy, Trade and Industry, www.meti.go.jp.

Additionally, in July 2015, Japan announced a three-year, \$6.1 billion aid package for five Mekong countries (Cambodia, Thailand, Vietnam, Myanmar and Laos), which are low-wage states close to the Chinese market.¹⁵ What is more, Japan has for many years been involved in infrastructural projects in the ASEAN region. Tokyo was among the contributors to the “Master Plan of ASEAN Connectivity,” with two main pledges to develop east-west and southern economic corridors linking Vietnam, Thailand and Myanmar by building bridges and roads), and the maritime ASEAN economic corridor, including development of ports and ICT networks, especially in Malaysia, Singapore, Indonesia, Brunei and the Philippines.¹⁶

The ASEAN Community of Enhanced Connectivity

ASEAN countries that are becoming the main target of new infrastructure initiatives are aware that better infrastructure is a prerequisite for the region’s stable economic development. An important challenge is to enhance intra-ASEAN connectivity to facilitate transport, which may expand trade and attract investments. This is especially challenging taking into account the differences between individual ASEAN states, mainly the lack of well-developed infrastructure especially in the CMLV. Bearing in mind ASEAN’s two rising neighbours, India and China, and that ASEAN itself is geographically disparate and not cohesive in terms of economic development, the size of individual countries or political regimes, it has no choice but to address those disadvantages. Under these circumstances, the ASEAN group has its own infrastructural initiative which is being implemented not only by its own members but also by other states, with Japan playing a leading role.

According to ASEAN’s estimates, the region requires \$60 billion worth of infrastructure investments annually. This was the reason for the adoption of the “Master Plan of ASEAN Connectivity” in 2010. The initiative aims to enhance three types of connectivity. These are physical (infrastructure such as roads, railways, harbours, sea lanes, logistics hubs, power grids and pipelines), institutional (soft infrastructure such as regulatory tools including trade liberalisation mechanisms, investment and trade facilitations means, visa and customs agreements and so on), and people to people (tourism, education and cultural cooperation).¹⁷ What is more, ASEAN reinvigorated its Power Grid programme to enhance energy capacity and connection within the region.

It is difficult to describe all infrastructural projects under the ASEAN “Master Plan”, but there are at least two flagship investments. The plan assumes the construction of a 38,400 km long ASEAN Highway Network (AHN), encompassing Indonesia, Laos, Malaysia, Myanmar, the Philippines and Vietnam. The second huge investment is the Singapore-Kunming Rail Link (SKRL), covering Singapore, Malaysia, Thailand, Cambodia, Vietnam and China (Kunming city). Apart from those two main projects, the “Master Plan” assumes the development of the inland waterways, 47 ports, air transport, ICT and energy infrastructure, and more.

Scramble for Instruments

There is currently a rivalry between states for infrastructure assistance, mainly in Southeast Asia. To some extent, China’s Silk Road initiative could be seen as a trigger for new projects, new tools, or reforms of existing ones.

It is apparent that financial institutions are playing a leading role in providing funds for infrastructure. The most important among them are investment banks, and the most well-known is the newly established AIIB, which started operations in January 2016. The AIIB is the core institution of the OBOR and a good example of China’s “great power” and “rule-shaper” diplomacy. It is worth mentioning that the bank, which at the beginning assumed only the membership of Asian countries, was eventually opened to states in other regions (for example, 14 EU countries are currently AIIB founding members). Supposedly, the reason was to attract more funding and investment know-how, to take advantage of international standards, and to

¹⁵ R. Harding, “Japan Boost Aid to ‘Mekong Five’ Nations,” *The Financial Times*, 5 July 2015.

¹⁶ “JICA’s Regional Cooperation in ASEAN,” November 2012, www.jica.go.jp, pp. 3–5.

¹⁷ “Master Plan on ASEAN Connectivity: One Vision, One Identity, One Community,” The ASEAN Secretariat, Jakarta 2010, pp. 2–3.

raise the credibility of the new institution by having on board Western states such as Germany, the United Kingdom and France. To some extent, BRICS New Development Bank with headquarters in Shanghai could also be included as an institution for Asian infrastructure funding, as China, India and Russia are among its members.

Other infrastructure projects are also using banks as important instruments. Korea's "Eurasian Initiative" intends to set up the Northeast Asia Development Bank to finance large scale energy and economy investments projects in North Korea, three provinces in northeast China, Mongolia and coastal provinces of Russia. Korea advertises this bank as an extension of the OBOR to the Korean Peninsula and the Far East.¹⁸ The ASEAN and Japan, which is the main stakeholder of the ADB, have plans for reform of the bank. Japan's plans for infrastructure investments in Southeast Asia include extending the ADB's lending capacity by 50%, differentiating its lending portfolio, and increasing its capital.

Investment funds are among other financial institutions which are being utilised for infrastructural projects. The best-known is the \$40 billion Silk Road Fund established by China. Another is the ASEAN Infrastructure Fund (AIF), co-financed and administered by the ADB. The AIF started operations in 2013 and has 11 stakeholders (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, and the ADB) with total equity of \$485.3 million. The AIF's aim is to finance big infrastructure projects every year, providing loans worth \$300 million.¹⁹

There also other financial institutions focused on infrastructure investments. Among them are agencies such as the Japan Bank for International Cooperation (JBIC), the Japan International Cooperation Agency (JICA), and the newly-established Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development. There are plans to reform JBIC to create a special account to allow the bank to pump funds more actively into infrastructure projects.²⁰ In case of the ASEAN, the High Level Task Force on ASEAN Connectivity and the ASEAN Connectivity Coordinating Committee were established.

It seems that Asia's great infrastructural needs, China's greater activities in this field, and the awareness that existing instruments such as the ADB, the World Bank and state budgets have limits have stimulated public-private partnership frameworks. That such investments are important is clearly indicated not only in the ASEAN and Japanese plans but also in those of the AIIB and BRICS NDB.

Apart from being purely economic tools, the infrastructure initiatives of all Asian countries are aimed at improving political relations with others in which the projects are being implemented. This process can be seen in many state visits, in the upgrading of relations (for example, to strategic partnership level), and in new forums where infrastructural cooperation is at the core.

Under Modi's "Blue Economy," multilateral organisations such as the Indian Ocean Rim Association and the Indian Ocean Naval Symposium play important roles. India has also endorsed Bangladesh's proposal for a Bay of Bengal Partnership for the "Blue Economy."

The ROK's various mechanisms have a broad scope within the Eurasian Initiative framework. Among them is the Trans-Eurasia Information Network (TEIN), an international project focused on joint research on technologies, and which includes the Central Asia Research and Education Network (CAREN) and the Eurasia Geospatial Information project encompassing Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Mongolia. The ROK also has plans to set up the Korea-Central Asia Cooperation Secretariat to enhance relations with Central Asia. Knowledge Sharing Programmes in various sectors such as transport, logistics, industry, commerce, and so on, are further instruments.

Other institutions are various summits, meetings and other fora at which development assistance is the main topic. Good examples are bilateral and multilateral forums led by China, at which the OBOR projects are discussed and Silk Road agreements or memoranda of understanding are signed, and the Japan-Mekong Five summits.

¹⁸ "President Pushes for Northeast Asian Development Bank," 10 September 2015, www.korea.net.

¹⁹ Currently AIF is financing six big infrastructural projects in Indonesia, Vietnam, Myanmar and Laos.

²⁰ "Ministry seeking ¥1.8 trillion for Japan's infrastructure investment in Asia," *The Japan Times*, 5 September 2015.

Conclusions and Implications for Europe

Economic rationales are at the root of the infrastructure scramble in Asia. For ASEAN states, overcoming infrastructure problems is a way to maintain high and stable economic growth and for the region to remain an attractive trade and investment destination. For Japan and Korea, which are facing economic slowdown or stagnation and shrinking domestic markets due to ageing populations, external markets in the neighbourhood are indispensable for economic recovery. For China, the export and investment-oriented model is still one of the main pillars for securing domestic stability. Other reasons, relating to politics and security, are crucial too. India is trying to secure its neighbourhood and balance China's efforts to become a great power. Japan and Korea are in similar circumstances. The ASEAN states, which are trying to underscore its centrality, is manoeuvring between various investment offers. It seems that, in all cases, China plays a crucial role.

The PRC's economic slowdown is among the reasons for Japan and Korea to redirect investments to Southeast Asia, mainly to the CMLV (especially after the increase in the minimum wages in Thailand and Indonesia), where the labour costs are lower. There is also a new trend, in the race for investment in Myanmar. The same situation is true in China too, which is seeking external markets for its overproduction. The aggressive OBOR campaign, together with a friendly win-win rhetoric and new China-led institutions (with, for example, the Western know-how of IMF experts who were consulted in the creation of the AIIB) that have worldwide membership and generous backing from the Chinese government, seem to be reasons for other countries to re-think their investment policy. The Silk Road campaign overshadowed Japanese and Korean investment potential in the region and forced them to launch new initiatives and enhance efforts to produce something different and more attractive, or complementary to the OBOR.

There are, to some extent, differences in styles of investment. Korea, Japan and the ASEAN group offer projects that pay more attention to high quality investments, financed not only from state budgets but also private resources, using local labour forces, and so on. There is also a trend for investments based on new technologies. What is more, rivalry between states, such as the recent battle between Japan and China for the high speed train connection in Indonesia linking Jakarta and Bandung (won eventually by Beijing), showed Japan's need to modify the procedure of offering assistance. The Japanese *shinkansen* offer (all-or-nothing) scheme meant the bullet train had to be purchased as a whole package, and this was less attractive than China's more flexible offer. The plans for ADB reforms, Abe's announcement that offers of assistance should become simpler and less time consuming, and the lack of a requirement for government guarantees for risky projects are all examples of Japan's new approach. This is to some extent a response to the AIIB, which epitomises China's new investment mode of multilateral cooperation with one institution controlled by the state. In Korea's case, the "Eurasian Initiative" is promoted as extending and complementing the OBOR.

The rivalry may have a general positive impact on the region. This scramble shows the importance of Asia in the global economy, enhances role of the ASEAN group, and reduces the overdependence of investors and recipients on China. The variety of modes of assistance available gives potential recipients a wide scope of possible choices. What is more, China's OBOR campaign prompted other investors to modify their approaches and convinced them that a good PR campaign is as important as a good and high quality offer.

But, as well as advantages, there are potential risks. Infrastructure hunger and investments in countries with unstable political and economic situations and high levels of corruption and bureaucracy may pose serious threats to the implementation of projects, while real costs may be much higher than predicted. Cheaper projects that threaten the environment may win due to low costs. Furthermore, the proliferation of investment institutions with overlapping membership and goals may result in projects being blocked. Moreover, economic slowdown in countries offering assistance, especially in China, may result in less funding (for example, shrinking foreign reserves due to declining exports or a stock market slump), making the implementation of projects unrealistic. It is worth mentioning that voices have begun appearing that argue that OBOR is not working. Vindication of this view might be the fact that China is still pursuing domestic and international "brainstorming" about the Silk Road content.

Infrastructure initiatives in Asia might have an impact on Europe. For Europe, which is trying to implement its own “pivot to Asia,” such initiatives should be perceived as opportunities to increase the European presence in Asia by tendering for contracts. European membership in infrastructure banks and other institutions are a means of extending influence through spreading good practices within new bodies, and of gaining access to information about planned investments. But, taking into account the financial and investment capacities of Asian countries and the main rationales for investment projects, it is apparent that initiatives will be implemented mostly by Asian players. In that sense, European companies may have limited access to such initiatives. What is more, there might be doubts about European funding for infrastructure only in Asia and for Asia, and there may in fact be more opportunities by linking the Juncker Plan with the OBOR. There are plans for Chinese capital investments through the European Fund for Strategic Investments and Chinese banks involvement in co-financing infrastructural projects in Europe. But there is also a risk, as the PRC is pushing to engage Chinese firms and workforces in the implementation of projects.

Among the opportunities for Europe is the fact that the process of improving infrastructure in Asia is convergent with the ASEM goal of enhancing Europe-Asia connectivity in various forms. In that sense, Europe, and Poland as the EU’s eastern frontier, may benefit through expanding trade and people to people relations, education, science cooperation, and so on. Under these circumstances, infrastructure initiatives that include added value projects under the banner of “creativity” (such as the Korean initiative) may bring more tangible long-term results than purely “hard” infrastructure investments such as roads and railways. In that sense, Poland should explore more opportunities to be involved in the Japanese and Korean initiatives, which focus on science, technology, and more extensive people to people cooperation.