

China Offsetting the Malacca Dilemma?

China's plans to diversify its risks associated with the Malacca Strait by actively developing other routes such as the Northern Sea Route and investing heavily in them may cause changes in the global trade dynamics and produce new fields of trends.



China's economic development is almost entirely dependent on its ability to ensure stable supply and demand in the foreign trade routes. The Strait of Malacca is an important channel for Chinese commerce since about 80% of the Chinese imported [crude oil](#) passes through this channel. This bottleneck that is important in connecting the Indian Ocean with the Pacific is also a [strategic chokepoint](#) due to the high through traffic and ease with which the waterway could be obstructed. To avoid these risks, China is seeking other options such as the Northern Sea Route (NSR) , Belt and Road Initiative (BRI), and other multimodal corridors.

Importance of the Strait of Malacca:

The Straits of Malacca essential for China's security of [energy and trade](#). However, the narrowness of the strait, which [narrows down to 2.8 km](#) at its least point width, makes it a chokepoint. Hence, blockage could cause disruption of [90 % of China's trade](#) and 80% of its crude oil purchases, which would bring about grave economic and security risks. The U.S Department of Defense emphasises the strategic importance and [geopolitical pressure](#) points associated with this chokepoint. As China's reliance on the Malacca Strait grows, so does the need for alternative feasible options that can guarantee smooth trading and energy resource provision.



Figure 1: Chokepoints

Exploring Alternatives: NSR, BRI, and Multimodal Corridors:

Given the vulnerabilities associated with the Strait of Malacca, China is evaluating other options to diversify its trade routes:

Northern Sea Route (NSR):

The Northern Sea Route (NSR) is the Arctic Ocean's linkage between its eastern and western parts and it gives the shortest route for this region to Northern Europe and Asia-Pacific. Global warming and [melting Arctic ice](#) have increased attention on this route. The NSR, which is shorter and quicker than traditional routes, has been able to [shorten shipping distances](#) by as much as 8000 kilometres, making fuel consumption cheaper with less CO2 coughed into the air.

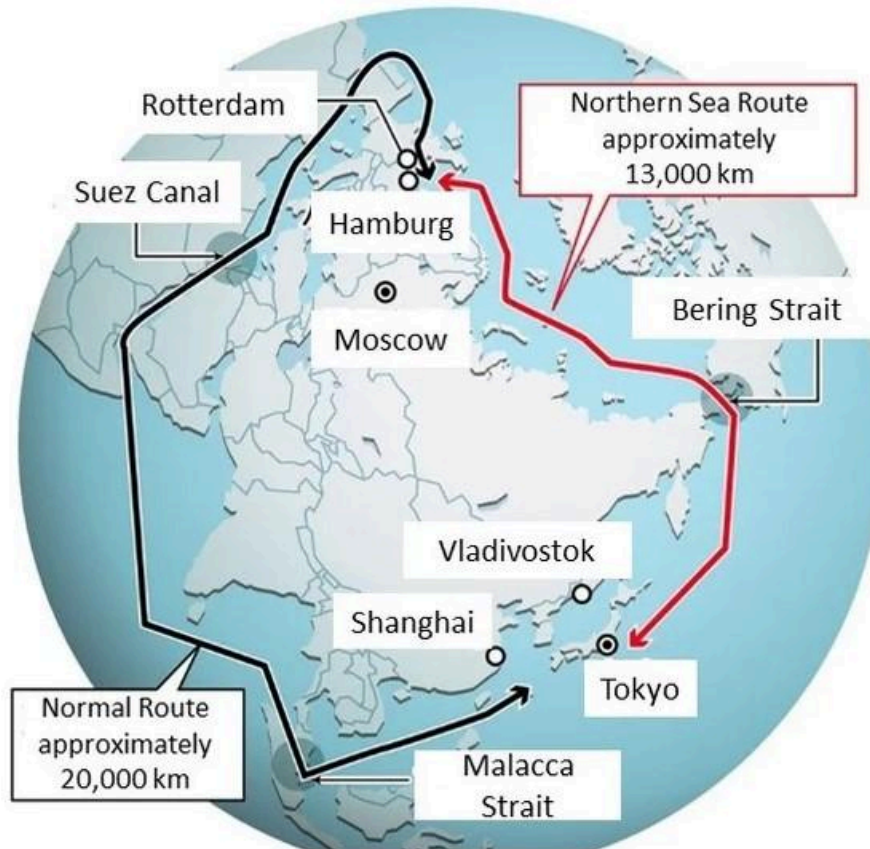


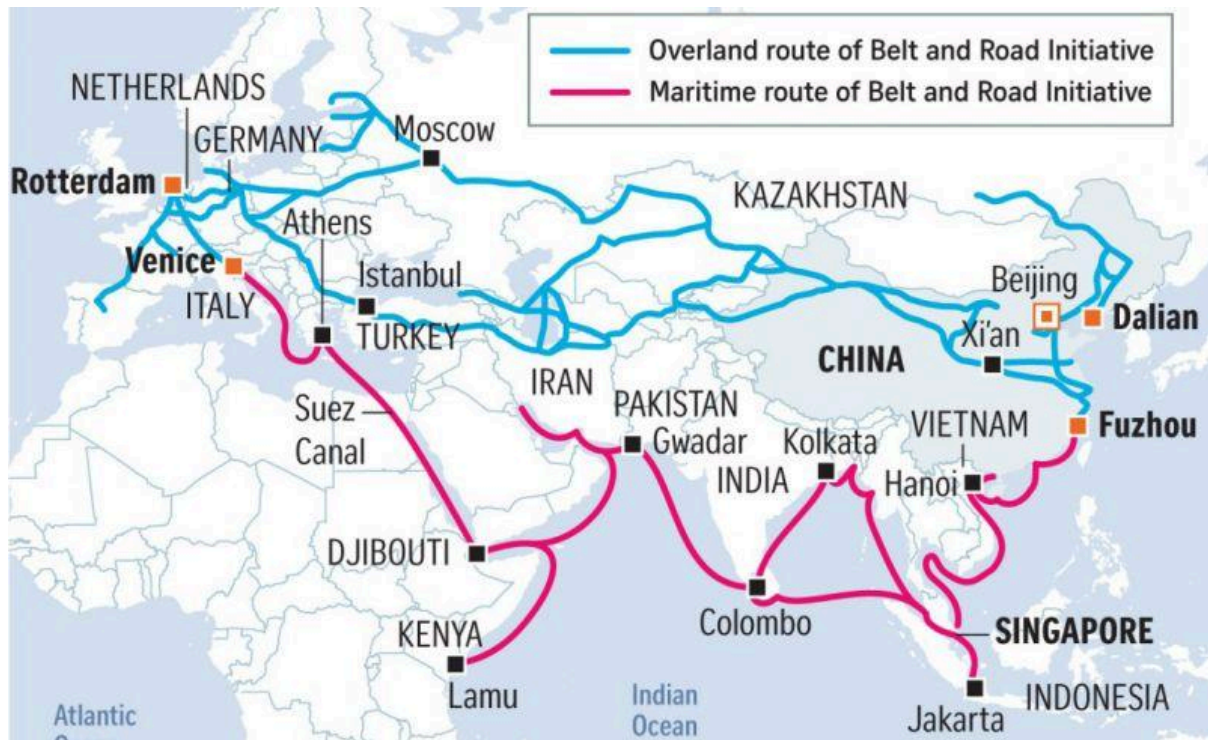
Figure 2: NSR Mapped

The Northern Sea Route (NSR) faces a number of limitations, which affect its [sustainability](#) as a major trade route. The fact that the channel is only navigable between July and September means that it cannot be relied upon for year-round trading like other routes can. Moreover, much work is needed in the area of [icebreaking technology](#) along with supporting infrastructure where experts estimate they may not happen before 2045. Ecological concerns are an essential consideration here since increased shipping implies heightened chances of [oil spills and marine disturbances](#) hence strict laws should be put in place to reduce these risks. Also, present high capital and maintenance costs associated with necessary infrastructure are significant economic barriers making NSR currently an expensive option.

Despite these challenges, there are prospects that the NSR may diversify trade in future, especially following anticipated strategic investments together with advancements in technology by 2045.

Belt and Road Initiative (BRI):

The BRI is a global development strategy that promotes [international trade](#) and stimulates economic growth by building trade routes that resemble those of the ancient Silk Route. It was initiated in 2013 and has [improved infrastructure](#) in many countries, thereby boosting connectivity and economic development. For example, the China-Pakistan Economic Corridor (CPEC) and the China-Europe Railway have greatly facilitated trade routes and logistics.



[Figure 3: BRI Mapped](#)

The BRI, however, faces enormous obstacles. Trade routes that resemble the ancient Silk Road are being constructed by the Belt and Road Initiative (BRI) to increase global trade and stimulate economic growth. From 2013 to date the BRI has facilitated major infrastructure developments in participating countries through projects like China-Pakistan Economic Corridor (CPEC) and China-Europe Railway Express which have increased connectivity as well as promoted economic development through inter-country electric lines. Nevertheless, several BRI endeavours are funded through loans provided by Chinese banks leading to [heavy debts for participating countries](#) and questioning its financial sustainability. Moreover, it has led to increasing geopolitical tensions with countries perceiving China's growing influence as a threat hence raising concerns of sovereignty plus economic dependence. However, many other projects have been postponed or even cancelled due to local resistance prompted by [political instability](#), social unrests as well as environmental issues thus complicating the whole strategy of China for achieving its strategic goals and its economics via the BRI.

The above mentioned challenges make it impossible for BRI to be a viable long term alternative primarily to Malacca Strait for China's trading activities currently.

Other Multimodal Corridors:

Multimodal corridors bring together different transport modes such as rail, road and sea routes to create efficient trade networks. China has been actively building these corridors to [improve connectivity](#) and reduce dependence on maritime chokepoints like the Strait of Malacca.

China Railway Express routes

- Eastern route
- Central route
- Existing Western route
- - - Planned Western route
- ⋯⋯ Cross-sea train-ferry intermodal transport



Source: China Railway Express Construction and Development Plan (2016-20)

SCMP

[Figure 4: China Railway Express Routes](#)

Key projects include:

- **China-Europe Railway Express:** This rail link significantly reduces transit time compared to maritime routes, cutting transit time from around 45 days by sea to just 18-20 days by rail.
- **New International Land-Sea Trade Corridor:** This trade and logistics passage links Chongqing to the world through Guangxi's ports, enhancing connectivity and reducing transportation costs.

Multimodal corridors have several important advantages which [help global trade and economic growth](#). They cut transit times, reduce handling costs, and simplify the process of moving goods so that transport costs are lessened, while time is gained. In addition to this, they help in diversifying trade through alternative routes which bypass traditional traffic constraints as well as chokepoints thus enhancing international trade flexibility and reducing risks associated with congestion and potential blockages. Moreover, the multimodal corridors contribute to economic growth by creating employment opportunities through [infrastructure projects](#) that will enhance employment rates and stimulate local economies. With increased

connectivity and logistics attract investment encouraging regional development and integration leading to freer trading relationships and closer cooperation between neighbouring countries thereby promoting sustainable economic progress alongside stability.

Strategic Implications:

The strategic implication of China's alternative trade route exploration is enormous. Apart from the fact that it is in the economic interest for corridors like NSR to be developed, this development does also increase her [geopolitical power](#). Financial input into NSR by China enhances a [strategic partnership](#) with Russia, one of Arctic's key stakeholders/players. This can change the entire geopolitics of the region and bring such powers as the US and EU into play.

In addition, both NSR and BRI programs are congruent with Beijing's wider foreign policy goals. These enable China to [exert influence over nations](#) involved while encouraging economic dependence and political associations. However, this apparent domination elicits resistance from competing states that perceive China's expanding presence as an [encroachment](#) on their territories.

Conclusion:

In conclusion, though options for easing the congestion at Malacca strait exist, both Northern Sea Route (NSR) and Belt and Road Initiative (BRI) face considerable challenges that limit their immediate viability as alternatives. Seasonal accessibility of NSR and political difficulties in relation to BRI indicate China's continued reliance on Malacca Strait in the short run. However, strategic diversification through multimodal corridors and [investments in alternative routes](#) like the CPEC suggest that China is actively working towards reducing its reliance on the Malacca Strait over the long term. These efforts underscore China's prudence in ensuring economic stability and securing trade routes amidst changing geopolitics.

China's search for other trading avenues demonstrates proactive steps taken by this country aimed at [mitigating strategic vulnerabilities](#). While there is no quick fix, prospects of NSR, BRI and multimodal corridors in a longer term promise a way forward towards enhancing China's trade resilience and economic security. To succeed they will have to make strategic investments, advanced technology as well as engage in effective diplomacy to navigate complex geopolitics while adopting these projects with time.