

# TRADE LINKS:

## China-led plan to boost prosperity through infrastructure projects

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The presidents of Argentina, Belarus, Chile, the Czech Republic, Indonesia, Kazakhstan, Kenya, Laos, the Philippines, Russia, Switzerland, Turkey, Uzbekistan and Vietnam will be in attendance.

The prime ministers of Cambodia, Ethiopia, Fiji, Greece, Hungary, Italy, Malaysia, Mongolia, Pakistan, Poland, Serbia, Spain and Sri Lanka will also be present, as well as Myanmar's State Councilor Aung San Suu Kyi.

Also set to join the discussions will be ministerial delegations, representatives of international organizations, former foreign heads of state and government, business leaders, experts and scholars.

On April 24, Cui Tiankai, China's ambassador to the United States, encouraged Washington to join in the initiative, which he said has "opened the gate of opportunities" for US enterprises.

Russian President Vladimir Putin's attendance is gaining much attention, especially as he announced in recent years his plan to establish a Eurasian Union. The forum will undoubtedly provide insight into Chinese-Russian ties and plans for future cooperation.

Specific regional bank governance is key to supporting such a development focus, said Bruno S Sergi, center associate of the Davis Center for Russian and Eurasian Studies at Harvard University in the United States and scientific director at the International Center for Emerging Markets Research at Russia's RUDN University. It must take into account "regional integration coupled with global fragmentation", he said.

Russia must break into new markets, modernize and build up its soft power through economic development, Sergi added.

State Councilor Yang said the forum will explore ways to address problems facing the global and regional economy. The aim is to "make the Belt and Road Initiative deliver greater benefits to the peoples of all countries".

"The forum will be a good occasion for us to review past progress and plan ahead," Yang said.

It will be the highest level Belt and Road forum since the initiative's launch over three years ago. Among the most important diplomatic events that China will hold this year, it will have great significance for bilateral and multilateral relations.

Cedric Chehab, head of global strategy at BMI Research, said the Belt and Road is good news for global trade growth. It will reinforce the role that emerging markets will play in driving global trade liberalization in the coming years, he said.

"In contrast, we expect developed



**A FREIGHT TRAIN** heading for Lyon, France, sets off from a railway station in Wuhan city, Central China's Hubei province, on April 6 last year. Catering to the Belt and Road Initiative, the train is expected to further promote China's cooperation with Eurasian countries. STRINGER / IMAGINECHINA



**PRESIDENT XI JINPING** proposed the Belt and Road Initiative in 2013.

markets to pursue a more insular approach compared to the previous two decades," Chehab told *China Daily Asia Weekly*.

"The boost to trade will be particularly significant for the least-developed emerging markets along the route, which include some of the least trade-integrated countries in the world."

Early and significant beneficiaries will include Bangladesh, Cambodia, Laos, Myanmar and Pakistan, he said.

"The impact on more developed markets such as Russia and Western Europe will be less significant given

existing physical and legal infrastructure linking these economies to global markets," Chehab said.

The initiative has already begun to expand regional investment and domestic demand, contributing to job creation, poverty reduction, economic growth and development of the entire region.

Yang noted that more than 100 countries and international organizations have joined the initiative, of which more than 40 have signed cooperation agreements with China.

The United Nations, the Asia-Pacific Economic Cooperation forum, the Asia-Europe Meeting and the Greater Mekong Subregion have all taken the Belt and Road into consideration in various resolutions.

At the heart of the initiative is the aim to improve people's lives across the region and to deliver both tangible and intangible benefits to the whole world.

"History has proven that closed and exclusive arrangements have no future, while welcoming cooperation with open doors and ensuring benefits for all is the only way forward," said Yang.

In a keynote address in January, President Xi said: "There is no point in blaming economic globalization for the world's problems because that is simply not the case. And that will not help solve the problems."

Xi also said that "no one will

emerge as a winner in a trade war".

Eugene Lim, Asia-Pacific head of the international commercial and trade practice at Baker McKenzie, noted the significant influence the Belt and Road can have on policy, trade, transportation, finance and people.

"It appears that the Belt and Road Initiative is opening China and the region to freer trade while China takes on a larger role in globalization," he said.

"If successful, the initiative could lead to a shift away from the dollar-based global financial system. More importantly, the success of this initiative will be a linchpin to China taking on a leadership role in global trade."

The forum will also encourage all parties to uphold the principles of the UN Charter and pursue harmony, openness, inclusiveness and mutual learning. Environmental protection will also be underlined as a priority of international cooperation.

It will serve as a platform to push forward major projects and cooperation agreements, as well as to come up with some key mid- to long-term strategies.

Yang said the initiative will "enable China and partner countries to jointly pursue the new vision of innovative, coordinated, green, open and shared development, and facilitate China's endeavor to implement the 13th Five-Year Plan (2016-20), boost

all-round reform and opening-up".

As the project covers multiple provinces, autonomous regions and major municipalities in China's interior and coastal regions, it will accelerate coordinated development of the whole country.

A particular emphasis will be on China's western regions to reduce regional disparity.

Lim from Baker McKenzie noted that the Belt and Road can open and increase trade throughout the 10-member Association of Southeast Asian Nations (ASEAN) through infrastructure development.

"The Belt and Road Initiative is tied to the existing free trade agreements within ASEAN," he said.

"By utilizing the existing free trade agreements, the initiative will reinforce globalization at an important time as well as promote economic development in the Belt and Road regions of ASEAN."

Frank Pan, an associate with Baker McKenzie in Shanghai, said with the West increasingly looking inward and the US retreating from the Trans-Pacific Partnership trade deal, the way is clear for China to exert greater influence not only over the region but also the world.

"I think we can expect to see China solidifying its position on the global stage, as it continues pushing for the Belt and Road Initiative and other free trade agreement talks," he said.