

Trump protectionism could boost One Belt, One Road

China's initiative is key for global shipping's prosperity, say panellists at the Lloyd's List Hong Kong business briefing

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On point on OBOR: From left, Chris Jones, Mats Berglund, Richard Greiner, Bill Guo and Robbert van Trooijen.

WHILE the US president-elect Donald Trump has added another layer of pessimism to shipping, a group of panellists at Lloyd's List Hong Kong Business Briefing were trying to inject some optimism on Monday.

One bright spot is China's One Belt, One Road initiative, a strategy seen by some as crucial for global shipping to regain its prosperity.

OBOR could even gain momentum from Mr Trump's promised policies that are, at best, inclined towards isolationism and protectionism.

"I think [Trump's promises] are positive for the OBOR initiative," said Ince & Co partner David Beaves.

The argument seemed sensible: Mr Trump has vowed to tear up the Trans-Pacific Partnership Agreement, which would cripple the so-called US 'pivot' to Asia. This, however, creates a strategic vacuum for China to step in and fulfil its economic masterplan in the region more easily.

The lack of US backing, for example, could take some of heat out of the territorial disputes between China and some of the Southeast Asian countries that are key players on the Maritime Silk Road encompassing the South China Sea, the South Pacific Ocean, the Indian Ocean and the Mediterranean Sea.

“A lot of strategic worries which otherwise China had are, to some extent, lessened,” said Mr Beaves.

With the US possibly rolling back from globalisation, China's role in the world economy is likely to become more important and its influence will be bigger.

“Trump can make China even more convinced to do OBOR,” said Pacific Basin Shipping chief executive Mats Berglund.

Mr Berglund believed the initiative "is real and is happening", which will continue to drive the growth of a massive middle class in Asia and hence create demands for shipping, including commodities and consumer goods.

With a minimum spend of \$1.4trn on infrastructure investment, the OBOR is estimated to be 12 times bigger in absolute US dollar terms than the Marshall Plan — a \$12bn US initiative to aid western Europe to help rebuild economies after the end of the Second World War.

For this, Precious Shipping managing director Khalid Hashim said Beijing's plan 'is the “best thing that happens in this world in a very long time”, and can restore the world economy to a growth rate that it has lost in the past decade.

Maersk head of Asia Pacific Robbert van Trooijen also viewed the initiative as positive to shipping, adding the company is seeking to take advantage of the benefit it creates.

Moore Stephens partner Richard Greiner warned that the time needed to realise the benefits of OBOR could be relatively long.

ICBC Financial Leasing executive director of shipping Bill Guo pointed out that China's proposal was more than just words, but actions being actively taken.

One example he gave was that the headquarters building of the Asian Infrastructure Investment Bank, a key lender designed for OBOR, is under construction in Beijing and will be completed next year.

“By then, you’ll have hundreds of intentional bankers working in that building, spending billions of US dollars to support the OBOR.”

Standard Chartered Bank head of Shipping Finance Nigel Anton reckoned we will hear more and more about OBOR; “it’s good for shipping”.