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A Rise of China's OBOR to the Regional Economy and Power

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ABSTRACT

Since President Xi Jinping released China's One Belt One Road (OBOR) in 2013, OBOR has steadily gained international interest. This year 2017 China has hosted its largest highest-level international conference the Belt and Road Forum (BRF) which gathered leaders of 29 countries and over 1,000 representatives. The aim of this paper is to identify how China's One Belt One Road will affect countries along its development route. This paper applied the secondary documentary research techniques to explore this development in four different aspects Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits to identify and whether OBOR is worthwhile. The study found one-way causal relationship between China's outward investment and GDP growth of 5 countries along the maritime silkroad namely India, Russia, Indonesia, Iran and Thailand.

Keywords: One Belt One Road (OBOR), China Economy, Infrastructure Development

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INTRODUCTION

One Belt, One Road or OBOR was first announced by Chinese President Xi Jinping in 2013. OBOR has then steadily gained popularity and has recently become more realistic as China has added 100 billion RMB into its Silk Road funds and China Development Bank offers loans of 250 billion and 130 billion RMB to help other countries develop their infrastructures. China has also recently held the Belt and Road Forum (BRF) which gathered leaders of 29 countries and over 1,000 representatives. OBOR aims to improve trade and strengthen ties among countries along OBOR. The true objective of OBOR cannot be certain as the term has been excessively thrown around by both Chinese and foreign politicians. But one thing that is certain is that if China were to succeed OBOR would be greatest project of the decade. This paper will examine the impacts of OBOR to countries along the one road in terms of Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits. This paper aims to explore the aforementioned criteria to determine the overall benefits to the economies of countries along the One Road.

OBOR's Geographical Coverage; One Belt One Road as the name suggests is composed of One Belt and One Road in which China plans to construct. The Belt follows the Ancient Silk Road while the Road is a new 21st Century Maritime Road. OBOR includes 65 countries in 3 continents; Asia, Europe and Africa. First the economic belt will include China, Southeast Asia, South Asia, Central Asia, West Asia, Russia and Europe as shown in figure 1

Figure 1 Geographic Coverage of the Belt and Road

Source: Global Sourcing Fung Business intelligence center

While the new maritime silk road will consist of the South Pacific Ocean, South China Sea, Indian Ocean, and Europe. Countries Along Maritime Road include: Vietnam (VNM), Laos (LAO), Cambodia (KHM), Malaysia (MYS), Indonesia (IDN), Sri Lanka (LKA), India (IND), Bangladesh (BGD), Kenya (KEN), Egypt (EGY), Greece (GRC), Thailand (THA), Italy (ITA), Austria (AUT), Spain (ESP), Pakistan (PAK), Turkey (TUR), Jordan (JOR), Israel (ISR), Saudi Arabia (SAU), Qatar (QAT), Yemen (YEM), Libya (LBY), Morocco (MAR), Tunisia (TUN), Algeria (DZA), Korea (KOR), Japan (JPN), Philippines (PHL), Australia (AUS), New Zealand (NZL), Tanzania (TZA), Mozambique (MOZ), Madagascar (MDG), South Africa (ZAF), Ethiopia (ETH), Djibouti (DJI), Oman (OMN), Bahrain (BHR), and Kuwait (KWT).

China Development path during 1994-2004 was initial development as result of Go global, while 2005-2017 was the blossoming of china outward role of investment. One unavoidable factor is the pushing from the China's government as the backbone of Chinese acquirers. Administratively simplifying to get approval to go global and removing entry barriers for foreign investors as results of WTO rules played an important role to both Chinese's inward and outward investment. Knowing motivations helps countries understand more on the purposes of going out but questions yet to ask is how these regular OFDI would and other forms of Investment distribute to economics growth of host countries. Will these be zero-sum game or win-win situation or these are what China's policy makers called "common destiny"? Therefore, this paper applied the secondary documentary research techniques to explore this development in four different aspects Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits to identify and whether OBOR is worthwhile.

LITERATURE REVIEW

A rise of China's economy over the last decade after Go Global "Zou Chu Qu" policy in 1999 and participation of WTO in 2001 has brought the eyes of analysts around the globe closely to China on a spot of what have been happening to China's Outward Foreign Investment (OFDI) and Mergers and Acquisitions (M&A). After the sleeping dragon awoke and take-off into the front line of the biggest global investor, questions have been frequently asked by many countries to find out motivations of investor under OFDI and M&A. Existing studies concerned with varietal motives including:

Buckley and Ghauri (2002) studied the motivation of Chinese Outward Direct Investment that were placed on following: 1) Economies of scale and scope 2) synergistic effect 3) access to strategic assets 4) non-profit-maximization behavior 5) knowledge acquisition 6) extension of market reach 7) improvement of industry position 8) consolidation of industry and 9) personal motives such as empire building . However Mainstream Theory put forward main drivers for outward investment and asset augmentation including: 1) natural resources seeking 2) market seeking 3) strategic asset seeking 4) technology seeking 5) diversification and 6) efficiency theory. Generally similar to others country's OFDI, Chinese acquirer's motivation was for natural resource seeking. Even being well-known for abundant resources country, it stills need more for enormous consumption and high growth rate of population

Deng (2004) studied the primary sources of enterprise whether they are State Owned Enterprise (SOEs) or non-SOEs yield different types of motivations. SOEs put main motivations on: 1) Natural resources seeking 2) Increase inter-competitiveness and 3) Maintain domestic leading position.
Hui Tan and Qi Ai (2010) studied non-SOEs investment motivation. The results claimed that non-SOES placed their motivation on 1) Strategic asset seeking. The most obvious example of Shanghai Automotive Industrial Corporation (SAIC) acquired SsangYong Motor and Nanjing Automotive' acquisition of British firm Rover to strengthen Chinese automotive industry's competitiveness in global car manufacturing. 2) Diversification Seeking suited for mainstream financial theory that suggested company to eliminate non-systematic risk and operational risks through diversification such as arbitrage on different exchange rates, tax regimes, price of cost, etc. Eggs are not supposed to be in the same basket, Non-SOEs doing the same way. EX. Chinese bank and insurance company namely China Investment Corporation (CIC) and China International Capital Corporation (CICC) that diversify their portfolios at the certain risk. 3) Market Expansion seeking. For some MNEs that try to access to western brands as the consequences of globalization. Such as ZTE, Huawei and Haier invested oversea through M&A to gain access to new international market. Similarly to Lenovo's acquisition of IBM’s PC division that could extend Lenovo brand awareness.

Deng (2007) and Luo, Xur, and Han (2009) studied Role of Chinese government in its OFDI growth:1) fiscal incentives 2) insurance against political risk 3) assistances to private sector in international expansion through government agency 4) double taxation avoidance agreements and 5) bilateral or multi-lateral frameworks to liberalize investment conditions in host countries. In the world context, Chinese latecomer firms were considered as a late entrant to an industry. It's position was initially resource poor and focusing on catch-up as primary goal and having some initial competitive advantages , such as low cost of production as they were well known as having a cost advantage competing in simple products and lower income market. It’s pointed out that Chinese firms are lagging behind Western in term of innovation, managerial capabilities and global marketing skill. While UNCTAD 2003 Investment report suggested that in order to compete in higher value-adding markets and to develop a differentiation advantages, one main thing needed is "Foreign knowledge of technology-incentive production"

RESEARCH OBJECTIVES AND SCOPES

The paper aimed to study necessary fact of OBOR and economy along its region after WTO participation in 2001 to 2017. Also examine the impacts of OBOR to countries along the one road in terms of Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits. This paper aims to explore the aforementioned criteria to determine the overall benefits to the economies of countries along the One Road.

METHODOLOGY

This paper applied the secondary documentary research techniques to explore this development in four different aspects Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits. The descriptive statistics with descriptive analysis used to analyze the stylized fact regarding to China's OBOR policy with in focus of the 2000th century maritime silkroad. The secondary data including policies, annually outward investment and nominal GDP (US mn) were retrieved from various sources namely CEIC, MOFCOM and Global Sourcing Fung Business intelligence center. Also, the Granger's causality test was applied to identify the causal relationship of China's OBOR investment to 10 countries' economic growth along OBOR namely India, Russia Federation, South Korea, Indonesia, Turkey, Saudi Arabia, Poland, Iran, Thailand and South Africa as shown in figure 2.

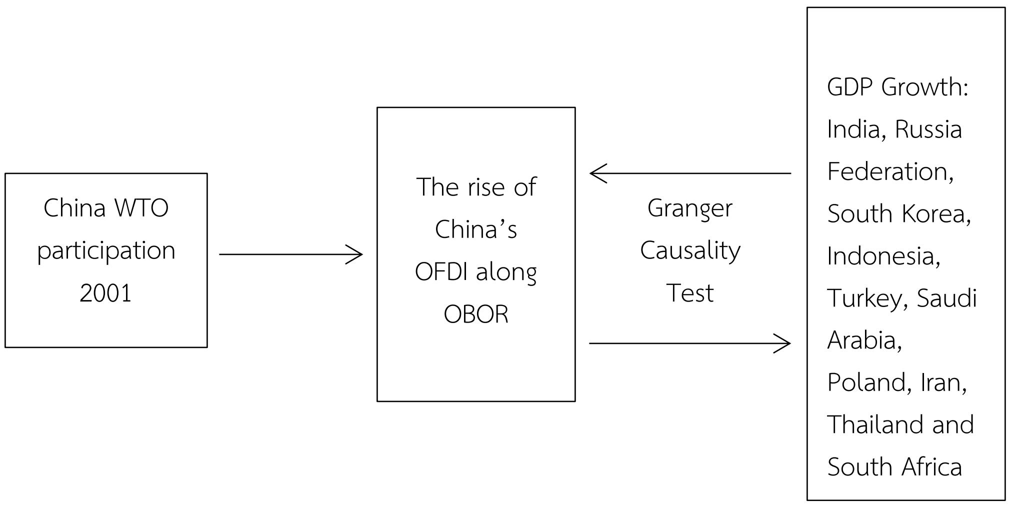

Figure 2 Conceptual Framework and Diagram of Causality Test

EMPIRICAL RESULTS

Economic Growth to countries along OBOR development

Through OBOR countries have gained the potential for enhanced economic growth. This is because OBOR gives countries a chance to see greater economic activities through trade with other countries. The following chart displays the "Top 10 Belt and Road Countries in Nominal GDP Size".

Table 1 Top 10 Belt and Road Countries in Nominal GDP Size (USD bn)

No	Country Name	2009	2010	2011	2012	2013	2014	2015	2016
1	India	1,226	1,368	1,711	1,826	1,830	1,859	2,036	2,091
2	Russia Federation	1,223	1,525	2,032	2,153	2,231	2,064	1,366	1,283
3	South Korea	903	1,095	1,203	1,224	1,306	1,411	1,383	1,412
4	Indonesia	539	755	892	918	913	891	861	932
5	Turkey	650	775	833	876	949	935	858	857
6	Saudi Arabia	429	528	671	736	747	756	654	646
7	Poland	440	479	529	500	524	545	477	470
8	Iran	390	397	464	570	599	459	433	385
9	Thailand	282	341	371	398	421	407	399	407
10	South Africa	298	376	417	397	367	351	317	295

Source: CEIC.

As seen in the table above 6 out of the top 10 GDP's in OBOR are located along the 21st Century Maritime Road one of which is the highest ranking in the chart, India. This shows great potential as for how countries that show high GDP's are able to trade with countries with lesser ones. If set-up correctly OBOR will be able to enhance the GDP's of lesser economies while contributing to increase larger economies by allowing the distribution of resources to be more efficient between countries. Data shows how GDP's were generally higher in certain regions other than others. South Asia, ASEAN and Africa show lower GDP's than North Asia, Europe and the Middle East. Through OBOR more countries will be engaging in trade and more resources can be shared among the developed and the less developed thus allowing the under developed to show great growth while the developed will still benefit. The following table demonstrates average GDP per Capita by region.

Table 2 Average GDP Per Capita by Regional Groups (USD bn.)

No.	Country Name	2009	2010	2011	2012	2013	2014	2015
1	South Asia	2,024	2,141	2,268	2,340	2,399	2,496	2,568
2	Africa	2,772	2,841	2,887	2,910	2,939	2,955	2,978
3	Mid Asia	3,061	3,225	3,407	3,570	3,763	3,912	3,986
4	ASEAN Countries	8,406	9,685	10,996	11,211	11,152	11,061	10,243
5	Central and Eastern Europe	9,701	9,927	10,305	10,386	10,549	10,797	11,054
6	East and North Asia	11,714	12,401	12,926	13,293	13,741	14,200	14,485
7	Middle East	21,346	21,438	21,866	22,044	22,035	22,013	22,124
8	Oceanic	34,129	33,608	33,692	34,264	34,870	35,553	36,272

Source: CEIC.

The statistical data shows GDP per capita in certain regions is significantly greater than others. Predictably OBOR will be able to lessen the gap by allowing regions to interact more often. OBOR will allow regions more isolated to interact with farther regions thus lessening the gap between the regions GDP's. This is because as the data shows the lower GDP's per capita will have access to the development through OBOR. They have the potential but as of right now do not have the resources to accomplish it. Ultimately with a fair system OBOR will no doubt be a great boost to countries involved.

Table 3 Pairwise Granger Causality Tests

No.	Country	Pairwise Granger Causality Tests		
		F-statistics of OFDI to D (GDP)	F-statistics of D (GDP) to OFDI	Causality Test
1	China - India	**8.11****	1.98	One-way
2	China - Russia Federation	**4.75***	1.37	One-way
3	China - South Korea	0.95	0.90	No causality
4	China - Indonesia	**7.66***	0.18	One-way
5	China - Turkey	3.17	5.16	No causality
6	China - Saudi Arabia	5.16	1.16	No causality
7	China - Poland	0.21	0.07	No causality
8	China - Iran	**8.13****	1.05	One-way
9	China - Thailand	**5.14***	0.32	One-way
10	China - South Africa	1.147	1.62	No causality

Table 3 (Continued)

Note: (***) Reject H_0 at 1% level of significance, (**) Reject H_0 at 5% level of significance (*) Reject H_0 at 10% level of significance

Moreover, after the Granger's causality test with optimal lag (2), the studies found the causal relationship between China's Outward Direct Investment under OBOR to regional economic growth significantly. 5 countries out of 10 along the maritime Silk Road have been one-way benefited as results of the particular investment namely India, Russia, Indonesia, Iran and Thailand. Reasons behind this are 1) the linkage between value chain of China and countries electronics industry. 2) the Preferential Trade Agreement (PTA) among china and member countries as well as commercial diplomacy such as China-ASEAN Free Trade Area (CAFTA), Asia Pacific Trade Agreement (APTA) and South Asian Free Trade Area (SAFTA) 3) the connectivity of china economics corridors such as BCIM Economic Corridor, China-Pakistan economic corridor (CPEC), China-Indochina Peninsula Economic Corridor (CICPEC), and North-South Economic Corridor and 4) the aids the china provided to these country such as grant, loan, technical assistance, outward labor services, outward design and consultation services and others form of foreign cooperation contracted project. In contrast, the South Korea, Turkey, Saudi Arabia, Poland and South Africa have no statistical relationship on this beneficial investment. Theses no-causality relationship might occur due to varietal reasons: 1) the lack of value chain connectivity and the dispute between Korea and China 2) the downward pressure on oil and gas export to Saudi Arabia 3) the weak export of Turkey that is well supported by a weak lira and a continued revival of the European economy 4) the internal policy of host countries (Poland) on FDI attraction and 5) emerging of new market of South Africa that might not been yet contributed to GDP growth.

Infrastructural Development

China has promised that they will assist countries that are not capable of constructing infrastructure in its development. China will be allowing massive loans that allow countries that do not have the funds or capabilities to be a part of OBOR. Countries are advised to exercise these loans with care and not end up in debt to China. If too many countries were to fall in debt to China it could result in a huge power imbalance giving China too much power. The following Chart shows the km of railway per million populations.

Table 4 Rail Length of the Belt and Road Countries (km)

No.	Country Name	2010	2011	2012	2013	2014	2015
1	Bangladesh	19	19	19	18	18	N/A
2	Indonesia	N/A	19	19	19	19	N/A
3	Vietnam	27	27	26	26	35	35
4	Saudi Arabia	37	50	48	47	46	N/A
5	Pakistan	45	44	43	42	49	48
6	India	55	54	53	53	53	52
7	Jordan	44	73	69	63	53	N/A
8	Egypt	66	65	63	61	60	N/A
9	Iraq	66	67	65	63	61	N/A
10	Kyrgyzstan	76	75	74	72	71	N/A
11	South Korea	68	73	73	72	72	77
12	Malaysia	58	68	76	74	73	N/A
13	Tajikistan	81	80	78	76	74	N/A
14	Thailand	69	83	83	82	82	N/A
15	Iran	N/A	113	111	113	111	110
16	Syria	102	103	105	108	111	N/A
17	Turkey	130	129	127	127	130	129
18	Uzbekistan	148	145	141	139	136	N/A
19	Israel	134	138	135	142	144	151
20	Azerbaijan	228	225	221	218	215	213
21	Armenia	272	273	273	274	234	235
22	Bosnia and Herzegovina	267	267	268	291	291	292
23	Moldova	325	325	325	325	325	324
24	Macedonia	340	N/A	N/A	338	338	330
25	South Africa	433	396	390	385	379	N/A
26	Georgia	350	348	N/A	324	391	401
27	Poland	511	512	509	492	492	482
28	Ukraine	476	477	477	478	506	492
29	Serbia	557	561	562	531	534	537
30	Romania	N/A	536	538	540	542	545
31	Bulgaria	546	539	559	556	559	562
32	Belarus	580	579	577	578	577	576
33	Russian Federation	597	595	588	593	583	582
34	Slovenia	599	588	587	587	586	586

Table 4 (Continued)

No.	Country Name	2010	2011	2012	2013	2014	2015
35	Turkmenistan	612	602	591	580	570	N/A
36	Lithuania	579	588	595	600	605	650
37	Mongolia	657	647	634	618	608	592
38	Croatia	616	636	638	640	614	619
39	Slovakia	660	671	664	670	669	668
40	Estonia	592	598	600	602	775	772
41	Hungary	790	796	795	799	801	803
42	Kazakhstan	864	851	847	861	848	836
43	Czech Republic	908	901	900	900	897	897
44	Latvia	914	912	919	929	936	944

Source: CEIC.

Results show that 14 countries have still not reached 100 km of railway per million populations. All 14 countries that have not reached the 100 km of railway per million populations are all located in the three regions that had the lowest GDP's. This shows a relationship between infrastructural development and GDP. China is willing to provide these regions with infrastructural help and thus could also result in raising those countries GDP themselves. Railway is just one example of the many infrastructural supports that China will be able to give to countries that do not have access to it. For countries along the 21st Century Maritime road other contributions of Chinese development may be ports and maritime transportation equipment. Through Chinese funds most countries listed will be able to achieve acceptable infrastructure due to China's enthusiasm to help develop the countries for the sake of OBOR. Though paying back the funds may be detrimental on countries that do not have the capability of generating the funds.

International Relationships

OBOR has already to a certain extent achieved in strengthening international relationships between countries involved. During its two meetings, Belt and Road (B&R) Initiative in 2013 and Belt and Road Forum (BRF) in 2017, many international leader have gathered and discussed the reality of this project. If China manages to unite countries along OBOR it could be a forced to be reckoned with. As shown in the chart below OBOR countries hold a significant part of the globe's land area, population, GDP and household consumption. It has been claimed by president Xi that China has a "common destiny" to the particular countries as they join the same path of economic development. Thus, the reason of providing mutual benefits and tie up international relationship with OBOR regions is acceptable. The population along OBOR takes up to 62.3 % out of the world population with the GDP share of 30%, while the level of household consumption is estimated at 24 %. Due to a dramatically rise in size of economy and consumption level, this bring China to gain a regional and global negotiation power in goods and services market. Moreover, the production of its regions can take the benefit of large scale areas which is 38.5 % and number of population of 62.3 % as shown in figure 3.

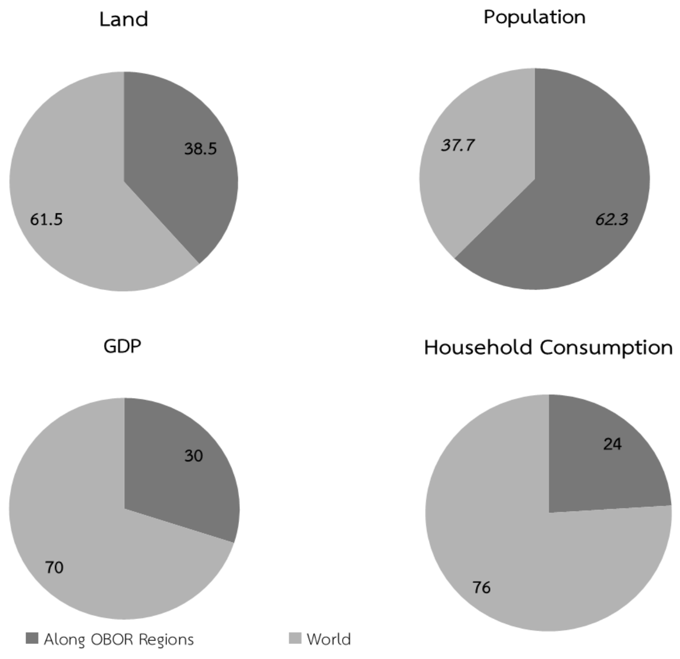

Figure 3: Land Area, Population, GDP and Household Consumption along OBOR
Source: Global Sourcing Fung Business intelligence center (2016)

The alliance would hold over half the world population and 38.5% of the earth's land mass. It would also hold 30% of the world's GDP and almost one fourth of Household Consumption. Within OBOR itself country's population can be seen in the table 4 below.

Table 5 Top 10 Belt and Road Countries in Population Size (mn people)

No	Country Name	2009	2010	2011	2012	2013	2014	2015	2016
1	India	1,154	1,170	1,186	1,220	1,235	1,251	1,267	1,283
2	Indonesia	231	238	242	245	249	252	255	259
3	Pakistan	170	174	177	181	184	188	192	195
4	Bangladesh	146	148	150	152	154	156	158	160
5	Russian Federation	143	143	143	143	144	146	147	147
6	Philippines	N/A	92	N/A	N/A	N/A	N/A	101	N/A
7	Ethiopia	85	88	90	92	95	97	99	N/A
8	Vietnam	86	87	88	89	90	91	92	N/A
9	Egypt	77	79	81	83	85	87	89	N/A
10	Turkey	73	74	75	76	77	78	79	80

Source: CEIC.

The table shows that the population is concentrated in India which is almost 5 times the population of Indonesia which is in second place. If this alliance were to become a reality then the alliance would hold lots of power and will be able to have great in in the international market. This project has contributed greatly to the unification of the Eurasian continent whether it will succeed or fail. It has already managed to gather a great deal of international recognition. China has managed to use OBOR as a way to gain international attention and has much greater influence in the international market as of now. OBOR has been a great help to how international relations have been and will help the region as a whole whether or not the project succeeds

Mutual Benefits

OBOR showcases itself as being mutually beneficial and does have the potential to be so. This is where the cooperation of the countries involved come into play. Benefits can only be mutual once both countries aren't taking advantage of each other. China has tried to show the benefits that could be gained by investing in other countries in many ways. As shown in the graph below China's Outward FDI Balance into OBOR countries China has invested a great sum of money into foreign countries.

Table 6 China's Outward FDI Balance to Belt and Road Countries (USD mn)

No.	Country Name	2010	2011	2012	2013	2014	2015
1	Singapore	6,069	10,603	12,383	14,751	20,640	31,985
2	Russia	2,788	3,764	4,888	7,582	8,695	14,020
3	Indonesia	1,150	1,688	3,098	4,657	6,794	8,125
4	Kazakhstan	1,591	2,858	6,251	6,957	7,541	5,095
5	South Africa	4,153	4,060	4,775	4,400	5,954	4,723
6	United Arab Emirates	764	1,175	1,337	1,515	2,333	4,603
7	Myanmar	1,947	2,182	3,094	3,570	3,926	4,259
8	Pakistan	1,828	2,163	2,234	2,343	3,737	4,036
9	India	480	657	1,169	2,447	3,407	3,770
10	Mongolia	1,436	1,887	2,954	3,354	3,762	3,760
11	South Korea	637	1,583	3,082	1,963	2,772	3,698
12	Cambodia	1,130	1,757	2,318	2,849	3,222	3,676
13	Thailand	1,080	1,307	2,127	2,472	3,079	3,440
14	Vietnam	987	1,291	1,604	2,167	2,866	3,374
15	Iran	715	1,352	2,070	2,851	3,484	2,949

Note: China's Outward FDI Balance to Belt and Road Countries = the proportion of total china's contracted projects, labour services cooperation and design and consultation service to foreign countries

Source: CEIC.

Data shows that many countries have been receiving a great deal of investments from china and the graph below indicates that the number just keeps growing constantly. China's direct foreign investment is 47 percent owned by the State-Owned Enterprise (SOEs) which accounts for the highest proportion of investment. The remaining 42% are Limited Liability Company, 6% are Shareholding Company and the rest are private companies. Whereas a joint venture companies Share Holding Limited Co, Share Cooperative, Private Company, Foreign Funded, Collective and other investments are considered to be a minority group compared to state-owned investments. These investments have continued to grow after China joined the World Trade Organization in 2001.

Table 7 China's Outward FDI Flow to Belt and Road Countries (USD mn)

No.	Country Name	2010	2011	2012	2013	2014	2015
1	Singapore	1,119	3,269	1,519	2,033	2,814	10,452
2	Russia	568	716	785	1,022	634	2,961
3	Indonesia	201	592	1,361	1,563	1,272	1,451
4	Laos	314	459	809	781	1,027	517
5	Malaysia	164	95	199	616	521	489
6	Vietnam	305	189	349	481	333	560
7	United Arab Emirates	349	315	105	295	705	1,269
8	South Korea	-722	342	942	269	549	1,325
9	Turkey	8	14	109	179	105	628
10	India	48	180	277	149	317	705

Source: CEIC.

Through China's investments in other countries to show their support and show that it is possible to be mutually beneficial. If the countries can come to an agreement OBOR would surely be a mutually beneficial project. Developed countries will benefit from new markets while less developed countries will be gaining technology and increasing work made by foreign investors. This would create a mutually beneficial trade and thus enhancing all countries involved capabilities. Questions arise of why China would invest so much into other countries and what benefits does China gain. Previous studies (Buckley & Ghauri, 2010) on OFDI suggested that the motivation of Chinese investors behind go global policy included: 1). Economies of scale and scope 2) synergistic effect 3) access to strategic assets 4) non-profit-maximizing behavior 5) knowledge acquisition 6) extension of market reach 7) improvement of industry position 8) consolidation of industry 9) personal motives such as empire building

Moreover, mainstream FDI theoretical framework put forward the main drivers for outward investment and asset augmentation including: 1)natural resources seeking 2) market seeking 3) strategic asset seeking 4) technology seeking 5) diversification 6)efficiency theory , Etc. These motives are theories in which could potentially why China's OFDI is so much but other political reasons could also come into play. China claims that it is all for mutual beneficially but statistics at this time cannot backup the claim.

It's believed that OBOR is a possible project that with further planning could change the course of trade and economics forever. In terms of potential of Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits there is no doubt that it can be made possible. We believe that OBOR is a great platform for trade and would like to explore more in depth of the effects it would bring to each country. While China claims that OBOR is mutually beneficial others speculate that this could just be means for China to expand its political power and expand Chinese industries. As of now as China pushes forward with its plans of making OBOR a reality we hope that all countries may see how developing OBOR will greatly increase our potential in trade efficiency and development of countries.

CONCLUSION AND SUGGESTION

This paper applied the secondary documentary-research techniques to explore this development in four different aspects Economic Growth, Infrastructural Development, International Relationships and Mutual Benefits to identify and whether OBOR is worthwhile. The results found that through OBOR countries have gained the potential for enhanced economic growth. This is because OBOR gives countries a chance to see greater economic activities through trade with other countries. Causality test yielded the results of positive and no relationship between China and countries along OBOR due to 1) the linkage between value chain of China and countries electronics industry. 2) the Preferential Trade Agreement (PTA) among china and member countries as well as commercial diplomacy 3) the connectivity of china economics corridors 4) the aids the china provided to these country such as grant, loan, technical assistance, outward labor services, outward design and consultation services and others form of foreign cooperation contracted project. In contrast, there were no statistical relationship due to 1) the lack of value chain 2) the downward pressure on oil and gas export 3) the weak export European economy 4) the internal policy of host countries on FDI attraction and 5) emerging of new market that might not been yet contributed to GDP growth. In infrastructure development, China will be allowing massive loans that allow countries that do not have the funds or capabilities to be a part of OBOR. With international relationship, it has been claimed by president Xi that China has a "common destiny" to the particular countries as they join the same path of economic development. Thus, the reason of providing mutual benefits and tie up international relationship with OBOR regions is acceptable. For mutual benefit, Benefits can only be mutual once both countries aren't taking advantage of each other. China has tried to show the benefits that could be gained by investing in other countries as seen that Chicness Outward FDI has been massively increased after the go global policy and WTO participation in 2001. To achieve the mutual benefit under common destiny of China and OBOR, countries will need to be more opened for Chines Investment especially in infrastructure that might lead to the positive externality spillover to related industries and prepare the cooperation of mutual research and development to ensure that China transfer the knowledge and innovation to those countries along its investment path. For further study, it is suggested to be aware of the lag and reliability of China investment data.

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