China's Belt and Road Initiative

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It seems to me that, together with the recent Chinese nationalistic inroads in the South China Sea, the much hyped "*Belt and Road Initiative"* is indicative of the uncomfortable feeling Chinese rulers may be experiencing about the limited survivability of China as we know it.

Although China's per capita GDP is still under $9,000 and ranked only 71st or 72nd in 2017, it continues to increase with regularity, as we all know, and at a certain point severe social upheaval will happen. I don't know where that point is, but when GDP will pass a certain point, perhaps $10,000, or $15,000, something decisive will happen, if history is any indication, and China will explode into several entities, as the U.S.S.R. did three decades ago. I am sure the rulers of China know it, and their relatively recent outward nationalistic pushes confirm the uncomfortable feeling to me, especially when considering that although the Chinese, as a people, have a long history of economic migration and established colonies under foreign jurisdiction throughout the world, they are only rarely prone to political annexation, and only on the almost deserted fringes of their continental mass.

When analyzing the details of the "*Belt and Road Initiative*", the "*21st Century Maritime Silkroad*", the "*Silk Road Economic Belt*", the "*New Eurasian Landbridge*", one notices first the bizarre and grandiloquent irrelevance of the phrases, and then, more significantly, the practical irrelevance of the different parts of the project.

A. The Landbridges and Corridors

It seems the project consists here mostly of railroads linking the largely underdeveloped western fringes of China with Europe, and marginally, Pakistan. The distance from Western Europe to the Chinese western border is 6,500 km, while the distance from there to the eastern industrial centers is another 4,500 km. It is difficult to see how an 11,000 km long railroad could offer a serious alternative to the southern maritime route, which has been used for the last five centuries. Not only would it take 50 of the heaviest trains to transport the equivalent of what the largest container ships can haul, but the risk of congestion along even a double track railroad is considerable, and anyhow the equipment required per unit of cargo transported by rail is between 5 and 10 times as costly as that used for maritime transportation, and the energy usage is almost 10 times as high, while the overall transit time could not be reduced by much more than 50% in the best case.

No one in one's right mind would consider that the "*Landbridges*" will seriously compete with the way commerce is currently conducted along existing maritime routes.

B. The 21st Century Maritime Silkroad

This one is quite bizarre, since the maritime link has been in existence for 500 years between Europe and Eastern Asia. It is difficult to see which dramatically upgraded infrastructure could possibly be required along the already well developed route. The distance from Western Europe to Shanghai along that route is 16.000 km. Other markets along the route are only marginal.

C. The Ice Road

This one is the most peculiar. Not only is the polar route environment quite impractical, to say the least, even if one heeds the current climatological Doomsday prognoses, but also the distance from Shanghai to Western Europe along that route is 14,000 km, only a 12.5% gain over the regular southern maritime route, and the speed of ships sailing along the aptly named Ice Road could hardly reach between a third and a half of the speeds attained in temperate oceans, while the size of those ships would be a small fraction of that of the very large units sailing along the regular southern route.

No one in one's right mind would consider that the Ice Route will seriously revolutionize the way commerce is currently conducted.

D. Investment

I believe infrastructure related government expenditure can hardly be considered investment per se. There is no direct profit to be derived from infrastructure, which is called that way for a reason, being the underlying structure of economic activity. It takes the weird approach of the current U.S. president to believe that governments must be run like businesses and that infrastructure can be financed and managed as a business. Precedents of the danger associated with confusing the two are plentiful, but it will suffice to remember one example, the tunnel under the English Channel, to sober up would be "*investors*".

E. Chinese encirclement

The Chinese rulers are certainly well aware of their most serious predicament: encirclement and vulnerability to blockade. China is ensnared inside several barriers and all her ways of communication are controlled by her neighbours, be it Russia, Japan, Taiwan, the Philippines, Malaysia, or Indonesia, the latter five enjoying the cover of the U.S. umbrella. None of the different parts of the "*Belt and Road Initiative*" would be capable of relieving the encirclement reality for China, and on the contrary each would make China even more vulnerable.

Whether along the "*Landbridges*", the "*Corridors*", the "*Maritime Silkroad*", or the "*Ice Road*", Chinese commerce would continue to be controlled by others, even more so if China engages its capital in foreign places.

The "*Belt and Road Initiative*" should be taken with as much detachment as the South China Sea rock and reef reclamation efforts. Both are probably not much more than last resort posturing, or governmental huffing and puffing before the unavoidable Chinese upheaval. Besides, why would the common Chinese be concerned all of a sudden with national grandeur?

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Renewable Energy in the Asia Pacific Region

Countries with a GDP per capita under $25,000 are not a serious market for what is perhaps a little erroneously called renewable energy, primarily electrical in nature.

Cheap electricity is obtained from coal and natural gas, the choice of either being determined generally by local policies. The cost of renewable energy reaches in certain cases ten times the cost of coal or natural gas fired electricity.

It has been witnessed in developed countries that only the richest combine substantial renewables in their energy mix, all with strong policies in place to discourage fossil energy use and subsidize renewables.

In the Asia Pacific region, these considerations leave only Australia and New Zealand as a sizeable, although marginal, market for renewables, since renewables seem to be a luxury for the wealthy. Macau, Hong Kong, and Singapore could of course be contenders, but the lack of space and the heavily industrialized nature of the latter two make it quite improbable. Indonesia has made some inroads in geothermal energy, but the disparity in scale between the requirements of an under-electrified 250 million population and the limited availability of geothermal sources means only a marginal market exists for such sources.

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