



## Infrastructure Opportunity? China's Belt and Road Initiative

02.26.2018

Tracy Ma - Ironshore Pembroke Underwriting Manager - Lloyd's Insurance Company China

China's Xi Jinping launched the One Belt, One Road Initiative as a foreign policy mandate in 2013. The ambitious investment strategy intends to stimulate Chinese and global economic growth. Deemed to be a "mega infrastructure project," the initiative targets investment primarily in transportation and energy sectors, including roads, railways, ports, bridges and power grids. Commercial insurance may experience subsequent growth in project-related premium income throughout one of the world's largest, fastest growing insurance markets.

China initially earmarked \$5 trillion (USD) for infrastructure spending with Xi pledging an additional \$13 billion (USD) in funding at the 2017 "Belt and Road Forum" held in Beijing that was attended by more than 70 countries and global organizations. Belt and Road commits China and foreign investors to underwrite billions of dollars of infrastructure funding in countries that link the Silk Road with Europe, spanning over 60 countries. Under the initiative, Belt refers to the Silk Road Economic Belt; Road denoted the 21st Century Maritime Silk Road. China's aggressive foreign policy spending has reached, "\$150 billion (USD) a year in the 68 countries that have joined the initiative since it was announced," as reported by The Economist.



The number of countries joining the initiative has actually been steadily increasing since 2013. Recently, Sri Lanka also joined China's Belt and Road with the launch of operations at the Hambantota Port through a joint venture between China and Sri Lanka. The port was handed over to the China Merchant Ports Holdings (CMPH) on a 99-year lease agreement, with the aim of transforming to a 'total logistic hub of the Indian Ocean Region', which would hopefully attract vast capital funds and ample opportunities.

Approximately \$7 billion (USD) in commercial premium has been generated by projects already underway. Additional estimated premium of \$27 billion could be produced to fund future investments leading to completion slated for 2030, according to Swiss Re. The insurance industry is expected to realize a boost in commercial insurance premium, of which two-thirds is projected to funnel through China's expanding industry market.

TO BE CONTINUED: **China Belt & Road Initiative Presents Global Insurance Opportunities**

Please visit [ironshore.com](http://ironshore.com) for all disclaimers.

