

# **The Belt and Road Development Studies**

——A Synergy Approach to Global Development

Xinhua Insititute



This year marks the 10th anniversary of the Belt and Road Initiative. The fundamental purpose and ultimate goal of this initiative is to explore new ways for countries from near and far to achieve common development and to open up a "path of happiness" that benefits the entire world.<sup>1</sup>

— Xi Jinping

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<sup>1</sup> Speech delivered by Xi Jinping at the opening ceremony of the plenary session of the second Eurasian Economic Forum of the Eurasian Economic Union on May 24, 2023.



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## Introduction

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In the autumn of 2013, Chinese President Xi Jinping proposed the initiative to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Much like a "tree of life" nurtured and cultivated over time, the initiative began to evolve in the ensuing years based on the positive response of a growing number of cooperation partners.

Over the past 10 years, more than 150 countries and 30 international organizations have joined the Belt and Road Initiative (BRI) and signed more than 200 cooperation documents. The BRI has been included in documents of the United Nations (UN), the G20, APEC and the Shanghai Cooperation Organization. The BRI has also become a popular focus of international academic research.

The joint building of the Belt and Road has yielded tangible and substantial results, contributing significantly to the international community's greater attention to common development.

Based on in-depth research of BRI practices and extensive reviews of domestic and overseas research, this report finds that existing economic, sociology and political science theories fail to provide a convincing and adequate explanation for this unprecedented undertaking. It is necessary to analyze, summarize and elucidate more systematically and accurately the new practical experience and theoretical inspiration offered by the BRI for global development and even the improvement of global governance. To this end, it entails a broader vision while accounting for the challenges of economic globalization and the risks in implementing the UN 2030 Agenda for Sustainable Development.

This report argues that the BRI has given rise to a genre of more inclusive and

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effective development science — the Belt and Road Development Studies. The report seeks to explicate the top-level design of the BRI and review its outcomes in practice. Based on these observations, the report explores the historical, practical and theoretical logic of the BRI's continuous evolution and discusses its global significance for the present and the future.

The report demonstrates that the Belt and Road Development Studies is a social science subject that is based on the basic concepts and practical experience of high-quality cooperation within the BRI and aims to promote common development worldwide. It is fundamentally about realizing a more equitable and effective allocation of development resources and helping participants gain more opportunities to enter the market, develop industries and improve livelihoods by re-optimizing four major development factors — government, capital, society and the ecological environment. The above should be accomplished by adhering to economic globalization; paying due respect to the political systems and cultural diversity of various countries; valuing mutual benefit, win-win cooperation; and putting people first.

This approach to development, underpinned by "Connection," "Enablement" and "Coordination" (hereafter referred to as "the CEC synergy approach to development"), is the central focus of Belt and Road Development Studies. It aims to address two primary issues of global development — a lack of robust driving forces and unbalanced development. The report argues that the CEC synergy is focused on expanding infrastructure, industrial development and the role of government, which strikes a chord with economists' rethinking of neoliberal economic policies.

Belt and Road Development Studies is about sharing experiences China has learned from its extensive interaction with the world. The emphasis is on coordinating and aligning the development goals of various partners to achieve win-win outcomes. Drawing inspiration from the history of the ancient Silk Road, it advocates that exchanges and mutual learning make civilizations richer, and expands the room for development through openness and cooperation.



The BRI, as a well-received international public good and a key platform for building a community with a shared future for humanity, promotes equal and mutually beneficial international development cooperation. It also improves the global governance system and fosters the creation of a new type of international relations that "seeks harmony through cooperation," thus providing a new approach to bolstering global development.

Cooperation faces new challenges amid the combined impact of a shifting international landscape and a once-in-a-century pandemic. We believe that it is highly relevant to explore the Belt and Road Development Studies and analyze how countries can achieve common development at this juncture.

## 1. A Brief History

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Belt and Road cooperation pursues development, is aimed at mutual benefits and conveys a message of hope.<sup>1</sup>

— Xi Jinping

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<sup>1</sup> Keynote speech delivered by Xi Jinping via video at the Boao Forum for Asia Annual Conference on April 20, 2021.

What is the biggest global challenge and the common pursuit of the 21st century? The answer is development, a theme enjoying broad consensus worldwide.

Under the present historical conditions, global development is witnessing changes in its dynamics, models, concepts and effectiveness. International development cooperation in the 20th century, especially after the Second World War, was mainly North to South and led by the developed countries. Cooperation in the 21st century has become more diversified, with a faster rise of South-to-South and even South-to-North cooperation. China is undoubtedly a key player in the process.

China put forward the BRI 10 years ago and has been working with all relevant parties for its full implementation. Notable progress has been achieved, and the world is paying increasing attention to a new vision of development cooperation. This is the subject of Belt and Road Development Studies.

### 1.1 Responding to Reality: A New Vision for Promoting Development Cooperation

During his visits to Nazarbayev University in Kazakhstan in September 2013 and to the Indonesian parliament a month later, Chinese President Xi Jinping proposed the joint building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

Europe was then facing a recession due to its debt and financial crises. Japan, a major developed country in Asia, was anxious about deflation and stagnation. The world's top economy, the United States, was mired in post-financial crisis difficulties and the war in Afghanistan. As global aggregate demand declined, economist Lawrence H. Summers grew pessimistic, predicting "secular stagnation" and calling for developed countries to spur growth.

Developing countries received several trillions of dollars in aid after World

War II, but only a few achieved developed country status. Many others continue to struggle with poverty and are seeking a way out.

In 2013, China's economy grew by 7.7 percent, and its foreign exchange reserves reached 3.82 trillion U.S. dollars. China became the biggest trading partner of over 120 countries and regions. Three years prior, China overtook Japan to become the world's second-largest economy. In 2009, China became the largest contributor to world economic growth for the first time. Since then, the country has been leading the way and continued to unleash growth dividends. The country's global economic standing has seen a historic shift, and its role in international development has become more prominent.

Since the beginning of reform and opening-up, China's development has been miraculous. However, the country's development model needed change after a long period of fast economic growth. China's economy entered a "new normal," shifting from high-speed growth to high-quality development; large-scale structural adjustments began.

It was under these international and domestic realities that the BRI was proposed. It answered the domestic call for China's economic development and would bolster much-needed international cooperation. As the largest emerging economy, China connects the broadest land and vastest ocean. It maintains its status as the "factory of the world" and is on the way to becoming the "marketplace of the world." This supersized, rapidly developing economy was at a crucial juncture to advance collaboration in international development.

## 1.2 Inheriting Historical Legacy: Creating a New Chapter of Silk Road Spirit

The BRI is both a call to reality and a reverberation of the past.

Archaeological studies show that an ancient trade route connecting the East and the West existed in west China as early as the Western Han Dynasty over 2,000 years ago. When German geographer Ferdinand von Richthofen coined

the term "Silk Road" in the 19th century, he likely had no idea that it would become one of the most frequently used words in the 21st century when speaking about a global development blueprint.

The ancient Silk Road embodied the pursuit for a better life by the ancestors of people from both the East and the West. It promoted the interconnection of Eurasian countries, enhanced exchanges among civilizations and made massive contributions to the progress of human society. It also inherited the legacy of the Silk Road spirit, characterized by peace and cooperation, openness and inclusiveness, and mutual learning and benefit.

To overcome multiple obstacles confronting global development today, the BRI carries forward the Silk Road spirit to explore new development opportunities, seek new development drivers and expand new development spaces to achieve win-win results by leveraging the strengths of all participating countries.

The connectivity of policy, infrastructure, trade, finance and people and the principles of extensive consultation, joint contribution and shared benefits are the two most important pillars underpinning the BRI's top-level design. Policy coordination serves as an essential guarantee, infrastructure connectivity is a priority sector, unimpeded trade is a major task, finance integration is an important underpinning and people-to-people bond provides the public support. The principles of extensive consultation, joint contribution and shared benefits are the foundation of BRI development cooperation.

In March 2016, the UN Security Council included content related to the BRI in its Resolution 2274. In September 2017, the 71st session of the UN General Assembly adopted a resolution titled "The United Nations in global economic governance," incorporating the principles of "extensive consultation, joint contribution and shared benefits." Thus, a new perspective on international cooperation has gained widespread attention and support from the international community.

### 1.3 Moving Forward: Coordinating High- Quality Development Through New Explorations

The BRI advocates a "get things done" philosophy and has continued to advance its development concept over time.

In August 2018, while addressing a meeting marking the BRI's fifth anniversary, Xi called for building on sound momentum to boost BRI cooperation, with a focus on high - quality development in the next phase.<sup>1</sup>

In April 2019, at the Second Belt and Road Forum for International Cooperation, related countries and international organizations agreed that promoting development with a focus on improving quality should be the theme and general direction of Belt and Road collaboration.<sup>2</sup> To this end, the BRI would abide by the principles of extensive consultation, joint contribution and shared benefits and champion a philosophy of open, green and clean cooperation to attain high- standard, sustainable and people- centered development.

In June 2020, in the face of new challenges, including the COVID- 19 pandemic, Xi proposed four new directions for Belt and Road cooperation, namely, developing the Belt and Road into a model of collaboration to meet challenges through unity, a model of health to protect people's health and safety, a model of recovery to restore economic and social activity, and a model of growth to unlock development potential.

In November 2021, Xi further proposed striving for higher-level cooperation, better cost- effectiveness, higher- quality supply and stronger development resilience to realize higher-quality BRI development.<sup>3</sup>

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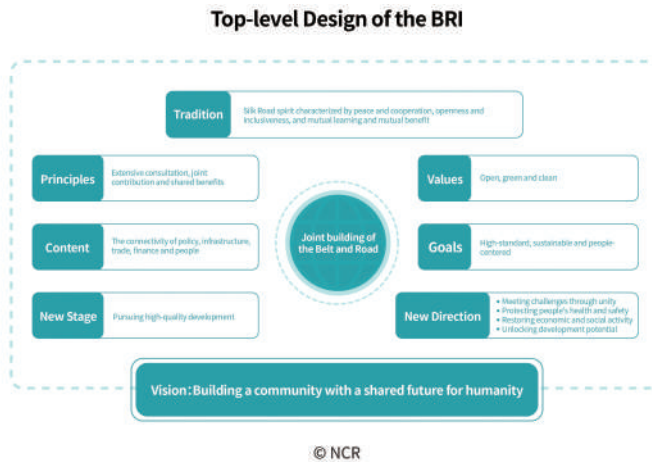
1 Xi Jinping addresses a meeting marking the fifth anniversary of the Belt and Road Initiative, Xinhua News Agency, August 27, 2018.

2 Hu Biliang, "Promoting the High Quality Development of the Belt and Road — Xi Jinping's Ideas on High Quality Development of the Belt and Road," Study and Exploration, No. 10, 2020, p.102.

3 Xi Jinping addresses a high-level symposium on the Belt and Road Initiative, Xinhua News Agency, November 19, 2021.

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As a grand plan for innovative international cooperation, the BRI offers new possibilities to build a better world. Jiri Paroubek, former prime minister of the Czech Republic, said that a brand new economic and political order is taking shape, and the BRI is one of the factors in its creation.<sup>1</sup>



<sup>1</sup> "A fertile ground for mutual learning, a bridge for cooperation, a bond for mutual benefit and win-win progress — a report from the Belt and Road Studies Network," Xinhua News Agency, April 29, 2019.

## 2. Getting Things Done

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From the Eurasian continent to Africa, the Americas and Oceania, Belt and Road cooperation has opened up new space for global economic growth, produced new platforms for international trade and investment and offered new ways to improve global economic governance. Indeed, this initiative has helped improve people's lives in the countries involved and created more opportunities for common prosperity.<sup>1</sup>

— Xi Jinping

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<sup>1</sup> Keynote speech by Xi Jinping at the opening ceremony of the Second Belt and Road Forum for International Cooperation, April 26, 2019.



British sociologist Martin Albrow said that the most powerful feature of the BRI is its determination to bring relevant theoretical ideas into close alignment with the practical problems facing humankind.<sup>1</sup> Let's shed some light on the BRI's achievements over the past decade.

### 2.1 Breaking Growth Bottlenecks: "Roads Leading to Prosperity"

Ever since the onset of industrialization, infrastructure such as railways, motorways and ports have played a vital role in economic and social development. However, both pioneers and latecomers to industrialization face "deficits" in infrastructure to varying degrees. Developing countries, in particular, face seriously inadequate traffic facilities, power supplies and telecommunication networks.<sup>2</sup>

The BRI prioritizes infrastructure connectivity, forming a connectivity framework of "six corridors, six connectivity routes, and multiple countries and ports," injecting new momentum into global economic growth.<sup>3</sup>

#### Filling the Gap in Transportation

Africa has benefited tremendously from BRI infrastructure projects. According to a study by Anzette Were, a researcher with the Kenya-based think tank the Africa Policy Institute, the Mombasa-Nairobi Standard Gauge Railway has helped small and medium-sized enterprises along the route and boosted employment, thus invigorating the region's economy. Alex Gerishom,

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1 Martin Albrow, "China's Role in a Shared Human Future," New World Press and Global China Press, p.35.

2 Report by the World Economic Forum in January 2022 says that a massive global infrastructure investment of 66 trillion U.S. dollars is needed in emerging economies before 2030. The necessary investment in the global infrastructure by 2040 is estimated at 94 trillion U.S. dollars, according to Global Infrastructure Hub in 2017.

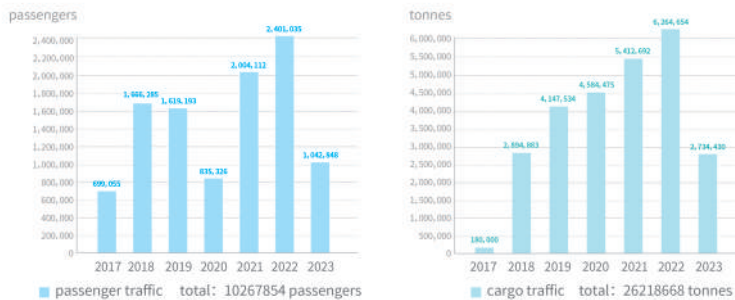
3 The six economic corridors refer to the New Eurasian Land Bridge, the China-Mongolia-Russia Economic Corridor, the China-Central Asia-West Asia Economic Corridor, the China-Indochina Peninsula Economic Corridor, the China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor. The six connectivity routes are railways, roads, waterways, air routes, pipelines and aerospace integrated information network. Multiple countries refer to the countries engaged in initial BRI cooperation, and multiple ports refer to cooperation ports that ensure the safe and unimpeded flow of traffic via major maritime shipping passageways.

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administrative manager of Keda Ceramics in Kenya, told Were that the railway has helped his factory reduce product transportation time by 50 percent.

The 480-km railway is a flagship BRI project that has helped Kenya meet its national development blueprint — Kenya Vision 2030. It has provided the country with an unhindered transportation route between Mombasa, the largest port in East Africa, and Nairobi, Kenya's capital, and streamlined cargo transportation between seaports and landlocked countries in East Africa, such as Uganda, South Sudan and Rwanda. In addition, Kenya has constructed and planned several industrial parks and townships along the railway and its westward extension line — the Nairobi- Malaba Standard Gauge Railway (Phase I). "Shared Prosperity: Tracking the Belt and Road Initiative in Kenya," a report released by the Africa Policy Institute in late 2021, concluded that the partnership under BRI has transformed Kenya's development space.

**Passenger Traffic and Freight on Mombasa-Nairobi Railway by Year**



Note: Annual data between 2019 and 2023 are the combined sum of transportation volume carried by the Mombasa-Nairobi Railway and the Nairobi-Malaba Railway  
 © NCR

### Mombasa–Nairobi Railway, Addis Ababa–Djibouti Railway and the Outlook on Peace and Development in the Horn of Africa

As another transportation artery in East Africa, the Addis Ababa-Djibouti Railway also paves the way for local economic and social development. Thanks to this railway, freight transportation time from inland Ethiopia to the seaport of Djibouti was reduced from seven days to 12 hours. The railway also gave rise to several industrial zones along its route, creating an economic corridor leading to the Red Sea. In January 2022, the Outlook on Peace and Development in the Horn of Africa was proposed. It aims to accelerate the development of the Red Sea shore and East Africa coast with the two railways as axes, forming a development frame of "two axes plus two shores." Thus, the self-development capacity of the Horn of Africa will be strengthened and sub-regional integration boosted. The first China-Horn of Africa peace conference was held, helping build broad consensus on peace and reduce tensions of regional hotspots. The nine programs under the Forum on China-African Cooperation were launched. Cooperation focused on grain and agricultural technological assistance is underway, while drill wells are being developed to increase water supply and mitigate the impact of drought and other disasters. Countries in this region have seen tangible improvements in their grain production capacities and economic resilience.

The development of the Horn of Africa is just one example of how BRI projects are reshaping the global economic landscape by improving transportation and delivering new hope for robust, balanced and interactive economic development. The Peshawar-Karachi motorway has become a traffic artery connecting the north and south of central Pakistan. The China-Laos Railway has helped convert land-locked Laos into a land-linked hub. Since the railway's inception, it had seen stable operation for 21 consecutive months as of September 2023. During the period, more than 20.9 million trips were made and over 25.36 million tonnes of cargo were transported via the railway. In addition, connection between the railway and the China-Europe freight train routes was established. The Peljesac Bridge connects Croatia's southern and northern parts. The Khalifa port in Abu Dhabi, the United Arab Emirates, is linked with industrial parks in the Middle East. In the near future, the Hungary-Serbia Railway will come into full operation. It will shorten the travel time between Budapest and Belgrade to just three hours. The East Coast Rail Link in Malaysia will serve as an overland "bridge" connecting the country's eastern and western shores.

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"Want to be rich? Build roads first!" The wisdom of this popular Chinese saying is well-reflected in the BRI. The World Bank has projected that BRI transport projects would boost trade of partner countries by 2.8 to 9.7 percent in 2030. In addition, BRI partner countries will see FDI growth of 4.97 percent, and GDP growth of 1.2 to 3.4 percent. On a global level, BRI transport projects are expected to lift trade by 1.7 to 6.2 percent and GDP by 0.7 to 2.9 percent.<sup>1</sup>

### Building Land,Sea and Air Passageways

The BRI strives for transportation connectivity via railroads, highways, waterways and airways to bring production and markets closer together, ensure trade is efficient and of higher quality and allow more countries to enjoy the dividends brought by interconnection and economic integration.

For instance, the New International Land-Sea Trade Corridor in the western region, with southwest China's Chongqing as the operation center, provides a new passageway for overseas products to enter China. In the past, it took more than 20 days at the minimum for Lao exports to be transported to Chongqing, Sichuan, and other inland regions in western China. Today, it takes only four days for goods to reach Chongqing courtesy of the China- Laos Railway Express running via the New International Land-Sea Trade Corridor in the western region.

#### New International Land–Sea Trade Corridor in the Western Region

The corridor, formerly known as the southbound corridor of the China- Singapore connectivity initiative, combines railroads, waterways and highways. It links several areas in western China with ASEAN countries, including Singapore, serving as an outbound corridor that enables China's western regions to cooperate with the outside world and benefit from the BRI. Its rail-sea freight train routes have reached 300-plus ports in more than 100 countries, playing a significant role in stabilizing regional industrial and supply chains.

The BRI aims to realize the coordinated development of land and sea to ensure the development of landlocked regions is not impeded due to any geographical

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<sup>1</sup> Belt and Road Economics: Opportunities and Risks of Transport Corridors, World Bank, June 18, 2019, Chinese edition, p.52-57.

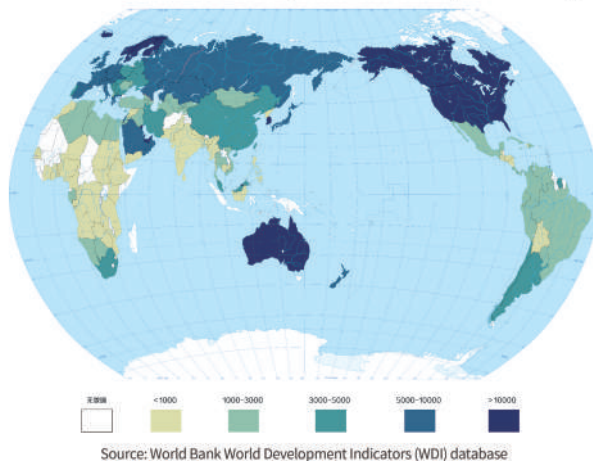
disadvantages. With this objective, the BRI has helped several inland cities open up and become new commercial hubs. Chongqing is one of these cities. It is where the China-Europe freight train routes and the New International Land-Sea Trade Corridor in the western region converge, enabling Europe, Central Asia, Southeast Asia and the South Asian Subcontinent to become interconnected. Compared to maritime transportation, laptop manufacturers in Chongqing can save more than 20 days by transporting their goods to Europe via China- Europe freight trains. Thanks to the transportation passageway combining the trade corridor and the freight train routes, Southeast Asian products such as nonwoven fabrics and printers arrive in Europe in less than half the time.

Over the past years, the BRI land- sea- air comprehensive transportation network has played an important role in stabilizing the global supply chain. Thanks to the "Air Silk Road," with central China's Zhengzhou as its hub, Italian garments, Chilean cherries and Filipino eels made their way to areas across China, and electronics, household equipment and machinery manufactured in China were shipped across the globe. By the end of June 2023, the China- Europe Railway Express had completed more than 73,000 freight train trips, shipping nearly 7 million 20-foot equivalent units (TEUs) of goods between more than 100 domestic cities and over 200 cities in 25 European countries. The service has injected a stream of momentum into global trade.

### Improving Energy Inter-connectivity

Currently, about 1.2 billion people worldwide have no access to electricity. In countries like Pakistan, continuous electricity shortages lead to power outages that last as long as 10 hours, even in big cities.

Annual Electric Power Consumption Worldwide (kWh Per Capita)



To ensure energy supplies, 21 energy-related projects were planned under the China- Pakistan Economic Corridor (CPEC), covering hydroelectricity, wind energy, coal energy, nuclear electricity and solar energy. Completing all these projects will boost Pakistan's power generation capacity by 12,400 megawatts.<sup>1</sup>

As of the end of 2022, the CPEC had created a total of 236,000 jobs, and helped Pakistan add 510 km of expressway, 8,000 megawatts of electricity, and expand its core national power grid by another 886 km.

"Ensuring access to affordable, reliable, sustainable and modern energy for all" is among the 17 goals proposed in the UN 2030 Agenda for Sustainable Development. In this regard, the BRI energy projects are making their due contribution. In Chile, establishing the Punta Sierra wind farm enabled the region to capitalize on its rich wind energy. After the farm's establishment, 130,000 households saw their electricity demands met, with carbon emissions reduced by an annual average of 157,000 tonnes. In Cambodia, on-site photovoltaic power projects in the district of Krakor, Pursat Province, provided more than 100 mountainous villages with access to electricity for the first time.

Transnational and trans- regional energy infrastructure interconnection is another crucial aspect of energy cooperation under the Belt and Road

<sup>1</sup> A calculation based on the data released at <http://cpec.gov.pk/energy>

Initiative. Major projects, including the China-Russia east-route natural gas pipeline, line C of the China-central Asia natural gas pipeline, the China-Myanmar oil and gas pipelines and the grid interconnection projects between China and seven neighboring countries, have created conditions for complementary cooperation and mutually beneficial trade in energy and resources.

## 2.2 Fostering Growth Drivers: Trade and Investment

After the 2008 global financial crisis, the international community tried to boost trade and investment to bring the world economy into a new growth cycle. The BRI made its due contributions.

### Building Open and Shared Markets

The China-Cambodia Free Trade Agreement came into force on Jan.1, 2022, becoming the first free-trade agreement with a section devoted to the Belt and Road Initiative. Cambodian agricultural products such as bananas, mangoes, rice and tapioca flour have easier and greater access to the Chinese market. Cambodia exports more rice and bananas to China than to any other country. By the end of 2022, Chinese enterprises had invested more than 10 billion U.S. dollars in Cambodia.

The BRI has injected impetus into global trade in several ways. These efforts include creating a matrix of commodity exhibition fairs represented by the China International Import Expo to share Chinese market opportunities with the world, signing or upgrading free-trade agreements, jointly building a network of free-trade zones and promoting cross-border e-commerce.<sup>1</sup>

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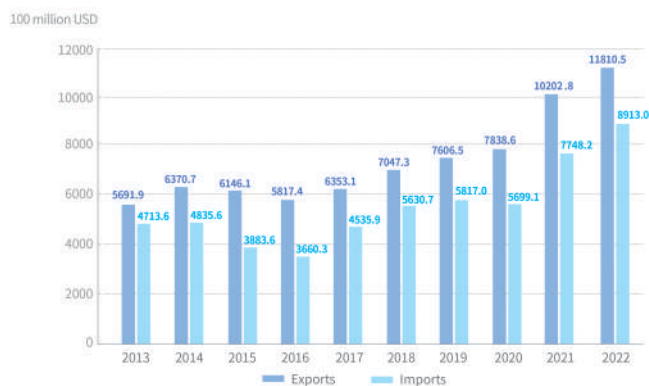
<sup>1</sup> By May 2023, China had signed customs agreements on mutual authorized economic operator (AEO) status with 26 economies, covering 52 countries or regions, 35 of which had participated in the Belt and Road Initiative.

### Silk Road E-Commerce Expands Space for Trade Growth

The Silk Road E-Commerce is vital for advancing Belt and Road economic and trade cooperation. Forging the "Internet Plus" platform and carrying out cross-border e-commerce can effectively reduce trade-and-investment barriers, lower the threshold for participating in the division of labor of the global value chain, and expand the space for trade growth. In the face of COVID-19 restrictions on the movement of people and materials, Silk Road E-Commerce offers a new opportunity to shorten distances, reduce costs and deepen trade flows between countries. By the end of September 2023, China had established bilateral e-commerce cooperation mechanisms with 30 countries from five continents, sharing the benefits of e-commerce development with all parties and adding new impetus to global economic recovery.

From 2013 to 2022, China's trade in goods with countries along the Belt and Road increased from 1.04 trillion U.S. dollars to 2.07 trillion U.S. dollars, with average annual growth of 8 percent. In the future, the joint building of the Belt and Road is expected to realize "soft interconnection" by lowering tariffs, accelerating the reduction of transaction costs, cutting cross-border logistics costs and institutional costs, and expediting the alignment of standards, rules and laws among the BRI partner countries.<sup>1</sup>

**China's Goods Trade with BRI Partner Countries during 2013-2022**



Sources: China's General Administration of Customs, Chinese Academy of International Trade and Economic Cooperation under the Ministry of Commerce

<sup>1</sup> Zhang Monan, The BRI: Five Key Characteristics of a New Type of International Cooperation Framework, Global Business, issue 6, 2019, p.84.



### Exploring New Ways to Upgrade Industries

Trade of intermediate goods accounted for about 61 percent of the total trade value along the Belt and Road<sup>1</sup>, reflecting new changes in the international division of labor. More and more developing countries have the opportunity to develop manufacturing capacities of their own instead of relying on natural resource exports or low-end industries.

Industrial cooperation between BRI partners has enhanced such a trend. The Zhongtai New Silk Road Agriculture and Textile Industrial Park in Tajikistan has facilitated the local industrial transition from simple cotton planting to a full-chain textile industry.

In Morowali, Indonesia, the Indonesia Morowali Industrial Park has transformed the once remote fishing village into an essential global base for the exploitation and processing of nickel and the stainless-steel industry. With its support, Indonesia shifted from selling raw nickel at 30 U.S. dollars per tonne to stainless steel at 2,300 dollars per tonne.

In the China- Egypt TEDA Suez Economic and Trade Cooperation Zone in Egypt, Jushi Egypt for Fiberglass Industry built a production line with an annual fiberglass output of 200,000 tonnes, which made Egypt the world's fourth-largest producer and trader of fiberglass and attracted a massive number of upstream and downstream enterprises to invest in the country.

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<sup>1</sup> China Center for International Economic Exchanges, "Belt and Road" Trade and Investment Index (BRTII), May 7, 2019.

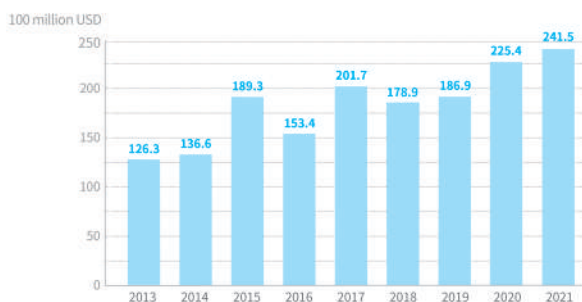
### China's Overseas Economic and Trade Cooperation Zones

Industrial parks and zones are typical symbols of industrialization. Economic and trade cooperation zones, special economic zones, industrial parks and science and technology parks, among others, have become spaces gathering production factors, public platforms helping industries take root and soil supporting the spread of technologies and knowledge. According to China's commerce ministry, Chinese enterprises had invested 57.13 billion U.S. dollars in economic and trade cooperation zones along the Belt and Road and created 421,000 jobs for the host countries by the end of 2022.

These zones include the Malaysia-China Kuantan Industrial Park, the Thai-Chinese Rayong Industrial Zone, the Indonesia Morowali Industrial Park, the Sihanoukville Special Economic Zone in Cambodia, the Great Stone China-Belarus Industrial Park, the China-Egypt TEDA Suez Economic and Trade Cooperation Zone and the Eastern Industry Zone in Ethiopia.

By the end of 2021, Chinese enterprises had established over 11,000 firms in BRI partner countries, accounting for about a quarter of Chinese enterprises overseas. In 2021, China's direct investment in BRI partner countries reached a historic high of 24.15 billion U.S. dollars, accounting for 13.5 percent of China's total outbound investment that year. By the end of 2021, the stock of Chinese investment in BRI partner countries stood at 213.84 billion U.S. dollars, or 7.7 percent of the total.<sup>1</sup>

**Chinese Investment in BRI Partner Countries Between 2013-2021**



Sources: 2021 Statistical Bulletin of China's Outward Foreign Direct Investment by the Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange, Nov. 7, 2022

<sup>1</sup> 2021 Statistical Bulletin of China's Outward Foreign Direct Investment, jointly released by the Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange, the official website of the Ministry of Commerce, November 7, 2022.

Improving People's Well-being and Performing Social Responsibilities  
Naratron Anayahong, who started as a maintenance worker at Zhongce Rubber (Thailand) Co., Ltd., is now a senior staffer heading the equipment maintenance team. Her family bought a house with a mortgage and a car. There are over 180 Chinese-invested enterprises and more than 30 supporting enterprises in the Thai-Chinese Rayong Industrial Zone, creating more than 45,000 local jobs.

In Sri Lanka, the China-Sri Lanka Joint Research and Demonstration Center for Water Technology's research on the origin of kidney disease and the Katana water supply project helped local residents prevent kidney ailments and ease drinking water shortages.

In Papua New Guinea (PNG), the Butuka Academy, a PNG and China friendship school, has provided education for more than 3,000 children.

By actively integrating into the local society, BRI projects have improved the practice of environmental, social and governance (ESG) considerations.

By doing so, these projects achieved sustained development for themselves and mutually beneficial outcomes with their partners.

China's HeSteel, in acquiring Smederevo Steel Plant in Serbia, formulated three principles of localization: "employment localization, benefit localization, and culture localization." HeSteel Serbia, the new company, has retained more than 5,000 employees of the plant after the acquisition, purchased equipment and raw materials mostly from Europe, and spent over 1 million U.S. dollars to improve local education, road transport and water supply.

Zijin Mining has turned its Kolwezi Copper Mine Project in the Democratic Republic of the Congo into a garden-like mine. It regularly invites the public and media for visits to solicit their feedback on the project.

### People-to-people Ties among BRI partner countries

Closer people-to-people ties mean building bridges of friendship between BRI partners so that the BRI will bring more benefits to the people of these countries. It will be challenging to achieve trans-regional international development and cooperation without close people-to-people ties and heartfelt recognition of the BRI partner countries. There have been many highlights in people-to-people cooperation projects in fields including culture, education, tourism and think-tank cooperation that touch people's intellectual and material needs. Such projects have enhanced mutual understanding and recognition, contributing to solid public support for Belt and Road cooperation. China has jointly organized year-of-culture activities with countries in central and eastern Europe, ASEAN, Russia, Nepal, Greece, Egypt and South Africa, establishing more than 10 cultural exchange brands and creating a series of cultural festivals. These are all important platforms for promoting people-to-people friendship and cooperation.

## 2.3 Deepening Diversified Cooperation: Forming Synergies

The BRI is a chorus comprising all partner countries, not China's solo show.<sup>1</sup> As more governments, international organizations, private partners, multilateral development institutions and institutional investors become involved, synergies are growing.

### Bilateral and Multilateral Communication Mechanisms

As the BRI covers countries and regions with different social systems, development levels, cultures and traditions, it is of vital importance for governments to enhance policy communication and carry out close cooperation.

The China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity is a successful example in this regard. In November 2015, the governments of China and Singapore inked a framework agreement on the initiative, promoting the alignment between China's coordinated regional development and Singapore's participation in China's local development. The two sides jointly formulated the initiative's overall development plan and

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<sup>1</sup> Keynote speech by Xi Jinping at the Boao Forum for Asia Annual Conference 2015, March 28, 2015.

special plans for various sectors. They set up a three-tier cooperation mechanism, including the joint coordination council, a joint working committee and a joint implementation committee. Under the China-Singapore connectivity initiative, 19.6 billion U.S. dollars worth of cross-border financing projects had been implemented by the end of March 2023. These projects spanned over 10 provincial-level regions in China including Chongqing, Guangxi, Sichuan, Guizhou and Yunnan, with their comprehensive financing cost about 1 percentage point lower than that of projects within China.

Currently, the Belt and Road intergovernmental cooperation has formed a comprehensive international cooperation framework led by the Belt and Road Forum for International Cooperation and supported by multilateral and bilateral cooperation mechanisms. BRI partner countries seek consensus, work to deepen cooperation and pursue common development by aligning their development plans. Under Saudi Arabia's Vision 2030 and the BRI, initiatives such as an energy-storage project along the Red Sea and an industrial cluster in Jizan have helped Saudi Arabia diversify its energy mix and economy. In Southeast Asia, the China-Laos Railway has opened to traffic, and the construction of the Mohan-Boten Economic Cooperation Zone is making steady progress.

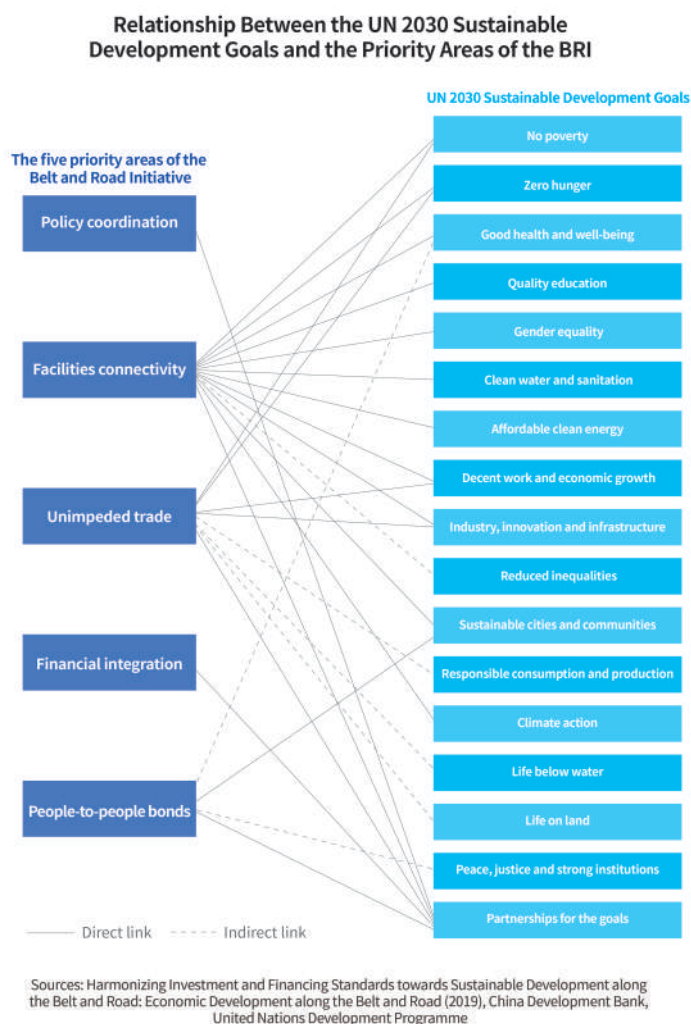
### Belt and Road Forum for International Cooperation

The Belt and Road Forum for International Cooperation (BRF) is the highest-level cooperation platform within the Belt and Road Initiative framework, with the most comprehensive coverage and extensive influence. On this platform, governments of BRI partner countries and other stakeholders have reached a broad consensus on high-quality Belt and Road cooperation, which serves as a guide for international cooperation on the BRI. The first BRF attracted over 1,600 representatives from more than 140 countries and more than 80 international organizations and the heads of state or government of 29 countries. The second BRF attracted more than 6,000 representatives from more than 150 countries and 92 international organizations and the heads of state or government of 38 countries. Cooperation agreements worth over 64 billion U.S. dollars were signed.

The BRI aligns well with regional and global development plans and initiatives, including the UN 2030 Agenda for Sustainable Development, the

## The Belt and Road Development Studies

Master Plan on ASEAN Connectivity 2025 and the African Union's Agenda 2063. Collaboration between BRI partner countries and various UN agencies has borne fruitful results, with the launch of projects such as the Maritime-Continental Silk Road Cities Alliance and the training of young leaders from developing countries.



### Multi-tiered Investment and Financing System

According to the International Monetary Fund, the financing gap in developing countries for health, education, roads and electricity, among other areas, is

about 2.6 trillion U.S. dollars annually. The COVID-19 pandemic has exacerbated these financing challenges.

The BRI actively explores diversified and multi-tiered financing channels to help buoy emerging and developing countries' economic growth. The Asian Infrastructure Investment Bank, the Silk Road Fund and China's development and policy banks and commercial financial institutions have actively undertaken cooperation with multilateral development agencies and international and local financial institutions, including the World Bank, the European Bank for Reconstruction and Development and the Asian Development Bank in the hope of forging transparent, efficient and mutually beneficial partnerships for investment and financing.

### Asian Infrastructure Investment Bank

The Asian Infrastructure Investment Bank (AIIB), which started operation on Jan. 16, 2016, aims to promote connectivity and economic integration in Asia. As of June 2023, the AIIB had 106 members on six continents, second only to the World Bank. It has issued independent financing loans for a power distribution upgrade and expansion project in Bangladesh and supported the construction of a bypass road skirting Batumi, Georgia. It has provided Türkiye with sovereign loans for earthquake risk mitigation and emergency preparedness projects in Istanbul. The AIIB has approved 227 loan projects with a total financing of more than 43.6 billion U.S. dollars. The three major international credit-rating agencies have given the bank the highest AAA credit rating. The Basel Committee on Banking Supervision has also given it a zero-risk weighting. For Bambang Suryono, chairman of the Indonesian think tank Asia Innovation Study Center, the bank's primary appeal is its lack of political tint. "With no strings attached and funds coming from various members, the AIIB uses funds more efficiently by allowing the rich and strong to help the poor and weak, and reducing the development gap between different countries in the region."

### Silk Road Fund

The Silk Road Fund is a medium-to long-duration investment fund serving the Belt and Road Initiative. By the end of 2022, the Silk Road Fund had signed more than 70 projects, with a committed investment of over 20 billion U.S. dollars. Among them, 18 projects have been included in the lists of outcomes of the first and second Belt and Road Forum for International Cooperation and have all been implemented. The Silk Road Fund and the European Investment Fund have each committed an equal share in setting up the China-EU Co-investment Fund to support small and medium-sized enterprises with good business prospects that can boost China-Europe cooperation. The Karot Hydropower Station, the first project to receive investment from the Silk Road Fund after its establishment, has been put into operation. It is an important project under the China-Pakistan Economic Corridor and will ease power shortages for millions of people in Punjab Province, Pakistan. As the project is on a 30-year scheme, it is difficult to obtain stable financing in the traditional international financing system. The BRI has made the project possible.

The World Bank Group's International Finance Corporation (IFC) is working closely with the Bank of China to expand the Port of Tema in Ghana, the largest commercial port in West Africa. The Bank of China has benefitted from IFC's years of experience in the West African market and provided strong support for the successful completion of the bank consortium. The Ghanaian government has also secured funding for the project without increasing its financial burden, bolstering the country's economic growth.

As the comprehensive benefits of the BRI become more apparent, a growing number of international financial institutions are coming on board. HSBC, Citibank and Standard Chartered Bank have set up special working groups for the BRI and joined the Belt and Road Inter-Bank Regular Cooperation Mechanism (BRBR). According to Kerry Brown, director of the Lau China Institute at King's College London, implementing Belt and Road projects does not follow a fixed model and has sufficient flexibility.<sup>1</sup> This is vividly reflected in BRI investment and financing cooperation.

### Third-party Market Cooperation

The BRI has pioneered the third-party market cooperation model to build an

<sup>1</sup> Kerry Brown, "Looking for the 'China Model'," in *Common Prosperity: Global Views on Belt and Road Initiative*, compiled by China Watch, Beijing: Wuzhou Communication Press, 2019, p.47.



inclusive platform for countries at different stages of development. It is committed to having a "1+1+1>3" cooperation impact.

China- France third- party market cooperation started in 2015, and the Cameroon Kribi deep- water port project is a fine example. China Harbour Engineering Company Ltd., the French Bolloré Group, the French CMA CGM Group and local Cameroonian enterprises had jointly set up an operating company to handle the first phase of the port. The port has seen tariff revenue soar from about 1.26 million U.S. dollars in 2019 to about 250 million dollars in 2021. As of March 31, 2022, 53 percent of Cameroon's containers were shipped via the port. In February 2022, China and France unveiled the fourth China-France third-party market cooperation pilot project list. The list covers seven projects in areas like infrastructure, environmental protection and new energy, with a total value of more than 1.7 billion U.S. dollars and involves regions including Africa and Central and Eastern Europe.

Third-party market cooperation is not confined to "three parties." The China-Myanmar oil and gas pipelines project is jointly financed by six companies spanning four countries, including the China National Petroleum Corporation (CNPC), POSCO Daewoo Corporation from the Republic of Korea, OCEBV from India, Myanmar Oil and Gas Enterprise (MOGE), Korea Gas Corporation (KOGAS) and Gas Authority of India Limited (GAIL). All parties have achieved greater benefits from working together. So far, China has signed documents with 14 countries, including France and Singapore, concerning third-party market cooperation.

## 2.4 New Fronts: Health, Green Development, Digitalization, Innovation

Growing BRI cooperation demonstrates resilience against risks and plays a vital role in helping countries combat the COVID-19 pandemic, seek economic stabilization and protect livelihoods. Efforts are underway to jointly build a Health Silk Road, a Green Silk Road, a Digital Silk Road and a Silk Road of Innovation.

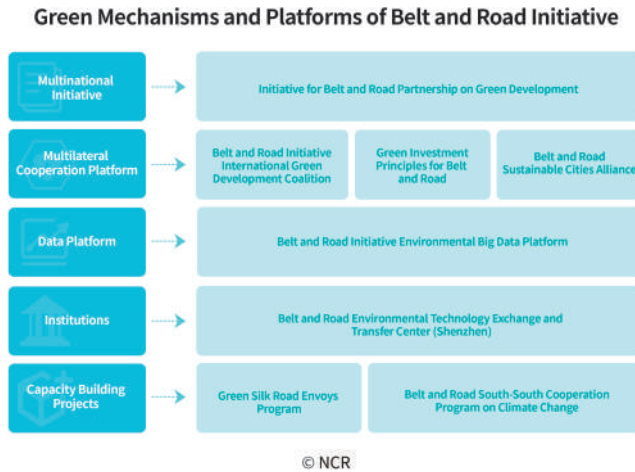
### Health Cooperation to Safeguard Lives

China actively promotes the building of the "Health Silk Road." The year of 2023 marks the 60th anniversary of China dispatching its first medical aid team abroad. Over the past 60 years, China has sent 30,000 medical team members to 76 countries and regions and treated more than 290 million patients. Meanwhile, the BRI partner countries actively promote the construction of traditional Chinese medicine centers and carry out cooperation in herbal cultivation and processing. Safeguarding people's health has become an important goal of the Belt and Road cooperation.

At the critical moment of the global fight against the Covid-19 pandemic, China has repeatedly called for building the "Health Silk Road," put forward the vision of "a global community of health for all," and launched the Initiative for Belt and Road Partnership on COVID-19 Vaccines Cooperation with 31 countries. Belt and Road cooperation has demonstrated resilience and vitality against the crisis and added valuable strength to countries' efforts to combat the pandemic, seek economic recovery and improve livelihoods.

### Toward Carbon Neutrality

From 2014 to 2020, the share of renewable energy projects in China's BRI investment surged about 40 percent, exceeding that of fossil energy projects, data from the American Enterprise Institute for Public Policy Research showed. In recent years, the joint development of BRI has seen ecological factors integrated in to trade and investment strategies with strengthened cooperation in green infrastructure, green energy and green finance.



Malta used to depend on heavy oil for energy consumption. Thick black smoke emitted from the Delimara Power Station at Marsaxlokk left black spots on lemons grown nearby. China's Shanghai Electric Power Co., Ltd. helped the station transform the heavy oil units into natural gas and light oil dual-fuel units. China worked with Malta in piloting a "zero-carbon island" project at Gozo Island. The two sides have also cooperated in third-party markets, having built the Mozura Wind Park in Montenegro, which could provide 112 million kWh of clean electricity each year and reduce greenhouse gas emissions by 95,000 tonnes.

The Green Silk Road initiative focuses on renewable energy projects, helping create more efficient, clean and diversified energy supplies. It also promotes green infrastructure and production, attaching importance to environmental and biodiversity protection.

When the Nairobi-Malaba Standard Gauge Railway was under construction, a 6.5-km long bridge was built across the Nairobi National Park to protect wildlife migration routes.

At the Hassyan clean coal power project in Dubai, the United Arab Emirates, a professional coral transplant team was hired to transplant nearly 29,000 corals in the construction area to adjacent waters. The corals are "very safe" at

present, and the number of olecranon turtles on the beach is rising, said Ali Saqer, head of the Emirates Marine Environmental Group.

### Embracing a New Industrial Revolution with Digital Empowerment

The Digital Silk Road continues to expand worldwide, creating new opportunities for developing countries to promote coordinated industrialization and informatization. Thanks to the China-Philippines 4G/5G communication base station project, the Philippines became the first Southeast Asian country to launch 5G network. The wireless stations and high-speed mobile broadband network jointly built by China and Africa have provided 6 million African families with internet access. From port operations in Pakistan to land planning in Myanmar and smart tourism in Brunei, China's BeiDou Navigation Satellite System has empowered industries in BRI partner countries.

#### China–Africa Digital Innovation Partnership Program

The China- Africa Digital Innovation Partnership Program covers six areas, which include digital infrastructure, digital economy, digital education, digital inclusion, digital security and building digital cooperation platforms. Chinese enterprises have helped build maritime cables linking Africa with Europe, Asia and the Americas. Cooperation between Chinese companies and mainstream operators in Africa has resulted in almost complete coverage of telecom services in Africa. Chinese firms have also helped set up more than half of Africa's wireless stations and high-speed mobile broadband networks, laid over 200,000 kilometers of optical fiber, connecting 6 million African households to the internet and serving more than 900 million African people. "China and Africa have worked together to build a 'digital Africa' while initiating and implementing the China-Africa Digital Innovation Partnership Plan. These efforts will help Africa make leapfrog achievements in the field of internet information," said Cavince Adhere, a Kenyan scholar on international relations.

In 2017, seven countries, including China, jointly launched the Belt and Road Digital Economy Initiative for International Cooperation. By the end of 2022, China had signed MoUs on "Digital Silk Road" cooperation with 17 countries and MoUs on closer investment cooperation in the digital economy with 18 countries and regions.

### Targeting Innovation– Driven Growth, Strengthening Science, Technology Cooperation

Since the launch of the Belt and Road Science, Technology and Innovation Cooperation Action Plan in 2017, China and other BRI partner countries have engaged in personnel exchanges, joint laboratory and sci-tech industrial park construction and technology transfers.

As of April 2021, China's Ministry of Science and Technology has offered support to and participated in 1,118 joint research projects under the Belt and Road Initiative, launched 33 joint laboratories in 30 BRI partner countries and set up 31 bilateral or multilateral technology transfer centers with BRI partner countries.<sup>1</sup>

The BRI has been promoting innovation-driven development in developing countries. In recent years, BRI partner countries have deepened cooperation in areas such as big data, cloud computing, smart city planning, the digital economy and the protection of intellectual property rights. The joint building of a Silk Road of Innovation is gathering pace.

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<sup>1</sup> Zhao Lei, "Belt and Road — Promoting Infrastructure Connection, Institutional Connection, Friendship Connection," *Guangming Daily*, March 18, 2022, p. 12

### 3. Theoretical Logic

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In pursuing the Belt and Road Initiative, we should focus on the fundamental issue of development, release the growth potential of various countries, achieve economic integration and interconnected development and deliver benefits to all.<sup>1</sup>

— Xi Jinping

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<sup>1</sup> Keynote speech by Xi Jinping at the opening ceremony of the First Belt and Road Forum for International Cooperation, May 14, 2017.

"When the rate of return on capital exceeds the rate of growth of output and income, as it did in the nineteenth century and seems quite likely to do again in the twenty-first, capitalism automatically generates arbitrary and unsustainable inequalities ..."<sup>1</sup>

As French economist Thomas Piketty argued in his magnum opus "Capital in the Twenty-First Century," the key problem of the capitalist economy is that it failed to change the economic inequality in many countries and regions.

One of the crucial development issues in the 21st century is building an inclusive world economy that benefits all.

The Belt and Road Development Studies is a social science subject based on the basic concepts and the practical experience of high-quality cooperation of the BRI and aims to promote common development worldwide. The Studies focuses on optimizing the roles of government, capital, society, and the ecological environment, which are essential for economic growth. The BRI has shown that by allocating resources more equitably and effectively, developing countries would have better market access and more opportunities to improve their industries and benefit their people. The Studies emphasize that the success of BRI lies in adapting to the trend of economic globalization, paying due respect to the political systems and cultural diversity of various countries, valuing mutual benefit and win-win cooperation and putting people first.

Since the 1970s, neoliberal economists have suggested that policy makers reduce government intervention in public services, the real economy and infrastructure, and prioritize private sector and government institutional reforms. This development model has not achieved the desired results in developing countries.

The Belt and Road Development Studies represents a different development approach that highlights Connection, Enablement, and Coordination (hereafter

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<sup>1</sup> Thomas Piketty, "Capital in the Twenty-First Century," translated by Ba Shusong and others, CITIC Press Group, September 2014, p. 2.

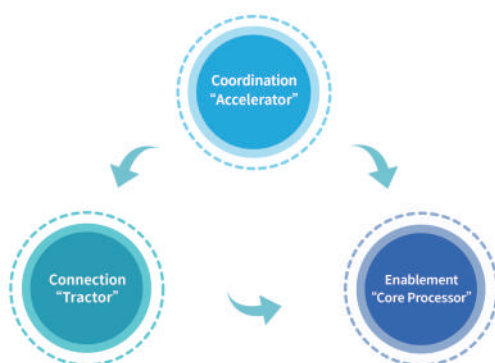
referred to as "the CEC synergy approach to development"). The CEC synergy approach values the importance of infrastructure, industrial development and the role of government, providing answers for critics of neoliberal economic policies.

### 3.1 CEC Synergy Approach to Global Development

Global development's two main problems are a lack of robust driving forces and uneven development. The CEC synergy approach addresses these problems.

"Connection" in the CEC approach represents the importance of connectivity, and particularly in infrastructure, which promotes the free movement of economic elements worldwide and helps more countries access the global market. "Enablement" helps developing countries reshape their factor endowment structures and comparative advantages, better participate in the international division of labor and optimize and reshape global production and value chains. "Coordination" means better inter-governmental cooperation and a synergy of domestic rules and standards.

**CEC Synergy Approach to Global Development**



#### Connection: Activating the Circulation of Factors

The lack of infrastructures and connectivity has limited many countries' access to the global market and the efficient allocation of economic elements and



development resources worldwide.

Infrastructure provides public goods and is a forerunner of economic development, with significant external spillover effects. According to a study by the University of Oxford and the United Nations Office for Project Services (UNOPS), infrastructure systems directly impact up to 92 percent of all Sustainable Development Goals (SDG) targets.<sup>1</sup>

Improving infrastructure connectivity in transportation and electricity can directly upgrade logistics efficiency, promote international trade and investment and provide better conditions for industry growth. The construction and operation of new infrastructure in developing countries will create local jobs and spur new consumer demand. Studies have shown that tariff reductions in traditional globalization can only increase global economic growth by up to 5 percent, while interconnection as a new form of globalization will boost global economic growth by 10 percent to 15 percent.<sup>2</sup>

There is a serious "mismatch" in the global infrastructure investment market. The demand for infrastructure and connectivity improvement in developing countries is growing, while the supply of investment is severely lagging. By financing infrastructure construction, the BRI has enabled many landlocked areas to connect with other parts of the world, providing them opportunities for economic growth. The China-Laos Railway delivers a convenient network for land transport between China and Laos, Thailand, Cambodia and other countries on the Indo-China Peninsula. Land freight transport time has been significantly shortened. It only takes a day for goods to reach Bangkok and other major cities on the Indo-China Peninsula through rail and rail-highway transport. Beyond that, transportation through land, sea and air, and information highways outlines the shape of the Belt and Road infrastructural network.

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1 University of Oxford-led Infrastructure Transition Research Consortium (ITRC), UNOPS: Infrastructure: Underpinning Sustainable Development, p. 41, October 22, 2018.

2 Wang Yiwei, The Belt and Road Initiative Creates a New Globalization Featuring Inclusiveness, Connectivity and Shared Benefits, qstheory.cn, May 15, 2017.

The geographical scope and social and economic value of the projects completed under the BRI are quite impressive, despite the impacts of COVID-19. BRI infrastructure construction indicates that China has helped contribute to implementing the UN 2030 Agenda for Sustainable Development through concrete actions.<sup>1</sup>

### Enablement: Reshaping Comparative Advantage

Developing countries have strived to enhance economic performance since the mid-20th century and have applied many Western economic theories, such as structuralism and neoliberalism. But the results were disappointing. Data show that only two developing economies became high-income countries since World War II.<sup>2</sup> Many resource-rich countries fell into a "Resource Curse" or "The Paradox of Plenty" for years, only relying on exporting resources and primary products to sustain low economic growth.

Developing countries need international cooperation to strengthen industrial fundamentals. Through "infrastructure plus industrial cooperation," the BRI actively helps developing countries participate more favorably in the international division of labor and achieve better economic results. Hawassa Industrial Park, the largest textile and garment producing center in Africa, is one of the rapidly developing industrial parks on the route of the Addis Ababa-Djibouti Railway, and is hailed as a milestone BRI project in Ethiopia's industrialization drive.<sup>3</sup>

Justin Yifu Lin, former World Bank chief economist, believes that the large-scale industrial transfer and cooperation under the BRI will be enough to enable virtually all of the BRI economies to achieve industrialization and modernization simultaneously.<sup>4</sup>

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1 Wang Wen, Liu Ying, Guo Fangzhou: Development and Prospects of Belt and Road Initiative in Post Epidemic Era, *Journal of Yangzhou University (Humanities & Social Sciences)*, 2021, 25 (6), p. 58.

2 Justin Yifu Lin, Great Rejuvenation of the Chinese Nation and the Belt and Road Initiative, *Journal of Shanghai University of International Business and Economics*, vol. 6, 2018, p. 7.

3 Cai Fang, Martin Jacques, "Handbook of the Belt and Road 2020," China Social Sciences Press, July 2021, p. 225.

4 Justin Yifu Lin, Great Rejuvenation of the Chinese Nation and the Belt and Road Initiative, *Journal of Shanghai University of International Business and Economics*, vol. 6, 2018, p. 7.

International cooperation on production capacity is a new way to promote the global economy and reshape the global value chain.<sup>1</sup> BRI partner countries have different economic development levels; therefore, they can achieve greater economic complementarity with each other.

Industrialized economies can transfer their technologies, standards and management experience to other economies through international cooperation to achieve mutual benefit and win-win results.

### Coordination: Enhancing Cooperation Effectiveness

Economic globalization is increasing interdependence because of the growing scale of cross-border trade of commodities and services, the flow of international capital and the broad and rapid spread of technology. However, due to development differences, economies often find coordinating their development goals and economic policies challenging.

The growth of productivity needs greater coordination and complementarity among economies, which will shape the future of production relations.<sup>2</sup> The BRI has provided bilateral and multilateral cooperation mechanisms to facilitate in-depth policy communication among countries. Coordinating development goals and macro policies would optimize policy allocation within the initiative and reduce the institutional costs of cooperation.

Policy coordination would promote the recognition and simplification of rules and standards in trade, investment, environmental protection, digitalization and innovation; reduce barriers to market cooperation; and activate the flow of goods, capital, technology and people through different regions. It would also strengthen legal collaboration and cultural exchanges to provide legal guarantees and social support for economic cooperation.

Economies have great potential to work together and promote common

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1 Khairy Tourk, "The Belt and Road Initiative: Chinese Solution to a Deficient Global Order," China Renmin University Press, January 2022, p. 117.

2 Speech by Xi Jinping at the first session of the 13th G20 Summit, Nov. 30, 2018.

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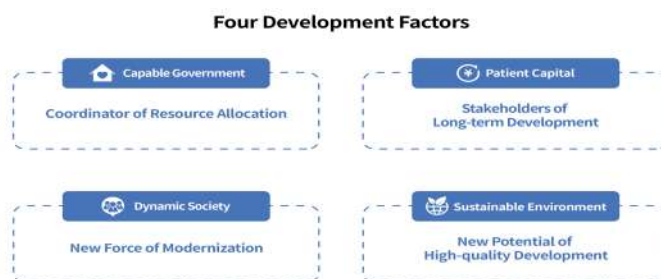
development through the effective use of resources and comparative advantages. The BRI encourages economies to coordinate their plans for major projects such as infrastructure and industrial cooperation; guide the integration of capital, technology, production capacity and resources, and serve their respective development priorities.

In Kazakhstan's Zhambyl region, the 100-megawatt wind power project built through funds from China and Kazakhstan can produce 350 million kWh of clean electricity every year, which will help tackle the power shortage in southern Kazakhstan. It is the result of synthesizing the BRI and Kazakhstan's own economic policy.

### 3.2 Optimizing the Roles of Four Major Development Factors

To ensure the effective operation of the CEC synergetic approach, we need to redefine the roles of four major development factors: government, capital, society and the ecological environment, with government as an active coordinator of resource allocation, capital as stakeholders of long-term development, members of society the new force of modernization, and the ecological environment the new potential for high-quality development.

Redefining the roles of the four development factors will help promote common development by achieving a more efficient and reasonable allocation of development resources and striking a dynamic balance between equity and efficiency, economic growth and ecological management.



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### Capable Government: Coordinator of Resource Allocation

Does the government play a silent supporting role in the economic drama or an unavoidable and creative role?<sup>1</sup> The economic story of East Asia has led to rethinking the role of government. As noted by Ha-Joon Chang, professor of Political Economy of Development at Cambridge University, if we believe that only the survival of the fittest in the private sector can bring success, we will eventually ignore all kinds of feasible economic development promoted by public leadership or public-private joint efforts.<sup>2</sup>

Belt and Road Development Studies believes that while the market plays a decisive role in resource allocation, the government should be an active coordinator. It is particularly significant for countries where the market mechanism for resource allocation is underdeveloped. The role of government is essential in a wide range of areas: building infrastructure, drafting industrial policies, providing export incentives, creating a stable macroeconomic environment and reducing poverty and inequality. In Gwadar Port's special economic zone, Pakistan has introduced special policies covering energy security and tax reductions and created a one-stop service to encourage investment.

A capable government not only helps improve domestic governance but also helps promote international cooperation. The governments of relevant countries actively connect their development strategies and carry out third-party market cooperation, resulting in cross-border and cross-regional development. At the same time, positive intergovernmental cooperation and stable bilateral relations can provide policy guidance and a sound environment for enterprise investment. Sustainable enterprise development will also benefit both the investor and host countries, forming a mutually beneficial partnership between governments and enterprises.

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<sup>1</sup> Kate Raworth, "Doughnut Economics," translated by Lyu Jia, Culture Development Press, p. 51.

<sup>2</sup> Kate Raworth, "Doughnut Economics," translated by Lyu Jia, Culture Development Press, p. 52.

### Patient Capital: Stakeholders in Long-term Development

Private capital prefers short-term projects and short-term returns. Although international development institutions have provided capital to developing countries, the "financing difficulties" permeating infrastructure and industrialization projects remain due to the long-term returns of these projects.

Capital is the lifeline of economic development. Through innovative investment and financing models featuring profit and risk sharing, the BRI has effectively used funds from China's development and policy banks, multilateral development banks, institutional investors and private investors, creating a vast "pool of capital" and providing medium- and long-term capital for infrastructure construction and industrial structure upgrading, especially for developing countries, with a long-term perspective and focus on the welfare of future generations.

Scholars have pointed out that, unlike the Western understanding in which efficiency aims to bring maximum returns to investors, China's goal of efficiency is to achieve sustainable development<sup>1</sup>. Sustainable development is also the "efficiency goal" of "Belt and Road" investment. This enables it to overcome the Debt Sustainability Framework's (DSF) limitations and focus on the benefits of long-term investment. Investment in long-term projects will eventually enhance the ability for debt repayment in the long run.

### Dynamic Society: New Force of Modernization

The COVID-19 pandemic has undermined efforts to reduce global poverty over the past decade. According to the UN's Sustainable Development Goals Report (SDGs) 2023: Special Edition, the pandemic interrupted three decades of steady progress of poverty reduction with the number of people living in extreme poverty increasing for the first time in a generation.

According to the World Population Prospects 2022, the world's population is projected to reach 9.7 billion by 2050. It is expected that more than half of the

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<sup>1</sup> Khairy Tourk, "The Belt and Road Initiative: Chinese Solution to a Deficient Global Order," China Renmin University Press, p. 17.

projected increase in the global population between 2022 and 2050 will be concentrated in just eight countries: the Democratic Republic of the Congo, Egypt, Ethiopia, India, Nigeria, Pakistan, the Philippines and the United Republic of Tanzania.

Belt and Road Development Studies holds on to positive dialectical thinking, arguing that the "burden" of poverty could be turned into a source of potential, and human and natural resources in poor areas could become a means to achieve common development. Improving the living conditions of the poor people by upgrading water, electricity, road and internet services will help poor individuals cross the market threshold and become a new force of modernization.

Senegalese women who would otherwise have to walk miles to get water can now spend hours weaving crafts thanks to the presence of water towers. Owing to the metro railway, young Pakistanis have more job opportunities in an expanded geographic radius.

More importantly, the BRI abides by the Chinese saying, "Don't give a man fish; teach a man how to fish." The development of the Luban Workshop and other vocational education institutes under the BRI help the poor to bolster their skillset. Localization is a distinctive feature of Belt and Road cooperation. The initiative has provided opportunities for many rural farmers and college students to enter workshops and offices, thus becoming a part of the global market and national modernization. According to a report by McKinsey & Company, the BRI is expected to increase the middle class by 3 billion members by 2050, adding an exciting new increment to the world economy.<sup>1</sup>

### Sustainable Environment: New Potential for High-Quality Development

Most developing countries are highly dependent on natural resources. With the pressing issue of climate change, developing economies find it

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<sup>1</sup> McKinsey&Co Estimates from Bloomberg News. China's Silk Road Cuts Through Some of the World's Riskiest Countries. October 25, 2017.

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increasingly challenging to balance development with protecting the environment.

The majority of the BRI partner countries are developing countries and emerging economies, many of which face fragile biodiversity. The BRI aims to shift the strategy for development from "pollution first, treatment later" to "development while protecting the environment." By providing support in science and technology, infrastructure and resource allocation, the BRI will transform the "growth ceiling" of the ecological environment into a new source of sustainable development.

With the help of advanced green technologies over the past ten years, some BRI partner countries have begun to explore a path of green development. In areas lacking fossil fuels, many renewable energy projects using water, wind and solar power to generate energy have been built and put into use. The BRI has introduced the water-saving terrace model for water conservation in the mountains of Egypt's Sinai Peninsula. In Africa, China has played an active role in creating a green barrier to stop the expansion of the Sahara Desert. In Nepal, pilot zones for green fertilizer have been developed to increase the yield of wheat and other crops.

### 3.3 Action Principle and Core Values of the BRI

The BRI emphasizes adapting to local conditions and the compatibility of different development paths, social systems and cultures. Based on those principles, the BRI comprises two core values: mutual benefit and win-win cooperation; and people first. The BRI is committed to achieving common development to improve people's livelihoods and creating a more inclusive and dynamic global development landscape.

#### Action Principle: Adaptation to Local Conditions

"Learning rather than copying, and innovation rather than standardization."  
The BRI has explored new ways of cooperation for development, through



which every country can "contribute in its own way of going global."<sup>1</sup>

Belt and Road Development Studies argues that each country should formulate development policies based on its realities and needs rather than adopt a one-size-fits-all approach. In the Republic of the Congo, the BRI has achieved breakthroughs in transportation. The country's "National Highway 1" connects 65 percent of its population, fostering the development of agriculture, forestry and tourism along its route. In Kazakhstan, the Chinese-funded Aiju logistics and processing park for agricultural products, located in the northern Kazakhstan region, the country's breadbasket, has adopted the "make-to-order" model to increase crop selling. The park has been linked with the China-Europe freight train services operated between Chinese and European cities, further expanding Kazakhstan's agricultural exports.

### Core Values: Mutual Benefit and Win-win Cooperation, People First

According to the World Bank, the per capita GDP ratio of high-income countries to low-income countries was 26:1 in 1982 and rose to 63:1 in 2020.

"Only when countries develop together can there be true development; only when countries prosper together can there be true prosperity."<sup>1</sup> Guided by the values of mutual benefit and win-win cooperation, the BRI aims to improve the synergy between the development processes of different economies to create a global development environment benefitting both the North and the South.

People first is another core value of the BRI. Instead of a narrow sense of development based on economic growth, the initiative focuses on the development of people. Economic growth, social progress and ecological sustainability are components of an interdependent system. The system provides people with the basic materials needed to survive and improves the overall chances for a decent life.

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<sup>1</sup> Martin Albrow, "China's Role in a Shared Human Future Towards Theory for Global Leadership," New World Press and Global China Press, p. 34.

## 4. Global Significance

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The Belt and Road Initiative (BRI) was launched in response to the call for reforming the global governance system. The BRI reflects the desire for a community with a shared future, like passengers in the same boat with shared rights and joint responsibilities. It offers a new approach to reform and improvement of the global governance system.<sup>1</sup>

— Xi Jinping

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<sup>1</sup> Xi Jinping addresses a meeting marking the fifth anniversary of the Belt and Road Initiative, Xinhua News Agency, August 27, 2018.

Humanity faces multiple challenges, with a relentless pandemic and burgeoning regional conflicts. With the degradation of peace and persisting global governance challenges, countries are increasingly aware that they are "not riding separately in some 190 small boats, but are rather all in a giant ship on which our shared destiny hinges."<sup>1</sup>

Amid these crucial moments, the biggest question is how to promote stability in turbulent times, forge unity in divergence and achieve common global development and the long-term peace of the Earth. With a historical perspective and a cosmopolitan vision, the BRI provides an action plan for deepening international cooperation, improving global governance and promoting peace and development, creating a platform for building a community with a shared future for humanity.

### 4.1 New Vision for Global Development and Governance

After 10 years of practice, the BRI has gradually formed a new vision of global development and governance, with "development-oriented," "open cooperation," "multilateral consultation" and "harmonious coexistence" as the underlying principles.

#### Development-oriented

Facing a laundry list of world problems, the BRI provides a new way of thinking centered on "development." It does not engage in geopolitical ploys or ideological wrangling but focuses on promoting development, the focal point of every country.

The BRI commits itself to a more balanced development approach. It helps to create conditions for developing countries to choose their own suitable policies and path of development. More resources are injected into infrastructure and industrial development.

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<sup>1</sup> Speech by Xi Jinping at the 2022 World Economic Forum Virtual Session on January 17, 2022.

At the global level, investments related to the BRI could help lift 7.6 million people out of extreme poverty and up to 32 million people out of moderate poverty, according to a World Bank study.<sup>1</sup>

The BRI commits itself to development that is stimulated by security. Security guarantees development, and development buttresses security. American scholar Khairy Tourk believes that Chinese investment in Africa will create more jobs and greatly reduce illegal migration to Europe.<sup>2</sup>

### Open Cooperation

From the perspective of existing international relations theory, a mainstream idea is homogeneous cooperation under a strong system, emphasizing that participants meet the same standards and follow the same system.<sup>3</sup> In contrast, the BRI has created a more flexible and open cooperation model. It embraces countries with different cultures, political systems and development stages and opens its doors to all countries interested in sustainable growth.

The BRI is not only a major approach for China to opening even wider to the outside world but also an action plan to promote the building of an open global economy. China has broken new ground in pursuing opening-up on all fronts as a result of the BRI; the global economy has also gained more opening-up momentum, and the many cycles of capital flow, technology flow, product flow, and personnel flow have become sounder and more dynamic.

Another meaning of open cooperation is to act in a constructive way in competition. China welcomes all initiatives that help developing countries build infrastructure and boost common development. It is willing to dovetail with national, regional and global development initiatives and give full play to each other's advantages.

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1 Belt and Road Economics: Opportunities and Risks of Transport Corridors, World Bank, Chinese edition, p. 59.

2 Khairy Tourk, "The Belt and Road Initiative: Chinese Solution to a Deficient Global Order," China Renmin University Press, p. 4.

3 Sun Jisheng: The Belt and Road Initiative and the Theoretical Innovation of International Cooperation: Culture, Philosophy and Practice, International Studies, issue 3, 2020, p. 12-13.

### Multilateral Consultation

"When wise rulers governed a country, they would first uphold justice. As long as justice prevails, the country will be peaceful."<sup>1</sup> Justice is a key Chinese value. It is also a fundamental concern of today's international community.

China, which experienced "the Century of humiliation," a period of intervention and subjugation by foreign powers, deeply desires to establish a more just international order and achieve more democratic global governance. The BRI upholds the principles of extensive consultation, joint contribution and shared benefits and actively puts those principles into practice. The decision-making mechanism of the AIIB is one example. Jin Liqun, president of the AIIB, said decisions at the bank are made through consultation no matter how many shares and voting rights a member possesses.

The essence of global governance is that in the absence of a world government, the world forms a mechanism to manage global public affairs.<sup>2</sup> Unlike "governance under hegemony" that followed the Cold War<sup>3</sup>, the BRI champions multilateralism, multi-subject consultation and cooperation and the idea that "everyone's affairs should be handled after discussion," a deep pluralism approach that better promotes international collaboration.

### Harmonious Coexistence

At a Hongdong Fishery Co., Ltd. fishery base in Mauritania, local employees pray daily in a Muslim prayer room while their Chinese colleagues worship a nearby statue of Mazu, a sea goddess in traditional Chinese culture. This scene on the West African coast reveals the far-reaching significance of the BRI beyond economic cooperation, setting a new model of harmony and coexistence among different cultures.

Every civilization has its own unique qualities. Recognizing the diversity of

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1 "Lyu's Commentaries of History"

2 Wang Lingui, The Belt and Road Initiative and Global Governance, official website of the Institute of State Governance of Huazhong University of Science and Technology, November 16, 2019.

3 Qin Yaqing and Wei Ling, New Global Governance Concept and the Belt and Road Initiative Cooperation Practice, Foreign Affairs Review, issue 2, 2018, p. 3.

institutions, cultures and development paths is the cornerstone of BRI cooperation. The BRI does not pursue so-called "universalism" to convert others. Nor does it preach "the end of history." Its guiding philosophy is "harmony without uniformity," which entails creating space for cooperation and establishing relations that respect differences and diversity.

The BRI values equality, mutual learning, dialogue and tolerance, and stresses the importance of people-to-people connections among countries. It aims to replace estrangement with exchange, clashes with mutual understanding, and superiority with the coexistence of diverse cultures.

### 4.2 Toward a Community with a Shared Future for Humanity Through Harmony

The BRI is the answer to global development problems. In a broader sense, it also offers insights into fundamental questions such as "How to achieve peace?" and "What kind of international order should be established?" There is an urgent need to answer these questions when peace and development are strained.

#### The "Peaceful Development Concept" of the BRI

Since ancient times, peace has been a common global aspiration. The Silk Road, a bridge between the East and the West, carries humanity's dream to achieve lasting peace. For over a century, people have experienced brutal wars, including the Cold War, in which two power blocs locked horns for hegemony. Today, the world still has a long way to go to realize the United Nations' call to end fighting for good.

Peace and harmony are in the cultural genes of the Chinese nation, and the BRI has inherited this "peace" gene. It has created a safe channel for major countries to rise and contribute to world peace and development through harmonious collaboration.

Starting from the basic idea that "development is the key to solving all problems," the BRI believes in realizing common prosperity through mutually

beneficial cooperation and the harmonious coexistence of different ethnic groups and countries. It dispenses with the "rules of the jungle" to seek "coexistence and harmony."

### A Shared Destiny: Inspiring Vision

At the opening ceremony of the 2022 Beijing Winter Olympics, the placards of all participating teams were merged into the image of a giant snowflake, presenting the vision of a united world.

This vividly expresses the Chinese global outlook and the political and ethical underpinning of the BRI that follows the principle of extensive consultation, joint contribution and shared benefits. As equal members, all countries contribute to and benefit from global development. With the help of the BRI, China's opening-up has been further expanded to its central and western regions, driving the joint economic growth of those regions. Chinese enterprises have expanded their overseas footprints and become more internationalized and localized in global competition and cooperation. At the same time, the interaction between the BRI and China's free trade zones helps improve China's domestic business environment and promote its reform and opening-up. Thanks to the BRI, many participating countries have eased their financing problems for much-needed infrastructure projects, filled an "infrastructure deficit," actively built industries based on their own resource endowments and cultivated or strengthened their comparative advantages. With the flow of capital, technology, products and personnel, development opportunities are emerging worldwide. The ancient Silk Road witnessed something similar, allowing different cultures and civilizations to converge and thrive in breathtaking ways.

Unlike the old pattern of a "center-periphery" world economy, the BRI is committed to weaving a mutually beneficial and win-win global partnership and building a pluralistic community of shared interests and responsibilities. "Happiness should be shared by the whole of humanity instead of just being enjoyed by an individual unit."<sup>1</sup> This is undoubtedly an inspiring vision for a

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<sup>1</sup> Xi calls for building a world of great harmony, Xinhua News Agency, April 11, 2018.

future global order.

### Onboard the Ship of a Community with a Shared Future for Humanity

Well into the 2020s, seemingly intractable problems continue to challenge the prospects for global prosperity. Will the international order collapse? Will globalization be reversed? Will the future be better or worse? These questions impact everyone.

Peace will not come automatically, nor will development be smooth. Instead of being fence-sitters, we must act. As President Xi pointed out at the opening ceremony of the Boao Forum for Asia Annual Conference 2022: "Countries around the world are like passengers aboard the same ship who share the same destiny. All passengers must pull together for the ship to navigate the storm and sail toward a bright future. The thought of throwing anyone overboard is simply not acceptable."<sup>1</sup>

Faced with a shifting international landscape, we must embark on the big ship of a shared destiny and sail toward a better future — this is the true mission of the BRI.

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<sup>1</sup> Keynote speech by Xi Jinping at the opening ceremony of Boao Forum for Asia Annual Conference, April 21, 2022.



# Conclusion

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China, with its history of poverty, understands the importance of development to a nation's growth and the well-being of its people. In a keynote speech titled "Work Together to Build a Community with a Shared Future for Humanity" at the United Nations Office in Geneva in 2017, Chinese President Xi Jinping emphasized that the Belt and Road Initiative he put forward aims to achieve win-win and shared development for all participants.<sup>1</sup>

The journey out of poverty and toward prosperity is a relentless struggle. With a world confronting a pandemic and growth constraints, President Xi Jinping proposed a Global Development Initiative to "remobilize" global development cooperation at the 76th United Nations General Assembly in September 2021. China is ready to work with other countries to build "a global community of development."

The ancient Silk Road witnessed a prosperous period of human history. Communities with different methods of production, religious beliefs and cultural traditions developed their understanding of each other through silk patterns, the scents of spices and the classics of the sages. The circulation of commodities prevented warfare and brought about a flow of culture, knowledge and enlightenment. It was a great attempt by humankind to build a world order<sup>2</sup>, which created peace and nurtured prosperity.

Some scholars say that history is futurology. The BRI carries forward the legacy of the ancient Silk Road and creates new opportunities for fostering peace and development. It is reshaping the modern geographic space and

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<sup>1</sup> Speech by Xi Jinping at the United Nations Office in Geneva on January 18, 2017.

<sup>2</sup> Some scholars have pointed out that the ancient Silk Road was a product of the earliest world order formed in Eurasia, which was jointly created by ancient civilizations such as China, India, Iran and Rome and surrounding nomadic peoples. Wang Linggui, "The Belt and Road: Theoretical Construction and Implementation Path," China Social Sciences Press, p. 61.

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material world while stimulating the intellectual growth of humanity. It aims to build a peaceful and harmonious common future through trust, cooperation, sharing opportunities and respecting individual differences. In this sense, Belt and Road is not merely about concrete roads, but rather about the "Tao" (道), nature's law of harmony.

Amid ups and downs, reunions and separations, humankind will undoubtedly become more united. We believe that the current wave of anti-globalization and prophecies promoting the "end of history" are nothing more than dust on the scroll of human civilization. The BRI is ushering in a new chapter in human history in which participating countries become intertwined and promote a shared future.

The more challenging the times are, the greater is the need for enlightenment. The BRI vision is a cause worthy of pursuit.