Dec. 8—There is essentially no place on Earth today which is not touched by the spirit of China’s New Silk Road process and the Belt and Road Initiative (BRI), and at least most of the world is being literally transformed. After centuries of domination of the nations of Asia, Africa and Ibero-America by colonial powers and the post-colonial western financial system, the policy of “forced backwardness” has remained dominant—keeping their economies and their populations in a relatively undeveloped state in order to exploit the raw materials and cheap labor for the advanced sector nations.

That is now changing. A new era of Mankind has been launched through President Xi Jinping’s 2013 declaration of the New Silk Road Economic Belt and the 21st Century Maritime Silk Road. In his recent historic visit to China, President Donald Trump declared that the United States and China must work together to “advance peace and prosperity alongside other nations all around the world,” and that the “proud spirits of the American and Chinese people will inspire our efforts to achieve a more just, secure, and peaceful world.”

The United States had been kept out of this process under President Barack Obama, who instead tried to isolate and contain China’s development through a military buildup in Asia and the anti-China trade pact called the Trans-Pacific Partnership (TPP), which intended to make nations choose between the United States and China. Trump has scrapped the TPP, and embraced cooperation under China’s proposal for a “new type of relationship between major powers.” This new relationship respects sovereignty (“America First” for America, “China First” for China, as President Trump put it), while the sovereign powers cooperate for global peace and development.
China has performed an unprecedented feat by lifting 700 million of its citizens out of poverty in the short span of 30 years, while becoming a world leader in science, technology, industrial development and infrastructure building. The Belt and Road is aimed at taking that process to the rest of the world. While not imposing the Chinese system of government on anyone, they are sharing the method—as the Chinese say, “If you want to be rich, first build a road.” Without industrialization, they insist, poor nations can never escape from backwardness, and there can be no industrialization without modern infrastructure.

This report will focus on the spurt of Belt and Road (BRI) activity around the world in the few short weeks since the 19th Communist Party Congress in Beijing from Oct. 18-24. This “snapshot” of the world under the New Silk Road over this brief period cannot fail to amaze, both in scope and in content.

Africa and Southwest Asia

A new Schiller Institute report, titled Extending the New Silk Road to Southwest Asia and Africa: A Vision of an Economic Renaissance, was released at a Schiller Institute conference in Germany on Nov. 25. The report contrasts the results of the “Lagos Plan of Action,” an ambitious plan for developing infrastructure and industry in Africa presented in 1980, but which was never implemented, to the current burst of development across Africa, almost entirely driven by China. It notes that a June 2017 McKinsey & Company consulting report shows that China is now the No. 1 trading partner and infrastructure builder in Africa, and No. 1 in growth of foreign direct investment. Although the United States and Britain are still investing more in Africa than is China, their investment is almost entirely in equity, not in physical development, whereas in the case of China, it is the opposite.

China, like the European colonial powers in the past, needs raw materials, but unlike the colonial powers, China is paying for them—not in currencies controlled from London, but with real physical infrastructure and industries. In a financial crash driven by western financial speculation, this productive capacity remains when the bubble bursts.

For example, in the past year, China has completed the construction of two major standard-gauge rail projects in Africa, one connecting Djibouti to Addis Ababa, the capital of Ethiopia, and another connecting Mombasa to Nairobi in Kenya. In November, China began a feasibility study for constructing a 3,400 km rail line from Port Sudan on the Red Sea to Ndjamena, the capital city of Chad. This route is only the first half of what will be the first transcontinental rail line crossing Africa, by extending it through Niger and Mali, and to Dakar, Senegal, on the Atlantic Ocean.

At the end of November, Djibouti President Ismail Omar Guelleh was in China for three days, planning Chinese investment in his nation’s railways, ports, a water pipeline from Ethiopia, a new international airport, and LNG pipelines, as well as concluding a bilateral free trade agreement. China completed construction of its first overseas base for the PLA Navy (PLAN) in Djibouti in August of this year, which services PLAN’s anti-piracy operations in the region and humanitarian efforts in Africa.

A two-day investment forum held in Marrakesh, Morocco on Nov. 27-28, focused on the New Silk Road
trade routes from Asia into both Europe and Africa, Morocco being a geographic hub for both Europe and Africa. Over 400 business executives, including 150 from China, attended the forum. Moroccan Industry Minister Moulay Hafid Ellalamy told the participants that “The Silk Road Initiative will change the map of international trade…. China needs Africa, and Africa needs China.”

Moroccan Toumert Al, Education Director of the International School of the Chinese Foreign Ministry, wrote on Nov. 23 in Global Times that Morocco’s ties to China go back at least to 1345, when the Moroccan scholar and traveler Ibn Battuta visited China, bringing back “a wealth of knowledge related to trade, governance, finance and culture.” Today, writes Toumert Al, “we can play an even more crucial role within the aspirations of 21st Century China and the Belt and Road Initiative.”

Speaking at a “Terminal Operators Conference Africa” in Durban, South Africa on Dec. 7, the CEO of Transnet Group, Siyabonga Gama, captured the transformation taking place in Africa under the BRI: “Africa is missing out on the current global shipping boom at the expense of its economic growth. The combination of years of under-investment and exploitation has meant that African ports, roads and railways were mainly designed and built to facilitate transportation of raw materials and resources to markets outside the continent.” He emphasized that rail development was essential if African nations were to develop interactive trade relations among themselves without dependence on non-African foreign parties.

Most important in the Africa/Southwest Asia region is the urgency of rebuilding from the devastation wrought by the regime change wars waged by the British and their Bush and Obama accomplices in Southwest Asia. Bouthaina Shaaban, a senior aide to Syrian President Bashar al-Assad, had planned to attend the Schiller Institute Conference in Germany mentioned above, but was diverted by a highly productive visit to China. Shaaban met with China’s Foreign Minister Wang Yi on Nov. 24, welcoming China’s intention to bring the New Silk Road to Syria and the other Southwest Asian nations. “The international community should emphasize and actively support Syria’s reconstruction,” Wang said. “China will put forth its own effort for this.” The same policy should prevail for Iraq, Libya and Yemen, all destroyed by the illegal British-Saudi-U.S. wars.

Ibero-America Joins the New Silk Road

For years, China has been a significant investor in Ibero-America, but the pace has lagged behind its investments in Asia and Africa. That has now changed. Two major developments mark this change: Panama’s transfer of its diplomatic recognition from Taipei, Taiwan to Beijing, and a highly successful meeting of the Eleventh China-Latin America-Caribbean Business Summit in Uruguay.

Panama was one of several Central American nations which never officially recognized mainland China, maintaining their diplomatic recognition of Taiwan as the representative of China. This was essentially due to Panama’s near total dependence on the United States economically, even though the United States switched its diplomatic recognition to Beijing long ago. But things have changed. In June Panama made the switch to Beijing and the “One China” policy.

China has not refused to invest in those countries which do not have formal diplomatic ties with Beijing—in fact, China has offered a $4.7 billion investment to totally rebuild Haiti’s capital, Port-au-Prince (destroyed in the 2010 earthquake and left to rot by the Obama Administration), even though Haiti still maintains diplomatic relations with Taiwan. But once Panama made the switch, the floodgates have opened, not only for Panama itself, but for all of Ibero-America,
with Panama as a strategic logistical, transport, financial, and technological “bridge” or “platform” for Chinese investments in Belt and Road projects throughout the region. Projects by Chinese companies already underway or under discussion for Panama range from construction of a modern, deep-water container port and a giant logistics park of four and a half square miles on land around the now-expanded Panama Canal, to reactivation of the stalled Chan II hydroelectric project and Chinese financing of the construction of a cargo and passenger train from Panama to its border with Costa Rica.

In mid-November, Panamanian President Juan Carlos Varela travelled to Beijing, reporting that he and President Xi Jinping share the belief that “all efforts in public life must be oriented to the search for the welfare and development of the people.” He added that Panama’s strategic association with the United States is “totally compatible” with the strengthening ties with China. This is clearly a position facilitated by President Trump’s embrace of U.S.-China friendship and cooperation.

Three other Ibero-American nations—Ecuador, Colombia and Costa Rica—joined Panama in a series of meetings in Beijing and Shanghai from Nov. 15-22 in order to study China’s development model.

Elsewhere in the Caribbean, the Jamaican government signed an agreement with China Harbor Engineering Co. in September, 2016, for construction of a megaport by means of which it hopes to transform itself into a hub for the increased numbers of giant Chinese ships passing through the expanded Panama Canal, which reopened in June 2016.

The China-Latin American-Caribbean Business Summit in Punta del Este, Uruguay concluded on Dec. 2, with over 2,500 participants—far more than previous such forums, which began in 2007. Over 1,000 business meetings took place on the final day, resulting in the signing of agreements for development projects across the region. Opening the Summit, Uruguay’s President Tabaré Vázquez described China as “the champion of international trade and a motor of global economic growth.” He said that China now “occupies a central place in the affairs of Latin America and the Caribbean and a central place in the future of the region.”

In Mexico, a meeting of the High Level Business Group of Mexican and Chinese business leaders on Nov. 20 in Monterey concluded that Mexico and China will cooperate in infrastructure, energy and financial services, estimating Chinese investments at $6.6 billion in energy projects. There are already nearly 200 joint projects underway in Mexico. It was noted that Mexico City was the first truly international city in the New World, when over 400 years ago, the galleon trade between Mexico City and Manila brought Chinese and other Asian goods to New Spain and Peru.

**Asia Unites Behind the Silk Road**

A major focus of Obama’s drive for military confrontation with China was the “divide and conquer” approach to Southeast Asia. Even before Trump’s election victory, Obama’s intentions were smashed by the elec-
tion of Rodrigo Duterte as President in the Philippines, by a population tired of extreme hunger and poverty, massive drug addiction, and pressure from Washington to provoke a war with China over contested islands in the South China Sea. Duterte not only cussed out the hated Obama, but rapidly re-established close relations with China and Russia, welcoming the New Silk Road to help develop his nation’s infrastructure, which was long denied by Washington.

A side effect of Duterte’s election was the unification of the ten members of the Association of Southeast Asian Nations (ASEAN). The Bush and Obama policy had demanded that ASEAN members be either “with us or against us” in regard to China, but once the Philippines broke up the game, and especially when Trump became President, the ASEAN nations were free to express their delight with China’s New Silk Road development assistance, while also remaining on good terms with Washington.

China’s investments across Southeast Asia are massive, especially in basic infrastructure. It is building the first high-speed rail line in Indonesia, and a rail connection through landlocked Laos which will eventually connect it to the ports in Thailand. The first leg of a high-speed rail from Bangkok to Korat in Thailand’s Northeast finally passed the last environmental hurdles this past week, so construction will now begin, eventually making the connection to Laos and China.

In Myanmar, China is offering a development corridor along the path of the pipeline it built to bring Middle East oil to Kunming. It will extend from Kunming, pass through Mandalay, then branch in two—south to Yangon, and southwest to the southwest port and Special Economic Zone of Kyaukpyu, which lies in Rakhine State, the site of the current crisis regarding the Rohingya people. This is part of China’s effort to resolve the crisis through a “peace through development” policy. Its three-prong plan is to implement a ceasefire (which has been achieved), agree on terms for the 600,000 Rohingya who fled to Bangladesh to return to their homes, and “a long-term solution based on poverty alleviation.” This is based on China’s belief that terrorism only takes root when economic depravity has stolen all hope from targeted populations.

The China-Pakistan Economic Corridor (CPEC), one of the first and the most ambitious of the New Silk Road projects, is a vast network of road, rail, power and economic zones leading from China through Pakistan to the Gwadar port in southwest Pakistan, valued at over $60 billion in development projects. There has been tension between China and India due to the fact that the corridor passes through contested territory in Pakistan-occupied Kashmir, although India had earlier permitted the building of the Karakoram Highway in the contested territory. On Nov. 17, Chinese Ambassador to India, Luo Zhaohui, told a forum at Jawaharlal Nehru University in New Delhi: “We can change the name of CPEC, create an alternative corridor through Jammu and Kashmir, Nathu La pass, or Nepal, to deal with India’s concerns.” Also, the fact that both Pakistan and India have now become full members of the Shanghai Cooperation Organization (SCO), which met in Sochi, Russia, on Nov. 30-Dec. 1, has provided an international forum through which to find a solution.

The China Railway Group and Papua New Guinea signed an agreement Nov. 20 to build the first national road system in the country, as well as several infrastructure projects in water management and agriculture in the Highlands, at an estimated cost of $4 billion. This will begin to address the approximately 40% of the popula-
tion which lives in primitive conditions, with almost no connection to the outside world.

Nepal’s Project Development Committee, overseeing the country’s MOU with China and the BRI, met Nov. 24. Three major projects were discussed: a cross-border railway connecting China’s border with the capital Kathmandu, a transnational electricity transmission line, and an irrigation project in eastern Nepal. Other projects are also being considered. While these projects received essentially no coverage in the “Old Paradigm” media, that same media rather gleefully reported that Nepal had cancelled a dam project which had been under discussion with China, preposterously claiming that this cancellation “pulled the plug” on the Belt and Road!

Even New Zealand has taken action to join the New Silk Road. “The Next Summit” was held Nov. 27 in Auckland, with 400 academics and business leaders from New Zealand, China and other nations. New Zealand’s Oceania Silk Road Network had been set up in March when Premier Li Keqiang visited, signing an MOU on BRI cooperation. Former Egyptian Prime Minister Essam Sharaf, who had participated in the introduction of EIR’s Arabic version of The New Silk Road Becomes the World Land-Bridge report at the Cairo Great Library, attended the New Zealand forum.

The most important development within Asia these past weeks, however, is the dramatic steps taken to resolve the long-festering tensions between China, South Korea, and Japan. Here again, President Trump’s open embrace of China and the Silk Road has lifted a weight off Japan and South Korea, both of whom have acted swiftly to restore good relations with China.

Over 250 Japanese business leaders visited China Nov. 20, to attend an annual event sponsored by the Japanese Chamber of Commerce and Industry. This year, however, the Chamber set up a committee to report on the potential for Japanese cooperation in the BRI. Japan’s Minister of Foreign Affairs, Taro Kono, praised the BRI, calling it “very beneficial to the global economy, if it is open and available to all.” China’s Premier Li Keqiang addressed the delegation, saying that “China and Japan should view each other’s development as opportunities and contribute to the building of an East Asian economic community.” Nippon Yusen Chairman Yasumi Kudo proposed that China and Japan join forces in running a Chinese-built port in Sri Lanka which has faced problems due to underutilization thus far, saying that despite the large debt, “Nissan Yusen sees the facility as a strong opportunity in the long term.” It is precisely such joint participation in development projects in third countries which is central to bringing Japan and China, and all of Asia, together.

Then, on Dec. 4, Japan Prime Minister Shinzo Abe expressed his intention to cooperate with China on the BRI. At a meeting of Chinese and Japanese business leaders in Tokyo, Abe said, “I believe Japan will be able to cooperate well with China, which has been putting forward its One Belt One Road Initiative. . . . Meeting robust infrastructure demand in Asia through cooperation between Japan and China will contribute greatly to the prosperity of the Asian people, in addition to the economic development of the two countries.”

As to South Korea, President Moon Jae-in announced that he will be visiting China for four days during the week of Dec. 11. This will be Moon’s first China visit since taking office in May, and marks the end of tense relations after Moon allowed the deployment of U.S. THAAD defensive missiles in his country, which had been arranged by the previous, disgraced government. China still objects to the THAAD, since the associated radar can be used by the United States to target China and Russia’s Far East, but found an accommodation in order to restore relations. This is crucial for the effort to resolve the North Korea crisis, since, whatever the decision is reached regarding Pyongyang’s nu-
clear weapons capacity, the only path to a long term solution and peace in the region is incorporating North Korea into the Silk Road Spirit, cooperating with China, Russia and South Korea in rail, pipeline, and other connectivity projects with its neighbors.

Europe Joins the Silk Road Spirit

Despite obstruction from the EU, several European countries have embraced the New Silk Road, and the business communities across the region have strongly advocated for cooperation. Most recently, a summit between China and the sixteen members of the Central and Eastern European Countries (CEEC), known as the “16+1”, was held in Budapest, Hungary from Nov. 27-29. The Belt and Road was the centerpiece of the summit.

Over 1,000 political and business leaders attended the 16+1 summit, including all 17 heads of government, with Premier Li Keqiang representing China. The host, Hungarian Prime Minister Viktor Orban, told the summit: “If Europe shuts itself in, it loses the possibility of growth. We 16 have always been open and would always like to remain so. We always saw cooperation with China as a great opportunity.” He made clear that development resources from Europe have been sorely lacking: “European resources are in themselves insufficient. For this reason we welcome the fact that as part of the new world economic order, China sees this region as one in whose progress and development it wants to be present. We see the Chinese President’s One Belt One Road initiative as the new form of globalization which does not divide the world into teachers and students, but is based on common respect and common advantages.”

The flagship project involving China and the 16+1 is a case in point of the difference between the new paradigm and the old paradigm. China agreed to finance and help build a new rail line between Belgrade, Serbia, and Budapest, Hungary. This connection would facilitate a major trade route for Asian goods docking in the Athens port at Piraeus, which is now owned by China’s COSCO, then shipped by rail north through Macedonia into Serbia, on to Hungary, then to other parts of Europe. But the EU objected, claiming that the deal was not done through an open tender—an EU regulation—although all parties knew that no western company would have anything to do with a major rail project in Eastern Europe in any case.

As a result, the Serbs, who are not in the EU, are proceeding with their part of the rail line, but Hungary, an EU member, is now issuing tenders in compliance with the EU regulation. As Philippine President Duterte once told his business community, which was complaining about the opening to China, “You find me as good a deal from the West, and I’ll take it.” No such offers from the West exist.

The “old paradigm” institutions were not pleased at the success of the 16+1 summit. Germany’s anti-China Mercator Institute issued a report titled, “China’s Charm Offensive in Eastern Europe Challenges EU Cohesion.” It whines: “European integration seems very much at stake when Eastern European governments use their relationship with China to gain leverage over Brussels.” The Financial Times chimed in that European diplomats “fear it could be exploited by Beijing to undermine EU rules and take advantage of growing east-west tensions in the pact itself.” Of course, such tensions are the result of the ongoing economic disintegration of the EU nations under the Brussels dictatorship, not of China trying to aid those economies.

China’s Ambassador to the EU, Zhang Ming, responded to this nonsense: “Some have called it ‘divide
and rule’ tactics by China against the EU,” but such concerns are “totally unfounded. China is always a supporter of European integration…. To divide Europe is not in China’s interest,” but rather China wants to “inject new vigor into China-EU cooperation.”

Across Europe, Belt and Road forums are taking place with great optimism. On Nov. 21, the Austrian Chamber of Industry and the Foreign Trade Ministry, whose leaders toured China in early November, sponsored a forum on “How Can Austria’s Economy Benefit” from the BRI. The announcement referred to the BRI as “among the most comprehensive infrastructure projects of our time.” A second event on Nov. 22 was titled “Changing the Guard—On the Way to a Chinese World Order.” There are press reports that the BRI is part of the discussion towards forming a new Austrian government after the recent elections.

In Italy, which is suffering a severe financial and economic crisis, three major Belt and Road forums were held in three weeks. In Milan, Italy-China Business Forum, with support from government ministries from both Italy and China, sponsored a forum Nov. 16, “Building a Concrete Roadmap for Italy’s and China’s Joint Growth.”

In Venice, the European House-Ambrosetti Group and the China Development Institute sponsored a high level conference, “Belt and Road: Seize the Next Wave of Growth in Eurasia” Nov. 23-24, featuring Chinese and Italian business leaders, government officials, and diplomats from countries along the Silk Road.

Then, the third edition of the Rome MED-Mediterranean Dialogues took place Nov. 30-Dec. 2, a three-day forum on Belt and Road construction projects in the region, drew some 500 participants. It was sponsored by the Italian Ministry of Foreign Affairs and International Cooperation and the Italian Institute for International Political Studies. A Bank of China executive told the forum that the Mediterranean is the “key juncture of the infrastructure along the Belt and Road” in linking Europe, Asia and Africa, “by land, sea and air.”

The second Tbilisi Silk Road Forum in Georgia was held on Nov. 28-29, attended by over 2,000 officials and business leaders from 60 countries, and over 500 foreign company representatives.

In Portugal, Chinese and Portuguese public companies signed an MOU Nov. 24 for a joint partnership to build rail and road projects in Portuguese-speaking countries in Africa—in Angola, Mozambique, Cape Verde, Sao Tome and Principe, and Guinea Bissau.

In Duisburg, Germany, which is now a major inland port for trains bringing goods from China along the Silk Road rail lines, Mayor Soeren Link told Xinhua Nov. 28 that Duisburg is now known as the “China City,” with more than 100 Chinese companies in the city. “The city will be a model for Sino-German cooperation,” he said.

On Nov. 30, the French Institute for International and Strategic Affairs and the Chinese Embassy in Paris sponsored a forum on the Belt and Road, with over 400 participants. Chinese and French experts in rail, agriculture, education, and culture dealt with the expanding multi-faceted relations between East and West.

**Eurasia Uniting**

The summit of the Shanghai Cooperation Organization (SCO) in Sochi on Nov. 30-Dec. 1, besides welcoming in India and Pakistan as full members (joining Russia, China and the Central Asian nations), focused on the impact of the BRI on the Eurasian continent. Although originally formed in 2001 to address the spread of terrorism in Central Asia, the SCO is now equally addressing economic integration of the Eurasian nations, through road, rail and communications networks
across the huge landmass of Asia, Central Asia and into Europe. Its final communiqué also addressed the international financial situation: “Facing the unstable financial and raw materials markets, fluctuating foreign exchange rates and rising protectionism, the SCO members need to take coordinated actions and improve the international monetary and financial system.”

**The Ice Silk Road**

The shipping route through the Arctic was also a major focus in these past weeks. A joint feasibility study of the Eurasian Economic Partnership Agreement with the BRI will be completed before the end of the year. Russia and China are conducting negotiations on setting up a joint venture to upgrade ports and navigation infrastructure along the Russian Arctic coast. Russia is the only country constructing nuclear-powered ice-breakers at this time, and is building three nuclear ice-breakers to join its fleet. Russia plans to build ice-class cargo ships in the near future.

**Lastly, the United States**

Finally, as a result of President Trump’s historic visit to China from Nov. 8 to 10, he and President Xi Jinping have solidified an extremely close relationship, both pledging to transform not only the U.S.-China relationship, but to work together to solve problems worldwide. Trump and Xi witnessed the signing of MOUs for an astonishing $253 billion in trade deals with various Chinese banks and companies, and for infrastructure, industrial, and agricultural investments in the United States. These agreements, and almost all aspects of Trump’s Asian tour, have been totally blacked out of the western media, which instead carries numerous diatribes against Xi Jinping as a “dictator,” a “new Mao” and a “new Stalin.” However, in the states where these potential investments are targeted—West Virginia, Alaska, Texas and several Midwest agricultural states—there is jubilation.

If President Trump follows through with his pledge to restore “American System” policies in the United States, and follows Lyndon LaRouche’s proposal to create a Hamiltonian national bank for the U.S.A., Chinese and Japanese leaders have informed *EIR* that they would be delighted to swap their massive U.S. government debt holdings for equity in such a bank, and put that credit to work rebuilding the collapsed U.S. infrastructure and industrial capacity. Bringing the New Silk Road to the U.S. is both necessary, and totally feasible, and its time has come.

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