BRI: A Solution for Global Common Development

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Abstract: *Our world is currently experiencing lackluster growth, poor governance and uneven development. The Belt and Road Initiative (BRI) launched by China in 2013 conforms with the trend of economic globalization, change in the global system of governance, and people's expectations for a better life. This paper offers a systematic and in-depth elucidation of the BRI, in the context of economic globalization, as providing an effective solution for global development, increasing the momentum of global economic growth, improving global governance, and addressing imbalances in global development. In this new era of high-quality development, the BRI will contribute to the creation of a community of shared future for humankind by overcoming challenges in global economic development, undergirding the foundation of global economic development, and promoting balanced global economic development for win-win results.*

Keywords: *BRI, economic globalization and growth momentum, governance, addressing development imbalances, interconnectivity*

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On January 17, 2017, President Xi Jinping, at the opening ceremony of the World Economic Forum (WEF), said in his keynote speech that "*The global economy has remained sluggish for quite some time. The gap between the poor and the rich and between the South and the North is widening. The root cause is that the three critical issues in the economic sphere have not been effectively addressed.*" These "three critical issues" are the lack of robust forces driving global growth, inadequate global economic governance, and uneven global development.

China launched the Belt and Road Initiative (BRI) in 2013 to enhance global economic development - a reflection of its role as the second largest economy in the world. Over the past seven years, the BRI has boosted global economic growth, improved global governance, and addressed challenges to global economic development. There is no doubt that high-quality global economic development fostered by the BRI will play an important role in bringing about global prosperity and creating a community of shared future for humankind.

1. Boosting the Growth Momentum of the Global Economy

Global economic development needs growth momentum. Economic globalization has advanced swiftly since the end of World War II, as evidenced by the rapid growth in cross-border trade, deepening international specialization, and global resource allocation that has increased productivity. As countries and regions become more and more interdependent economically, economic growth is becoming

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increasingly intertwined with globalization. After launching reform and opening up in 1978, China started to partner with other countries and for more than six years, it has fostered global economic development under the auspices of the BRI. With its increasingly close links to economic globalization, China's development also breathes vitality into the global economy.

1.1 China's Emergence as an Economic Powerhouse Is a Landmark Event

In his book *International Economics*, Robert Carbaugh described the interdependence of economies in the context of globalization. He said that "after World War II, the United States became the most powerful country politically and economically," and the "US economy became increasingly integrated into the economic activity of other countries." "The establishment of the European Community (predecessor of the European Union) in the 1950s, the emergence of multinational companies in the 1960s, the clout of the Organization of Petroleum Exporting Countries (OPEC) in the 1970s, the euro's birth at the turn of the century, and the rise of China as an economic powerhouse in the early 21st century have all turned the international community into a complex system where countries are increasingly interdependent."[1] Robert Carbaugh described the evolution of history after the end of World War II. He considers "China's rise as an economic powerhouse" to be a landmark event for economic globalization at the dawn of the 21st century.

Robert Carbaugh recognized the great significance of China's economic emergence for the global economy. China's economic success has been made possible by reform and opening up, which has allowed China to participate in economic globalization and to become closely integrated into the global economy.

Prior to reform and opening up in 1978, China was far less linked to the global economy than many developing countries as well as developed countries. From 1949 to 1978, China's share in global trade never was more than 1%. Since the reform and opening up in 1978, the volume of China's foreign trade has increased by over 220 times, from 20.6 billion US dollars in 1978, to more than 4.62 trillion US dollars in 2018. China has grown into the world's largest goods trading nation and is a primary trading partner of more than 120 countries. By the end of 2018, China had attracted over 2 trillion US dollars in FDI on a cumulative basis, to become the developing country with the largest FDI inflows.[2]

Trade and FDI inflows have reinforced each other. Around the 1980s, the new technology revolution and the global flow of production factors and goods led to a new wave of economic globalization. With its massive advantages in resource endowment and demographic dividends, China spared no efforts to welcome FDI and serve as a destination for global industrial relocation, swiftly emerging as a factory for the world and as a major trading nation.

1.2 Reform and Opening-up Brought Huge Economic Dividends to China and the World

Since reform and opening-up, China has maintained close ties with the global economy by exporting goods and absorbing foreign capital, bringing significant economic welfare both to China and to the rest of the world. Since reform and opening up, and especially since its WTO entry in 2001, China has experienced robust growth in export and trade surplus. Indeed, China's trade surplus swelled from less than 30 million US dollars in 1950, to 338.82 billion US dollars in 2018,[2] providing vigorous financial support to China's economic growth. Cost-effective Chinese goods have improved consumer welfare in countries around the world. By attracting foreign investment, China also provided opportunities for global factor appreciation, enabling its domestic residents to accumulate wealth and overcoming the shortages of savings and foreign exchange that plague many developing countries. Under the synergy of FDI and export, China has benefited from technology spillovers and has created sufficient jobs, fostering a benign cycle of opening up, economic growth, and improving welfare and livelihoods.

As China's economy grew from strength to strength, Chinese capital and enterprises took bolder steps to go global. From 1982 to 2018, China's outward direct investment (ODI) grew by 25.2% on an

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annual average basis to reach 143.04 billion US dollars by 2018, making it the second-largest source of ODI in the world.[3] In their overseas operations, Chinese enterprises have increased their operational efficiency and international competitiveness by leveraging global resources, optimizing the allocation of capital, technology, information and other factors, and integrating supply chains. ODIs from China have energized the weak world economy and have contributed to the global economic recovery after the global financial crisis.

1.3 BRI Breathes New Life into the Global Economy

The 18th CPC National Congress in 2012 unveiled a new era of Chinese socialism with growing national strengths. From 2016 to 2018, China's economic aggregate each year crossed the thresholds of 70 trillion, 80 trillion and 90 trillion yuan, respectively, and surpassed 99 trillion yuan in 2019, accounting for more than 16% of the global economy. In 2019, China's per capita national income exceeded 10,000 US dollars for the first time, above the national average of middle-income countries. According to the World Bank, the United States, the European Union and Japan contributed 10%, 8% and 2%, respectively to world economic growth from 2012 to 2016, while China contributed 34%, which is more than the total contributions of the US, the EU and Japan combined. Beyond doubt, China has become a key engine of global economic growth.

As a result of further opening up, China's trade pattern changed. First, both China's export and import increased rapidly. From 2013 to 2018, China's trade and export grew by 12% and 5%-6% on an annual average basis, respectively. China's import growth far outpaced its export growth. Second, equal priority was given to attracting foreign capital and investing overseas. In the same period, China received FDI inflows in excess of 650 billion US dollars and made ODIs totaling 720 billion US dollars - more than in the entire previous 33 years.[4] Since 2014, China has been a net capital exporter. By the end of 2018, China's ODI stock amounted to 1.98 trillion US dollars, which is 66.3 times the amount at the end of 2002 and ranks third in the world, up from 25th place. By the end of 2018, more than 27,000 Chinese investors had established 43,000 FDI enterprises in 188 countries and regions across the world. More than 80% of countries and regions in the world have received investments from China.[5]

The BRI was adopted in the context of China's broadening openness. Two-way trade and investments between China and BRI countries have been growing steadily for more than six years. From 2013 to 2018, the total volume of the goods trade between China and BRI countries rose from 1.04 trillion US dollars to 1.27 trillion US dollars, and its share in China's total goods trade increased from 25.0% to 27.4%. According to the Ministry of Commerce, Chinese enterprises had invested over 100 billion US dollars in BRI countries by October 2019, and BRI countries had invested 48 billion US dollars in China.[6] In 2018, China's imports and exports with BRI countries totaled 8.37 trillion yuan, up 13.3% year-on-year, or 3.6 percentage points higher than China's overall trade growth. In the same year, China's non-financial direct investments in BRI countries reached 15.64 billion US dollars, up 8.9% year-on-year, significantly higher than the 0.3% growth rate in China's outbound non-financial direct investments in the same period.[7] The BRI has become an accelerator of China's global economic interactions, breathing new life into the global economy.

2. Improving Global Governance

Global economic development has to be supported by good global governance. In the context of economic globalization, countries and regions have become more interdependent than ever before. Good global governance may help them cope with the challenges such interdependence entails by adapting to the changing world and accommodating the interests of all sides. With the Silk Road Spirit of peaceful cooperation, openness, inclusiveness, mutual learning, and win-win results, the BRI has explored a new path for promoting global economic development and transforming the global economy through

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consultation, contributions, and shared benefits.

2.1 Adapting to the Once-in-a-century Change

The world was transformed beyond recognition after numerous national liberation movements and decolonization movements following World War II. "Asia has transformed from an arena of great power rivalry to a new world center; Africa from a continent of despair to a continent of hope; and Latin America from a new world of Western adventurers to a developing region that seeks independent modernization."[8] By 2018, emerging markets and developing countries had accounted for 40% of the global economy, contributing 80% of global economic growth. At the current growth rate, the share in the global economy of emerging markets and developing countries will soon increase to 50%. According to the United Nations, the population of the world will reach 10 billion by 2050, 8.5 billion of whom will be in today's emerging markets and developing countries.[12]

The world has entered the fourth industrial revolution spearheaded by artificial intelligence, clean energy, quantum computing, and biotechnology. From steam engines to electrification and the information age, human society has unveiled the new era of the "internet of everything (IoE)." In this new stage of globalization driven by technology revolution and industrial change, emerging markets and developing countries, including China, will embrace opportunities to leapfrog development and become new drivers of globalization.

On the changing international landscape after the dawn of the 21st century, President Xi Jinping remarked insightfully that "the rapid rise of emerging markets and developing countries is unprecedented, and so are the transition and fierce competition brought about by a new round of technology revolution and industrial change, as well as the unpreparedness and asymmetry of the global governance system and the international situation." After WWII, Western countries played a dominant role in creating international organizations and institutions and in setting international rules. However, in the new century, emerging markets and developing countries are beginning to play a dominant role, presenting once-in-a-century change to the world. Revolutionary transformation in international forces has become an intrinsic driver of change in global governance.

2.2 Anti-globalization Goes against the Trend of History

Rising populism, unilateralism and protectionism in some Western countries in recent years, not least the United States, have caused setbacks in economic globalization. Some developed countries have ceased to support the principles of free trade as they see their interests being damaged in economic globalization. A few countries have even imposed trade barriers and restricted free capital flow, putting their "national interests" above those of others. These and other anti-globalization practices are essentially foreign policy manifestations of economic and social malaise in those countries.

Anti-globalization sentiments will not stop globalization. The global flow of production and cross-border trade has formed a global market. The international division of labor has optimized the allocation of global resources. Trends in economic globalization reflect the intrinsic requirements of productivity growth in today's world. As an irresistible historical trend, economic globalization has turned the world into a global village of interdependence and shared interests. No country can develop in isolation from others. Unilateralism and protectionism cannot address the imbalances in globalization, and will only harm the interests of all sides. Only by improving global governance can we harmonize the conflicting interests and balance the interests of all sides.

2.3 Implementing the Global Governance Concept of Consultation, Contribution, and Shared Benefits

Consultation: In this era of interdependent globalization, humankind is confronted with many challenges, which no country can overcome by itself without international cooperation based on dialogue

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and consultation. At the international level, extensive interactions between countries give rise to new linkages and contradictions in rights, responsibilities and interests, which require rules to be formulated through communication and consultation to improve the system of global governance. Some countries manipulate international organizations to impose their will upon others. A few have withdrawn from international forums or abandoned agreements on international cooperation. These practices jeopardize global governance and run counter to the trends of our times.

Contribution: Countries should join together to build a better world. The dividends of economic globalization stem from the global flow of production factors such as capital, technology, labor, and information to optimize resource allocation and increase efficiency and wealth accumulation. Factor flow based on interconnectivity is a feature and necessity of the globalized era. In the spirit of openness, countries have introduced institutional arrangements and policy initiatives to promote interconnectivity and bring the comparative advantages of all sides into full play. Openness and cooperation form a sure path to economic prosperity in today's world.

Shared benefits: Countries should seek cooperation for mutual benefits in a just and reasonable global order. The system of global governance cannot be dominated by a handful of countries. Instead, developing countries and emerging economies should gain representation and right of discourse to enable them to remedy unjust and unreasonable practices in global governance, thereby allowing all sides to benefit from globalization. China is unequivocally opposed to unilateralism, protectionism, zero-sum game, and the winner-takes-all mindset, and calls for maintaining the role of the WTO and other multilateral trading systems as primary avenues for the liberalization and facilitation of global trade. China takes an active role in reforming international financial organizations such as the International Monetary Fund (IMF) and the World Bank and developing such cooperation mechanisms as the G20 and BRICS countries to enhance global governance as institutional assurance for shared benefits.

Consultation, contribution and shared benefits are the main principles of the BRI. The BRI is an open and inclusive international cooperation platform. It is not an exclusive small circle. The BRI welcomes the participation of all parties in equal-footed consultation, sharing wisdom, complementing each other's strengths, and engaging in cooperation to the benefit of all sides. In practicing the principles of consultation, contribution and shared benefits, the BRI offers an effective path for eradicating deficits in global governance.

3. Overcoming Challenges to Global Economic Development

Global economic development faces several key challenges. The BRI is committed to facilitating industrial development in developing countries, enhancing infrastructure, improving public welfare, and pursuing green development. In this way, the BRI will help narrow the economic gaps between the South and the North and between the rich and the poor, by contributing to sustainable global economic development through structural improvement.

3.1 Expediting Global Industrial Development

Although they may have abundant natural and labor resources, most developing countries suffer from low productivity and a shortage economy. Upon the founding of the People's Republic of China in 1949, Chairman Mao Zedong sighed "What are we capable of making? Not even a single vehicle, aircraft, tank or tractor." Seven decades ago, China had a very weak industrial foundation and relied heavily on foreign goods.

The founding of the People's Republic of China began a grand chapter of China's industrial development. Since the start of the First Five-Year Plan period in 1953, the Chinese government has launched a multitude of industrial projects in such sectors as metallurgy, automobile, machinery, coal, petroleum and national defense. By the eve of reform and opening up in 1978, China had established

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independent and relatively complete industrial and economic systems from scratch, paving the way for rapid manufacturing development in the reform era.

In the 25 years from 1953 to 1978, the value of China's aggregate industrial and agricultural output grew by 8.2% on an average annual basis, and the annual industrial growth rate reached 11.4%, reflecting the prioritization of industrial development. Today, China has the most complete industrial sectors in the United Nations industry classification, and ranks first in the world in the output of over 220 out of more than 500 types of industrial goods. Since 2010, the value of China's manufacturing output has been the largest in the world[9].

Profound changes have occurred in the structure of China's industrial sectors, which have become increasingly diversified and sophisticated. There has been rapid development in aviation and aerospace, information technology, medical devices, new energy, and new materials. In key equipment sectors such as high-speed railway and nuclear power, China has become a world leader. In 2013, China became the world's largest trading nation in goods, which is in line with its status as a world manufacturing center. China's development journey highlights the importance of industrial development for developing countries, especially large developing countries.

According to a CASS study, the level of industrial development varies widely among the 65 BRI countries. One country is in the pre-industrial stage, 14 are in the early industrial stage, 16 are in the mid-industrial stage, 32 are in the late-industrial stage, and two are in the post-industrial stage. Among the 65 BRI countries, 14 are more industrialized than China and 44 are less industrialized. Overall, China is at the upper level of industrial development among all BRI countries and its industrialization process and technical, managerial and financial capabilities generate increasingly positive "spillover effects."[10]

As a high-income country with a per capita GDP of above 20,000 US dollars, Saudi Arabia, for instance, is keen to enhance its industrial strengths in its "2030 Vision," particularly its downstream refinery and chemical engineering capabilities. With their technical advantages and experience, Chinese petrochemical companies are well-positioned to help Saudi Arabia turn its resource advantage into an industrial advantage. Sinopec's Yanbu Refinery Project was put into production in early 2016, and developed key technologies that won prestigious international energy awards.[11]

China's complete range of industrial sectors means it has broad potential for industrial complementarity and cooperation with countries in different stages of development. By September 2019, Chinese enterprises had invested 42.69 billion US dollars in 46 countries in their overseas economic and trade cooperation zones, home to 5,452 enterprises.[9]

3.2 Striving to Build a Global Infrastructure

There is a saying in China that "to build a fortune, roads should be built first," which is a simple but realistic description of the relationship between economic prosperity and infrastructure construction. Upon the founding of the People's Republic of China in 1949, China's transportation infrastructure was extremely underdeveloped. Over the past seven decades since 1949 and especially after the reform and opening up in 1978, China's transportation sector has developed by leaps and bounds. By the end of 2018, the length of China's railway system reached 131,000 km, including more than 29,000km of high-speed railway, accounting for over 60% of the global total of high-speed railway; China's total highway length stood at 4,846,500 km, including 142,600 km of expressways. The length of navigable inland waterways was 127,100 km with 23,919 quay berths for production use. China had 235 licensed civil transportation airports and 8.38 million km of regular air routes.[12] In addition, China has built the world's largest communication network with more than 45 million km of optical fiber, 1.7 billion telephone subscribers, 440 broadband internet users, and 854 million netizens.[13] With great progress in construction, China's infrastructure was transformed from an obstacle to an advantage.

Infrastructure is a key aspect of BRI cooperation, which puts a premium on interconnectivity. An important example is the Mombasa–Nairobi Standard Gauge Railway (SGR) connecting East Africa's

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largest port city Mombasa with Kenya's capital Nairobi. As the largest infrastructure project since Kenya's independence, the Mombasa-Nairobi SGR has unveiled an era of standard gauge railway for East Africa. With a total length of 472 km, the Mombasa-Nairobi SGR has a designed passenger transportation speed of 120 km/h, a freight transportation speed of 80 km/h, and an annual freight transportation capacity of 25 million tons.

The project, which started construction in January 2015 and was completed and put into operation on May 31, 2017, was undertaken by China Road and Bridge Corporation (CRBC) with China's Class I railway technology standard. By the end of January 2019, the Mombasa-Nairobi SGR had served 2,986,000 passenger trips with an average occupancy rate above 97.3% and reduced costs by close to 40%.

The construction of the Mombasa-Nairobi SGR involved local procurement exceeding 880 million US dollars with 40% local content and contributed 1.5% to Kenya's GDP growth. Prior to its construction, the railway accounted for only 5% of freight transshipment at Mombasa Port. By 2030, the Mombasa-Nairobi SGR is expected to handle 70% of freight transportation at the port, creating a new space for interconnectivity in East Africa[14] and is expected to play a significant role in enhancing economic development in Kenya and East Africa as a whole. As such, the Mombasa-Nairobi SGR offers strong proof that the BRI can generate a significant multiplier effect, and achieve national and regional economic prosperity.

3.3 Striving to Improve People's Welfare

The ultimate goal of economic development is to improve people's welfare. Over the past seven decades since the founding of the People's Republic of China in 1949, the Chinese people have greatly improved their livelihoods, going from starvation to a moderately prosperous society in all respects. As a major developing country, China has always attached great importance to agriculture and food security. With 9% of the world's arable land, China supports close to 20% of the world's population. Over the past seven decades, China's total grain output has grown fivefold, in addition, China has transformed from a backward agricultural country to the world's largest industrial manufacturing country. Its manufacturing capabilities create a solid foundation for China to participate in global trade and investment and improve people's livelihoods.

Agricultural cooperation is an important area of BRI development. China's strengths in agricultural technology, machinery, and processing are complementary with BRI countries' abundant land and labor resources. By the end of 2018, Chinese companies had invested in 115 agricultural projects each worth over 5 million yuan in more than two-thirds of countries in Africa. It has engaged in agricultural technology cooperation with agricultural research institutions in 12 African countries, established agricultural technology demonstration centers in 19 African countries, implemented South-South agricultural cooperation projects in 10 African countries, and carried out over 300 agricultural technology experiment demonstration programs. China-Africa agricultural cooperation has boosted agricultural productivity, food security, and poverty reduction in Africa.[15]

BRI industrial and infrastructure projects have enhanced economic potentials in BRI countries, benefiting their peoples as their economies grow. By September 2019, Chinese companies had participated in the development of economic and trade cooperation zones in 46 countries, creating 367,000 local jobs.[9] Manufacturing enterprises in the economic and trade cooperation zones generate foreign exchange and tax revenues for host countries. According to the World Bank's *BRI Economics* report, if all are completed with relevant constraints overcome, transportation projects under the BRI framework will increase trade in BRI economies and the whole world by up to 9.7% and 6.2%, respectively, and real income growth by up to 3.4% and 2.9%, respectively, and lift 7.6 million people out of extreme poverty and 32 million people out of moderate poverty.[16]

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3.4 Adhering to Green Development

Due to its great achievements in the reform era, China's economy has transitioned from rapid growth to high-quality growth. Chinese policymakers have elevated their vision on development. While green growth has become a basic development concept, ecological civilization is identified as a pillar of the "five-sphere integrated plan" - the development of Chinese socialism encompassing economic, political, cultural, social, and ecological aspects. China defines the BRI as a road not only to economic prosperity, but also to green development. The green development concept underpinning the BRI is in alignment with the United Nations' Sustainable Development Goals (SDGs).

China has carried out extensive communication and cooperation with BRI countries and regions, establishing the China-Africa Environmental Cooperation Center and jointly establishing environmental cooperation agencies with countries such as Cambodia and Laos. China has implemented the Green Silk Road Envoys program, and carried out overseas aid and training for environmental management as well as training for climate change response under South-South cooperation. It has shared its experience in ecological civilization and green development. In addition, it has established the BRI environmental technical exchange and transfer center in Shenzhen for the joint R&D, promotion, and application of advanced ecological and environmental technologies.[17]

Green development is embedded in BRI projects ranging from infrastructure to trade and financial services. The Mombasa-Nairobi SGR has 61 bridges, 600 culverts, and 14 wild animal passages large enough for giraffes to pass through without bending their necks.[20] Launched in 2011, Sino-Europe trains have become a new channel for logistical flows between Asia and Europe, connecting 62 Chinese cities with 53 cities in 16 countries of Europe through 68 railway routes.[20] Compared with maritime and air transportation, the railway is safer, more convenient, and less carbon-intensive. The China-Europe train service offers a green channel of trade between China and Europe as well as to countries along the route.

The Asian Infrastructure Investment Bank (AIIB), established in 2015, has increased its membership to 102 in four years and completed 12 billion US dollars worth of infrastructure investments, with infrastructure-related financing reaching 40 billion US dollars. The AIIB has always used environmental sustainability as a key criterion in approving investments to ensure that approved infrastructure projects will avoid environmental damage, promote the green economy, implement the *Paris Accord*, and contribute to the reduction of carbon emissions in the project countries.[18]

4. Refining the BRI's Blueprint

On April 27, 2019, in his opening speech at the second Belt and Road Forum for International Cooperation, President Xi Jinping said that "We should focus on priorities and project execution, move forward with results-oriented implementation, just like an architect refining the blueprint, and jointly promote high-quality Belt and Road co-operation." In this era of high-quality development, there is an urgent need to step up policy coordination, financial integration, technology sharing, and people-to-people exchanges to extend stronger policy assurance and financial, technological and public support to the BRI for the BRI's grand and refined blueprint to be materialized.

4.1 Enhancing Policy Communication

In the more than six years since the BRI was launched, remarkable progress has been made in bilateral and multilateral policy coordination, giving rise to a BRI global cooperation framework. By December 2019, the Chinese government had signed 195 BRI cooperation agreements with 136 countries and regions. The BRI spearheaded by China has partnered with initiatives led by other countries, including Russia's Eurasian Economic Union (EAEU), Mongolia's "Development Road" program, Kazakhstan's "Bright Road" initiative, and Britain's "Northern Powerhouse" program. The BRI's development concepts and propositions have been written into the outcome documents of important

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international mechanisms such as the United Nations, the G20, APEC, and the Shanghai Cooperation Organization (SCO). The second Belt and Road Forum for International Cooperation was followed by a series of events, including the Belt and Road Dialogue for China-Africa Cooperation and the Belt & Road Initiative Cooperation Conference between China & Caribbean Countries. An international platform for BRI cooperation has been established based on policy coordination and interconnection to bring into play the comparative advantages and accommodate the interests of developed and developing countries alike through consultation and contributions for shared benefits to ensure that all stakeholders will benefit from the growing global economy.

At the beginning of reform and opening up, the Chinese government offered policy preferences, relaxed restrictions and broadened the scope of market access to attract foreign investment, strove to create a level playing field to protect the lawful interests of foreign-funded enterprises, and continuously improved the business environment. The implementation of BRI trade and investment projects requires just such an open attitude from BRI countries to enact and improve policies and regulations on foreign investment. To this end, we should enhance intergovernmental policy communication and coordination mechanisms.

Since the adoption of the BRI, China has established joint economic and trade commissions with BRI countries. Chambers of commerce, industry associations, and think-tanks should serve as bridges between the government and enterprises and contribute their wisdom and solutions to tackling challenges to BRI development. To enhance the implementation of the BRI, we should increase policy communication, improve policy environment, reduce uncertainties and transaction costs in cooperation, and enhance the benefits and attraction of participation.

4.2 Facilitating Financial Intermediation

The BRI involves a tremendous investment and financing demand in such areas as infrastructure construction, industrial investment, and energy cooperation. According to the BRI Infrastructure Interconnection Research Task Group of the State Council Development Center, the desired infrastructure investment demand from BRI countries will reach at least 10.6 trillion US dollars over the 2016-2020 period. According to the Asian Development Bank (ADB), Asia's infrastructure investment demand will reach 26 trillion US dollars by 2030. Facilitating financial intermediation is an essential condition for the high-quality development of the BRI.

For this reason, we should enhance the financial infrastructure to enable financial intermediation. First, we should encourage Chinese financial institutions to set up branches and outlets offering savings, lending, securities, and other diversified financial services to finance BRI investments. BRI countries should increase financial policy coordination, relax financial market access, and improve foreign exchange regulatory systems to create a favorable environment for financial intermediation. In addition, we should proactively create an international cooperation platform for investment financing. With a public goods attribute, BRI infrastructure projects involve long investment cycles and numerous risk factors and can hardly be financed solely by the private sector. Judging by its project performance, the AIIB has outperformed many international financial institutions over the past four years, fulfilling its role as an infrastructure investment bank.

The internationalization of renminbi is an important way to facilitate financial intermediation for the BRI. Cross-border trade and investment settlement with the renminbi may lower currency conversion cost, avoid risks and losses from exchange rate volatility, and facilitate trade and investment. By the end of 2018, the People's Bank of China (PBoC), China's central bank, had signed currency swap agreements with central banks in 21 BRI countries, and established renminbi settlement arrangements with seven BRI countries to encourage home currency settlement in two-way trade and investment,[19] broadening renminbi's use in BRI development. Meanwhile, renminbi's onshore financial market development continues to make headway with increasing openness. With the launch of the renminbi

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qualified foreign institutional investor (RQFII) mechanism, overseas institutions have gained an avenue to invest in China's domestic renminbi financial products. More opportunities and channels for the renminbi's backflow have increased renminbi's cross-border liquidity and attraction. Steady advances in the internationalization of renminbi will allow Chinese capital to better service BRI investment and financing.

4.3 Facilitating Technology Sharing

Technology drives BRI development. With its advanced science and technology system and its abundant intellectual resources, China has made rapid progress in innovations. BRI cooperation in science and technology will increase the flow of technology and the sharing of innovation results, raise the level of productivity and people's welfare, and enhance the quality and efficiency of BRI development.

Developing countries along the BRI routes face many challenges to their survival and development and have yet to overcome myriad weaknesses in their attempt to escape poverty and meet subsistence needs. With its research and technological advantages in agriculture, environmental management, disaster mitigation, and medicine, China has broad potentials for cooperation with developing countries.

For instance, the Chinese Academy of Sciences (CAS) unveiled the Sino-Africa Joint Research Center in Kenya in May 2013 for the promotion of modern agriculture, the protection and sustainability of biodiversity, geographical remote sensing and digital information, water resource management and ecological monitoring, and pathogenic microorganism survey, among other fields, to address key challenges of food shortages, environmental pollution and communicable diseases facing Africa.

The Sino-Africa Joint Research Center has experimented with crop planting and successfully bred a hybrid rice species, which can increase rice yield from 300 kg to 700 kg per *mu* (0.0667 hectares), suitable for planting in Kenya, and completed sweet sorghum demonstration planting and species screening that led to a more than 30% increase in yield. The Sino-Africa Joint Research Center has constructed a medicinal botanic garden for the research on and commercialization of medicinal animal and plant products. After Kenya's Patel dam broke in May 2018, the Sino-Africa Joint Research Center immediately extracted and evaluated remote sensing image information on the disaster-hit region to help the local government identify the precise risk areas and prevent secondary dam failures.[20]

China has developed international competitiveness in relevant industrial sectors based on its indigenous key technologies, and is well-positioned to undertake major BRI cooperation projects that drive economic and social development in host countries. After a decade of unremitting efforts, the State Grid Corporation of China (SGCC) has developed core technologies for operating an ultrahigh voltage (UHV) AC/DC hybrid power grid, making China the only country in the world to have acquired and applied UHV power transmission technology. In February 2014, a consortium in which SGCC held a 51% stake won a bid for Brazil's Belo Monte Hydropower UHV DC Transmission Project, which marks an important step in exporting China's UHV technology.[21] In March 2016, China unveiled the Global Energy Interconnection Development and Cooperation Organization (GEIDCO) for the promotion of BRI energy infrastructure interconnection underpinned by power grid interconnection. Characterized by "smart grid, UHV, and clean energy," the global energy interconnection program ensures access to electric power and energy security through power grid extension and clean energy interconnection, thus promoting clean, low-cost, and regionally balanced access to electric power. With these benefits, the global energy interconnection program has been widely supported by BRI countries.

Technology-led cooperation with third-party markets has become an effective means of contributing to BRI development. According to the *Guidance and Case Studies of Third-Party Market Cooperation* released by China's National Development and Reform Commission (NDRC) in September 2019, China has entered into third-party cooperation agreements with 14 economies, including France, Italy, Japan, Singapore, the UK, the Netherlands, Belgium, Spain, Canada, and Australia through China's Silk Road

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Fund and the European Investment Bank (EIB). In BRI development, third-party market cooperation will match China's leading industries and advanced technologies from developed countries with the development needs of developing countries for win-win results among these parties and more.

4.4 Deepening People-to-people Exchanges

Economic cooperation and cultural exchange go hand in hand. Cultural exchange will increase mutual understanding as a solid social basis for BRI development.

In promoting people-to-people exchange, there is an urgent need to tell the stories of win-win cooperation under the BRI. Experiences over the past more than six years suggest that the BRI has been launched by China for the benefit of peoples around the world. Examples of BRI win-win cooperation abound. For instance, the China Railway Rolling Stock Corporation (CRRC) has established advanced manufacturing centers in countries like South Africa, Malaysia and Turkey, while adopting the principles of local manufacturing, local procurement, local workforce, local operation and maintenance, and local management. CRRC has won acclaim for its role in creating local jobs and tax revenues, improving the rail transportation industry, and contributing to local people's welfare.

The State Grid Corporation of China (SGCC) erected 2,500 km UHV power transmission lines under the Brazilian Belo Monte project to transmit electric power generated from the Amazon forest to Rio de Janeiro, overcoming the challenges of long-range energy transmission that had long troubled Brazil. The project has created 16,000 jobs and 29 billion Brazilian real in tax revenues.[22] Yet suspicions, distortions, and even stigmatization of the BRI have led to confusion and misunderstanding. Businesses, the media, think tanks, and social organizations should tell the real stories of BRI cooperation for win-win results in an objective, proactive and timely manner to enhance the recognition, attraction, and cohesion of the BRI.

Communication and mutual learning between civilizations establish a people-to-people bond at a deeper level. We should recognize and respect the diversity and richness of civilizations, treat all civilizations equally, and promote harmonious coexistence and common development between all civilizations. China's call for mutual communication and learning between civilizations stands in sharp contrast to the Western theory of the clash of civilizations, reflecting the characteristics of modesty, self-confidence, openness, inclusiveness, and harmony of the Chinese civilization. BRI countries differ from one another in history, culture, ethnicity, religion, and customs. Civilizations should agree to disagree. We should value not only our own culture but also the cultures of others. We should transcend barriers to understanding and clashes of civilizations by communicating with and learning from each other. Civilizations should coexist rather than seek to be superior to each other. The beauty of civilizations is reflected in philosophical and social sciences and other classical works, as well as in literature, music, TV drama, and other artistic works.

Over the past six years, China has established a host of platforms for BRI cross-civilizational communication, including the Silk Road Think Tank Alliance, the University Alliance of the Silk Road, the Silk Road Book Project, the World Archaeological Forum, the overseas Chinese culture centers, and the overseas Chinese research centers. We should make full use of cooperation mechanisms in areas like academic think-tanks, literature and the arts, and history and archaeology, and continue to broaden the channels and forms of cross-civilizational communication as a source of wisdom and cultural momentum for the BRI's high-quality development.

Enhancing people-to-people exchanges is the most direct way to bring people's hearts and minds together. Face-to-face communication cannot be replaced by any other form of communication. According to the Chinese Ministry of Education, by 2018, China had built 144 Confucius Institutes and 134 primary and middle school Confucius classrooms in 53 BRI countries. Today, China is the largest destination for international students in Asia. In 2017, China received close to 320,000 overseas students from BRI countries, accounting for 65% of all overseas students in China. It is estimated that during the

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13th Five-Year Plan period (2016-2020), Chinese will make 150 million tourist trips to BRI countries. The Chinese government has been proactively implementing visa-free or visa-on-landing arrangements with BRI countries to facilitate people-to-people exchanges.[23] In the past more than six years of BRI development, people-to-people exchanges between China and BRI countries in the fields of education, culture, tourism, and sports have been increasing in frequency, as evidenced by mutual culture years, tourism years, book exhibitions, education exhibitions, and sports events, solidifying the cultural and social foundation for the BRI.

5. Concluding Remarks

From the proposition of principles to institutional development and cooperation for more than six years, the BRI has become a means of interconnection, development, and win-win cooperation between China and countries around the world. The BRI has become an effective means to deliver important public goods that benefit the world and promote global prosperity. The BRI's vitality is reflected in its consistency with the historical trend of economic globalization, the changing system of global governance, and people in all countries' wishes for a better life. In a new stage, the BRI's high-quality development will more effectively address challenges to economic development, strengthen the foundation and momentum of economic development, steer economic globalization towards openness, inclusiveness, equilibrium, and shared benefits, and contribute more to building a community of shared future for humankind.

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