



# **BELT AND ROAD INITIATIVE (BRI) ON TOTAL QUALITY FINANCIAL PERSPECTIVES FOR SUSTAINABLE DEVELOPMENT**

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## **ABSTRACT**

*China's Belt and Road Initiative (BRI) is to take reference from the historic Silk Roads to replicate two new modern road and maritime based Silk roads which apparently cover more than 60 countries and regions from Asia, Africa to Europe. Five aspects and beyond of BRI jointly written by ACCA-SSE (Shanghai Stock Exchange) entails for the developing areas. There is huge potential to develop Asia to Europe starting from infrastructure projects which are to invest billions of dollars. This article is focused to discuss BRI financial perspectives including policy coordination, connecting infrastructures, unimpeded trade, financial integration, and people-to-people bonds. The issues of BRI and its financial impact include: financial integration, internationalization of Chinese Yuan, four current developments relevant to BRI, trade settlement, QFII program and AIIB. Last but not the least, this paper provides 4 case studies to illustrate the BRI impact on Bank of China, Malaysia, China-Oman DUQM, and Kazakhstan's Old Silk Road.*

**Keywords:** BRI, Silk Road, Internationalization, Chinese Yuan, Financial Integration.

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## 1. INTRODUCTION

This essay will discuss the basic rationales of the China's ambitious huge or global Belt and Road Initiative (BRI) following by the issues of benefits and challenge of China economics such as internationalization of Yuan and Financial Integration are critical issues. China's BRI is to take reference from the historic Silk Roads to replicate two new modern road and maritime based Silk roads which apparently cover more than 60 countries and regions from Asia, Africa to Europe. Five aspects and beyond of BRI jointly written by ACCA-SSE (Shanghai Stock Exchange) entails for the developing areas. This article is focused to discuss BRI financial perspectives including policy coordination, connecting infrastructures, unimpeded trade, financial integration, and people-to-people bonds. The issues of BRI and its financial impact include: financial integration, internationalization of Chinese Yuan, four current developments relevant to BRI, trade settlement, QFII program and AIIB. Last but not the least, this paper provides 4 case studies to illustrate the BRI impact on Bank of China, Malaysia, China-Oman DUQM, and Kazakhstan's Old Silk Road. The write out of the cases based on interviewing with senior bankers and economists.

## 2. LITERATURE REVIEW

The BRI, launched by China in 2013, is a significant global development strategy aimed at enhancing connectivity and economic cooperation across various countries. This initiative has profound implications for international business and finance, particularly through its emphasis on foreign direct investment (FDI) and infrastructure development.

### 2.1 The Financial Perspective in BRI in General

#### 2.1.1. *Foreign Direct Investment (FDI)*

The BRI has been associated with a substantial increase in Chinese FDI to participating countries, with estimates suggesting an increase of 20% to 50% in outflows to BRI nations. This influx of investment is primarily directed towards infrastructure projects, including roads, railways, and ports, which are essential for enhancing trade connectivity (Li, et.al, 2022).

#### 2.1.2. *Infrastructure Development*

Most BRI projects focus on infrastructure, which is critical for economic development in host countries. The initiative is often compared to a modern-day "Marshall Plan," reflecting its ambition to reshape global trade routes and economic landscapes (Li, et.al, 2022).

#### 2.1.3. *Complex Financial Mechanisms*

The BRI employs various financial instruments, including Panda bonds, which are issued by Chinese entities in foreign markets to raise funds for BRI projects. This approach not only facilitates investment but also helps manage financial risks associated with large-scale infrastructure projects (Dunford & Liu, 2019).

#### 2.1.4. *Challenges and Risks*

Despite the potential benefits, the BRI faces challenges, including geopolitical tensions, financial sustainability concerns, and the risk of debt distress in host countries. The complexity of the initiative, with its diverse projects and varying local contexts, complicates the financial landscape and necessitates careful risk assessment (Li, et.al, 2022) (Dunford & Liu, 2019).

There is a call for more comprehensive studies on the BRI's financial implications, particularly from an international business policy perspective. Understanding how BRI projects can be structured to benefit all stakeholders while mitigating risks is crucial for the initiative's long-term success. The BRI represents a transformative approach to

international finance and development, with significant implications for global trade and investment patterns. As the initiative evolves, ongoing research and analysis will be essential to navigate its complexities and maximize its potential benefits.

Li & Liu (2024) conclude that the UN's Sustainable Development Goals (SDGs) highlight the role of debt sustainability in achieving sustainable development. China's Belt and Road Initiative (BRI) is an international cooperation effort that is endorsed by over 150 countries and organizations. Given the alignment between BRI development goals and the SDGs, the issue of debt sustainability in BRI countries warrants attention. While existing studies focus on sovereign risk in debt sustainability, there is a lack of emphasis on currency risk, indicating a need for further investigation to mitigate risks and comprehensively evaluate debt stability. Using data from 142 countries, this study examines currency risk reduction in BRI countries by assessing currency competitiveness. We find that the US dollar (USD) is the most competitive currency among BRI countries, followed by the Euro (EUR), Chinese yuan (CNY), sterling pound (GBP), and Japanese yen (JPY). The USD maintains its competitive edge over time, making it the preferred choice, with the EUR as a less optimal option and the CNY showing potential. Geographically, the EUR's close ties with BRI countries lend it prominence, followed by the USD, with the CNY gaining traction. GBP and JPY are considered conservative choices. Recommendations for currency selection vary based on countries' competitiveness, bilateral relationships, and development status.

Li, et.al (2024) identify that the BRI aims to strengthen regional economic and policy cooperation and achieve the rapid development among the participating countries. While the impact on the financial development of the economic growth and energy environment of BRI participating countries has garnered close attention among scholars, few studies focus on the impact of financial development on the sustainable development goals (SDGs) of the BRI participating countries. To address this gap, we utilized panel regression models to quantitatively assess the impact of China's financial development scale, structure, and efficiency on the SDGs of the BRI participating countries, and adopted Geographically and Temporally Weighted Regression (GTWR) model to explore the spatial-temporal effects of China's financial development scale, structure, and efficiency on the SDGs of the BRI participating countries. Our findings indicate that China's financial development has significantly promoted the SDGs of the BRI participating countries. This study further reveals that the scale and efficiency of China's financial development have had a more pronounced impact on the SDGs of Asian countries, low- and middle-income countries, and the Land Silk Road participating countries, compared to those of European countries, high-income countries, and the Maritime Silk Road participating countries, respectively. In contrast, the structure of financial development primarily promotes the SDGs of European and high-income BRI participating countries in the land silk belt. The role of China's financial development in promoting the SDGs of most BRI participating countries has gradually increased over time. This study provides valuable insights for decision-makers in China to facilitate the sustainable development of BRI participating countries and foster a shared community within the BRI framework.

The Belt and Road Initiative (BRI) has significant implications for total quality financial perspectives, particularly in the context of sustainable development and financial management in participating countries. Below are key insights derived from recent studies on the financial aspects of the BRI.

## **2.2 Total Quality Financial Perspectives in BRI**

### **2.2.1. Debt Sustainability and Currency Risk**

A critical aspect of the BRI is the focus on debt sustainability among participating countries. Many BRI nations face challenges related to inadequate infrastructure and rising debt levels, which can hinder economic growth. Studies emphasize the importance of managing currency risk to ensure debt stability, as fluctuations in exchange rates can significantly impact the ability of these countries to service their debts. The US dollar is identified as the most competitive currency for transactions, followed by the Euro and the Chinese yuan, highlighting the need for strategic currency selection to mitigate risks (Li & Liu, 2024).

### **2.2.2. Impact of Financial Development on Sustainable Development Goals (SDGs)**

Research indicates that China's financial development has a positive impact on the SDGs of BRI participating countries. The scale, structure, and efficiency of financial development are crucial in promoting sustainable economic growth and addressing global challenges. The findings suggest that financial development not only enhances economic performance but also supports environmental and social governance, aligning with the broader goals of the BRI (Li, et.al, 2024).

### **2.2.3. Geopolitical and Economic Integration**

The BRI aims to foster geopolitical and economic integration through infrastructure development. This integration is essential for enhancing trade connectivity and facilitating investment flows. The initiative's focus on infrastructure is seen as a means to stimulate economic growth in developing countries, which often lack the necessary capital and technological expertise for large-scale projects.

### **2.2.4. Challenges and Strategic Recommendations**

Despite the potential benefits, the BRI faces several challenges, including geopolitical tensions and the risk of debt distress in host countries. To address these issues, it is recommended that BRI projects incorporate comprehensive risk assessments and adopt best practices in financial management to ensure long-term sustainability and mutual benefits for all stakeholders involved (Li, et.al, 2024).

The BRI represents a significant opportunity for enhancing financial quality and sustainability in participating countries. By focusing on debt management, financial development, and strategic integration, the initiative can contribute to achieving broader economic and social goals.

Li, et.al (2022) take stock of the nature and scope of China's global development strategy named the "Belt and Road Initiative" (BRI), and how it influences international business (IB) policy. We build on the state of the current IB literature on the BRI and the findings of the Special Issue articles to suggest the need for complex integrative thinking on the initiative. We show that the BRI – like a kaleidoscope – elicits vastly different patterns of opportunities and challenges as we turn the perspective from policymakers in China, to governments in BRI host countries, and to officials in third countries. We illustrate how the application of integrative thinking to these perspectives allows for the identification when BRI projects generate tensions between countries and how this influences their IB policies. We further discuss under which circumstances BRI projects may benefit all sides and which IB policies can help promote these types of projects. We conclude with a discussion of future research directions.

Dunford & Liu (2019) confirm that China's Belt and Road Initiative (BRI) is a call for an open and inclusive model of sustainable international economic, political and cultural cooperation and development under the guiding principles of the peaceful coexistence of sovereign states, achieved through multiple types of increased connectivity and financed by new multilateral financial instruments. This article outlines the evolution of the BRI, its

relationship to changing conditions in China and the world, and the ideas and thinking that underlie it as expressed in official documents and speeches by President Xi Jinping. The relationships between individual and collective interests, the Silk Road Spirit and Chinese concepts of harmony and “different but equal” in a Community of Shared Future and mutual benefit are examined, along with some of the political and economic challenges associated with the coexistence of competing values and social models.

Rasel et.al (2020) assess the effect of strategies of Belt and Road Initiative (BRI) on sustainable economic development of member countries. This study is based on qualitative approach and secondary data. A number of documents such as journal articles, government reports, books, book chapters and working papers have been consulted to substantiate the arguments. The article explores that there is a potential effect of BRI on the sustainable economic development of its member countries. Some of the member countries are getting direct benefits from it and other countries are in the way of getting benefits through infrastructure development, trading, cultural exchanges and mutual political agreements. It is empowering a number of developing countries through economic development by linking economic corridors, seaport, roads and railway networks. This article also finds that so many economic zones are planned to open in member countries to get benefits from BRI initiative by promoting infrastructure, energy, gas, oil and electricity, roads, railways and other related projects.

### **3. FIVE ASPECTS OF BRI**

*Policy coordination, connecting infrastructure, promoting unimpeded trade, financial integration and fostering people-to-people bonds* are the five aspects driving motivation for implementing the BRI.

#### **3.1. Policy Coordination**

It sits at the top of the list for increasing coordination between nations promoting intergovernmental cooperation and communication. This would be highly beneficial for all nations involved and certainly leads to promotion of overall trade, knowledge transfer, increased political trust and stability and the reduction of political barriers for future regional projects. This requires close intergovernmental cooperation and multilevel intergovernmental mechanisms for macro policy exchange, in order to strengthen interest in the project, enhance mutual political trust and reach a consensus for cooperation. Belt and Road Forum for international cooperation emphasizes on mutual discussion, mutual construction, and mutual sharing. Malaysia and China do remarkably well as Malaysia has not only become one of the biggest receivers of BRI related investments, but also one of its biggest beneficiaries for its infrastructure development.

#### **3.2. Connecting Infrastructure**

It is the most tangible and obvious motivation of the BRI. This is the push for infrastructure development and connectivity to form an infrastructure network that will bring together all sub-regions in Asia, Europe, and Africa. This will increase connectivity between BVI regions and countries and help to bring down barriers in trade such as logistic issues. This goal a reality respecting every BRI country and region’s sovereignty and security concerns while connecting of infrastructure needs. ACCA-SSE (2017) recommends that countries along the BRI routes should actively plan ways of connecting their infrastructure and bring technical standards into line working together to build international passageways. This means making improvements to or entirely new construction of transportation infrastructure, energy infrastructure, and cross-border cable and other communications networks. So far, the push for connecting infrastructure has been a tedious task as government

officials of involved countries have all been fighting for their country's best interest in the initiative.

### **3.3. Unimpeded Trade**

BRI apparently creates a sound environment for cross border business by removing barriers to attract investors which include bilateral investment protection agreements to protect legitimate rights and interests. This purpose is to expand areas of trade and improve trade structures while exploring new areas of growth and promote balanced trade. Investment and trade are as complementary: one drives the development of the other. New trade channels such as cross border e-commerce will consolidate and expand conventional business.

### **3.4. Financial Integration**

It is a related concept with financial markets defines the integration of financial markets either regionally or globally. Higher level of financial market integration should be followed by lowering the cost of capital, increasing investment opportunities, and increasing economic growth via international risk sharing (Bekaert & Harvey, 2003). However, the high level of financial integration means also higher sensitivity to global financial crises. BRI does improve financial integration between countries by implementing more stable financial systems, currencies and so on.

### **3.5. People-to-people Bonds**

The motivator of the BRI is to allow to extensive cultural and academic exchanges between the populations of all countries and regions involved, particularly increasing movement of people among countries/regions of Belt and Road paths. Such endeavors will play a leading role in helping strengthen public support and deepen bilateral and multilateral cooperation between countries. The Xiamen University, the first Chinese university is perfect example of how China is marrying their trade ambitions with cultural and academic exchanges. The BRI initiative has the potential to strengthen cross-border dialogue and to foster multinational cooperation, which will in turn create stability and encourage mutual investment beyond the home country.

Further, with implementing BRI, the world will gain the major areas:

- (a) New Economic order, in the past, high value added and knowledge-intensive sectors such as design, R&D and engineering are all mainly dominated by developed countries while developing countries such as majority of Asean are engaged in low-value added and labour intensive industries such as manufacturing. The BRI's impact will challenge the status quo of the current economic order as majority of its two routes run the through developing countries. This will promote developing regions to have their own economic and trade exchanges allowing them to grow, thrive and benefit together.
- (b) Rebalancing the global economy, China rebalanced itself to be one of the largest and top growing in our world, the BRI is expected to also boost the economies of the countries and regions involved in similar manner thru industrialization and development.
- (c) Promoting globalization, the global economy rebalanced and the growth of BRI countries and regions become highly apparent to the rest of the world. The current wave of anti-globalization sentiments will die down (ACCA-SSE, 2017). The BRI will create new opportunities for cooperation between countries to further global economic growth including many developing countries.

## **4. ISSUES OF BRI & ITS FINANCIAL IMPACT**

### **4.1. Financial Integration**

Financial integration between countries involves building stable currencies, credit system and an investment and financing system. In this regard, the Asian Infrastructure Investment Bank (AIIB) was formed to fulfil his role and to provide funding and support to the implementation of the BRI. And further work for increased financial integration will again take place with the establishment of the Shanghai Cooperation Organisation (SCO) development bank to lend more support to the Silk Road Fund. “The China-Asean Interbank Association and SCO Interbank Association will carry out multilateral cooperation in the for of syndicated loans and bank credit. Governments of the countries along the B&R, and their companies and financial institutions with a good credit rating, will be permitted to issues RMB -denominated bonds in China. Qualified Chinese financial institutions and companies are encouraged to issue bonds in both RMB and foreign currencies in these countries, and to use locally raised funds locally in countries along the B&R,” (ACCA-SSE, 2017). That is countries involved in AIIB and SCO will cooperate in financial regulation to make good use of the Silk Road Fund and Sovereign Wealth Funds, while also encouraging commercial equity investment funds and privates to take part in the construction of the key BRI projects.

#### **4.2. Internationalization of Chinese Yuan**

The process by which a currency becomes truly international is both lengthy and complex. It involves macroeconomic aspects such as economic development, trade growth and monetary policy. It is also inextricably linked with trade settlements and capital account liberalization, as well as capital market development, and regulation. We can draw on and learn from the experience of countries which have undergone the process, though many of the measures they have adopted may not be directly applicable.

China the world’s second largest economy in 2010, China becomes world largest exporter now and second importer current year. Despite China’s continued economic strength, the CNY has still not attained international status for financial liberalization and currency freely convertible comparable to China’s economic standing. As part of its foreign exchange management reform, China has undertaken obligation of International Monetary Fund (IMF) Accord, with a view to establishing free convertibility of the CNY under the current account.

#### **4.3. Four Current Developments relevant to BRI**

Related to accelerate the internationalization of RMB Currency:

(a) The impact of multilateral trade, the amount of RMB settled cross-border trade and direct investment has been continually rising (IMI 2016). The BRI covers a population of about 4.4 bn in more than 60 countries. If the majority of the bilateral and multilateral trade between BRI countries is denominated and settled in RMB , RMB will certainly circulate widely and rise in both status and influence. In fact, to avoid exchange rate risk and reduce transaction costs, RMB would become the prime choice as a settlement currency.

(b) The impact of infrastructure construction. China is expected to help improve the transport, power and communication infrastructure in the BRI countries in coming decades and ultimately achieve greater integration of Asian and European economies. This infrastructure construction program will generate a huge flow of funds; China Development Bank estimates that there will be more than 900 projects under construction in the BRI plan with the amount of investment exceeding USD800bn. The outflow of infrastructure construction funds will spread the RMB to the BRI countries, where the use of RMB will become routine. This regionalization of the RMB will contribute to the RMB’s further internationalization.

(c) An improved financial platform. On 29 June 2015, China, India and other 48 countries signed the Asian Infrastructure Investment Bank Agreement, making the official inauguration of the AIIB and the beginning of the further expansion of RMB internationalization.

(d) The RMB as an official reserve asset. The RMB has already been adopted as an official reserve asset in some countries including Cambodia, Malaysia, Nigeria, Philippines, South Korea and Russia, although generally accounting for only about 5% of their total foreign exchange reserve. The IMI's RMB Internationalization Report 2016 show slow upward trend (Q1 2014 to 2016) in RMB by RMB internationalization Index.

#### 4.4. Trade Settlement

Percentage of RMB use in global trade from 20 ranking Jan 2012 to Jan 2017 6 ranking. Trade settlement by RMB, PBOC and State Administration of Foreign Exchange (SAFE) established in 1979, SAFE supervises foreign exchange activities of China's financial institutions. It has been encouraged to settle trade payment by RMB which also save banks charges. Authorized overseas Chinese banks become supplier of RMB in difference countries such as Bank of China at Macau and Hong Kong, ICBC at Singapore and Malaysia. Those are offshore RMB financial centres and several RMB settlement banks built in recent years provide a guarantee mechanism for the internationalization of the RMB, and so will also help to enhance the regional and international influence of the RMB currency.

#### 4.5. Qualified Foreign Institutional Investors (QFII) Program

One of the first efforts to internationalization the RMB, represents China's effort to allow, on a selective basis, global institutional investors to invest in its RMB denominated capital market. Once licensed, foreign investors are permitted to buy RMB-denominated "A shares" in China's mainland Shanghai and Shenzhen stock exchanges. Thus foreign investors benefit from an opportunity to invest onshore, which is otherwise often insulated from the rest of the world, and subject to capital controls governing the movement of assets in and out of the country. To qualify for QFII, the candidate must: have stable finance, good credibility, meet the minimum asset scale set by China securities Regulatory Commission (CSRC), have healthy governing structure and complete internal control system, received no significant punishment in the last 3 years and so on.

4.6. The Asian Infrastructure Investment Bank (AIIB) is a [multilateral development bank](#) that aims to support the building of infrastructure in the [Asia-Pacific](#) region. The bank currently has 64 member states while another 20 are prospective members for a total of 84 approved members and was proposed as an initiative by the government of China.<sup>[8]</sup> The initiative gained support from 37 regional and 20 non-regional Prospective Founding Members (PFM), all of which have signed the Articles of Agreement that form the legal basis for the bank. The bank started operation after the agreement entered into force on 25 December 2015, after ratifications were received from 10 member states holding a total number of 50% of the initial subscriptions of the Authorized Capital Stock.<sup>[9]</sup> Major economies that are not members include [Japan](#), [Mexico](#), [Nigeria](#), and the [United States](#).

The United Nations has addressed the launch of AIIB as having potential for "scaling up financing for sustainable development" for the concern of global economic governance. The capital of the bank is \$100 billion, equivalent to 2/3 of the capital of the [Asian Development Bank](#) and about half that of the [World Bank](#). The bank was proposed by China in 2013<sup>[13]</sup> and the initiative was launched at a ceremony in Beijing in October 2014.

##### 4.6.1. AIIB within PRC policy thinking:

(a) **Fostering long-term economic development,** It stems from the notion that long-term economic growth can only be achieved through massive, systematic, and broad-based investments in infrastructure assets.

(b) **Infrastructure as regional integration and foreign policy tool.** China's investment opportunities are expanding. Investment opportunities in infrastructure connectivity as well as in new technologies, new products, new business patterns, and new business models are constantly springing up. [...] China's foreign cooperation opportunities are expanding. We support the multilateral trading system, devote ourselves to the [Doha Round](#) negotiations, advocate the Asia-Pacific free trade zone, promote negotiations on regional comprehensive economic partnership, boost economic and financial cooperation in an all-round manner, and work as an active promoter of [economic globalization](#) and regional integration.

#### **4.6.2. Islamic Economy and Islamic Finance**

Companies in the Islamic economy should capitalize on growth opportunities presented by BRI, which can be used:

(a) To introduce Asian markets to Islamic finance products. In UAE, Dubai Islamic Economy Development Centre consider that there is a great potential to build on the UAE's existing ties with China and other countries that influence the Silk Road Initiative.

(b) To tie with China including creating joint coordination committees to collaborate on establishing global standards for Islamic finance products, mainly for Sukuk.

(c) To develop the frame work of UAE-China council providing the required finance for the BRI establishing a joint Islamic finance platform/ArabAsian Bank providing the liquidity required for financing projects related to this region.

(d) To create a joint research centre to assess the needs of the region and countries situated on BRI.

## **5. CASE STUDIES**

### **5.1. Bank of China**

*Offices, credit and clearing:* One of the big four banks in China ranked No 4 largest banks in the world (The Bankers 2015-17) which is China's most internationalized bank, the BOC spares no effort in supporting infrastructure projects, actively providing credit support for domestic enterprises seeking mergers and acquisitions and investment in the countries along the route. In 2016, the Bank launched a new credit tranche of about USD60bn. It has followed up about 420 major projects under the BRI, with total project investment topping USD400bn, coupled with an intentional support budget of about USD94.7Bn. The BOC began cross-border RMB business at an early stage and this now accounts for the highest share of its business, vigorously promoting the extensive use of the RMB currency in the countries along the BRI route. Among the 23 authorized RMB clearing banks, BOC has 11 seats, covering Malaysia and Hungary (both part of the BRI), creating a good foundation for systematic services along the route. By the end of 2016, BOC had overseas offices in 50 countries and regions worldwide including 19 BRI countries.

*The first 'cross-border match maker:* Global SME cross-border matching service is an important innovation. It acts as a platform for exchanges between SMEs worldwide with cross-border investment and trade cooperation needs. The Bank sets up cooperation mechanisms with foreign governments, banks and chambers of commerce to share business information, facilitating remote online communication, on-site one-to-one negotiation and follow-up on-site visits. Since 2014, BOC has successfully held match making involving 15,000 Chinese and foreign businesses have agreed over 5,000 cooperation intentions, of

which 1,300 have been translated into substantial cooperation, with 90% of the customers match accurately. Industries included high-end manufacturing, environmental protection, information technology, education, health care, modern agriculture and many others.

Innovative approach to financial integration: BOC has combined domestic and foreign resources to strengthen overseas market development along BRI path. For example, the Bank selects key employees from the head office and domestic and overseas branches and sets up marketing groups to promote the smooth implementation of projects relating to the BRI. The countries along the BRI route are mostly developing, emerging and transition economies, which have a strong demand for financial integration. In June 2015, the BOC successfully issued USD 4bn BRI bond in overseas markets, deploying the raised funds in its branches and offices along the BRI route. This has an unique and innovative step, signaling the BOC's capabilities in cross-border capital coordination and efficient allocation of resources worldwide.

## **5.2. Malaysia**

During recent Belt and Road Forum held in Beijing in May 2017, yield a total nine memorandums of understanding and agreements signed between Malaysian and Chinese companies. Among the major projects under the initiative is the Malaysia-China Kuantan Industrial Park in Pahang, Melaka Gateway, East Coast Rail Link and Xiamen University Malaysia. In Malaysia, BRI will impact industries, businessmen, farmers and even students in Malaysia especially when China has committed to step up investments for infrastructure projects and import more fresh pineapples and palm oil.

These agreements are mostly trade based and boasted a total value of US\$7.22 Billion. President ever described bilateral trade between Malaysian government for its support and commitment towards BRI.

Malaysia: ECRL Railway. The RM 55 billion 688km rail project linking peninsular Malaysia's east and west is a major part of BRI's infrastructure push. It will connect the south china sea at the Thai border in the east with strategic shipping routes in the west. The project award has been awarded to the China Communications Construction Company Ltd. That means countries come together to integrate resources to achieve economic growth on global scale. There are many opportunities for Malaysia such as expand Sultan Ismail Peta Airport. Property Development tourism and all these will also increase demand Malaysian ringgit instead of US dollar since BRI encourage using local currencies. However, there are risks and challenge of all these BRI projects such as importing foreign skilled/specialist workers, interest rate risk and repayments. Obviously, these projects will benefit Malaysian economy instead just looking at monetary term to justify the whole situation.

## **5.3. China Oman DUQM Industrial Park Duqm**

It is about 550 km south of Omani capital Muscat and on the coast of the Arabian Sea. Before 2011, Duqm had basically fishing villages. Its landscape was a stretch of uninterrupted coastline and Bedouin camps. In 2008, it had a population of about 5000 people. In 2011, the Duqm Special Economic Zone was set up. The aim of the Duqm Special Economic Zone is to help Oman to diversify away from its oil and gas dependency. Duqm is close to the Strait of Hormuz. The Strait of Hormuz is the gateway to the Persian Gulf and is the most critical oil supply chokepoint of the world. China soon identified the potential of the Duqm area and moved fast to invest in the Duqm area. To China, Duqm offers a strategic link in its Belt and Road transportation and logistics network. On 23 May 2016, China and Oman announced the establishment of the China Oman Industrial Park in Duqm. The industrial park will have a total investment of about 10.7 billion USD. It is the largest investment by a single country in Oman. It is expected to generate 12,000 employments. Oman Wanfang Company aims to collaborate with Chinese investors to

establish 35 projects in Duqm. These projects will be located in three different locations of the special economic zone. The three locations are the heavy industries zone, the light and medium industries zone and, the tourism zone.

#### **5.4. Kazakhstan’s initiative in the revival of the Old Silk Road**

Kazakhstan was the nation that first suggested the revival of the old Silk Road trade routes. Nursultan A. Nazarbayev, who has been Kazakhstan’s president and sole ruler since it broke from the imploding former Soviet Union, first proposed reviving the old Silk Road trade routes. Kazakhstan’s aims were the development and diversification of her economy which heavily depends on natural resources and, drawing in China to counterbalance and dilute the overwhelming influence of Russia. By taking the initiative to float the idea of the revival of the ancient Silk Road, Kazakhstan managed to draw China in for her economy development and diversification. Kazakhstan now houses a China mega project, the Khorgos Gateway. It is a container land port that connects Kazakhstan to China by rail. It is the largest dry port in the world, linking Central Asia to China and Europe. Another important project is Kazakhstan’s new Caspian Sea ferry port, Kuryk. It was funded in part by China. Infrastructure building is only part of the big picture of economic collaborations between China and Kazakhstan. By initiating and taking part in the OBOR project, Kazakhstan now has access to Chinese capital and market and China’s global marketing network. The access helps the economy of Kazakhstan to export to Europe and East Asia. Since 2014, over 20 billion USD Chinese investment has poured into Kazakhstan.

## **6. CONCLUSION**

May cases bring BRI to real situation and demonstrate how BRI projects benefit countries along BRI route and hence impact on world economics. BRI will continue to expand and the world economic orders. Existing cases are continuing to expand such as China Pakistan Economic Corridor and new cases also have been established as a starting point for future research work. China’s BRI is to take reference from the historic Silk Roads to replicate two new modern road and maritime based Silk roads which apparently cover more than 60 countries and regions from Asia, Africa to Europe. There is huge potential to develop Asia to Europe starting from infrastructure projects which are to invest billions of dollars. This article is focused to discuss BRI financial perspectives including policy coordination, connecting infrastructures, unimpeded trade, financial integration, and people-to-people bonds. The issues of BRI and its financial impact include: financial integration, internationalization of Chinese Yuan, four current developments relevant to BRI, trade settlement, QFII program and AIIB. Last but not the least, the 4 case studies have illustrate the BRI impact on Bank of China, Malaysia, China-Oman DUQM, and Kazakhstan’s Old Silk Road.

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## ETHICAL ISSUES

There are NO ethical issues for this paper as has been checked by the Gratia Christian College Ethical Committee.

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