

THE BELT AND ROAD

A MISSION TO BENEFIT TWO-THIRDS OF THE WORLD

Cheng Guoqiang

THE SILK ROAD has traditionally referred to the routes of trade and cultural exchange that have linked the major civilizations of Asia, Europe, and Africa for more than two millennia, contributing greatly to the prosperity and development of the countries along the routes. For untold generations, the Silk Road was a symbol of communication and cooperation between East and West. The Silk Road spirit of 'peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit' is not only a part of the historic and cultural heritage we have received from Eurasia's diligent and courageous ancestors, but is also of particular importance to the world today.

When Chinese President Xi Jinping visited Central and Southeast Asia in Autumn 2013, he introduced the idea of jointly building the Silk Road Economic Belt and the twenty-first-century Maritime Silk Road. These later

came to be called the 'Belt and Road' initiative, and soon received close attention from countries around the world. The 'Belt and Road' initiative inherits the ancient Silk Road spirit and manifests China's commitment to taking on more responsibilities within its capacity.

The initiative is not a proposal for a club of a few countries, but rather a new concept of cooperation among many countries and various civilizations. It is not a call for power, but a public good that China would like to share with all interested countries.

The 'Belt and Road' initiative aims to encourage broad cooperation. It covers all of, but is not limited to, the area of the ancient Silk Road. It seeks to engage all states, as well as international and regional organizations, so that the results of future concerted efforts can benefit a wider area. Its priorities and mechanisms were clearly expounded

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by the "Vision and Actions on Jointly Building the Silk Road Economic Belt and the twenty-first-century Maritime Silk Road," issued by the Chinese government in March 2015.

The initiative is inclusive and advocates respect, tolerance, and dialogue among civilizations and countries at different stages of development.

Moreover, it promotes practical cooperation in all fields, and aims to build a community of shared interests, destiny, and responsibility within the context of enhancing political trust, economic integration, and cultural inclusiveness.

In practice, the 'Belt and Road' initiative will abide by market rules and international norms: it will give the market the decisive role in resource allocation, whilst promoting responsible business activities through proper government engagement.

A NEW GROWTH IMPETUS

Jointly building 'Belt and Road' is a development mission to benefit two-thirds of the world's population. It is a cause that brings welfare to people along the 'Belt and Road' and makes a significant contribution to the development of mankind. It is a great undertaking that promotes world peace and development, bringing welfare to people across the globe.

The 'Belt and Road' initiative will better connect the two ends of Eurasia: the dynamic East Asian economic circle with the developed European economic circle. It will accelerate the formation of an integrated Eurasian market, with its impact reaching Africa and other neighboring regions.

Historically, the Silk Road was the world's most important trade route. Today, the 'Belt and Road' will greatly invigorate the global trade system by tapping the complementary resources of countries along the routes. In 2014, China's trade with the 'Belt and Road' countries totaled \$1.12 trillion, with imports accounting for 43 percent of that total. This volume is expected to double in the next 10 years, reaching \$2.5 trillion.

The implementation of the 'Belt and Road' initiative will bring about win-win results for both China and the global economy. The initiative is aimed at promoting orderly and free flowing economic exchanges, highly efficient allocation of resources, and the deep integration of markets. For China, the initiative is vital in the context of the 'new normal,' as China restructures its economy, develops new growth engines, and nurtures new regional growth.

For the world, the initiative will have wide-ranging impacts on countries along the 'Belt and Road,'

narrowing development gaps and expediting the process of regional integration.

With more than 30 years experience of opening-up and reform, China has achieved rapid economic growth by seizing favorable opportunities in the international readjustment of industrial distribution, combining its own advantages in markets and labor force with capital and technology from developed countries, and taking over industries relocated from developed economies. This precious experience—coupled with its present advantages in capital, technology, and production capacity—will transform China's advantages in cooperating with the rest of the world.

We hope the spillover effect of China's success will be maximized by the 'Belt and Road' initiative, benefiting more countries in wider regions, thus adding new impetus to global economic growth.

ALL-ROUND OPENING-UP

The 'Belt and Road' initiative will enable China to further expand and deepen its opening-up, comprehensively improving the openness of its economy. Indeed, it constitutes the practical implementation of a proactive strategy for opening-up. The initiative will, thus, promote the more efficient allocation of resources

and deeper integration of markets; encourage countries in the region to achieve economic policy coordination and carry out broader and more in-depth regional cooperation at higher standards; and jointly create an open, inclusive, and balanced regional economic cooperation architecture that benefits all.

The initiative will also help China better adapt to economic globalization and regional integration through the establishment of a highly open economic system. The new system will ensure China and its partners gain mutual benefits.

In advancing the 'Belt and Road' initiative, China will try to leverage the comparative advantages of its various regions and further optimize the strategic arrangement of its five major regions—namely, northwest, northeast, southwest, inland, and coastal regions (including Hong Kong, Macao, and Taiwan). The country will strengthen cooperation among its eastern, central and western parts, and fully unlock the potential of its inland areas, thus promoting the balanced and sustainable development of China's economy.

PEACE AND DEVELOPMENT

China is committed to shouldering more responsibilities and obligations within its capabilities, whilst making greater contributions to the

peace and development of mankind. These are public goods that China contributes to the world and which represent a manifestation of China's sense of responsibility.

The initiative is open to all countries and organizations devoted to common development and is not limited to the geography of the ancient Silk Road. It is a pluralistic and open process of cooperation that can be highly flexible, as it does not seek conformity.

Furthermore, the 'Belt and Road' initiative is not directed against any third party. It neither plays a zero-sum game nor seeks to further exorbitant interests or produce colonial expansion.

It is open to all countries, economies, international organizations, regional cooperative mechanisms, and non-governmental organizations.

With regard to regions directly along the 'Belt and Road,' there are more than 60 countries with an aggregate population of 4.4 billion, which

accounts for 63 percent of the world's total. The initiative aims to promote connectivity between the Asian, European, and African continents and their adjacent seas; establish and strengthen partnerships among countries along the 'Belt and Road;' set up all-dimensional, multi-tiered, and composite connectivity networks; and realize diversified, independent, balanced, and sustainable development in these countries.

The initiative's connectivity projects will help align and coordinate the development strategies of countries along the 'Belt and Road,' tap market potential in these regions, encourage investment and consumption, and create job opportunities.

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The connectivity of transport facilities is another priority area in terms of implementing the initiative. This is in line with the actual needs of Eurasia, where infrastructure is in urgent need of wholesale upgrade—especially in Asia. Increasing investment in infrastructure can generate new growth points for economic develop-

ment in the 'Belt and Road' regions; it can also encourage investment and consumption, which of course creates jobs and market demand, whilst laying a solid foundation for the future development of all concerned. According to the multiplier effect of infrastructure construction, every \$1 billion of investment should generate 30,000 to 80,000 jobs, and add \$2.5 billion to a nation's GDP.

INNOVATIVE INITIATIVE

In a speech delivered at the March 2015 Boao Forum for Asia, President Xi underscored that the 'Belt and Road' should be jointly built through consultation, in order to meet the interests of all. The initiative is open and inclusive, rather than exclusive, representing a concert of countries along the routes, rather than a Chinese solo venture; and aims to integrate and complement the development strategies of states along the routes, rather than replace existing mechanisms or initiatives for regional cooperation.

The development of the 'Belt and Road' should be conducted mainly through policy communication and coordination. On the one hand, it can effectively connect with other cooperative mechanisms; on the other, it is a positive endeavor that seeks new modes of international cooperation and global governance. While it

seeks to help current global governance mechanisms solve the problem of meeting practical needs whilst maintaining authority, effectiveness, and timeliness, it is also an answer to the call from developing countries to reform existing global governance mechanisms.

The joint efforts to build the 'Belt and Road' are concrete moves to establish a new type of international relations, with win-win cooperation as its core value. With facilitation from the initiative, Asian, European, and African countries will forge closer ties in a new way—elevating mutual benefits and cooperation to new heights. All countries concerned will join hands in providing new global public goods by tackling shared problems, such as trade protectionism, climate change, poverty, and extremism.

In short, jointly building the 'Belt and Road' is in the interests of the international community, as it reflects the common ideals and pursuits of human societies.

FROM THEORY TO PRACTICE

Currently, the Silk Road Economic Belt is expected to run in three main directions. One of them is Northern Europe, Russia, Central Asia, and China. The second will link the Mediterranean and the Persian Gulf through West and Central Asia

with China, while the third will connect South Asia, the Indian Ocean, and Southeast Asia with China. The twenty-first-century Maritime Silk Road is designed to go from Europe to China's coast through the South China Sea and the Indian Ocean via one route, and from China's coast through the South China Sea to the South Pacific via another.

On land, the initiative will focus on jointly building a new Eurasian Land Bridge and developing Russia-Mongolia-China, West Asia-Central Asia-China, and Indochina-China economic corridors by taking advantage of international transport routes, relying on core cities along the 'Belt and Road' and using key economic industrial parks as cooperation platforms. At sea, the 'One Belt, One Road' initiative will focus on jointly building smooth, secure, and efficient transport routes connecting major sea ports along the 'Belt and Road.' The Pakistan-China Economic Corridor and the India-Bangladesh-Myanmar-China Economic Corridor are closely related to the 'Belt and Road' initiative.

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The 'Belt and Road' initiative is a systematic project. Joint efforts by all countries and organizations involved are critical to turning this grand vision into a reality. Policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds

have been identified as the five key areas of cooperation.

Enhancing policy coordination is an important guarantee for implementing the initiative. Countries along the 'Belt and Road' are expected to fully coordinate their economic development strategies and policies, work out plans and measures for regional cooperation, negotiate to solve cooperation-related issues, and jointly provide policy support for the implementation of

practical cooperation and large-scale projects.

Facilities connectivity is another priority area for implementing the initiative. On the basis of respecting each other's sovereignty and security concerns, states along the 'Belt and Road' are expected to improve

the connectivity of their infrastructure construction plans and technical standard systems, jointly push forward the construction of international trunk passageways, and form an infrastructure network that connects all sub-regions in Asia, whilst also extending into Europe and Africa in a step-by-step fashion.

At the same time, efforts should be made to promote green and low-carbon infrastructure construction and operation management, fully taking into account the impact of construction on climate change.

Investment and trade cooperation is a further major task in building the 'Belt and Road.' We should strive to improve investment and trade facilitation whilst removing investment and trade barriers for the creation of a sound business environment within the 'Belt and Road' region and all related areas. Discussions on investment facilitation and protection agreements, free trade areas, all forms of industrial parks, as well as industrial capacity cooperation and industrial cluster development, should top the agenda.

China invites companies throughout the 'Belt and Road' region to invest in the country, and encourages Chinese firms to invest throughout the Silk Road geography. China supports lo-

calized operation and management of Chinese companies in order to boost the local economy, increase local employment, improve local livelihood, and take social responsibility for protecting local biodiversity and the environment.

Financial integration is yet another important aspect of implementing the 'Belt and Road' initiative. Financial cooperation is very important in building a currency stability system, investment and financing system, and credit information system in Asia.

The Chinese government established the Silk Road Fund in December 2014, and committed \$40 billion for financing 'Belt and Road' projects. Being jointly backed by China's foreign exchange reserves, the China Investment Corporation, the Export-Import Bank of China, and the China Development Bank, this fund began operations in February 2015.

Meanwhile, the Asia Infrastructure Investment Bank (AIIB), which is designed to finance infrastructure construction in Asia, is expected to begin operations in autumn 2015. Authorized capital will total \$100 billion, with initial subscribed capital expected to be around \$50 billion.

People-to-people exchange stands at the foundation of the initiative and at the same time represents one of its core values. Cultural and academic

exchanges, personnel exchanges and cooperation, media cooperation, youth and women's exchanges, and tourism, will be significantly promoted by the 'Belt and Road' initiative—contributing greatly to the flourishing of civilizations and the wellbeing of peoples.

China already provides 10,000 state scholarships annually to students from 'Belt and Road' countries. Exchanges and cooperation in the areas of science and technology, epidemic prevention, environmental protection, knowledge sharing in development, and poverty alleviation, will also bring about great developments.

BRIGHT PROSPECTS

The Chinese government has spent more than a year actively promoting communication and consultation, as well as advancing practical coopera-

tion with countries along the 'Belt and Road,' introducing a series of concrete policies and measures. Broad consensus has been achieved among over 60 countries, and a series of cooperation frameworks and project agreements have also been signed with others.

'Belt and Road' cooperation is predicated on mutual respect and trust, mutual benefit and win-win cooperation, as well as mutual learning between civilizations. As long as all countries along the 'Belt and Road' make concerted efforts to pursue our common goal, there will be bright prospects for the Silk Road Economic Belt and the twenty-first-century Maritime Silk Road.

The people of this region—which make up two-thirds of the world's population—will benefit greatly from this grand initiative. ●