

Belt and Road shows the way

The initiative enables China to share its successful development experiences with the world

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In the Russian city of Irkutsk, near the west side of beautiful Lake Baikal, a two-story medical center is busily under construction.

With this center, Chinese entrepreneur Xie Guo'ao aims to provide medical services, particularly assisted reproductive technology, to tourists who are also attracted to scenic Lake Baikal.

Of the millions of people who visit Irkutsk each year, many are from countries along the routes of the Belt and Road Initiative, Xie said.

Xie, founder of Crownbaby International Life Science & Technology Group and an investor in the assisted reproduction center, said Irkutsk has mature assisted reproductive technology, and he believes that the combination of medical regimens and tourism holds great potential.

Under the Belt and Road Initiative, and with support from the governments of Northeast China's Heilongjiang province and the city of Irkutsk, he decided to build the medical center, which is expected to be completed in June.

"We will also look for opportunities in other countries along the Belt and Road where the medical resources are insufficient," he said. "For example, in Georgia and Ukraine, we will definitely invest more."

Five years after China's Belt and Road Initiative was proposed by President Xi Jinping, China has become the main investor in many countries participating in the initiative, and China's investment in the countries along the BRI routes continues to grow.

China's direct investment in countries along the routes of the Belt and Road — which refers to the Silk Road Economic Belt and the 21st Century Maritime Silk Road — has grown by about 7 percent annually, reaching \$16.7 billion by the end of 2017. Even in 2017, when China's overseas direct investment dropped by 19.3 percent year-on-year, its direct investment in countries along the Belt and Road increased by 8.9 percent, according to the Report on China's Trade and Investment Cooperation Under the Belt and Road Initiative, compiled by the Chinese Academy of International Trade and Economic Cooperation, part of the Ministry of Commerce.

The BRI serves as a solution for China to participate in global opening-up and cooperation, improve global economic governance, promote common development and prosperity, and build a community with a shared future for humanity, Xi said in 2013 when he proposed the initiative.



This hydropower plant constructed by a Chinese company has alleviated the power shortages in Cameroon. XINHUA



Chinese engineers work at a hydropower construction site in Brazil. LI MIN / XINHUA

Jiang Hao, a Shanghai-based partner in German consulting company Roland Berger said, with the BRI, China offers the world new approaches to development.

He said that countries along the Belt and Road routes are mainly developing countries to which Western countries' experiences might not necessarily apply. But the development experiences of China, the world's largest developing country, are worth learning, he said.

"The Belt and Road Initiative means that China has a new role to play in the world — that is, to share its successful development experiences with the world," Jiang said. "The initiative also means that China will shoulder more responsibility in the world's development and will have more influence on the global stage."

Gu Xueming, president of the Chi-

nese Academy of International Trade and Economic Cooperation, said that with the development of the BRI, China's investment in countries along the Belt and Road routes will grow steadily. The initiative could give great momentum to the global economy and contribute much to the mutual prosperity of the economies of China and these countries.

China embraces the concept of win-win when working with countries along the Belt and Road routes, he said. "Its investment in these countries is quite rational and healthy. Chinese companies take into account local economic development and employment, and investment mainly goes into the real economy sector, rather than sectors such as real estate or entertainment."

According to the academy's report, about 70 percent of China's investment in countries along the Belt

and Road routes has focused on five sectors: manufacturing, leasing and commercial business, construction, wholesale and retail, and farming.

By the end of last year, 56 percent of the investment was in Southeast Asia, with Singapore, Indonesia, Laos and Vietnam being the main investment destinations.

About 20 percent went to Mongolia, Russia and Central Asia, with Russia and Kazakhstan receiving the most. About 15 percent went to Western Asia, North Africa and the Middle East, mainly to the United Arab Emirates, Israel, Iran and Saudi Arabia.

Qi Xin, deputy director of the Industrial Internationalization Strategy Research Institute of the Chinese Academy of International Trade and Economic Cooperation, and the lead author of the report, said Southeast Asia's resources are well matched with China's industrial development needs.

For example, many Chinese companies that invest in countries along the Belt and Road routes are in the manufacturing sector, which requires a large labor force, and Southeast Asia has a sufficient, educated labor force and relatively lower employment costs. China is also geographically closer to Southeast Asia and already has many cooperation platforms with countries in the region, such as the China-ASEAN Free Trade Area, so the costs of transportation between the areas are relatively low, and there are few barriers to the flow of goods, labor and technology between China and the region, he said.

Jiang at Roland Berger said China's historical connection and similar cultures with Southeast Asia also make it easier for Chinese companies to invest in this region. Through history, many Chinese have gone to Southeast Asia for business purposes and then settled there. So a large number of people in the region are of Chinese descent and have responded actively since the BRI was proposed. With their help, it will be easier for Chinese investors to get to know opportunities and find local partners, to understand local circumstances and integrate with local society, Jiang said.

"In places such as Africa and the Middle East, Chinese companies usually need to develop brand-new ways to manage their production process and local employees in destination countries. But in Southeast Asia, their ways of management could be more easily accepted by local people," he said.

However, while investing overseas, Chinese companies face risks in countries along the Belt and Road routes.

A Roland Berger report listed four types of risks that Chinese companies might encounter when investing in these countries: risks brought about by the unstable political and social situation in some countries and regions; those brought about by differences or changes in local laws and regulations; those related to the weak financial systems and currency fluctuation in countries whose economies are easily affected by the global situation; and risks within the Chinese companies themselves,

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