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The Belt and Road Initiative: Seeking Deeper and Broader Cooperation

—Key Takeaways from the Belt and Road Forum for International Cooperation

With a joint communique signed by the attending government heads and an extensive list of 270 deliverables, the first Belt and Road Forum (BRF) concluded fruitfully in Beijing on 15 May. Featuring the theme ‘Cooperation for Common Prosperity’, the two-day forum drew around 1,500 delegates from more than 130 countries and 70 international organizations, including 29 foreign heads of state and government.

The BRF is touted as China’s highest-profile diplomatic event of the year, and a first-of-its-kind international conference promoting the Belt and Road Initiative, which was proposed by Chinese President Xi Jinping in 2013 and has involved over 100 countries and international organizations so far. The second BRF will be held in China in 2019, Xi announced at the close of the forum.

Inspired by the ancient silk routes and previously known as ‘One Belt, One Road’, the Belt and Road Initiative is an ambitious plan spearheaded by the Chinese government to promote trade and economic integration across Asia, Europe, Africa and possibly beyond. The Initiative, which includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road, aims at creating an open platform among the participating countries and international organizations to improve policy coordination, infrastructure connectivity, trade and finance collaboration, and people-to-people bonds.

I. Highlights of President Xi’s Keynote Speech

In his keynote speech delivered at the opening ceremony, President Xi repeated his call for an open world economy and reiterated China’s objective of pursuing the Initiative is to create ‘a new model of win-win cooperation’ but not ‘geopolitical maneuvering’. Besides, he pledged more financial support from China to the Initiative through loans and assistance.

Below are key highlights of President Xi's keynote speech¹:

- Renewing the Silk Road spirit
 - President Xi called for renewing the ancient Silk Road spirit of 'peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit'.
- Reviewing progress made during the past four years
 - Fruitful results have been achieved in the areas of policy coordination, infrastructure, trade, finance and people-to-people exchange.
 - For example, China has signed cooperation agreements with over 40 countries and international organizations; total trade between China and other Belt and Road countries in 2014-2016 has exceeded US\$3 trillion, and China's investment in these countries has surpassed US\$50 billion; the Asian Infrastructure Investment Bank has provided US\$1.7 billion of loans for 9 projects in Belt and Road countries.
- Reiterating China's objectives
 - 'We are ready to share practices of development with other countries, but we have no intention to interfere in other countries' internal affairs, export our own social system and model of development, or impose our own will on others.'
 - 'We will not resort to outdated geopolitical maneuvering. What we hope to achieve is a new model of win-win cooperation. We have no intention to form a small group detrimental to stability, what we hope to create is a big family of harmonious co-existence.'
- Reaffirming the aim and focus of the Initiative
 - 'The pursuit of the Initiative is not meant to reinvent the wheel', but 'to complement the development strategies of countries involved by leveraging their comparative strengths'.
 - The Initiative should 'focus on the fundamental issue of development, release the growth potential of various countries and achieve economic integration and interconnected development and deliver benefits to all'.
 - 'We should build an open platform of cooperation and uphold and grow an open world economy.'
- Pledging more funds for the Initiative
 - China's Silk Road Fund will increase funding by 100 billion yuan; Chinese financial institutions will set up overseas RMB fund business with an estimated scale of around 300 billion yuan; the China Development Bank and the Export-Import Bank of China will make special loans worth 250 billion yuan and 130 billion yuan, respectively, to support cooperation in infrastructure, industrial capacity and financing.

¹ For the full text of the speech, please see http://news.xinhuanet.com/english/2017-05/14/c_136282982.htm

- China also promised assistance worth 60 billion yuan to developing countries and international organizations over the next three years. Some other financial assistance will be provided to improve the well-being of people in the Belt and Road countries.
- Enhancing trade and cooperation
 - China will host the China International Import Expo starting from 2018.

II. Major deliverables of the Belt and Road Forum

President Xi and 29 other heads of state and government signed a joint communique² at the close of the Leaders Roundtable held on the second day of the forum, reaffirming their commitment to building an open economy, ensuring free and inclusive trade, and promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system with WTO at its core.

The two-day forum yielded fruitful results with 270 deliverables in five key areas, namely policy coordination, infrastructure, trade, finance as well as people-to-people exchange, according to a list of deliverables released by the *Xinhua News Agency*. During the forum, China signed cooperation agreements with 68 national governments and international organizations. Below are some of the major outcomes/deals achieved during the BRF³:

- Policy coordination
 - The Chinese government signed bilateral cooperation agreements with 16 other national governments/relevant ministries and several international organizations.
 - *The Guiding Principles on Financing the Development of the Belt and Road* was endorsed by the ministries of finance of relevant countries.
 - An advisory council, a liaison office, and the Facilitating Centre for Building the Belt and Road will be set up. The official Belt and Road web portal and the Marine Silk Road Trade Index have been launched.
- Infrastructure connectivity
 - Bilateral cooperation agreements in various fields such as energy, water, ports, railways and information technology, were reached between relevant government departments.
 - *Agreement for Further Cooperation on China-Europe Container Block Trains among Railways of China, Belarus, Germany, Kazakhstan, Mongolia, Poland and Russia* was endorsed by railway companies of relevant countries.
 - The China Development Bank and the Export-Import Bank of China signed financing agreements on various infrastructure projects with parties of relevant countries

² *Joint Communique of Leaders Roundtable of Belt and Road Forum*, <https://eng.yidaiyilu.gov.cn/zchi/qwfb/13694.htm>

³ For the full list of deliverables, please see <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/13698.htm>

participating in the Initiative.

- Trade connectivity
 - The Chinese government signed economic and trade cooperation agreements with the governments of 30 countries.
 - The Ministry of Commerce of China and the relevant agencies of more than 60 countries and international organizations jointly issued the *Initiative on Promoting Unimpeded Trade Cooperation along the Belt and Road*.
 - The China-Georgia Free Trade Agreement was endorsed.
 - Bilateral cooperation agreements in the fields of promoting SME development, agriculture trade, e-commerce, inspection and quarantine, cross-border economic cooperation zone, etc. were signed between China and government departments of relevant countries.
 - The China International Import Expo will be held from 2018.
- Finance connectivity
 - In addition to the funding pledges made by President Xi in his speech, China will set up the China-Russia Regional Cooperation Development Investment Fund, with a total scale of 100 billion yuan and the initial scale of 10 billion yuan.
 - The Ministry of Finance of China signed memoranda of understanding on collaboration under the Initiative with six international development organizations.
 - The China-Kazakhstan Production Capacity Cooperation Fund came into operation.
 - The China Development Bank, the Export-Import Bank of China, and China Export and Credit Insurance Corporation signed cooperation agreements with relevant parties of countries participating in the Initiative.
- People-to-people exchange
 - On top of the 60 billion-yuan financial assistance announced in President Xi's speech, China will provide 2 billion-yuan emergency food aid to the Belt and Road countries, US\$1 billion to the South-South Cooperation Assistance Fund, and US\$1 billion to relevant international organizations to implement projects benefiting countries along the Belt and Road.
 - Bilateral cooperation agreements on various fields such as cultural exchange, tourism, education, science and technology, health, media exchange and think tank exchange were signed between Chinese government departments and relevant parties of other countries along the Belt and Road.
 - The Chinese government endorsed assistance agreements with multiple international organizations.

III. Shaping inclusive globalization with worldwide participation

Over the past four years, the Belt and Road Initiative has won warm response and made practical achievements, while challenges and misgivings such as financing gap, transparency, and economic viability of projects largely remain. The launch of the BRF has provided a great occasion for all participating parties to review progress, gather consensus, develop mechanisms, and cultivate deeper and broader cooperation. The concrete and extensive deliverables produced, especially China's promise of more funding, have boosted the optimism about the Initiative's prospects.

Amid mounting concerns over rising protectionism and isolationism, the BRF is an important political event for promoting the Belt and Road Initiative as a new platform for mutually beneficial collaboration and inclusive globalization. The joint communique, which was signed by 30 heads of government led by China, signals that developing countries have become a driving force of free trade and open economy.

Notably, the presence of delegations from the US and Japan, who were previously indifferent to the forum, turned out to be a last-minute surprise. In fact, many developed economies, including Germany, France, Canada and the post-Brexit vote UK, sent delegations to the forum, even as diplomats confessed they knew little about the massive integration strategy. The unprecedented attendance by both developing and developed countries has not only transformed the China-led Initiative into a truly open platform with global recognition, but also marked a significant milestone in China's rise as a diplomatic superpower at the world stage.

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CONTACT

Helen Chin
Vice President
helenchin@fung1937.com
(852) 2300 2471

Winnie He
Research Manager
winniehe@fung1937.com

Global Sourcing
Fung Business Intelligence
10/F LiFung Tower,
888 Cheung Sha Wan Road
Kowloon, Hong Kong

T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: <http://www.fbicgroup.com>



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