China’s “One Belt One Road” initiative, as defined in a 2015 official document from China’s government, presents a vision for future regional integration of Eurasia with China at the center, explained Kaho Yu, Post-doctoral Research Fellow in the Belfer Center for Science and International Affairs' Geopolitics of Energy Project in Monday’s energy policy seminar.

“One Belt One Road” (“OBOR”), Kaho explained, refers to a Chinese initiative to promote Chinese investment, particularly in infrastructure projects across Eurasia (including energy infrastructure), with multiple aims: promoting regional interconnectivity, promoting development and stability in countries receiving investments, boosting the domestic Chinese economy, and exporting labor force and production overcapacity. Projects are to be funded in large part by Chinese investments, with associated requirements for the use of Chinese construction resources. The vision is of an integrated program of infrastructure investments, in some cases (such as natural gas pipelines) literally connected to China, but in all cases forging stronger economic and political ties between the countries of investment and China itself.

Energy investments are an important subset of OBOR projects. There has been a tendency among some observers to see China’s investments in foreign oil and other energy resources as an attempt to bolster China’s energy security. However, Kaho argued, viewed in the context of the overall OBOR program, energy investments may be better understood as efforts to strengthen regional interconnectivity, development and stability.

But is OBOR more than a slogan? Kaho presented evidence on both sides of this question. On the one hand, there clearly is an international array of projects receiving Chinese investment, totaling $225 billion by Nov 2015, of which $89 billion are energy investments. Projects are completed or underway in 65 countries, spanning a wide swath of Eurasia. On the other hand, these investments are not always centrally coordinated, Kaho noted—projects are initiative from the bottom up, so it is not clear how much of a role the pursuit of the OBOR vision plays in terms of what is actually happening.

In addition to the lack of central coordination, Kaho observed, a number of further obstacles exist to the realization of the OBOR vision, including low oil prices, which are currently creating repayment challenges for some oil investments. This problem highlights another challenge of OBOR—the target area includes many countries considered to be very risky places for investment. Currently, China tends to rely on bilateral relations with each country to help secure its investments, but transnational infrastructure investment in OBOR might suggest a transition to more of a regional and multilateral engagement strategy. However, instead of joining an existing international framework, such as the Energy Charter Treaty, which could potentially provide legal recourse against investment dispute, China would prefer establishing a Chinese-led or Asian-led institute, such as the Asian Infrastructure Investment Bank.

Kaho Yu spoke as part of the Kennedy School’s Energy Policy Seminar Series, which is jointly sponsored by the Energy Technology Innovation Policy research group of the Belfer Center and by the Consortium for Energy Policy Research of the Mossavar-Rahmani Center on Business and Government.