



China's Silk Road "One Belt, One Road" Initiative: Implications for Central Asia, Turkey and Europe

12 October 2015, 15:30-22:00 pm, at Turkish Ambassador's Residence (69 Portland Place, W1B 1QS, London).

The gentleman understands what is right whereas the petty man understands profit. – Confucius

1. More than 120 participants took part in this meeting. The interactive discussions, held under Chatham House rules, have generated a wealth of insights and assessment regarding the impact on governments and businesses of China's new Silk Road initiative, which are summarized below.

2. Speakers and discussants both on the panel included:

Moderator: Mehmet Ögütçü, Chairman, The Bosphorus Energy Club

The host His Excellency the ambassador of Turkey Abdurrahman Bilgic,

Lord David Howell, Chairman, WEG

Michael Ancram, Chairman, MEC and Global Strategy Forum

His Excellency the ambassador of Kazakhstan: Erzhan Kazykhanov

Michal Meidan, Director, China Matters
 Fanglu Wang, Managing Director, CITIC China
 Aida Sitdikova, Director, EBRD
 Ian Walker, Managing Director, WEG
 Keun Wook Paik, Chatham House and OIES

Also from the floor:

His Excellency the ambassador of Pakistan: Syed Ibne Abbas

His Excellency the ambassador of Uzbekistan: Alisher Kurmanov

His Excellency the ambassador of Brunei: Dato Paduka Seri Haji Aminuddin Ihsan Bin Pehin Orang Kaya Saiful Mulok Dato Seri Paduka Haji Abidin

Pavel Kozlov, Counselor, Embassy of Russia

Sanford Henry, Senior Advisor, Global Resources Partnership

3. Some of the points emerging from our discussions could be summed up as follows:

- China's Silk Road initiative is a real game-changer, irrespective of whether it will succeed or not, as planned, in realising its ambitious one belt and one road project.

- China hopes that its annual trade volume with belt and road countries will exceed \$2.5 trillion in a decade or so. Together, the Silk Road economic belt and the 21st-century Maritime Silk Road to Africa and the Pacific cover 65 countries on three continents and 4.4 billion people. Infrastructure construction will likely drive development that can pave the ground for greater economic cooperation, also enhancing mutual security dependence.

- There will be huge opportunities for governments and businesses (at a time of economic downturn elsewhere) but also massive risks as these roads pass through some of the unstable geographies and much remains to be done to improve the investment climate in these target countries, where investments will be pouring.
 - Given that there are still many "unknowns" that fuel sense of suspicion and "hidden agenda" accusations it is important that China should engage in an extensive strategic communications campaign to deepen mutual understanding among countries affected and their public.
 - This is a very significant undertaking touching the lives of billions; therefore it cannot be left only to China - all major powers, regional/international organisations and private sector should contribute to its success ensuring "win-win" partnerships.
 - Business follows "money". It is not clear where money will come from and how it can be accessed. There are too many, often duplicative financing mechanisms in the broader region covered by the Silk Road initiative including World Bank, Asian Development Bank, African Development Bank, Islamic Development Bank, EBRD, as well as a series of Chinese finance entities such as The Silk Road Fund, China Development Bank, CITIC, CIC and like.

- European involvement in the Asian infrastructure investment bank is a key vehicle for ensuring effective international cooperation and partnership.
- China gives the land and maritime Silk Roads a high priority to ensure access to high value markets and security of access to raw materials and energy.
- Similar big picture thinking applies to China's plans for a high-speed rail link between Beijing and Moscow that envisage nine new cities to populate the route. There is a more ambitious Silk Rail Road traversing Central Asia, Caucasus and Turkey to Europe that will not only provide alternative lines of transportation in the event of crisis in maritime routes but also reduce the transit time and cost.
- China has overtaken Russia as the key trading partner for the Central Asian states and this gap is likely to widen. China's trade volume with Central Asia last year, \$50 bn, exceeded that of Russia for the first time in history. \$40 billion of investments are planned by China in Kazakhstan alone. A duty-free zone on the Kazakh-China border may lead to more being developed to encourage active trade.
- Central Asian countries will want to see genuine economic rewards from the Silk Road investments. One thorny issue is how much of the investment will be spent locally and how much will China import its own labour and supplies.
- South Asia is among the world's less connected regions. Pakistan is a key partner for China in this initiative – there will be close to \$50 bn investment in 56 projects involving China-Pakistan economic corridor starting from the deep sea port of Gwadar to Huncerab pass.
- Russia is supportive of China's Silk Road initiative and believes that it will reinforce efforts to create

prosperity and security along the route to Europe. There are synergies between this initiative, Eurasia Union and Shanghai Co-operation Organisation.

- The US takes a skeptical view of the Silk Road initiative. It is important to see China as an opportunity and partner rather than as a threat. In this regard, EU has a better engagement with Beijing. EU-China trade stood at 130 bn euros in 2004, which went up to 303 bn euro in 2014, with a trade deficit of 138 bn in favour of China. There are more Chinese FDI in Europe than European FDI in China.

- Leadership vacuum has been created in many volatile regions as the US has decided to gradually disengage and China seems set to fill in, moving away from its “free-rider” position in the past, particularly in terms of benefitting from the US security umbrella.

- Continued low energy prices make big-ticket infrastructure projects harder to finance. China’s commitment to invest heavily is seen as a great relief to many countries suffering from the lack of funds and investors.

- The “new normal” growth at 7 per cent is essential for China if it is to avoid instability arising from excess labour; hence the Silk Road importance.

- The Malacca choke-point makes the land silk route an essential complement to the maritime silk route. China’s Asian neighbours, particularly Japan, Korea and Chinese Taipei, are watching developments closely as this new initiative will have some wide-ranging implications for them as well.

4. Participants thanked the Turkish Ambassador Abdurrahman Bilgic for opening his residence to this strategic roundtable and guests considered to be extremely valuable. It was agreed to organize similar

roundtable discussions to be hosted by Embassies in the future on subjects of common interest.

Contact persons

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Bios of the speakers:

Mehmet Ögütçü:

An internationally recognized authority on energy, investment, finance and geopolitics over the past 30 years, Mehmet chairs Global Resources Partnership, UK, sits on the boards of Genel Energy and Sisecam Group, serves as Special Envoy of the Energy Charter for MENA region, and as Executive Chair of the Bosphorus Energy Club.



An effective convener and doer, he provides strategic advice to large international groups on access to fund-raising, investment, business growth in emerging market economies, M&A deals, commodity trading and risk mitigation.

In his early career, Mr. Ögütçü worked as deputy inspector on the board of Is Bankasi, Turkey's largest private bank, and undertook projects as a NATO Research Fellow and one of the EU's Jean Monnet fellows. He was a prominent diplomat, having worked on critical "economic and energy diplomacy" dossiers in Ankara, Beijing, Brussels and Paris, and later as an advisor to the late Turkish Prime Minister Turgut Ozal.

Following diplomatic assignments in Ankara, Beijing, Brussels and Paris, Mr. Ögütçü served for 12 years as a senior staffer at the International Energy Agency and OECD in Paris, managing energy security and

international investment programs. Until recently, he was director of BG Group's international government affairs in London, managing high-level government engagements and new business development around the world. He also worked as a board member of Yasar Holding Group, and Chairman of the Advisory Board of Invensys.

H.E. Abdurrahman Bilgiç:

Ambassador Abdurrahman Bilgiç was born in 1963 in Adiyaman. He graduated from Ankara University, Faculty of Political Science, Department of International Relations in 1985.



Ambassador Bilgiç entered the Foreign Service in 1986. He served in the Turkish Embassies in Tripoli and Canberra and in the Turkish Consulate in Deventer. He acted as Director General at the Directorate General for Press and Information of the Prime Ministry between 2003 and 2005. He was Consul General in Munich at the Turkish Consulate General in Munich between 2005 and 2007. He has also worked in different political departments in the Ministry of Foreign Affairs. He was promoted to the rank of Ambassador in 2011 and served as Ambassador of Turkey to Japan. Between 2011 and 2014, Ambassador Bilgiç held the position of Deputy Undersecretary in the Prime Ministry. On 1 July 2014 he became the Ambassador of the Republic of Turkey to the United Kingdom of Great Britain and Northern Ireland.

Lord Ron Howell:

The Rt Hon. the Lord Howell of Guildford was born David Arthur Russell Howell on 18 January 1936 , and is a Conservative Life peer sitting in the House of Lords since 06 June 1997. He previously sat in the House Of Commons as MP for Guildford.



In the past, Lord Howell of Guildford has held the position of Minister of State (Foreign and Commonwealth Office) (International Energy Policy) (2010 to 2012), Secretary of State for Energy (1979 to 1981), Minister of State (Department of Energy) (1974 to 1974), Parliamentary Under-Secretary (Northern Ireland Office) (1972 to 1972), Parliamentary Under-Secretary (Department of Employment) (1971 to 1972), Lord Commissioner (HM Treasury) (Whip) (1970 to

1971), Parliamentary Secretary (Civil Service Department) (1970 to 1972) in government.

He was Shadow Deputy Leader of the House of Lords (2005 to 2010), Shadow Minister (Foreign and Commonwealth Affairs) (2000 to 2010), Shadow Minister (Business, Innovation and Skills) (1977 to 1979) in opposition.

H.E. Erzhan Kazykhanov:

Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan to the United Kingdom of Great Britain and Northern Ireland

Ambassador Kazykhanov has also served in a number of other posts since entering the Ministry of Foreign Affairs in 1989 including: Chief of Protocol; Counselor at the Permanent Mission of Kazakhstan to the United Nations in New York; Director of the Department of Multilateral Cooperation; Secretary-General of the National Commission of the Republic of Kazakhstan for the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Born on 21 August 1964, in Almaty, Kazakhstan, he earned his bachelor's degree in Oriental studies from the Saint Petersburg State University, Russian Federation, in 1987. He continued his studies at the Moscow Diplomatic Academy of the Ministry of Foreign Affairs in 1991; the Foreign Service Training Institute in New Delhi, India, in 1992; and the Foreign Service Training Institute in Washington, D.C. in 1993. Ambassador Kazykhanov holds PhD in History from Al-Farabi Kazakh National University.

He is the author of numerous articles on the Kazakhstan's foreign policy issues, multilateral diplomacy and the role of the United Nations. He speaks Russian, English and Arabic, and is the recipient of several State Awards.



Michael Ancram:

Michael was Member of Parliament for Berwickshire & East Lothian from February to October 1974 and Edinburgh South from 1979-87. He has been Member of Parliament for Devizes since April 1992.



He was a Member of the House of Commons Energy Select Committee from 1979-83 and Chairman of the Scottish Conservative Party from 1980 until 1983.

He was Parliamentary Under-Secretary of State at the Scottish Office with responsibility for Home Affairs, Housing, Local Government, Rating Reform and the Environment from 1983-87. He was a member of the Public Accounts Committee and Chairman of the Backbench Constitutional Affairs Committee from 1992 until May 1993.

In May 1993, Michael was appointed Parliamentary Under-Secretary of State at the Northern Ireland Office. In January 1994, he was appointed Minister of State at the Northern Ireland Office.

He was made a Privy Counsellor in January 1996. He was appointed to the Shadow Cabinet with responsibility for Constitutional Affairs in June 1997, a position he held until June 1998 when he became Deputy Party Chairman. In October 1998, Michael became Chairman of the Conservative Party. In September 2001, he was appointed Deputy Leader of the Opposition and Shadow Secretary of State for Foreign & Commonwealth Affairs; in November 2003, he also became Shadow Secretary of State for International Affairs. Until December 2005, he was Shadow Secretary of State for Defence and Deputy Leader of the Party.

Dr Michal Meidan:

Dr Michal Meidan is director and founder of China Matters, an independent consultancy focusing on the politics and geopolitics of the Chinese energy sector. She is also an associate fellow at Chatham House's Asia programme. Previously Dr Meidan was a Senior Analyst at Eurasia Group in New York and London, prior to which she headed the Energy and Environment Program at Asia Centre-Sciences Po, Paris. She was also a lecturer in the East Asia department at the Hebrew University in Jerusalem, where she taught courses on China's political economy and Chinese integration into global politics and trade. She has authored numerous academic articles and edited the book 'Shaping China's Energy Security: The Inside Perspective'. Dr Meidan holds a PhD in Political Science and East Asian studies from Sciences Po, Paris. She is fluent in Mandarin and French .



Fanglu Wang:

Fanglu Wang is CITIC Capital's Senior Managing Director, Chief Investment Officer of CITIC Kazyna Investment Fund I. He has over 18 years of experience in capital markets, corporate finance, financial engineering and risk management.

He has led several major capital raising transactions for the China Ministry of Finance and other major corporations. Mr. Wang was the former Head of Product Marketing and Sales for China at HSBC, a Director in Investment Banking and Debt Capital Markets at Merrill Lynch Asia, a Vice President at Citibank Hong Kong and an Executive Director at Sakura Global Capital. Mr. Wang received an M.A. in Statistics from the University of Chicago, a B.Sc. in Mathematics and a B.A. in Journalism from Fudan University in Shanghai.

**Aida Sitdikova:**

Aida Sitdikova is the director of Energy and Natural Resources, Russia, Caucasus & Central Asia at the European Bank for Reconstruction and Development (EBRD). She heads a team covering a diverse group of transition countries with a focus on power utilities and extractive sectors. Ms Sitdikova has over 17 years' experience in emerging market economies working with both the private and public sectors and leading complex financings involving debt, equity, syndications and policy dialogue with the Governments and reputable domestic and international investors.



The EBRD is a major investor in Kazakhstan's power and natural resources sectors where Ms Sitdikova has led projects with a specific focus on energy and resource efficiency, renewables and energy infrastructure, all underpinned by the Bank's mandate of supporting transition to lower carbon economies and promoting development of international and domestic carbon markets. In support of the Green Economy agenda of the Kazakh Government, the EBRD has invested over EUR 700 million to date in sustainable energy financing to address challenges of energy efficiency and climate change. Ms Sitdikova is spearheading the policy dialogue with the Government to assist with establishing the country's emissions trading scheme, among the first in Asia and highly relevant in the context of the upcoming Paris Climate Change negotiations in 2015.

Prior to joining the Bank in 2001 Ms Sitdikova worked in private equity in the energy sector of Kazakhstan and Russia. She holds the MBA degree in International Finance from Thunderbird, the American Graduate School of International Management, a CFA designation and a BA in Linguistics from the Kazakh State University of Foreign Languages.

Ian Walker:

Ian Walker is Managing Director of MEC International. He has extensive international experience providing corporate communications advice to major companies and governments. He established and runs the Windsor Energy Group which brings together policy-makers and energy companies to review global energy developments and identify emerging risks to energy security and stability.



Prior to MEC, Ian worked as a political journalist including both print and radio. As current affairs producer on one of the UK's biggest commercial radio stations he produced and presented a number of international programmes ranging from the Levant to North America. At MEC, Ian has managed business development, corporate communications and government relations projects across the Arab world in the energy, finance, political risk and corporate communications sectors.

Dr. Keun Wook Paik:

Keun-Wook Paik is a specialist on Northeast Asia's oil and gas issues, in particular Sino-Russian oil and gas cooperation, China's natural gas industry, and DPRK's offshore oil exploration. Dr Paik joined the Institute in January 2007 and also is currently associate fellow, Energy, Environment and Development Programme, Chatham House. He is the author of *Gas and Oil in Northeast Asia: Policies, Projects and Prospects* (London: Royal Institute of International Affairs, 1995), and co-author/supervisor of *China Natural Gas Report* (China OGP, Xinhua News Agency & RIIA, 1998). The study on China's gas expansion was done in 2004 and the edited version was published by Chatham House in 2005. Dr Paik has contributed well over 35 papers to *Energy Policy*, *Journal of Energy and Development*, *Geopolitics of Energy*, *The Pacific Review*, *Energy Exploration & Exploitation*, *Oil & Gas Journal*, *Petroleum Economist*, *Pipeline and Gas Technology*, *FT Asia Gas Report*,



China Daily Business Weekly, China Brief, The World Today, RIIA Briefing papers, and Asia-Pacific Review. He is currently working on his second book project on Sino-Russian Oil and Gas Cooperation (to be published in 2011). He served as advisor to Sin-Russian Oil and Gas Cooperation Committee, CNPC during March 1998-December 1999 and advisor to Chairman of the Government, Sakha Republic during November 2000-November 2002. He also served as consultant for the establishment of UNDP GTI's Energy Board and the Energy Expert Council during the first half of 2006

List of participants:

Title	First name	Last name	Organization	Position
Mr.	Waheed	Qaiser	Maxim Corporate Finance LLP	Vice Chairman
Mr.	Ahmet	Iplikci	The British Chamber of Commerce in Turkey	Advisory Board Member
Mr.	Juan Carlos	Lombardo	Embassy of Mexico	Economic Affairs
Ms.	Yelena	Donn	Goldman Sachs International	Associate, Investment Management
Mr.	Tam	Latymer	Chambers of Tam Latymer	Barrister
Dr.	Shirin	Akiner	University of London	
Mr.	Ashok	Dani	Addco ltd	Director
Mr.	Zhantuar	Zhumanalin	University of Westminster	Student
Mr.	Sanzhar	Zhumanalin	University of Westminster	Student
Ms.	Irina	Anichshuk	Goldman Sachs International	Growth Markets Financing Group
Ms.	Kamila	Zhailaubayeva	Air Astana	Senior Interline Executive
Mr.	Charlie	Humphreys	Asia House	Director of Corporate Affairs
Ms.	Jacqueline	Jinks	Global Strategy Forum	Director
Mr.	Peter	Morley	EM	Consultant
Ms.	Nazakat	Azimli	King's College London	postgraduate student in International Political Economy

Mr.	Nigel	Davies	Wyn River Limited	Managing director
Dr.	Alexander	Estrin	AL Capital Management	Partner
Dr.	Liudmila	Sheremeteva	FSEE	Managing director
Mr.	John	Roberts	Methinks	Energy Security Specialist and Senior Partner
Mr.	Nigel	Peters	British Expertise International	Director
Mr.	Tony	Crark	Bav Group	CEO
Mr.	Chris-Gordon	Wilson	Security Consortium International Ltd	Managing director
Mr.	David	Pun	D P & Associates	Director
Mr.	David	Skeels	Eurasian Energy Ventures Ltd	Director
Mr.	Agris	Lauziniaks	AL Capital Management	President
Mr.	Alexandre	Iliouchine	Calash Ltd	<u>Senior Market Analyst</u>
Mr.	Biplab	Rakshi	Atomic Acquisitions Ltd	Managing Director and Founder
Ms.	Elena	Chambers	Capital Europe Consultants	Director
Mr.	Mako	Abashidze	British Georgian Chamber of Commerce	Director
Ms.	Luna	Irshaid	Elite International Assets	Country Manager
Ms.	Ana	Escobedo	ArcelorMittal	Director
Mr.	Filippo	Gamba	Inspiratia	Director
Ms.	Maureen	Raymond	Zan4 Ltd	Director
Mr.	Theodore	Lemos	Energoplan	Director
Mr.	Chandra	Dhupelia	Council for Education in the Commonwealth	
Dr.	Zheng Gang	Nie	Imperial College London	
Dr.	Tom	Wales	BP	Group Political Adviser
Mr.	Wei	Jiao	Brandon Hill Capital Limited	Corporate Finance
Mr.	Antoine	Cigrang	Luxembourg Embassy	Assistant at the Luxembourg Embassy
Mr.	Taras	Saulyak	Embassy of Ukraine	First Secretary (Economic Section)
Mr.	Charles	Lichfield	Eurasia Group	Associaate, Europe
Mr.	James	Sawyer	Eurasia Group	Associaate, Europe

Mr.	Stephen	Nash	MEC	Director
Dr.	Jan	Halper-Hayes	Chairman	Republicans Oversea UK
Lady	Susan	Griffiths	Board member	Republicans Oversea UK
Mr.	Stephen	Phillips	China-Britain Business Council.	Chief Executive
Minister	Elizabeth	Dibble	US Embassy	Deputy Chief of Mission
Mr.	Andrew	Scantlebury	Pathway Caribbean Ltd.	Managing Director
Ms.	Hafiza	Antoniades	Pathway Caribbean Ltd.	
Mr.	James	Marney	Italic	Director
Mr.	Ian	MacIntyre-Thomas		
Mr.	Jeffrey	Dorm		
Mr.	Peter	Simon	CMS- Cameron McKenna	Partner
Ms.	Gabrielle	Stewart	English Tutor	Tutor
Mr.	Jeffrey	Doorn	Paradise Press	Overseas relations officer
Ms.	Thalia	El Chammah		
Mr.	Pavel	Kozlov	Russian Embassy	Diplomat
Ms.	Eleni	Papadopoulou	Oil, Gas & LNG	Senior consultant
Mr.	Gintaras	Stonys	Lithuanian Embassy	Minister Counsellor
Mr.	Alisher	Kurmanov	Uzbek Embassy	Ambassador
Ms.	Zuzana	Princova	Oil, Gas & LNG	Colleague #60
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Ms.	Lara	Fatah	Zenraw Consulting	Director
Mr.	Peter	Szabadhegy	Hungarian Embassy	Ambassador
Mr.	Greg	Pytel		
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Mr.	Babak	Madadi	Next Generation Energy Consortium	CEO
Mr.	Rex	Rexhmati	IBDE	Commercial Director
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Windsor Energy Group (WEG) and the Bosphorus Energy Club (BEC)

The Bosphorus Energy Club is an exclusive membership-only gathering of the key shakers and movers in the energy, finance and geopolitical world of Eurasia, China, the MENA, the Gulf and Southeast Europe. The Club, as a low profile but strong influence gathering of the energy world, provides an exclusive platform to consider energy, infrastructure and investment needs, share strategic knowledge, power network, develop innovative solutions, and help reduce geopolitical tensions. It also acts as a Track-II energy diplomacy channel where so requested. Its influential network, strategic intelligence, early warning signals and engagements are only available to and can be tapped for the benefit of the Club members. Attendance to its year-long events, exclusive meetings, ad hoc activities and annual summit is by-invitation-only.

Website: www.bosphorusenergyclub.org

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The Windsor Energy Group (WEG) is an MEC working group that addresses global energy issues and challenges through discussion and analysis involving senior figures from the public and private sectors. Membership is by annual subscription. WEG provides a framework for an exchange of views on strategic energy matters of the day. This is achieved through a bi-monthly programme of studies assessing developments on a regional and global basis and expert round-tables. The Group meets annually in Windsor Castle for a two-day consultation and consideration of the discussions of the year. WEG offers occasional

briefings and meetings with similar bodies in Europe, North America and the Middle East.

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