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# Hungary and the Belt and Road Initiative: a Window of Opportunity or a Serious Challenge?

VIKTOR ESZTERHAI

SENIOR RESEARCHER





# Belt and Road Initiative

BRI:

- "Silk Road Economic Belt"
- "Maritime Silk Road"

**The “five connectivity”:**

- Policy coordination
- Facilities connectivity (infrastructure)
- Unimpeded trade
- Financial integration
- People-to-people bond



Nazarbayev University, Astana,  
September, 2013

Physical (“hard”) and psychical (“soft”) infrastructure

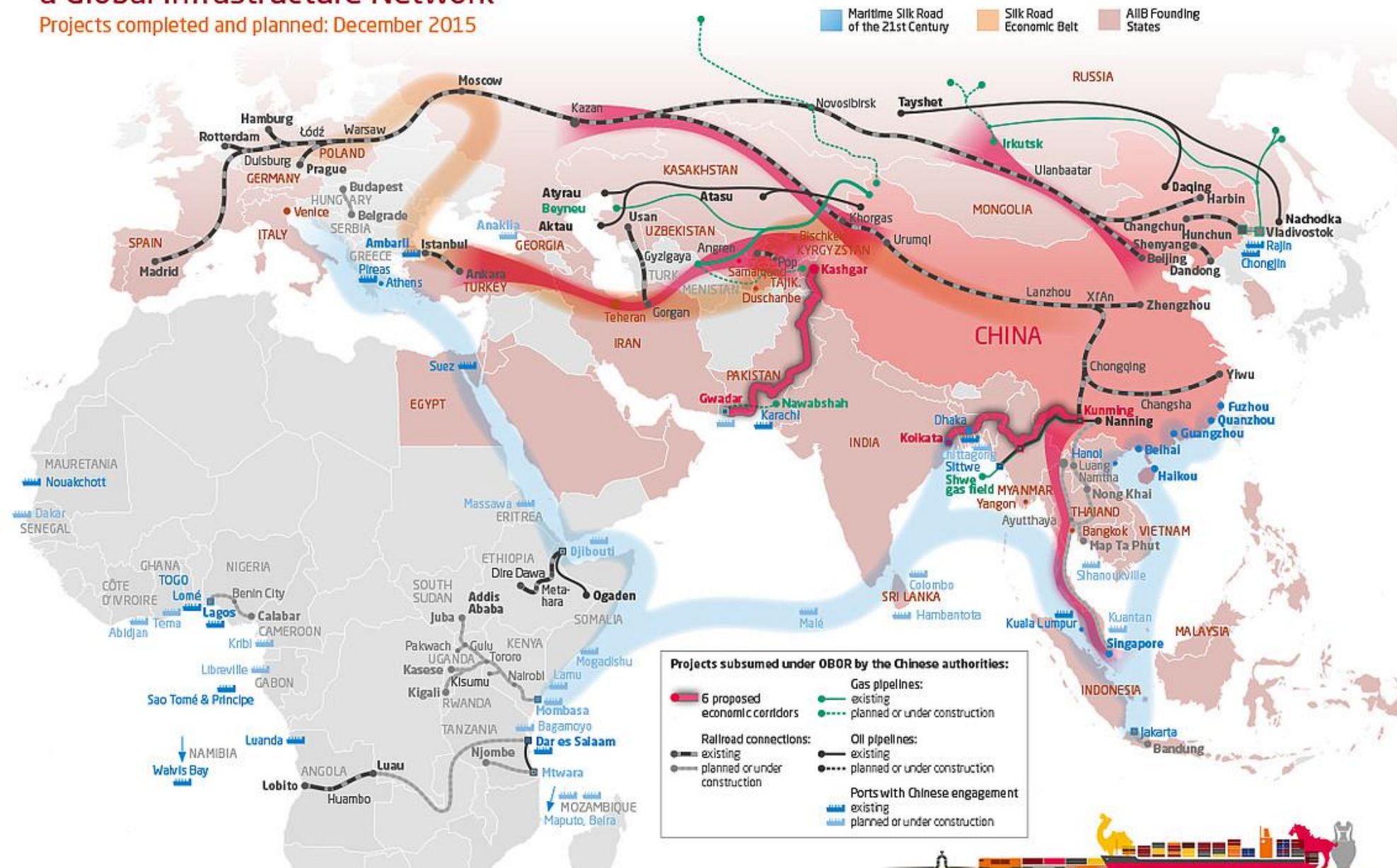




## MERICS China Mapping

# One Belt, One Road: With the Silk Road Initiative, China Aims to Build a Global Infrastructure Network

Projects completed and planned: December 2015





# The Supportive Attitude of the Hungarian Government

## **‘Bridge’ or ‘gateway’ between the EU and China**

- The good political relation with China
- Low labour costs compared to the EU average
- Entering into the Hungarian markets will also mean an access to EU markets for the Chinese companies
- The favourable geographical position of the region
- Strong industrial capacity (Part of the German-CEE Industrial core)
- Competitive services (e.g. customs service)?





# iron silk road

Text and graphic: Theo Deutinger and Kit Chow

With China on the rise and Europe standing strong, Eurasia is rapidly becoming the world's new economic centre. Clogged seaports and a vulnerable air-transport system have shifted the focus to a network of railways – also known as the Iron Silk Road – intended to shrink today's supercontinent in the coming years. The project is aimed at shortening the time of bulk consumer-goods transport between China and Europe and, at the same time, unlock the cities at the heart of Eurasia. Thanks to their strategic position, creating better access to these cities will greatly facilitate the ability of their inhabitants to travel and do business throughout the vast area served by the new network.

The Northern Corridor of the Iron Silk Road largely follows the existing Trans-Siberian Railway, while the Central Corridor mainly traces the route of the ancient Silk Road to Beijing. The Southern Corridor faces political barriers but will eventually connect the highly populated countries of Turkey, Iran, Pakistan and India with Europe and China.

Pressing ahead enthusiastically with the Iron Silk Road project, China is not only establishing a high speed train network inside the country but also planning and building railways along the routes as far as Turkey (a contractual agreement was signed at the end of 2010), an operation that will turn Turkey into Europe's gatekeeper.

The Iron Silk Road will interlink about 75 per cent of the world's population in more than 40 countries in Asia and Europe. China hopes to complete its massive infrastructure project within ten years. It will include at least one line running 320 km/hour and will shorten land-transport time between London and Beijing from 15 to only two days – if Europe is willing to connect, that is.

## Legend

- break-of-gauge rail gauge sizes: Standard (Europe, China, Turkey & Iran): 1435mm South East Asia: 1000mm Former Soviet Union: 1520mm India & Pakistan: 1676mm
- Black Sea & Caspian Sea harbour world's top 15 busiest container ports
- important city on the ancient silk road
- important city on the new silk road

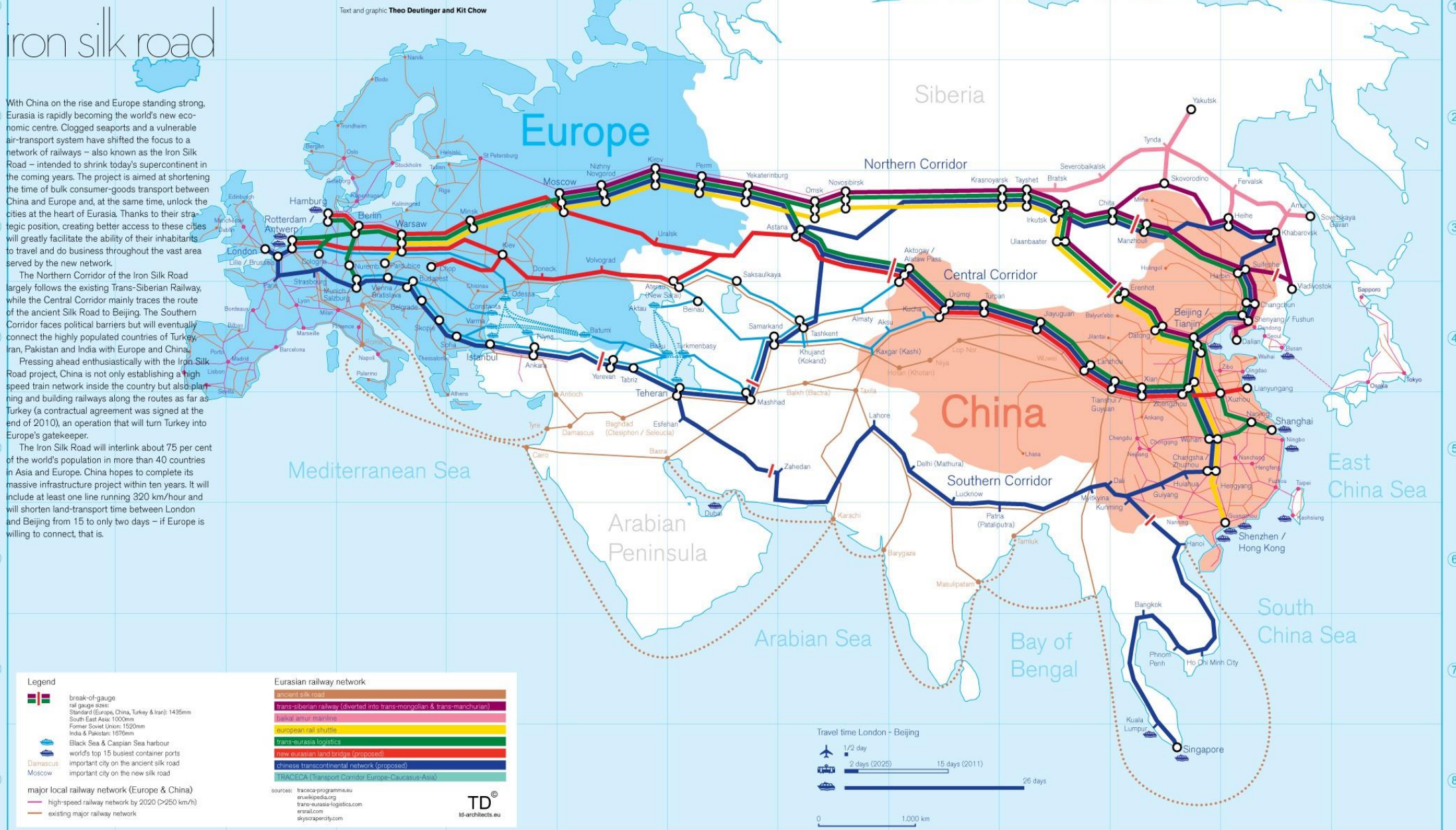
major local railway network (Europe & China)  
high-speed railway network by 2020 (>250 km/h)  
existing major railway network

## Eurasian railway network

- ancient silk road
- trans-siberian railway (diverted into trans-mongolian & trans-manchurian)
- baikal amur mainline
- europa-eurasia shuttle
- trans-eurasia logistics
- new eurasian land bridge (proposed)
- chinese transcontinental network (proposed)
- TRACECA (Transport Corridor Europe-Caucasus-Asia)

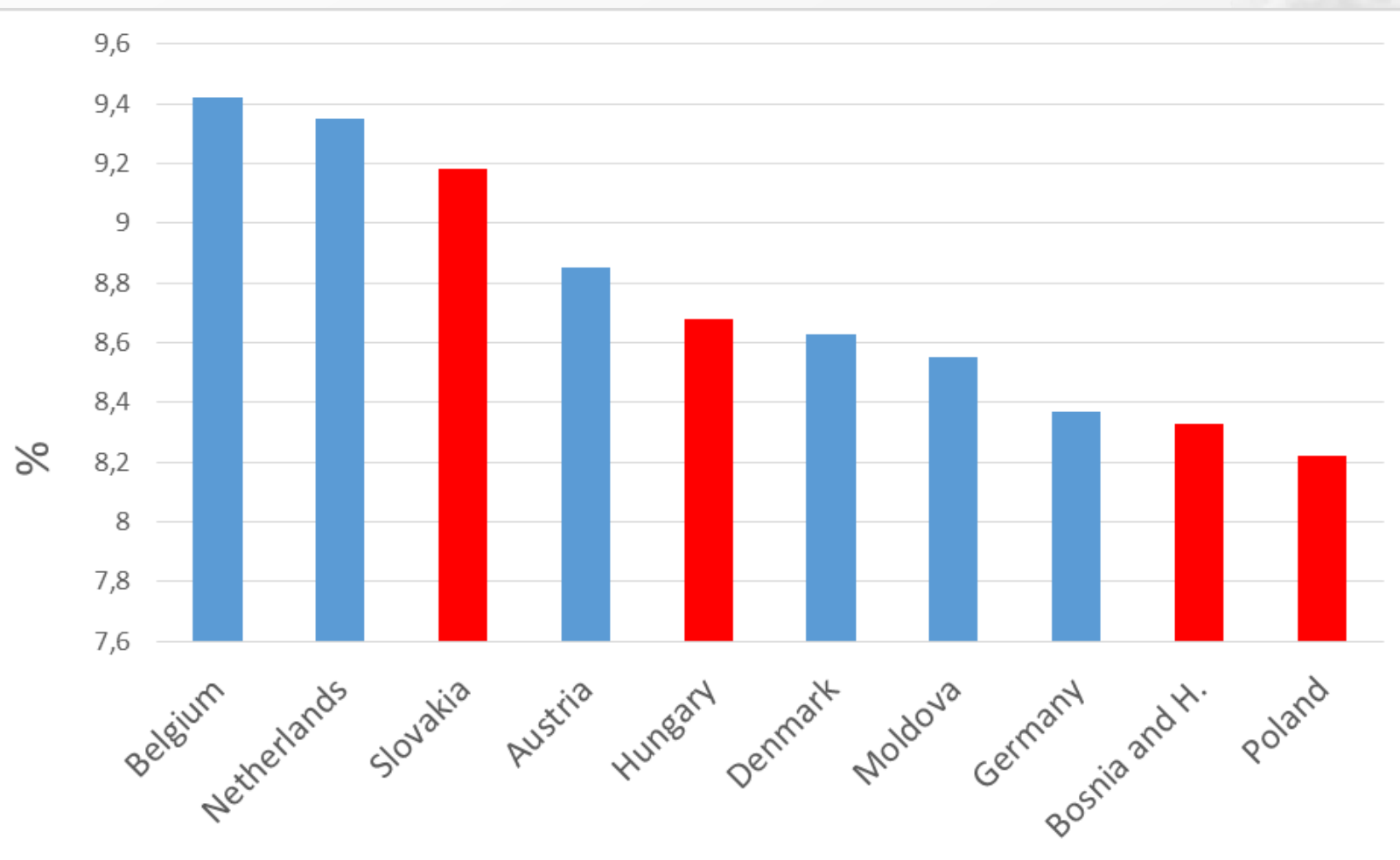
sources: traceca-programme.eu  
en.wikipedia.org  
trans-eurasia-logistics.com  
enrail.com  
skysofpercity.com

TD<sup>®</sup>  
td-architects.eu





## BRI as a positive factor for CEE countries



Simulated results in trade growth for reduction of transportation cost: the Top 10 countries. Source: Herrero–Xu, 2016. 10.





# Economic logic?

回程：布达佩斯 - 长沙  
Eastbound: Budapest - Changsha

- 发车ETD：周四 Thursday
- 在途 TT：15-17天/Day
- 频率 frequency：每周一列 Weekly



微信号: HNXOKX

- 3,673 freight trains in 2017 (200,000 TEU)
- 4% of overall EU-China trade in 2016 (US\$ 22.9 billion)
- Added value for the EU states: US\$ 0.28 billion (72% tariff settlements; 17% by logistic services; 5% rail infrastructure and rolling stock available to contractors)



# China-Europe Land-Sea Express Line

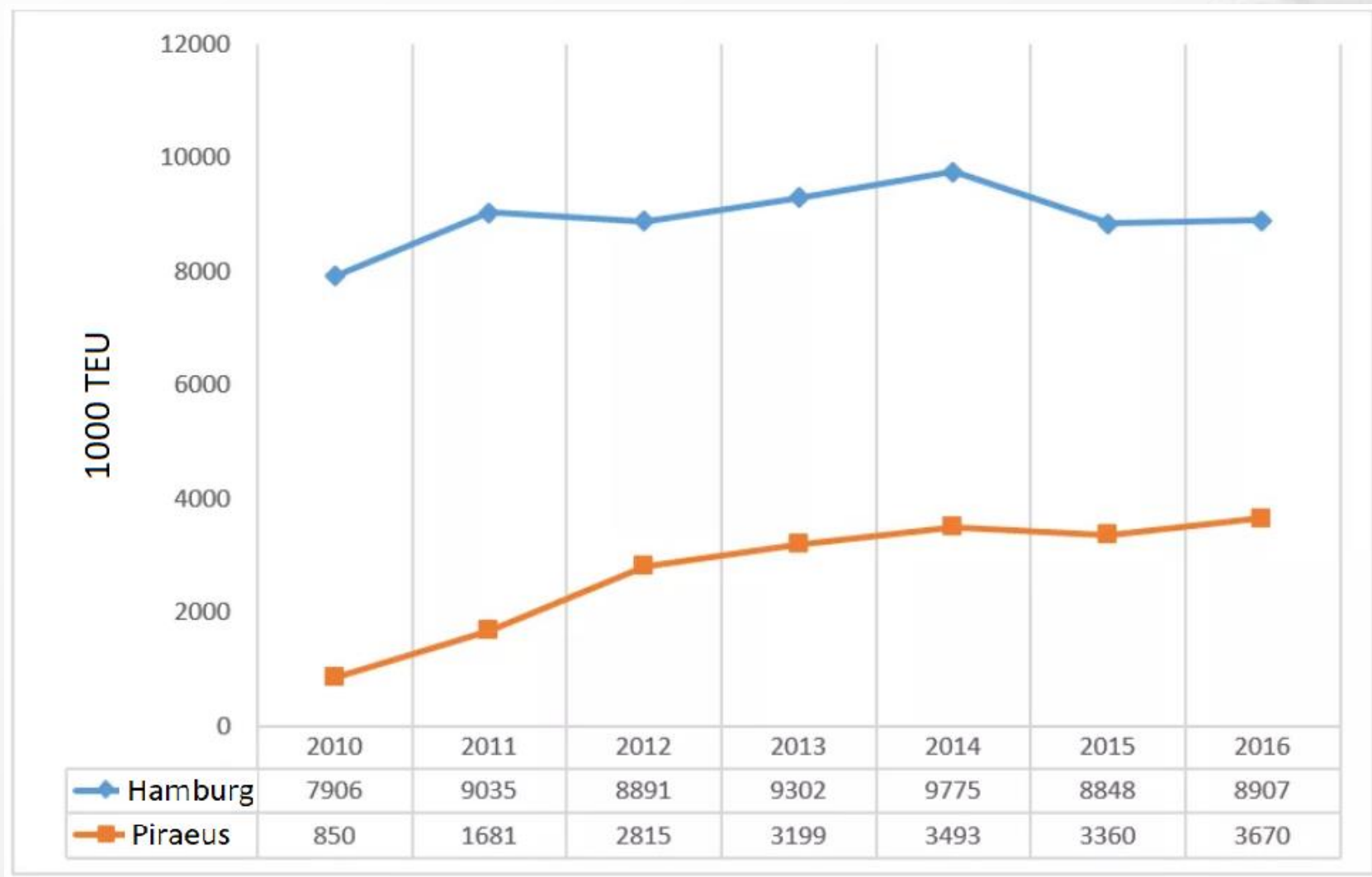


- Maritime transport from China to the EU border by around – 8-12 days
- COSCO: 8 freight trains/week from Piraeus 35,000 TEU a year), Transshipped total: 200,000 TEU/year





# The role of Piraeus



Source: Eurostat, 2017



# Made in China 2025

2025

Enhancing the manufacturing industry's innovation capability, advancing industrialisation and informatisation integration to a new level, and elevating China's position in the global industrial division of labour and value chain

2035

Reaching the medium level of the world's manufacturing powerhouses, raising innovation capability significantly, and enhancing overall competitiveness considerably

About 2049

Comprehensive strength to rank among the upper echelons of the world's manufacturing powerhouses, a leading technological and industrial system will be built

## Made in China 2025

The 4 advantages



Market



Enterprises



Strategy



Talents

The 10 key sectors



New information technology



Numerical control tools



Aerospace equipment



High-tech ships



Railway equipment



Energy saving



New materials



Medical devices



Agricultural machinery



Power equipment

GRAPHIC BY ZHANG RUIQI/PEOPLE'S DAILY ONLINE

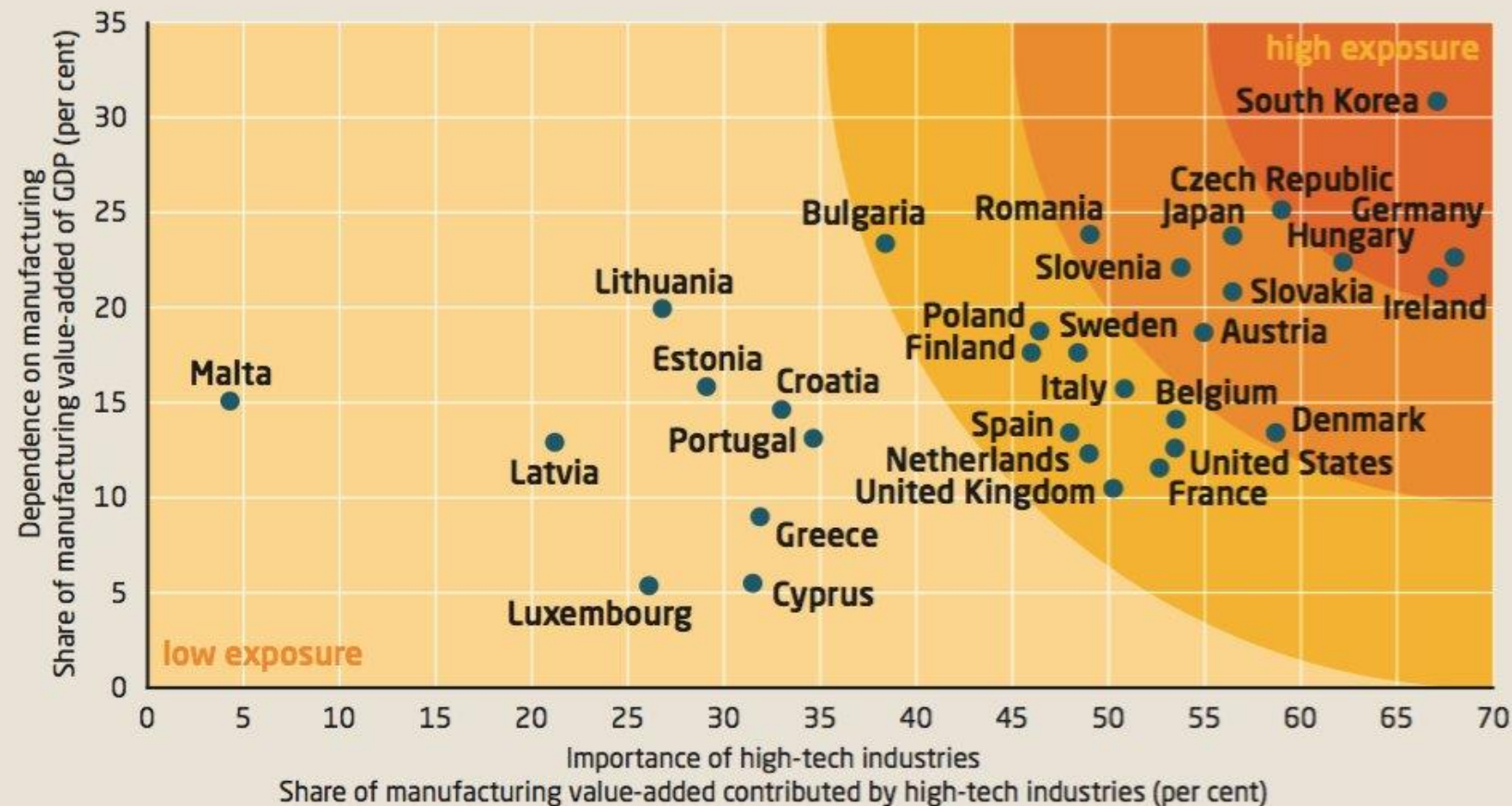
Source: People's Daily



# Countries mostly affected by the Made in China Program

## Under Pressure: Industrialised countries will feel the heat of Made in China 2025

Vulnerability of select industrial countries to Made in China 2025



Source: MERICS





# Conclusion

- Complex effects and changing environment
- Hungary must not see the BRI initiative just through their own hopes: planning and setting of realistic targets on both sides are necessary

**Thank you for your attention!**

E-mail: [eszterhai.viktor@paigeobudapest.hu](mailto:eszterhai.viktor@paigeobudapest.hu)