

Railing Relations from the UK to China

Written by Kerry Brown

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KERRY BROWN, MAY 13 2017

That a train carrying freight managed to make the journey from the UK to the eastern side of China in a little over a week in April this year only affirms that, as far as the reach of the People's Republic goes, the world is fast becoming a smaller place. What, though, does this event mean in terms of the development of trade between a developed, mature economy like Britain's, and a hungry emerging one like China's?

We have to put things in perspective, in order to reach an answer. The freight train's journey was a one-off episode. At most, it can be seen as a test run. It does .

Part of the answer is linked to the trajectory of China's import and export links. Since the 1990s, in the words of the former Chinese Premier, Zhu Rongji, China has become the factory of the world. It has, for years, sent ships laden with goods across the globe. At a point, over 70 per cent of the world's microwaves and around 80 per cent of its Christmas tree decorations came from a single cluster of factories in southern China. Such instances reflect the booming success of the Chinese export-driven growth model.

About a decade ago, however, with the impact of the great economic crisis and the fall in consumer demand in major markets like the EU and the US, the scenario for China started to change. It shifted its attention to building up demand within its own borders rather than relying overmuch on fickle, unpredictable overseas markets. It began to look at a more service sector-orientated model to diversify its options and get higher yield returns. In essence, it aspired to be more like the countries it was exporting to. Thus, the attraction of having an economic model that offered a vast pool of cheap labour dwindled for it.

In the era of high growth for China, legends of its trains laden with goods heading towards Europe abounded. According to one such story, however, when a train full of goods from China arrived in Europe and was offloaded, there was the puzzle of what to refill it with before sending it back. Massive trade surpluses had emerged in China's favour, and the fact that the return trade happened in services rather than goods meant there was little to load onto the trains. Some – though politically unpalatably – suggested refuse, because of the falling number of decent sites in Europe to bury rubbish in. How could one make sense of the fact that developed countries were taking deliveries of advanced laptops and dumping back used plastic bottles and food wrapping? As per another tale, one Chinese train was dismantled, placed empty on a ship, and allowed to slowly make its way back by sea to save costs.

With such a background, the despatch of a freight train from the UK to China rather than the other way around is laden with symbolism. It seems to be signalling that nowadays, there are more goods that can be traded back into China. That is a claim, however, which is not backed by data. Of the 450 billion Euros-worth of exports and imports the EU had with China in 2016, only a third was in exports. Moreover, it was the Germans with their greatly admired machinery and cars that constituted the bulk of those exports. The underpinning pattern of asymmetrical trade with China has not changed.

In view of this, does the train link really suggest a new narrative? Are we about to see the resurrection of an Orient Express-like endeavour, by which one could rail one's way across Europe to end up in Istanbul? For the Chinese, the one thing that they would dearly prefer is to play a major role in helping partners outside their borders – particularly in a developed economic zone like Europe – construct high-speed trains. For them, therefore, having people, especially

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in Europe, wonder about the potential of trans-regional train links is an advantage.

It is also no longer fanciful. Although Sino-Russian railway ties have a century-old history, the ambitious talk of having a two-day journey from Beijing to Moscow, and then a quick detour into Europe, on Chinese-built high-speed track was first floated around a decade ago. Since then, China has, within itself, built a remarkable network of high-speed tracks more than any other country in the world. The Chinese have done so with the Maglev magnetic technology acquired originally, in contentious circumstances, from Germany. They have, nonetheless, also been innovative in the ways in which they have built and managed such a vast infrastructure spanning across the whole of China.

For the rest of the world, constructing such an extensive network would have posed immense legal and logistic challenges. For China, however, it has happened with remarkable speed and ease. They have acquired the know-how no one else has. For them, in recent years, the most interesting possibilities have been in seeing how they can help countries around them do the same. This is, of course, highly beneficial for them, supplying logistic routes for their goods and improving access to new markets they can then export into. It is a classic illustration of the 'win-win' outcomes Beijing so loves talking about.

A high-speed rail link from China into Europe was once wishful thinking, but its realisation is coming closer today. Plans for a Chinese-constructed track between Belgrade and Budapest in Eastern Europe was on the cards last year, before it got side-lined due to more parochial issues. With what it calls the 'One Belt, One Road' initiative, China has made it one of its imperatives to expand connectivity in the region around it, to lead its way easily enough into the peripheries and then the centre of Europe. It merely remains a matter of joining the dots.

Thus, while the standard train from London to China slowly trundled through the many countries it had to transit to get to its destination, the real signal of this trip was what such a journey would look like in a future where such trains travel at speeds of over 300 kilometres an hour across a wider network of tracks. That would, indeed, be a remarkable landmark for commutation technology as well as Eurasian commercial relations. It is also a development that is more likely than ever before, and appears to be a matter of a few years.

About the author:

Dr Kerry Brown is a Professor of Chinese Studies and the Director of the Lau China Institute at King's College London. His areas of interest are on modern Chinese politics, Chinese political economic and Chinese relations with the UK and the EU. He is the author of over 20 books on contemporary Chinese politics and international relations, the most recent of which is *China: A Modern History* (Polity Press 2020).