Adhering to the Planning, Orderly and Pragmatically Build the “Belt and Road”

The Belt and Road Progress Report

The Belt and Road Progress Research Team, Renmin University of China

September 26, 2016
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According to the latest evaluation of the Ministry of Education of China, RUC has nine first-tier disciplines ranked No.1 in the country, namely Theoretical Economics, Applied Economics, Law, Political Science, Sociology, Journalism and Communication, Statistics, Business Administration and Public Administration.

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Summary

China is facing a brand-new historical juncture in terms of deepening its interaction with and opening up to the world. In accordance with this historical momentum, the Belt and Road Initiative has been proposed by the Central Committee of the Communist Party of China as a development strategy during China’s Five-Year Plan period and in longer run. Launching this Initiative is a necessity of not only deepening China’s integration with the world, but also enhancing interconnectivity and seeking common development with countries across the world.

Over the past three years, significant progress has been made on the Initiative in terms of its top-level design, policy coordination, facilities connectivity, unimpeded trade, financial integration, people to-people bond as well as China’s local efforts. An array of key projects is underway, with a commitment to achieving common development and shared growth through joint consultation. China, together with countries and regions along the Belt and Road routes, is building a green, healthy, intelligent and peaceful Silk Road, which is creating momentum for growth in these economies as well as bringing about great opportunities for shared development.

The Belt and Road Initiative is China’s grand strategy of deepening its reform and opening up as well as practicing its ideas of win-win cooperation. The Initiative is a long-term and systematic project which aims to build a community of shared interests, destiny and responsibility. China should insist building on pragmatic and steady progress on the basis of policy planning and coordination.
On September 7, 2013, Chinese President Xi Jinping made a speech titled “Promote People-to-People Friendship and Create a Better Future” in Kazakhstan, proposing to build a Silk Road Economic Belt together with Central Asian countries. On October 3 of the same year, President Xi delivered another speech in Indonesia titled “Join Hands in Building China-ASEAN Community of Shared Destiny,” unveiling a major initiative to build “the 21st-Century Maritime Silk Road.”

Over the past three years, significant progress has been made on the Belt and Road Initiative (hereinafter referred to as the “BRI”). An array of key projects is underway, with a commitment to achieving common development and shared growth through joint consultation.

President Xi said that more than 100 countries and international organizations are currently involved in the Initiative. Over 30 countries along the Belt and Road have signed cooperation agreements with China. China is working with more than 20 countries on capacity building projects in the manufacturing sector. UN and other international organizations have taken a positive attitude towards the Initiative.

Besides, financial cooperation within the frameworks of the Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund is gaining traction, and a number of signature projects have been launched. Cooperation between China and countries along the “Belt and Road” is gaining pace, which is creating momentum for growth in these economies as well as bringing about great opportunities for shared development.

Based on an understanding of fundamental principles about international economic development, the BRI represents an emerging trend in global economic cooperation, which has gained global consensus and is offering a very promising outlook for development.

This report provides an overview of the main achievements of the BRI over the past three years from eight perspectives: BRI’s top-level design, related policy coordination, facilities connectivity, unimpeded trade, financial integration, people-
to-people bond, China’s domestic efforts, as well as suggestions for BRI’s future growth. The report highlights the BRI’s key progress in the past three years, with an aim to provide actionable ideas for its further implementation.

I. Top-level Design: A Strategic Framework

On November 12, 2013, the Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform was adopted at the Third Plenary Session of the 18th Central Committee of the Communist Party of China, for the first time the concept of the “Belt and Road” was adopted in a major Party decision. On November 4, 2014, the Central Leading Group for Financial and Economic Affairs, chaired by President Xi, held its 8th meeting, with its focus on the BRI. During December 9 to 11 of the same year, the BRI was identified at the Central Economic Work Conference as a key strategy of 2015 to promote regional economic development.

Premier Li Keqiang underlined the BRI’s importance in the government work reports released in 2014 and 2015. On February 1, 2015, a special leading group led by Vice Premier Zhang Gaoli was set up to oversee the implementation of the BRI. The Office of the Leading Group, placed at the National Development and Reform Commission (NDRC) has four departments – General Affairs, Silk Road, Maritime Silk Road, and International Cooperation – and thus a leadership and coordination mechanism has been established to implement the Initiative.

On March 28, 2015, the NDRC, Ministry of Foreign Affairs and Ministry of Commerce jointly released the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st- Century Maritime Silk Road, setting forth guiding principles, defined routes and cooperation priorities for the BRI.

Principles: With full understanding of the interests and concerns of the countries and
regions along the “Belt and Road,” the Initiative upholds the spirit of peace, cooperation, openness, inclusiveness, mutual learning and mutual benefit, and proposes five principles accordingly i) the Initiative is in line with the purposes and principles of the UN Charter; ii) the Initiative is open for cooperation, and is open to all countries and international and regional organizations for engagement; iii) the Initiative is harmonious and inclusive; iv) the Initiative follows market rules; and v) the Initiative seeks mutual benefit. That means China’s BRI is open and inclusive as well as mutually beneficial for all participants. It is a chorus all countries across the globe are welcome to join in. The Initiative calls for all countries and regions along the “Belt and Road” to participate, to work and share benefit together in a bid to realize mutually beneficial and sustainable development.

Two Parallel Roads: The Silk Road Economic Belt and the 21st-Century Maritime Silk Road are the two main routes of the BRI. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to have two routes, one from China’s ports along its coast to Europe via the South China Sea and the Indian Ocean, and the other from China’s ports along its coast through the South China Sea to the South Pacific.

On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia, China-Pakistan, Bangladesh-China-India-Myanmar, and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the “Belt and Road” and using key economic industrial parks as cooperation platforms. At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the “Belt and Road.” We need to realize closer cooperation and connection between the land and maritime routes in order to make greater progress of the BRI.
II. Policy Coordination: A Wide Consensus

Policy coordination plays a critical role in supporting the BRI, to bolster mutual political trust, reach cooperation consensus, coordinate development strategies, facilitate trade and introduce multilateral cooperation mechanisms.

Over the past three years, China has been working with countries along the “Belt and Road” to push ahead programs and projects under the Initiative by leveraging its existing bilateral and multilateral mechanisms for regional and cross-regional cooperation. There is a broad consensus among China, other participating countries and organizations on the BRI.

**Bilateral cooperation:** China has been encouraging the signing of cooperation MoUs or plans with countries along the “Belt and Road.” As of June 30, 2016, China had issued joint proposals and statements with 56 countries and regional organizations on bilateral cooperation for implementing the BRI and signed the relevant MoUs or agreements accordingly.

Meanwhile, China continued to introduce bilateral joint working mechanisms and improved existing bilateral mechanisms to coordinate and promote the implementation of cooperation projects.

As of June 30, 2016, China had signed free trade agreements (hereinafter referred to as the “FTAs”) with 14 countries that cover 22 countries and regions, with partners geographically distributed across Asia, Latin America, Oceania and Europe. Along the “Belt and Road,” China has signed FTAs with 11 countries, and bilateral investment agreements with 56 countries, thus greatly promoting trade and investment cooperation with these countries.

**Multilateral cooperation:** China continues to enhance the role of multilateral cooperation mechanism and has made remarkable results in implementing the BRI, with existing mechanisms truly gaining traction, such as the Shanghai Cooperation Organization (SCO), China-CEE Cooperation (16+1), ASEAN Plus
China (10+1), Asia-Pacific Economic Cooperation (APEC), Boao Forum for Asia (BFA), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), Forum on China-Africa Cooperation (FOCAC), China-Arab States Cooperation Forum (CASCF), Greater Mekong Subregion (GMS) Economic Cooperation, Central Asia Regional Economic Cooperation (CAREC), Lancang-Mekong Cooperation Mechanism (LMCM) and China-Gulf Cooperation Council Strategic Dialogue. These mechanisms have attracted more countries and regions to participate in the BRI.

**High-level mutual visits**: High-level mutual visits made by Chinese President Xi and Premier Li and their foreign counterparts greatly contributed to building political mutual trust as well as enhancing the role of traditional friendship and cooperation between China and countries along the “Belt and Road.” Between September 2013 and August 2016, President Xi visited 37 countries (18 in Asia, 9 in Europe, 3 in Africa, 4 in Latin America and 3 in Oceania), where he officially promoted the idea of building the “Belt and Road” as a cooperation initiative and received warm response from concerned countries. China have signed agreements on the “Belt and Road” policy with most Central Asia and Caucasian countries and issued joint statements on policy planning for building the BRI with regional or subregional bodies such as EU, 16 Central and Eastern European Countries, Greater Mekong Subregion and African Union.

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries and regions of high-level visits</th>
<th>Countries and regions in BRI coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Saudi Arabia, Egypt, Iran, the Czech Republic, Serbia, Poland, Uzbekistan, 16th meeting of SCO Council of Heads of State, 11th ASEM Summit</td>
<td>Saudi Arabia, Egypt, Iran, the Czech Republic, Serbia, Poland</td>
</tr>
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</table>
### 2015

- Zimbabwe, South Africa, Vietnam, Singapore, US, UK,
- 7th BRICS Summit and 15th meeting of SCO Council of Heads of State, Russia, Kazakhstan, Belarus, Pakistan,
- the Asian-African Summit and 60th anniversary of the Bandung Conference, BFA 2015 Annual Conference;
- 14th meeting of SCO Council of Heads of Government,
- 4th China-CEE Leaders' Meeting, a series of leaders' meetings on East Asian cooperation, Malaysia,
- 17th EU-China Summit, Belgium, France, World Economic Forum Annual Meeting, Switzerland,
- Brazil, Colombia, Peru, Chile

Zimbabwe, South Africa, Singapore, Belarus, Pakistan,
Brazil, Colombia, Peru, Chile, SCO

### 2014

- 4th CICA Summit, 3rd Nuclear Security Summit, the Netherlands, France, Germany, Belgium and UNESCO,
- EU, South Korea, 6th BRICS Summit, Brazil, Argentina,
- Venezuela, Cuba, meeting of China and Latin America leaders,
- Mongolia, 14th meeting of SCO Council of Heads of State, Tajikistan, Maldives, Sri Lanka,
- India, 9th G20 Summit, Australia, New Zealand, Fiji,
- Pacific Island Summit; Ethiopia, the African Union Headquarters,
- Nigeria, Angola, Kenya, UK, Greece,
- 3rd Round of China-Germany Inter-governmental Consultation, Germany, Russia,
- 19th Regular Meeting of Chinese and Russian Prime Ministers, Italy, FAO,
- 10th ASEM Summit, a series of leaders' meetings on East Asian cooperation,
- Myanmar, Kazakhstan, Serbia,
- 13th meeting of SCO Council of Heads of Government,
- 3rd China-CEE Leaders' Meeting, the Greater Mekong Subregion Economic Cooperation Summit

EU, UK, Greece, Italy, the Netherlands, France, Germany,
Belgium, South Korea, Brazil, Argentina, Venezuela,
Cuba, Mongolia, Tajikistan, Turkmenistan, Maldives,
Sri Lanka, Australia, New Zealand, Fiji;
African Union, Ethiopia, Nigeria, Angola, Kenya, Russia,
Myanmar, Serbia, Cambodia, Laos

### 2013

- Indonesia, Malaysia, 21st APEC Informal Economic Leaders' Meeting, Turkmenistan, Kazakhstan,
- Uzbekistan, Kyrgyzstan, 8th G20 Summit, 13th meeting of SCO Council of Heads of State;
- Summit of China and Central and Eastern European Countries, Romania,
- 12th meeting of SCO Council of Heads of Government,
- a series of leaders' meetings on East Asian cooperation,
- Brunei, Thailand, Vietnam

Kazakhstan, Uzbekistan, Kyrgyzstan, Indonesia, Malaysia,
Romania, Brunei, Thailand, Vietnam

**Coordination of development strategies**: Following the high-level mutual visits and leveraging of bilateral and multilateral mechanisms, China’s BRI is echoed in development strategies adopted by many countries along the “Belt and Road,” including The Bright Road (Kazakhstan), Eurasian Economic Union
(Russia), Prairie Road (Mongolia), Juncker Plan (EU), Northern Powerhouse (UK), Eurasia Initiative (South Korea), Two Corridors and One Ring (Vietnam), A Vision for Developing North Australia (Australia), Master Plan on ASEAN Connectivity (ASEAN) and The Amber Road (Poland). Through the coordination of their development strategies, these countries will join hands in building the Silk Road Economic Belt and the 21-Century Maritime Silk Road with a focus on Green, Health, Intelligence and Peace.

The BRI and development strategies already rolled out in countries along the “Belt and Road” provide foundation for regional or cross-regional development plans.

The BRI proposes a trade and transport network connecting Europe, Asia and Africa through six economic corridors. In particular, the new Eurasian Land Bridge, the China-Mongolia-Russia Economic Corridor and the China-Central Asia-West Asia Economic Corridor will bring together the most economically vibrant East Asia region and the highly developed European economy, while facilitating trade flows between the Persian Gulf and the Mediterranean Sea and creating opportunities for countries in the Eurasian hinterland. The China-Pakistan Economic Corridor, the China-Indochina Peninsula Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor will help extend economic benefits of the Europe-Asia Corridor to South Asia, Southeast Asia and Indian Ocean Region and release the great potential of these regions.

The transport network consisting of railways, highways, sea routes and air routes, together with the electric power transmission and telecommunication networks, and oil and gas pipelines, creates a connectivity network that provides the physical infrastructure of the six economic corridors.
III. Facilities Connectivity: A Solid Foundation

Facilities connectivity has been identified as one of the priorities for the BRI. China is working with countries and regions along the “Belt and Road” in coordinating infrastructure standards, connecting infrastructure networks, integrating energy infrastructure and creating the Information Silk Road. An infrastructure network that links subregions in Asia and that extends into Asia, Europe and Africa is taking shape.

**Standard coordination:** A series of conferences and workshops have been held to coordinate standards adopted in countries participating in the BRI. On October 22, 2015, The Action Plan for the “Belt and Road” Standard Coordination 2015-2017 was released, setting out 10 guidelines for developing procedures and mechanisms for mutual certification of standards adopted in countries along the “Belt and Road.” The top-level planning agreements executed and coordination plans for setting standards formulated by China and the countries along the “Belt and Road” cover 13 key areas: infrastructure construction and investment, trade, energy, finance, industrial sector, logistics and transport, standards and certifications, environmental protection, agriculture, culture, information, think tank collaboration and local collaboration.

**Transport connectivity:** Over the past three years, China has been promoting the construction of transport infrastructure in countries along the “Belt and Road.” Meanwhile, China’s state-owned enterprises are expanding their presence in the transport infrastructure in these countries.

As of June 30, 2016, 39 freight train lines between China and Europe were operational, contributing to a transport infrastructure network linking subregions in Asia and extending into Asia, Europe and Africa.

Between the time the BRI was put forward by President Xi in 2013 and June 30, 2016 large state-owned enterprises such as China Railway Group Limited and China Communications Construction Company Limited signed construction
contracts for 38 large demonstration projects of transport infrastructure, covering 26 countries and focusing on key routes, port cooperation and the improvement of infrastructure in developing countries. In addition, China has launched 15 new airport projects and 28 airport expansion projects in provinces along the “Belt and Road.” According to China’s Key Civil Aviation Projects 2015, released by the Civil Aviation Administration of China, the total investment in the 51 strategic projects launched under the BRI will reach 200 billion yuan.

**Energy connectivity:** China increased its pace of exporting energy infrastructure to countries and regions along the “Belt and Road.” From October 2013 to June 30, 2016, China’s state-owned enterprises participated in the construction of 40 overseas energy projects, including power plants, electricity transmission facilities and oil and gas pipelines, covering 19 countries along the “Belt and Road.”

In 2014, the Tajikistani part of the Central Asia-China Gas Pipeline (Line D) and the Russian part of the Russia-China Gas Pipeline (East Route) kicked off. The year 2015 saw a number of breakthroughs in major projects. Chinese nuclear power companies launched cooperation projects in Romania, the UK, Pakistan and Argentina. Chinese hydropower companies worked on cooperation projects in Angola, Brazil, Nepal, Pakistan and Argentina. In particular, the Karot Hydropower Project in Pakistan was the Silk Road Fund’s first overseas investment. During the first half of 2016, China signed deals for 16 energy projects with countries along the “Belt and Road.”

**Information Connectivity:** Chinese telecommunication service providers such as China Unicom, China Telecom and China Mobile are speeding up cross-border transmission projects in countries along the “Belt and Road” to expand international telecommunication infrastructure.

So far, China is connected with North America, Northeast Asia, Southeast Asia, South Asia, Australia, the Middle East, North Africa and Europe through submarine communication cables, and with Russia, Mongolia, Kazakhstan, Kyrgyzstan,
Tajikistan, Vietnam, Laos, Myanmar, Nepal, India and other countries through overland cables. The transmission coverage is further extended into Central Asia, Northern Europe and Southeast Asia.

In addition, the China-led TD-LTE standard is heading towards wider adoption. Global TD-LTE Initiative, to which China is a founding partner, currently has 116 operator members and 97 vendors. Fifty-two TD-LTE networks are operational in 30 countries, including China, the US, Japan, India, Saudi Arabia, Russia and Australia, with 83 TD-LTD networks being deployed in 55 countries.

With respect to aviation information sharing, China has signed MoUs on general aviation cooperation with 15 countries. Meanwhile, China is working with France on marine satellites and SVOM satellites, and is assisting in designing, manufacturing, assembling, testing, launching and data processing of Venezuela’s VRSS-2 satellite.

**IV. Unimpeded Trade: A Big Step Forward**

Unimpeded trade is a very important part in building the “Belt and Road.” Over the past three years, China and the “Belt and Road” countries have been working together to facilitate trade and investment activities by negotiating bilateral agreements on investment protection and tax treaties to avoid double taxation, so as to remove trade and investment barriers and create a healthy business environment.

**Trade facilitation:** The negotiations on bilateral FTAs are making solid progress. As of June 30, 2016, China had signed 14 FTAs covering 22 countries and regions, with 8 more FTAs being negotiated and 5 FTAs in the pipeline. Meanwhile, multilateral free trade frameworks are taking shape. China is actively promoting Regional Comprehensive Economic Partnership, China-Japan-South Korea FTA
negotiations and strategic research on the FTA of the Asia-Pacific. Existing regional and bilateral free trade mechanisms are being improved to create a sophisticated, periphery-based free trade network to support the BRI and serve global markets.

Integrated customs clearance: China has been pushing ahead with its customs clearance reform, and has launched pilot projects for one-stop international trade and customs services. The Forum for Heads of Customs Administrations of the countries along the “Belt and Road” was held to promote integrated customs clearance systems. Efforts are being made to extend freight train lines into countries along the “Belt and Road” to make customs clearance more convenient and international movement of goods more efficient. Collaborative efforts in securing and facilitating supply chains are being stepped up, and negotiations on tariff concession are in progress. As of June 30, 2016, China had signed Authorized Economic Operator arrangements with Singapore, South Korea, EU and China’s Hong Kong Special Administrative Region (SAR) to provide a better customs clearance environment for authorized Chinese companies in countries and regions where these arrangements are mutually recognized.

Transformation and upgrading in trade structure: China has been broadening its trade ties with countries along the “Belt and Road.” Meanwhile, China continues to improve trade structure and to launch pilot projects for trade in services. From June 2013 to June 2016, China recorded US$3.1 trillion worth of commodity trade along the “Belt and Road,” which account for 26 percent of its total trade volume. As of June 30, 2016, China had signed US$9.41 billion worth of contracts in services outsourcing with countries along the “Belt and Road,” up by 33.5% from the previous year. Meanwhile, cross-border e-commerce as part of international trade is booming. Cross-border e-commerce pilot areas have been identified to encourage Chinese companies to open offshore warehouses as well as to optimize the distribution-supply structure and accelerate the trade facilitation process.
Investment facilitation: Negotiations on bilateral investment treaties are picking up pace. As of June 30, 2016, China had signed bilateral investment treaties with 104 countries along the “Belt and Road” and introduced a Joint Economic and Trade Commission and other mechanisms to promote investment cooperation, providing legal and institutional basis for bilateral investment cooperation. Against this backdrop, investment cooperation activities between China and countries along the “Belt and Road” are moving steadily forward with enormous growth potential. As of June 30, 2016, China had invested US$51.1 billion in total in these countries, accounting for 12% of China’s overseas direct investment over the same period. In particular, China invested US$6.86 billion directly in countries along the “Belt and Road” during the first half of 2016, mainly in Singapore, Indonesia, India, Malaysia, Laos and Russia, accounting for 7.7% of its total investments over the same period. Countries along the “Belt and Road” invested US$3.36 billion in China, accounting for 4.8% of the total foreign direct investment in China over the same period.

As of June 30, 2016, China had signed tax treaties with 53 countries along the “Belt and Road,” creating a tax treaty network that covers the major investment sources and foreign investment destinations and that helps eliminate tax barriers to investment between China and these countries.

Platform cooperation: National border ports, border economic cooperation areas and cross-border economic cooperation areas are important platforms for deepening cooperation with neighboring countries and regions, for enabling a head start in implementing the BRI and for supporting the construction of the economic corridors on land and at sea.

As of June 30, 2016, five pilot border opening-up and development zones including Dongxing in Guangxi, Mongla (Mohan) and Ruili in Yunan, Erenhot and Manzhouli in Inner Mongolia, 17 border economic cooperation zones and 1 cross-border
economic cooperation zone (China-Kazakhstan Horgos International Border Cooperation Center) had been functional, with another 11 cross-border economic cooperation areas in progress.

Substantive results have been made in developing offshore trade and economic cooperation zones. China developed a number of overseas industrial development zones with sound infrastructure, clear industrial focus and access to a full range of public services. These zones give rise to a geographic concentration of interconnected businesses and shine out in the local economy as important platforms for international cooperation for capacity building and equipment...
manufacturing under the BRI.

As of June 30, 2016, China had launched 52 trade and economic cooperation zones in 18 countries along the “Belt and Road,” with a total investment of US$15.6 billion. Among the 13 trade and economic cooperation zones that were evaluated, China-Belarus Industrial Park, Thai-Chinese Rayong Industrial Zone and Indonesia-China Integrated Industrial Parks are operating in full swing, as a result of the “going global” strategy of Chinese companies and the collaborative efforts in these international capacity building and equipment manufacturing projects.

Table 3 Evaluated Overseas Trade and Economic Cooperation Zones
(As of June 30, 2016)

<table>
<thead>
<tr>
<th>No.</th>
<th>Cooperation zone</th>
<th>Chinese company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sihanoukville Special Economic Zone (SSEZ) in Cambodia</td>
<td>Jiangsu Taihu Cambodia International Economic Cooperation Investment Co., Ltd.</td>
</tr>
<tr>
<td>2</td>
<td>Thai-Chinese Rayong Industrial Zone</td>
<td>Holley Industry Group Co., Ltd.</td>
</tr>
<tr>
<td>3</td>
<td>Longjiang Industrial Park in Vietnam</td>
<td>Zhejiang Qianjiang Investment Management Co., Ltd.</td>
</tr>
<tr>
<td>4</td>
<td>Haier-Ruba Economic Zone in Pakistan</td>
<td>Haier Group</td>
</tr>
<tr>
<td>5</td>
<td>Zambia-China Economic &amp; Trade Cooperation Zone</td>
<td>China Nonferrous Metal Mining Group</td>
</tr>
<tr>
<td>6</td>
<td>Special Economic Zones in Egypt</td>
<td>TEDA Investment Holding Co., Ltd.</td>
</tr>
<tr>
<td>7</td>
<td>Lekki Free Trade Zone in Nigeria (China-Nigeria Economic Zone)</td>
<td>China-Africa Lekki Investment Co., Ltd.</td>
</tr>
<tr>
<td>8</td>
<td>Sino-Russian Ussuriysk Economic Cooperation Zone</td>
<td>Kangji International Investment Co., Ltd.</td>
</tr>
<tr>
<td>9</td>
<td>The China-Russia Tomsk Timber Industry and Trade Cooperation Zone</td>
<td>AVIC Forestry Co., Ltd.</td>
</tr>
<tr>
<td>10</td>
<td>Oriental Industrial Park in Ethiopia</td>
<td>Jiangsu Yongyuan Investment Co., Ltd.</td>
</tr>
<tr>
<td>11</td>
<td>Sino-Russia (PrimorskyKrai) Agricultural Cooperation Zone</td>
<td>Dongning Huaxin Economic and Trade Co., Ltd.</td>
</tr>
<tr>
<td>12</td>
<td>Longyue Forestry Cooperation Zone in Russia</td>
<td>Mudanjiang Longyue Economic and Trade Co., Ltd.</td>
</tr>
<tr>
<td>13</td>
<td>Central European Trade and Logistics Cooperation Zone in Hungary</td>
<td>Shandong Dihao International Investment Co., Ltd.</td>
</tr>
</tbody>
</table>
V. Financial Integration to Form a Network for Cooperation

Financial integration is an important underpinning for the successful implementation of the BRI. China vigorously pushes forward cross-border financial cooperation with countries along the “Belt and Road” and international financial institutions, so as to meet the needs of these countries for financing and financial services in infrastructure development. China also persistently develops the RMB trade settlement, currency swap, investment credit and other financial services between countries along the “Belt and Road” and other economies. Meanwhile it seeks to reinforce cooperation with these countries in financial regulation and supervision to build up efficient regulation and supervision mechanisms in the region.

Financial cooperation: The “Belt and Road” cross-border financial cooperation consists of multiple levels of cooperation and various participants, among which international and multilateral development financial institutions play a significant leading role.

The AIIB, an inter-governmental multilateral development institution for Asian regions, focuses on the development of infrastructure, aiming to facilitate progress on enhancing connectivity and economic integration among Asian regions and cooperation between China and other countries and regions across the world. The AIIB, founded on December 25, 2015 with its headquarters in Beijing and an authorized capital of US$100 billion, considers “Belt and Road” related projects as one of its investment priorities. The AIIB approved US$509 million in investments for its first four projects on June 25, 2016, on power, transportation, urban development and other projects in Bangladesh, Indonesia, Pakistan and Tajikistan, all countries along the “Belt and Road.”

Based on market rules, international practices and professional standards, according to Company Law of People’s Republic of China, the Silk Road Fund is
a medium- and long-term development and investment fund established in Beijing on December 29, 2014 with an investment of 61.525 billion yuan from the State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank, focusing on investment opportunities and providing investment and financing support under the framework of the BRI.

The Silk Road Fund, by June 30, 2016, had announced 3 sets of investment: to inject capital in China Three Gorges Corp to develop hydropower plants in Pakistan and other South Asian countries; to fund ChemChina in acquisition of Italian tire maker Pirelli; and to make investments in Russia-based Yamal LNG project. It had also signed a three-party cooperation framework agreement with Beijing Enterprises Holdings Limited and EEW Energy from Waste GmbH, a MoU with the European Bank for Reconstruction and Development and a MoU with Serbia on joint development of renewable energy projects.

As the first development financial institution established by BRICS states in the aftermath of the global financial crisis, the New Development Bank, centered on economic development in the third world and in particular investments in infrastructure, is to be built into a financial safety net which would offer a certain amount of foreign exchange with its currency reserve pool if the next global financial crisis would ever take place. The BRICS New Development Bank, established on July 21, 2015 and headquartered in Shanghai, has an authorized capital of US$100 billion and announced its first round of loans for clean energy projects in China, India, Brazil and South Africa.

Domestic policy-based financial institutions serve as the backbone for financial cooperation. By June 30h, 2016, China Development Bank had set up an “Belt and Road” project pool involving over 900 projects from over 60 countries in transportation, energy, resources and others sectors. The Export-Import Bank of China holds an outstanding balance of over 1,000 projects involving roads, railways, ports, power resources, pipelines, communication, and industrial parks.
in the 49 countries along the “Belt and Road.” The Export-Import Bank of China also recently signed over 500 projects with countries along the “Belt and Road.” By June 30, 2016, China Export & Credit Insurance Corporation had supported export, domestic trade and investment with a total value of US$2.3 trillion. Its policies cover thousands of exporters and hundreds of medium- and long-term projects concerning high technology export, large electro-machinery and complete-set equipment export, overseas engineering contracts.

Domestic commercial banks serve as the follow-up driver for commercial cooperation. The business network of Chinese-funded banks, primarily China’s five largest banks, ICBC, CCB, BOC, ABC and BOCOM, has taken shape among countries along the “Belt and Road.” As of March 31, 2016, nine Chinese-funded banks have set up 56 Level A branches in 24 countries along the “Belt and Road.” In addition, 56 commercial banks from 20 Belt and Road countries have set up 7 subsidiaries, 18 branches and 42 representative offices in China.

At the same time, transnational bank cooperation mechanisms like the Shanghai Cooperation Organization Bank Union and China-ASEAN Bank Union have facilitated financial convenience towards the development of the BRI.

**RMB regionalization and Internationalization**: The use of RMB has been expanding in cross-border trade and investment. By June 30, 2016, cross-border RMB settlements between China and countries and regions along the “Belt and Road” had exceeded 2.63 trillion yuan.

The People’s Bank of China has been strengthening currency cooperation with central banks of other countries. As of August 15, 2016, the People’s Bank of China had signed bilateral currency swap agreement with an aggregate of more than 3.12 trillion yuan (not including the expired or terminated) with central banks or other currency authorities of 35 overseas countries and regions, 21 of which are countries or regions along the “Belt and Road.” As of June 30, 2016, the interbank foreign exchange market in China had launched direct trade among 11 types of
currencies.
The establishment of cross-border RMB payment, clearing and settlement has been gaining momentum. As of August 20, 2016, China had signed bilateral currency settlement on general trade with central banks of countries such as Russia and Belarus, and signed bilateral currency settlement on border trade with central banks of countries such as Kyrgyzstan and Kazakhstan. As of June 30, 2016, there were already 20 RMB clearing banks in business, 7 among which are located in countries and regions along the “Belt and Road.” The People’s Bank of China signed MoUs with the Federal Reserve and Central Bank of the Russian Federation to build up bilateral currency settlement mechanisms in the US and Russia on June 7 and June 25, 2016 respectively.

Offshore RMB markets have come forth one after another. Besides China’s Hong Kong, Taiwan and Singapore as the major offshore RMB deposit and loan markets, the accelerated development of offshore RMB markets in Britain, Germany and some other key countries of Europe – which is expected to be the most important offshore RMB market outside Asia – are to be witnessed.

**Cooperation on financial regulation and supervision:** The People’s Bank of China has been constructively engaging in operations of Financial Stability Board, Basel Committee on Banking Supervision and other international organizations and their affiliated working teams. It would, under the Executive Meeting of East Asia Pacific Mechanism, further strengthen regional economic and financial monitoring and consistently improve crisis management and intervention framework.

By August 20, 2016, the People’s Bank of China had signed MoU on financial intelligence communication and cooperation with 39 overseas anti-money laundering organizations. China Banking Regulatory Commission had signed MoU or Exchange of Notes on bilateral regulation and supervision with financial authorities of 28 countries along the “Belt and Road.” China Securities Regulatory
Table 4 Review of the RMB regionalization and Internationalization

<table>
<thead>
<tr>
<th>Type of Financial Integration</th>
<th>Field of Cooperation</th>
<th>Cut–off Date</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB regionalization and Internationalization</td>
<td>cross–border trade and investment</td>
<td>July 30, 2016</td>
<td>Current account cross–border RMB settlements between China and countries and regions along the Belt and Road routes exceeding 2.63 trillion yuan. China has trade and investment transactions with up to 192 foreign countries.</td>
</tr>
<tr>
<td></td>
<td>Currency cooperation</td>
<td>August 15, 2016</td>
<td>People’s Bank of China signed bilateral currency swap agreement summing up to 3.12 trillion yuan (not including the expired or terminated) with central banks or other currency authorities with 35 overseas countries and regions, 21 of which countries or regions along the Belt and Road.</td>
</tr>
<tr>
<td></td>
<td>Cross–border payment, clearing and settlement</td>
<td>June 30, 2016</td>
<td>Interbank foreign exchange market in China had launched direct trade among 11 types of currencies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 7 and June 25, 2016</td>
<td>Signed MOU with the Federal Reserve and Central Bank of the Russian Federation to build up bilateral currency settlement mechanism in US and Russia respectively.</td>
</tr>
</tbody>
</table>

Commission had signed 64 MoU on regulation and supervision with securities authorities of 59 countries and regions. In addition, China Insurance Regulatory Commission has, by enhancing connection with International Association of Insurance Supervisors, been vigorously promoting cooperation on insurance regulation with countries along the “Belt and Road.” The Asian Forum of Insurance Regulators located its Secretariat in China to strengthen exchanges and cooperation on insurance regulation and supervision in Asia.
VI. People-to-people Communication: Steady Progress

People-to-people communication provides public support for implementing the BRI. Since the launch of the initiative three years ago, China has been, by upholding the spirit of friendly cooperation of the Silk Road, energetically developing cooperation on culture and education, tourism, health care and medical service, science and technology as well as exchanges among youths, political parties, governments and non-governmental individuals and organizations in countries and regions along the “Belt and Road,” thus winning public support for the implementation of the BRI.

Cooperation on Culture and Education: On account of the progress of the BRI, there would be extensive potential for cooperation and development between China and countries along the “Belt and Road.” China would provide 10,000 government scholarships to countries along the “Belt and Road” as well as 120,000 training opportunities and 150,000 scholarships for citizens of other developing countries to receive education in China, so as to help train 500,000 professional technicians for other developing countries. Local governments in China have also launched programs like Silk Road Special Scholarship to encourage international cultural and educational exchanges. Besides, there are up to 33 educational cooperation and foreign aid programs like China-ASEAN Education Cooperation Week, providing platforms for educational exchanges and cooperation among countries and regions along the “Belt and Road.”

As of June 30, 2016, China had worked with countries and regions along the “Belt and Road” for 19 sessions of “Year of the Country” and set up 25 overseas Chinese culture centers and 500 Confucius Institutes across 125 countries. China had signed up to 41 MoU on cultural cooperation with these countries and regions. The International Symposium on the Silk Road Economic Belt was held in Urumqi of Xinjiang Uyghur Autonomous Region in June 2014, and the International Seminar on the 21st-Century Maritime Silk Road Initiative was held in Quanzhou,
Fujian Province in February 2015. In short, there have been so many cultural exchanges, unprecedented in history, across the world since the launch of the BRI. **Cooperation on Tourism:** The BRI is an initiative to drive cooperation and development of countries along the “Belt and Road,” as well as a vision and a new way to develop tourism. As of June 30, 2016, 24 Chinese provinces, including Hainan, Xinjiang and Ningxia, had established partnership programs with countries along the “Belt and Road.” China had also worked with relevant countries to hold nine “Tourism Year” events with diversified features, and over 130 promotion events like “Tourism Week,” “Tourism Promotion Week,” and “Tourism Month.” Meanwhile China has made active efforts to enhance visa facilitation. As of June 30, 2016, 21 countries and regions had started to grant visa-free to Chinese visitors, and 37 countries and regions had started to grant visa on arrival, greatly facilitating non-governmental exchanges among different peoples and making it possible for visitors to have “ready-to-go” travel at any time.

In addition, China National Tourism Administration would help 150 million Chinese tourists to visit foreign land along the “Belt and Road” with a total expenditure of US$200 billion; meanwhile China would attract 85 million visitors from the area with a total spending of US$110 billion in China. **Health and Medical Care:** As of June 30, 2016, China had a range of cooperation on medical staff training, public health service and traditional medicine with ministries of health, medical schools and other organizations from central and east Europe, ASEAN, Arab League and other regions and countries and had signed 23 international agreements with these countries and regions. China had also been engaged in 29 cooperation projects including the Sino-African Cooperation Program on Poverty Reduction and Public Welfare and Sino African Cooperation Program on Public Health.

Within its 52-year engagement in international medical aid undertaking, China has sent more than 23,000 doctors, whose footprints covering everywhere in the 67
countries and regions across the world. By June 30, 2016, China had dispatched to 51 countries 52 medical teams, among which 43 were sent to 42 African countries. The China International Search and Rescue Team, a UN-certified international heavy rescue team, was the first team arriving at the post earthquake area in Nepal. All these reflect the initiatives and responsibilities taken by China, an emerging power.

**Cooperation on Science and Technology**: China has been witnessing increasingly close scientific and technological cooperation with the “Belt and Road” countries, such as the Internet Plus Strategy in Eurasia, the inauguration of the Qamchiq Tunnel, the longest railway tunnel in Central Asia, which is a part of China’s high-speed railway going global program, and the release of *Beijing Declaration on Global Collaboration in Earth Observation for “Belt and Road.”* By June 30, 2016, China had signed up to 56 MoU on scientific and technological cooperation with countries along the “Belt and Road,” in the sectors of space, energy, and ecology, covering Asia, Europe, Latin America and Africa. In addition, China had established 38 scientific and technological centers, ranging from “Belt and Road” smart industrial parks, joint labs, international technological transfer centers, industrial cooperation centers to incubation centers, in conformity with its 13th Five-year Plan. This has thus enhanced bilateral and multilateral technological cooperation.

**Youth Exchanges**: Youths today are a vital force in building up their country and the “Belt and Road” in particular, carrying forward unprecedented historical missions on their shoulders. China has jointly held eight events of “Youth Exchange Year” with relevant countries including the China-Russia Youth Friendly Exchange Year and China-Germany Teenager Exchange Year, and launched nine youth talent training and development programs, like African Talents Program and Talented Young Scientist Program, to develop young talents for relevant developing countries. China has also hosted innovation and entrepreneurship themed forums
and conferences like the “Belt and Road” Innovation and Entrepreneurship Forum to actively explore and promote China’s cooperation with countries along the “Belt and Road” on youth education and employment by integrating advantaged resources of relevant countries.

Cooperation Among Political Parties and Governments: Friendly exchanges with political parties and parliaments of different countries are of great significance for promoting friendship and consolidating current achievements. The Communist Party of China has been attaching great importance to friendly exchanges with foreign political parties. China has established a range of political party exchange mechanisms including Asian Political Parties’ Special Conference on the Silk Road and Economic and Trade Dialogue of the China-Europe High-level Political Parties Forum. As for parliament exchanges, China’s National People’s Congress, within the framework of Asian Parliamentary Assembly, developed exchanges with parliaments from more than 42 countries on “Belt and Road,” which would exert great influence on steadily promoting international relations, strengthening mutual understanding of peoples and boosting the development of “Belt and Road” in the long run.

Non-governmental Cooperation: As of June 30, 2016, China had held 63 events of exchange and cooperation with non-governmental organizations from countries along the “Belt and Road” with the scope and depth growing year on year. As for cultural and media cooperation, China has been engaged in 35 significant events including the book launch ceremony of “Belt and Road”: Opportunities and Challenges in the 47th Cairo International Book Fair and Chinese and Foreign Media Forum for the BRI. As for public welfare, environmental protection, poverty reduction and opening up, China has worked with countries along the “Belt and Road” to host 26 events including World Day to Combat Desertification Global Observance and the “Belt and Road” Joint Action High-level Dialogue, “Belt and Road” International League for Peaceful and Friendly Development of Youth, and
China-ASEAN Forum on Social Development and Poverty Reduction, interweaving a well-rounded cooperation network.

**Cooperation Among Think Tanks:** Think tanks have been functioning as policy coordinators, consultants and advisers during the development course of the “Belt and Road” by pooling individual wisdom into concerted efforts. Since the launch of the “Belt and Road” strategy, a great number of think tanks focusing on “Belt and Road” have emerged one after another, ranging from think tanks of governments, enterprises or universities to independent think tanks, with diversified and distinctive advantages. To integrate research resources of different sectors and build up cross-disciplinary and multi-field research platforms, 11 unions and mechanisms have been established like “Belt and Road” Think Tank Association, International Think Tank Association, Silk Road Think Tank Network, “Belt and Road” 100-Talent Forum and University Think-tank Union, with fruitful results. Chinese think tanks have been actively enhancing exchanges with those from countries along the “Belt and Road” and exerting great influence on the international arena by organizing up to 29 relevant events including China-Iran Think Tank Dialogue, China-Turkey Think Tank Dialogue, China-Kazakhstan Think Tank Dialogue, and US-China Dialogue on South China Sea between Chinese and US think tanks.

<table>
<thead>
<tr>
<th>Content of Cooperation</th>
<th>Achievements</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science and Technology</td>
<td>MoU</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Partner countries</td>
<td>Over 150</td>
</tr>
<tr>
<td></td>
<td>Scientific and technological centers</td>
<td>38</td>
</tr>
<tr>
<td>Education</td>
<td>Government scholarships</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Educational cooperation and foreign aid programs</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Youth exchange year</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Youth talent training and development programs</td>
<td>9</td>
</tr>
</tbody>
</table>
VII. Joint Efforts to Shape All-dimensional Strategy

China has been active in the development of the BRI since its launch three years ago and has brought impetus to the development of open economy by giving full play to the advantages of various parts of China, implementing more proactive opening-up policies and strengthening interaction and cooperation of east, west and central China. Regions across China have made great efforts as follows:

**Northwest and Northeast China:** Xinjiang Uyghur Autonomous Region has been making full use of its advantages in location, resource and ethnic heritage and working energetically in accordance with the BRI to seize opportunities in building the New Eurasian Land Bridge Economic Corridor, China-Central Asia Economic Corridor, China-Pakistan Economic Corridor, and China-Mongolia-Russia Economic Corridor, achieving progress in connectivity, international capacity cooperation, open platforms construction, economic, trade and technology exchanges as well
as cultural exchanges.
Shaanxi Province, Ningxia Hui Autonomous Region, Gansu Province and Qinghai Province have been working proactively in accordance with the BRI to seize opportunities in developing the New Eurasian Land Bridge Economic Corridor, China-Central Asia Economic Corridor, China-Pakistan Economic Corridor, and China-Mongolia-Russia Economic Corridor.
Remarkable accomplishments have been made in "Belt and Road" development programs like the Euro-Asia Economic Forum, Roundtable Meeting of Cities along the Silk Road Economic Belt, Ningxia Inland Opening-up Pilot Economic Zone, China-Kazakhstan Horgos International Border Cooperation Center, China-Arab States Import & Export Trading Center, Lanzhou New Area Free Trade Zone, Lanzhou International Trade and Logistic Park, Golden Port Qinghai International Bonded Shopping Center, Chengdu Investment and Trade Fair, Investment and Trade Fair for Qinghai Enterprises Participating in Economic Restructure, Qinghai Halal Food Cultural Tourism Festival, Dongchuan Railway Logistics Center, “Lanzhou” Central Asia International Freight Train, and “Lanzhou” Central Europe International Freight Train. The Inner Mongolia Autonomous Region took the initiative to work according to the BRI and form a new type of cooperation mechanism with Russia and Mongolia by building on the China-Mongolia-Russia Economic Corridor.
Heilongjiang, Jilin and Liaoning provinces have been making good use of their advantaged locations, strengthening the sea-rail transportation cooperation with the Far East Area of Russia, promoting the development of Beijing-Moscow High-speed Rail Corridor, and economic liaison with Japan, ROK and other relevant countries, while paying close attention to the connectivity with south China economic zones. Since the launch of the BRI three years ago, remarkable progresses have been made in “Belt and Road” mechanisms and programs like Heilongjiang Land-and-sea Silk Roads, Changchun-Siping Economic Belt,
Baishan-Tonghua-Dandong Economic Belt, Hulun Buir China-Russia-Mongolia Cooperation Pilot Zone, Longjiang Silk Road Economic Belt, Harbin New Area, Shenyang Airport Economic Zone, China-Germany Equipment Manufacturing Industrial Park in Shenyang, Changchun Xinglong Comprehensive Free Trade Zone, and “Shenyang- Manzhouli-Europe” International Rail Line.

**Southwest China:** Guangxi Zhuang Autonomous Region, Yunnan Province and Guizhou Province have been actively working in accordance with the BRI and giving overall consideration to the development both at home and abroad. They have been energetically developing Guangxi Beibu Gulf Economic Zone, Pearl River-West River Economic Belt and China-Indochina Peninsula Economic Corridor, further accelerating the development of China Beibu Gulf Pilot Free Trade Zone and promoting Pan-Beibu Gulf economic cooperation mechanism. They have also been actively engaging in economic cooperation of Bangladesh-China-India-Myanmar Economic Corridor and Great Mekong Subregion, enhancing the China-ASEAN Cooperation Mechanism, launching new cooperation mode of China-Malaysia joint industrial park and setting up a range of national opening-up and cooperation platforms including Guangxi (Dongxing) Key Pilot Zone for Opening up and Development and China-Indonesia Economic and Trade Cooperation Zone.

A number of key “Belt and Road” mechanisms and programs have settled in Southwest China, including the approved Guizhou Inland Open Economy Pilot Area and Kunming Comprehensive Bonded Zone, the launch of Guian Comprehensive Bonded Zone and Honghe Comprehensive Bonded Zone, the approved Mengla (Mohan) Major Development and Opening Pilot Area as well as the starting operation of Guizhou-Shenzhen-Europe International Sea-rail Freight Line, Guizhou-Chongqing-Xinjiang-Europe International Freight Line, Yunnan-Central Europe Freight Train.

Noticeable progresses have been made in Ruili Key Development and Opening-up Experimental Zone, Lincang Border Economic Cooperation Zone, China-
Laos Economic Cooperation Zone, China-Myanmar Economic Cooperation Zone and China-Vietnam Economic Cooperation Zone, thus enhancing bilateral and multilateral cooperation with surrounding countries. Meanwhile Southwest China has been expanding regional cooperation with Pan Pearl River Delta Economic Zone, Yangtze River Delta Economic Zone, Circum-Bohai Sea Economic Zone, Beijing-Tianjin-Hebei Economic Zone and Hong Kong, Macao and Taiwan, as well as encouraging local enterprises going global. The Tibet Autonomous Region, by speeding up the vital route opening to South Asia, has been promoting the development of Trans-Himalaya Economic Belt and Jilong Cross-border Economic Cooperation Zone and giving impetus to its open economy.

**Inland China**: Henan Province has been an active participant in the BRI. The China (Zhengzhou) Cross-border Pilot Comprehensive E-business Zone has been approved, and the Phase III of Zhengzhou Xinzheng Comprehensive Bonded Zone has been largely completed. Henan Province has launched integrated customs integration with nine customs districts and 11 quarantine districts. It has been promoting a range of cooperation with countries along the “Belt and Road,” and strategic cooperation with Cargolux Airlines International of Luxemburg, CFL of Luxemburg and PKP of Poland.

Shanxi Province has taken the initiative to join in the “Belt and Road” construction, strengthen connection with Beijing, Tianjin, Hebei and Circum-Bohai area, promote the development of the Yellow River golden delta and Yangtze River golden delta, and encourage coal miners go global to promote international capacity cooperation.

Jiangxi Province has made positive achievements in economic and trade exchange and interaction with countries along the “Belt and Road” by pushing forward the development of Nanchang-Rotterdam International Rail, the accelerated completion and operation of Ganzhhou Comprehensive Bonded Area, and the official launch of Jiujiang Chengxi Port. It strengthened domestic connectivity by
enhancing opening up and cooperation with Yangtze River Economic Belt, Pan-Pearl River Delta, Yangtze River Delta and Fujian Delta Economic Zone.

Sichuan Province and Chongqing Municipality have been proactive participants in “Belt and Road” construction and Yangtze River Economic Belt by building the Yangtze River Economic Belt Comprehensive Transportation Corridor, reinforcing overall planning of riverside industries and the cooperation between Upper and Middle Reaches of Yangtze River Economic Belt and Russian Volga Federal District (the Twin River Region). Meanwhile the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity has kicked off, and significant achievements have been made in important China-Europe land transportation mechanisms like Chengdu-Europe Express Rail and Chongqing-Xinjiang-Europe Rail.

Hubei, Hunan and Anhui provinces have been enthusiastic in BRI, Beijing-Tianjin-Hebei Coordinated Development, and Yangtze River Economic Belt, striving to build themselves into vital centers and hubs of the “Belt and Road”; actively organizing enterprises to explore markets in BRICS, in countries along the “Belt and Road” and to open up emerging markets and international exchange and cooperation channels; implementing and promoting development of BRI cooperation frameworks like the Wuhan New Port and Airport Comprehensive Bonded Zone, Xiangyang and Yichang Bonded Logistics Centers, South Hunan’s Demonstration Area for Undertaking Industrial Transfer, and the mechanism of China-Germany joint commission for economic cooperation.

**Coastal China:** Beijing, Tianjin and Hebei have been working at full speed on cooperation in key fields of Beijing-Tianjin-Hebei Coordinated Development, further engaging in the BRI and Circum-Bohai Sea Cooperation, vigorously exploring the international market and in particular cooperation with business community of Europe, the US, Japan, South Korea, Southeast Asia and Australia, driving forward the cooperation on international capacity and equipment manufacturing, and
improving the collaboration mechanism with the AIIB, Silk Road Fund and other platforms.

Zhejiang Province, Jiangsu Province and Shanghai Municipality have been actively engaging in the implementation of the “Belt and Road,” the Beijing-Tianjin-Hebei Coordinated Development, and the Yangtze River Economic Belt. They have been promoting the integrated development of the Yangtze River Delta, and facilitating the construction of China (Shanghai) Pilot Free Trade Zone, Zhejiang Marine Economic Development Demonstration Area and Zhoushan Archipelago New Area. They have also been building and pushing forward connectivity programs concerning the “Belt and Road” like the Ningbo-Zhoushan Port Integration, Yiwu-Xinjiang-Europe Freight Train, Yangshan Bonded Port Expansion, and China-Kazakhstan (Lianyungang) Logistics Terminal, enhancing the development of the open economy and promoting a range of international capacity and equipment manufacturing projects as well as economic and trade cooperation with countries along the “Belt and Road.”

Shenzhen City, Guangdong Province and Fujian Province have been taking the initiatives to build the “Belt and Road” by strengthening in-depth cooperation with Hong Kong and Macao, and building multi-level regular exchange platform and cooperation mechanism. They have been promoting the coordinated development of both east and west banks of Pearl River Estuary and regional cooperation in Pan-Pearl River Delta, strengthening under specific “Belt and Road” mechanisms opening-up cooperation areas in Qianhai of Shenzhen, Nansha of Guangzhou, Hengqin of Zhuhai, and Pingtan of Fujian, steadily driving the construction of Fujian Strait Pilot Blue Economic Zone, Guangdong-HK-Macao Bay Area and Shenzhen, Dongguan and Huizhou plus Shanwei and Heyuan Economic Rim, and speeding up construction of Dongguan Shilong Railway International Logistics Center and China-Russia Trade Park.

Hainan Province has been taking the initiatives to build the “Belt and Road” by
enhancing exchange and cooperation with countries and regions along the “Belt and Road,” taking an active part in the construction of China-ASEAN Free Trade Zone, Pan-Pearl River Delta and Boao Forum for Asia, propelling construction of Haikou Outsource Demonstration City and Yangpu International Energy Exchange, and exploring foreign trade and the emerging markets along the “Belt and Road.”

**Hong Kong, Macao and Taiwan**: Hong Kong SAR is actively involved in the BRI by giving full play to its unique advantages and providing necessary platforms of fund-raising and financing, trade and logistics, trade environment, specialized service and infrastructure and people-to-people communication in the BRI. As for fund-raising and financing, Hong Kong would offer the capital needed in infrastructure and diversified financing channels to take in the fortune along the “Belt and Road” and meet the needs of risk management, further promoting the establishment of RMB offshore centers.

As for trade and logistics, Hong Kong has signed civil aviation transport services agreements or international civil aviation transit services agreements with 40 out of the 60 countries along the “Belt and Road,” and it would continue to seek civil aviation transport agreements with other air service providers along the line to consolidate its position as the international aviation hub and build itself into a major trade and logistics platform along the “Belt and Road.”

As for trade environment, Hong Kong would keep giving full play to its own advantages to strengthen economic and trade relationship with countries along the “Belt and Road” and sign even more FTAs and investment agreements. Hong Kong has established an economic and trade office in Singapore and three in European countries along the “Belt and Road,” and would establish one in Indonesia in 2016 and another one in South Korea at the earliest possible date.

As for specialized service and infrastructure, Hong Kong would provide consultation and participate in business operation for regions along the “Belt and Road” as well as specialized international legal and dispute settlement services.
for China inland and assist in building and improving overseas business risk management.

As for people-to-people communication, Hong Kong would reinforce the Targeted Scholarship and Quality Education Fund mechanisms, and encourage more students from “Belt and Road” countries to study in Hong Kong, while giving full play to its advantage of multicultural to enhance art and cultural exchange with countries along the “Belt and Road.” Hong Kong would establish a “Belt and Road” Office to coordinate central policies and local policies.

Macao SAR is actively involved in the BRI by giving full play to its unique advantages in traditional Chinese medicine and tourism, consolidating its position as a platform serving the business and trade cooperation between China and Portuguese-speaking countries and deepening exchanges and cooperation with ASEAN as well as Portuguese-speaking and Latin-speaking countries.

The Chinese mainland has made well-organized arrangements for the participation of Taiwan in the BRI. Taiwan Affairs Office of the State Council, PRC and China Development Bank proposed in the Cross-Straits Economic Integration Development and Cooperation Agreement that China would support ventures jointly established by enterprises from both sides of the straits to invest in a third site, and support Taiwan enterprises to participate in “Belt and Road” construction in proper identity and participate in programs including overseas manufacturing bases, economic and trade pilot zones and infrastructure construction. China would support qualified and capable mainland-funded enterprises to invest in Taiwan and enhance two-way investment and shareholding by ways of capital, equity and technology. China would also support the infrastructure of cross-straits economic function area and financial innovation pilot programs and reinforce credit aid on Taiwan investment area, Taiwan farmers entrepreneurial parks, cross-straits agricultural cooperation pilot zone, bases for undertaking industrial transfer, cross-straits cultural exchange bases, and other infrastructure and associated projects.
VIII. Five Suggestions for BRI’s Future Growth

The BRI serves as noble attempts for a community of shared interests, future and responsibility, and opens up a new mode of mutual benefits and non-zero-sum cooperation. China would not only be the initiator but also a responsible and reliable practitioner for steady, practical and orderly construction of the “Belt and Road.” In such circumstances, we propose five suggestions as follows:

First, Building an Overall Planning and Coordination Mechanism for Efficient and Integrated Progress

The BRI is a long-term and systematic program for which a highly efficient and powerful overall coordination mechanism would be of vital importance. Currently the overall coordination mechanism among ministries, provinces and cities still remain to be further reinforced. The lack of a mechanism for coordinating Chinese enterprises’ overseas investment has negative effects on the development of the BRI that relies on market-oriented operation.

Therefore, great attention should be attached to institutional design as well as exploring and establishing an efficient and powerful nationwide coordination mechanism, so as to offer overall planning and coordination for the BRI. On the one hand, a “positive list” for the construction of the “Belt and Road” could be introduced to guide all sides to identify the trends in building the “Belt and Road” and promote more reasonable policy expectations to be formed at different levels of governments. On the other hand, a “negative list” for the construction of the “Belt and Road” should also be issued to confirm forbidden fields and fully inspire initiative and creativity of participants in building the “Belt and Road.”

Second, Adhering to Principle of Long-term Consistent Progress and
Encouraging Innovative mechanisms and platforms

In the process of building the “Belt and Road,” local authorities have high expectations toward the development dividend of the BRI. Some consider the “Belt and Road” as a new way for attracting investment, whereas some others, without practical measures for development, use the BRI as a slogan for local development.

Therefore, it should be made clear that the “Belt and Road” construction is a long-term, complex and systematic program, and blind following and construction in a swarm should be prevented. Since there’s no existing experience for reference, efforts should be made to explore ways of innovative construction.

Third, Telling BRI Stories to Boost Cohesion Among Countries for the Construction of the “Belt and Road”

The BRI serves as an important reflection of China’s active participation in global governance and a vital practice in building China’s diplomacy as a major power. The Initiative advocates cooperation, mutual benefits and common development, and aims to build a community of shared interests, future and responsibility featuring mutual political trust, economic integration and cultural inclusiveness.

There are a great number of ethnic groups with diversified cultures, languages and religious beliefs along the “Belt and Road.” It’s of great importance to inherit the Silk Road spirit of “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit.”

China should give full interpretation of the BRI’s connotation and denotation and clearly show the positive effects of the BRI, which would facilitate the deepening of international cooperation. This would also help shape mainstream understanding of the BRI among Chinese public, and help reduce misunderstanding toward BRI abroad.
Fourth, Utilizing the Global Chinese Network to Tap into International Talent Reserves

Overseas Chinese are important resources with unique advantage for China. Statistics show that there are over 60 million overseas Chinese in 198 countries and regions across the world. They are familiar with foreign culture, have a good command of language, and have formed a network of communication with easy access to technology, capital and information resources.

There are formal or informal unions among overseas Chinese, such as World Chinese Entrepreneurs Convention and World Federation of Overseas Chinese Associations. In building the “Belt and Road,” it is of great importance to strengthen institutional and cultural connection between China and countries along the “Belt and Road.” Overseas Chinese could serve as an important link to help reduce the gap between China and the countries where they reside. A productive network of global Chinese talent should be developed for the progress of the “Belt and Road.”

Fifth, Improving Business Support System to Provide All-around and Effective Assistance

A comprehensive business service support system is in urgent need, as many Chinese enterprises going global lack specialized strategies on investment and international operation in countries and regions along the “Belt and Road.” Some companies fail to make good use of Chinese and international financial market, and lack effective risk management and response solutions.

As a result, comprehensive support for Chinese enterprises in terms of investment banking services, business trust, administration, legal affairs, auditing, consulting and investigation should be in place, so as to help Chinese enterprises prosper while going global. This would also offer powerful back-up for the development of the BRI.
Conclusion

In the past three years, the Chinese government has been actively engaging in the “Belt and Road” development. It has been strengthening communication and consultation with countries along the “Belt and Road,” promoting practical cooperation and implementing a range of policies and measures. All these have contributed to current progress in the BRI’s development.

The “Belt and Road” entails all-dimensional cooperation to build up a new international economic and trade relationship. Traditional international economic and trade relationship tends to be a horizontally organized one which carries out “horizontal” trade negotiations based on tariffs. In contrast, in the wake of the release of Visions and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road in March 2015, all China’s provinces and regions as well as government ministries have accomplished BRI-related policy planning and implementation. The BRI has opened up an all-dimensional cooperation mode integrating both governments and enterprises at home and abroad. The Silk Road spirit and core principles of “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit” have been rooted as an important consensus of Chinese and international community.

The BRI requires long-term cooperation to create new and sustainable international economic and trade relationship. In this era featured by sustainable development, the BRI integrates long-term infrastructure interconnectivity into bilateral relations, rather than narrowly focusing on short-term commodity trade. This enriches economic and trade relations in terms of their time dimensions.

The BRI also means inclusive cooperation, and adds new connotations to diversified international economic and trade relations. The economy and trade in China have been witnessing new trends. Capacity building and economic and trade cooperation, based on overseas economic and trade cooperation zones,
have given birth to new interdependence in international economic and trade business. Overseas economic and trade cooperation zones have been functioning as important carriers for the “Belt and Road,” along with the increasingly institutionalized international capacity building cooperation, investment and trade facilitation, as well as accelerated two-way investment. The BRI signals innovative cooperation, aiming to create new and interactive pattern of international economic and trade relationships. With the development of globalization, all countries and regions are closely connected, and have merged into a community with shared interests. Through policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people communication, the BRI will be jointly built through consultation to meet the interests of all. Efforts should be made to integrate the development strategies of the countries along the “Belt and Road.” The BRI represents a new trend in global economic cooperation, and has become a global consensus. It also offers a very promising view for international economy. In conclusion, the BRI is of strategic significance for strengthening cooperation among countries and building a community of shared future featuring mutual political trust, economic integration and cultural inclusiveness. It would soon be a new engine for the world economic growth, and compose a new chapter in invigorating the Silk Road Economic Belt and the 21st-Century Maritime Silk Road.
The Research Team

Director
Liu Wei, President of Renmin University of China

Consultants
Zhang Yanling, Former Executive Vice President of Bank of China, Executive Director of International Chamber of Commerce, Senior Research Fellow, the Chongyang Institute for Financial Studies at Renmin University of China (RDCY)
Wei Benhua, Former Deputy Administrator of State Administration of Foreign Exchange, Senior Research Fellow, RDCY
Ou Xiaoli, Inspector of Department of Western Region Development, National Development and Reform Commission of China
Song Lihong, Inspector of Comprehensive Department, Ministry of Commerce of China
Tan Jian, Deputy Director-General of Department of International Economic Affairs, Ministry of Foreign Affairs of China
Liu Zhiqin, Former Chief Representative of Beijing Branch of Zürcher Kantonalbank, Senior Research Fellow, RDCY

Authors
Wang Wen, Executive Dean, RDCY
He Fan, Chief Economist, RDCY
Jia Jinjing, Director of Department of Macroeconomics, RDCY
Xiang Junyong, Deputy Director of Department of Industrial Studies, RDCY
Liu Ying, Research Fellow, RDCY
Research team members
Wang Yiwei, Professor of Department of International Relations, Renmin University of China, Senior Research Fellow, RDCY
Yang Fanxin, International Program Manager, RDCY
Cheng Cheng, Project Manager, RDCY
Zhan Teng, Assistant Research Fellow, RDCY
Cheng Yang, Assistant Research Fellow, RDCY
Yang Fuding, Assistant Research Fellow, RDCY
Zhou Ximeng, Assistant Research Fellow, RDCY
Dai Ran, Research Intern, RDCY
Fang Linjie, Research Intern, RDCY
Sun Yiyuan, Research Intern, RDCY
Lin Ning, Research Intern, RDCY

Proofreading
Chen Xiaochen, Deputy Director of Department of International Studies, RDCY
Chen Chenchen, Research Fellow, RDCY
Feride Inan, Visiting Research Fellow, RDCY
Chang Yudi, Research Intern, RDCY
Huang Dan, Research Intern, RDCY