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THE MAKING AND IMPLEMENTATION OF THE BELT AND ROAD POLICY

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The Making and Implementation of the Belt and Road (B&R) Policy

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In a speech delivered at Nazarbayev University in Astana, Kazakhstan, on 7 September 2013, President Xi invited central Asian countries to work ‘innovatively’ with China to build a ‘Silk Road Economic Belt’ (SREB, or the Belt) for close economic ties, cooperation and joint development to benefit people across the land of Eurasia. In his speech at the Indonesian Parliament on 3 October 2013, President Xi invited ASEAN countries to work with China to build a ‘21th Century Maritime Silk Road’ (MSR, or the Road) for achieving joint development and co-prosperity. These two proposals, put together, were the original ‘One Belt, One Road initiative’.

The understanding of what the Belt and Road initiative is about has since evolved. The immediate media reaction, in China as well as overseas, was that it was a major Chinese initiative to help build infrastructure across Eurasia, linking China with Europe and Africa through Central Asia, Southeast Asia, South Asia and West Asia. Infrastructure is lacking and holds back development in this vast land rich in natural resources and energy. China has infrastructure and manufacturing capacity, as well as expertise developed through domestic and international investment. But China depends heavily on international markets for energy and resources. The initiative was seen as a smart move to potentially achieve co-prosperity by marrying Chinese industrial and infrastructure capacity, which has become excessive due to overinvestment, with the region’s rich natural resources and potentially a huge market. This move, if successful, could also be construed as helping enhance China’s economic position and geopolitical interests.

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During the past three years, Chinese leaders have provided a lot more clarity on the initiative. The claimed goal of the Belt and Road initiative is to strengthen five kinds of 'connectivity' between China and participating countries. These are policy communication, facilities connectivity, unimpeded trade (and investment), financial integration, and people-to-people bonds.

The initiative is global, not regional — Chinese officials now insist on its English translation as the 'Belt and Road' (B&R), rather than the initial 'One Belt, One Road' (OBOR) initiative, to avoid any narrow geographic connotation.\(^2\) The B&R belongs to any set of countries willing to sign up with China for the purposes of strengthening the five types of connectivity. As the policy now stands, it provides an open, inclusive and global platform through which any country, including the US and Japan, find opportunities for economic cooperation. At the same time, Chinese official documents continue to refer B&R countries as those along the old Silk Road in Central, West, South and Southeast Asia, the Middle East, Europe and Africa. This source of confusion in some ways remains, reflecting the shifting, evolving nature of the B&R concept.

The B&R as a policy has been continuously evolving, starting from President Xi’s initial enunciation of the concept, to now being a fully-fledged national strategy shaping China’s development and international economic relations. Setting out the evolution of this policy helps clarify what the policy is about, and the trends that are likely to shape what it will be in the future. It can also provide a case study in understanding China’s economic policy making system and processes under President Xi Jinping.

The paper addresses the following questions: where did the idea of the B&R as endorsed by President Xi come from, and why was it be proposed in late 2013?

\(^2\) ‘One Belt, One Road’ is a literal translation from the Chinese term, \textit{yidai yilu}, which continues to be used in Chinese. OBOR is another common acronym in English, which comes from the English translation ‘One Belt, One Road’ that would invoke imaginations of a particular road or belt going through particular countries. This more literal conception raises questions as to which countries would be included, how many roads would be built and financed by China, and so on.
What were the key steps taken through the Chinese system in formulating the B&R policy? Who were the main policy makers responsible for the B&R policy? What institutional arrangements and processes have been put in place to coordinate the implementation of the policy? And how has the policy evolved during implementation of the B&R strategy, taking into account progress and risks in implementation?

**A concept of President Xi**

In Astana, Xi spelt out five key areas of cooperation that China would like to pursue with Central Asian countries to build the Silk Road Economic Belt (SREB) for co-prosperity. President Xi explained that China and SREB countries should:

- Enhance **policy communication** to help align their development strategies, policies and regulations.
- Improve **road connectivity** by developing a major transportation route between the Pacific and the Baltic Sea and cross-border transportation infrastructure and networks connecting East Asia, West Asia and South Asia.
- Realise **unimpeded trade** through removing trade barriers, facilitating investment and reducing transaction costs.
- Improve **monetary integration** by using the model between China and Russia in settling their bilateral trade with local currencies.
- Strengthen **people-to-people bonds** through encouraging exchanges and developing friendship.

Through enhancing these five types of connectivity (*wu tong* in Chinese), China and its partner countries could help facilitate economic cooperation and integration, reduce costs for trade and investment, and improve business competitiveness, so as to benefit a region of 3 billion people and make it the biggest market in the world. Commitment to building people-to-people bonds was important for garnering public support for the cooperation that was being proposed.
President Xi’s proposal gave a broad definition to the B&R. The proposal introduced a geographic definition by referring to countries along the old Silk Road. The five types of connectivity form a conceptual framework that has also guided the development of the B&R policy.

The China Dream and the Twin Traps

When President Xi first announced the initiative at Astana, there was scarce official information to support the initiative. Most media attention was focused on infrastructure, as this happened to be the focus of Chinese officials at the time.

President Xi was most likely advised by a few of his close aides, particularly Wang Huning, in preparing the proposal. Wang, the head of Central Policy Research Office under the Politburo and the Comprehensively Deepening Reform Leading Small Group, has been influential in developing strategies for China’s reform policy and international relations. He was with President Xi in Astana and, in fact, has accompanied Xi on every overseas trip since early 2013. He has been credited for the design of the China Dream, an aspirational concept Xi has used ever since becoming the Party general secretary in late 2012 to rally the public to support his drive to make China a ‘moderately prosperous society’ by 2021 and a wealthy nation by 2049.3 Wang also served in the Central Policy Research Office under the previous two administrations of Jiang Zemin and Hu Jintao. In that position, he was credited as contributing to the hallmark theories of ‘Three Representatives’ and ‘Theory of Scientific Development’ and ‘Harmonious Society’.4

3 The China Dream, which is often referred to as Xi’s answer to the American Dream, is an aspirational goal that Xi sets for the two ‘centenaries’ for China as a measure of national rejuvenation. That is, to build China a moderately prosperous society by 2021 when the Communist Party of China marks its centenary, and to make China a wealthy nation by 2049 when the PRC marks its centenary.

4 王沪宁同志简历，http://cpc.people.com.cn/GB/64192/106129/7018183.html；
大水，23 October 2007, 王沪宁, 三个代表和科学发展观的献策文胆，http://blog.wenxuecity.com/blog/frontend.php?act=articlePrint&blogId=3060&date=200710&postId=32658；
Economic growth underpins the delivery of the goals of the China Dream. For instance, reaching the first centenary goal will require the delivery of annual growth at a rate of 6.5 per cent from 2016 to 2020. Chasing the course of the China Dream would lend support to the Communist Party, the political legitimacy of which derives increasingly from its competence in managing the economy and social development.

But growth has been slowing in China, and the country's economic future has been overshadowed by emerging internal and external challenges. These challenges can broadly be put under two categories: the ‘middle-income trap’ and the ‘Thucydides trap’.

The middle-income trap describes the problems that some countries at the middle income level have in moving to high income. This is mainly due to the disappearance of traditional sources of growth they used to rely on, including abundant unskilled labour, technology transfer from advanced economies, and high returns on investment. There are challenges in replacing the old growth drivers with productivity growth, which depends on the accumulation of human capital and innovation. As a result, these middle-income countries get squeezed between low-wage poor-country competitors in mature industries, and rich-country innovators in industries with rapid technological change.

Since becoming a middle-income economy this decade, China has faced growing challenges that resemble those of the middle income trap. Growth has been slowing. Rising wages and production costs are eroding China’s competitiveness in labour-intensive production. The return on investment has fallen as excessive capacity has developed through over-investment in manufacturing and infrastructure. Heavy

reliance on export markets (particularly in advanced economies); and the import of resources, energy and foreign technology makes policy makers worried about global growth, China’s secure supply of strategic materials, and the rise of protectionism.

The Thucydides trap, first coined by Graham Allison, refers to a geopolitical situation when a rising power causes fear in an established power that escalates toward war. China’s leaders regarded the Thucydides trap as a real risk, as rapid economic rise has increasingly put China on a collision course with the US. As a solution, Chinese leaders have proposed to the United States since the late years of the Hu Jintao administration ‘a new type of big power relationship’ between the two countries to manage their relations. This ‘new type of big power relationship’ implies that the United States and China respect each other’s ‘core’ interests as a foundation to managing potential conflict.

Xi started earnestly pursuing this idea after 2011, but the US reception to China’s proposal has been at best lukewarm. Instead, the US responded to China’s economic rise and military build-up through its rebalancing towards the Asia Pacific, which Chinese leaders interpreted as a largely strategic move of containment. While the perceptions of Chinese policy experts on the US-led Trans-Pacific Partnership (TPP), which excluded China from writing global trade rules, were diverse and continue to evolve, most would see containment as an important part of US intentions with TPP.

The role of the policy expert community

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6 Thucydides originally wrote: ‘What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta.’ The new power’s rise and the established power’s fear are the key elements.


Xi was reportedly considering these challenges before becoming the general secretary of the CPC. The twin traps often intermingled. He felt that China’s model of growth, which focused on processing industries while relying on external markets to source raw materials and export final products, would not be sustainable. For Xi, China needed overseas production bases, as its economy was moving toward the next phase of its development.

These lines of thinking might have just been open questions, but they arose at a time when China’s policy community was in heated debate on whether the twin traps would confront China. China’s policy expert community consists of retired officials, eminent scholars at universities and research institutions, and a growing number of policy think tanks that have direct access to Chinese leaders. They were debating imminent challenges that China faced and trying to advise on how to deal with them.

These challenges were broad-ranging. Exports used to be a growth engine, but export growth slowed significantly in the post-global financial crisis world. China needed new markets in the emerging economies. Energy security was a rising concern with Chinese oil dependence rate reaching over 60 per cent in 2013. And with most of this oil coming to China through the Straits of Malacca, China was actively seeking the diversification of its energy supply and shipping routes. Initiatives like the New Silk Road, the Eurasian Landbridge and China-Myanmar Passageway were already in discussion in early 2013. In the face of the US pivot to Asia, there were also academic proposals on China’s own pivot towards Central, South and West Asia.

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8 王义桅，袁训会/采, 22 September 2016, 一带一路是向世界推出中国模式,  
http://www.21ccom.net/html/2016/zlwj_0922/8400_all.html


10 Wang Jisi 王辑思, 5 August 2013, ‘China has already become “a country in the middle” in nominal and real terms’, China Digital Times 中国已经成为名副其实的中央之国，
http://chinadigitaltimes.net/chinese/2013/08/%E3%80%90%E5%BC%82%E9%97%BB%E8%A7%82%E6%AD%A2%E3%80%91%E7%8E%BB%E8%BE%91%E6%80%9D%E5%9A%E4%B8%AD%E6%9B%BD%E5%B7%BB%E8%BF%8F%E6%88%90%E4%B8%BA%E5%90%8D%E5%89%AF%E6%85%B6%E5%AE%9E%E7%9A%84%E4%B8%AD/%E6%85%B6%E5%AE%9E%E7%9A%84%E4%B8%AD/
What influence exactly the policy community had on Xi and his aides in forming the Belt and Road concept is not clear. But it is unlikely that the discussion escaped their attention as they contemplated the answers to China’s internal and external challenges.

However, once announced, the idea of Xi’s B&R proposals would provide a framework in shaping the direction, scope and substance in the discussion of the policy expert community. The lack of detail in Xi’s initial proposals also provided space for experts to interpret Xi’s ideas using their own understanding. Many of these interpretations at the time would be quoted in the media as Chinese official views — often falsely — and shaped the views about B&R in analysis overseas.

_A design to address the twin traps_

The initial Belt and Road proposals attempted to address the challenges of the twin traps. This is evident in President Xi’s Astana speech.

Xi’s proposal called for achieving sustainable development in China — a direct response to the challenge of the middle income trap. Xi said achieving sustainable growth in China would require economic cooperation with its neighbours, and that cooperation could only succeed if it could deliver mutual benefit. So the cooperation proposed was based on mutual interest.

This would require cooperation to be designed to dovetail Chinese needs with those of B&R countries. They found this match in infrastructure development.

Cooperation in infrastructure development could be a first step in facilitating the growth of trade, investment and economic development in China and the countries that were engaged. But it would also require policy cooperation and domestic efforts

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11 The proposal for the 21th Maritime Silk Road that highlights the importance of Southeast Asia negates, at least partially, the argument that the B&R is China’s pivot to Central and West Asia.
to lower trade and investment barriers and improve the business climate to facilitate free flows of factors. It would require financial integration and strengthening people-to-people bonds. Through cooperation — including the linking of development strategies between China and its economic partners to develop infrastructure, trade, investment and financial relations — each economy involved could advance to its next phase of development.

Salient to President Xi’s original proposal was his response to the Thucydides trap, though it was less explicit. Comprehensively strengthening relationships with countries across the vast region of Eurasia through enhancing the five types of connectivity would significantly enhance China’s regional and global position. It would critically beef up China’s relationship with EU countries, as well as countries between China and Europe, including Russia.

In a way, the B&R initiative can be seen as a geo-economic response to the US geopolitical pivot towards Asia and the Pacific, including through the process of the US-led TPP. Xi’s initial proposals emphasised deepening China’s relationships with countries along the old Silk Road across Central, South and West Asia, Europe and Africa. From this perspective, the SREB was a Chinese pivot to the region west of China. However, this move was immediately balanced by the introduction of the 21th Maritime Silk Road.

These were still very early days. China had not then spelt out clearly the ‘rules of the game’ for developing international economic cooperation through the B&R.

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12 Jane Golley, David Murphy and Michael Wesley (2016), The Geoeconomics of One Belt One Road (OBOR) (draft paper).
The forming of a national strategy

The initial proposals at Astana and Jakarta were very broad and needed further definition, clarification, and development to become a ‘fully-fledged’ policy. Indeed, the Chinese government did not complete the B&R policy until March 2015.

Activities taking place in the interim reveal the key steps Chinese leaders had taken in making the B&R a major national strategy. These steps included formal endorsement, the forming of a policy drafting leading small group (LSG), the involvement of the community of policy experts in policy deliberation, the endorsement of the Central Financial and Economic Leading Small Group (CFELSG) on key B&R principles and priorities, the forming of a high-level B&R LSG, and the release of a comprehensive and actionable official document on the B&R.

Formal endorsement

The B&R initiative was almost immediately written into official documents, and the ‘Decision’ of the Third Plenum of the 18th CPC Party National Congress held in November 2013 made it ‘a national strategy’. The Decision also endorsed establishing development finance institutions to help expedite the building of infrastructure connectivity between China and surrounding countries. It stated that pushing forward the B&R would help China form a new comprehensive opening posture.

Following the Third Plenum, the CPC held the Central Economic Work Conference (CEWC) in December 2013, the Party’s most important annual economic policy

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13 There was no detail at all on the 21th Maritime Silk Road in Xi’s speech to the Indonesian Parliament. It is therefore very likely that the concept of the MSR was a last-minute addition to Xi’s speech.

meeting. That meeting listed the B&R as a key priority for the government in 2014, and reinforced the B&R as a way of strengthening infrastructure connectivity.\footnote{15}

Echoing the CWEC decision, Premier Li Keqiang stated at the National People’s Congress in early March 2014 that the government would accelerate B&R planning, including the planning work for the construction of the Bangladesh-China-India-Myanmar Corridor (BCIMC) and the China-Pakistan Economic Corridor (CPEC). This was the first time the BCIMC and CPEC were officially rebadged into the B&R framework. Both existed prior to the announcement of the B&R initiative.

\textit{Policy deliberation}

Notwithstanding the endorsement of the B&R as China’s national development strategy at official meetings, official information remained scarce during the first year following the official announcement of B&R. Behind the scenes, China’s policy community was encouraged, with some already commissioned, by the authorities to undertake B&R-related research. For example, Hu Angang and his team at Tsinghua University were consulted, and their report was submitted to the National Development and Reform Commission (NDRC).

Understandably, views on the B&R from experts included a very broad range, from considering the Silk Road Economic Belt as: the revival of traditional trading routes along the ancient Silk Road; the extension of another domestic regional development policy equivalent to China’s other regional development strategies: the great western development strategy, the revival of the northeast old industrial bases, and the rise of the middle region. The R&R was also regarded as a new version of the ‘Go Abroad’ global investment strategy; or as China’s geo-economic and geopolitical answers to the US pivot and the US-led TPP.\footnote{16}

\footnote{15} ‘中央经济工作会议在北京举行 提出明年经济工作六大任务’, 13 December 2013, Xinhua, \url{http://news.xinhuanet.com/fortune/2013-12/13/c_118553239.htm}
\footnote{16} Liu Weidong, 26 January 2016, ‘The Misunderstanding of the One Belt, One Road (‘yidaiyilu’ zhanlue de renshi wuqu), Guojia xingzheng xueyuan xuebao.
The ‘five types of connectivity’ provided a conceptual framework for guiding B&R-related policy research work. The scarcity of official information likely meant that the B&R was still under policy deliberation. Policy makers were still considering the direction, roadmap, and priorities for realising the ideas that President Xi had flagged.

Most media attention at that time, in China as well as overseas, remained on infrastructure construction. In this context, media speculation abounded on the definition of the B&R, such as which countries belonged to the B&R, how many routes would be built, where they would pass across, and how many projects China would undertake and finance.

This was inevitable, given President Xi’s initial announcements mentioning geographical terms like ‘the member countries of the Eurasian Economic Community and the Shanghai Cooperation Organisation’, ‘from Pacific to Baltic’, and ‘East Asia, Central Asia, and South Asia’.

Speculation also abounded on the geostrategic and economic intentions behind China’s B&R initiative. While potential B&R countries would generally welcome the economic benefit from the B&R projects, the distribution of that economic benefit would be affected by where the projects were actually located. Moreover, there were varying degrees of disquiet in overseas media reporting about the rise of Chinese influence through the B&R that would cut across the economic and geopolitical interest of existing players active in the B&R region.17

Research projects undertaken among China’s policy community studied the interests of potential B&R countries, and analysed carefully the regional strategies by Russia, Mongolia, the US, and Kazakhstan. Prior to President Xi’s SREB proposal, Russian

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President Vladimir Putin had already proposed a Eurasian Economic Union\(^\text{18}\) and the US proposed the New Silk Road in 2011.\(^\text{19}\) President Nursultan Nazarbayev proposed Kazakhstan’s New Economic Policy (‘Nyrly Zhol’) in 2014.

Chinese policy makers paid attention to these developments, particularly keeping a close eye on Moscow’s likely response to China’s economic entry into Central Asia. Chinese officials regarded the attitude and position of Russia as the most critical, not only as it was becoming China’s major energy supplier and an important B&R country in its own right, but as Central Asia was Russia’s traditional sphere of influence. As policy makers saw it, China’s success in the Silk Road Economic Belt would depend largely on the cooperation of Russia.

In fact, Russia was initially suspicious on learning of Xi’s proposal, and regarded B&R as potentially undermining its own influence in Central Asia. Russia was also worried about its economic benefit from the Trans-Siberian railway being curtailed due to China’s developing parallel railways through the B&R. Only after the annexation of Crimea and facing western sectoral sanctions in 2014 did Russia gradually tilt towards being in favour of cooperation with China’s B&R.\(^\text{20}\)

To assuage the disquiet that its neighbours might have toward the B&R, Chinese leaders, including President Xi and Premier Li, were busy promulgating at bilateral and multilateral forums on the mutual benefit that the B&R would bring. On each of the official visits that President Xi and Premier Li made, which were on average over 20 countries each from the time of the Astana announcement to late 2014, Xi and Li

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\(^{19}\) The State Department, ‘U.S. Support for the New Silk Road’, [https://www.state.gov/p/sca/ci/af/newsilkroad/](https://www.state.gov/p/sca/ci/af/newsilkroad/)


promoted with their counterparts the virtue of cooperation with China on the B&R. Xi’s first official overseas visit was made to Russia in March 2013, eight days after he became the President. That was also six months before his Astana speech. Throughout 2014, Xi and Putin met five times, including a meeting in every second month from May to November.

**Key institutional players**

Immediately following the 2013 CEWC, a forum was co-chaired by the Chairman of the NDRC, Xu Shaoshi, and Foreign Minister Wang Yi, in mid-December to kick-start the policy drafting process. Apart from the NDRC and the Ministry of Foreign Affairs (MFA), senior officials from 12 other ministries and 14 provincial governments participated. Following the forum, an inter-ministerial LSG was formed to lead the drafting of the B&R action plan. The preparatory work included undertaking extensive domestic and international consultation.

The NDRC took the leading role because of its position in China’s economic policy making, including preparing and coordinating economic planning and undertaking investment approvals. The MFA was involved in helping on the fronts of economic diplomacy and external engagement. The MFA and the Ministry of Commerce (MofCOM) would also have been working behind the scenes in consultation with counterpart agencies to learn about their concerns and involve them in the NDRC-led process of policy drafting.

**Finalising the rationale and guiding principles**


22 They included provincial leaders from nine western provinces: Shaanxi, Gansu, Qinghai, Ningxia, Xingjian, Chongqin, Sichuan, Yunnan and Guangxi and the heads of provincial Development and Reform Commission from five eastern provinces: Jiangsu, Zhejiang, Guangdong, Fujian and Hainan. ‘一带一路’战略构想悄然落地’ 30 September 2014, iNewsweek, [http://news.inewsweek.cn/detail-965.html](http://news.inewsweek.cn/detail-965.html)

23 Hu Angang, 2015, ‘One Belt, One Road: Geo-economic Revolution and An Era of Win-Win’ (yidaiyilu: jiijidiligeming yu gongyingzhuy shidai), p27, Gaibian shijiejiji dili de yidaiyilu (One Belt, One Road that Changes the World Geoeconomics), Shanghai Jiaotong University Press, 2015.
By late 2014, policy preparation had made significant headway and was ready for endorsement by leadership.

The CFELSG has been China’s de facto top economic decision making body in the Xi administration. The 8th CFELSG meeting, held on 6 November 2014, was dedicated exclusively to the discussion of the B&R. President Xi chaired the meeting. Joining him were his deputy, Premier Li Keqiang, and two members of the Politburo Standing Committee, Liu Yunshan and Zhang Gaoli.

During the meeting, NDRC, MOF and People’s Bank of China (PBC) representatives briefed the CFELSG on the preparatory work. This included the launch of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF), for which the MOF and PBC had the prime responsibility for their preparation.

President Xi made remarks that spelt out the rationale, guiding principles and implementation priorities for the B&R policy (Box). It is notable that President Xi introduced openness, inclusiveness and mutual benefit as the guiding principles for the development of the B&R. This indicated an evolution of B&R thinking, tilting towards the approach of supporting open regionalism and the global free trade system.

Box: Rationale, guiding principles and implementation priorities for the B&R

- The rationale is to facilitate China’s further economic opening to the world and achieving sustainable development.
- The guiding principles should be to make the B&R an open, inclusive, mutually beneficial platform through which China and regional countries can cooperate for development, improving people’s livelihood, crisis management and structural adjustment.

The priorities should be for China to work together with other countries on developing plans, particularly on major projects in transport, electricity and telecommunication, involving public and private participation, and designing projects.

The project list should be developed to suit local circumstances and benefit local communities, making use of development and policy financial institutions, and aiming for ‘early harvest’ in ‘landmark projects’.  

This new stance should not be seen as a surprise, but should be viewed in the context of China’s own interest as the world’s largest trading nation. It had certainly felt the heat from the erosion of the global free trade system.

China took on the APEC presidency in 2014, and in that role China tried hard to push the inclusion of the Free Trade Area of the Asia Pacific (FTAAP) in the APEC processes and partially succeeded. China also tried to insert the B&R as a part of the APEC effort to progress regional free trade and infrastructure connectivity, but failed. Despite this, the trend was clear that China was moving to reposition the B&R as a platform for free trade and investment.

At the same time, China also started downplaying the geographical element of its B&R initiative. In so doing, China made clear the contrast of its approach in B&R to the exclusive approach taken by the United States in the TPP process. Openness and inclusiveness could also be viewed as a response to concern in the region that China would be predominant through the B&R and use the process to serve China’s interest only.

Only two days after the meeting, on 8 November 2014, President Xi announced at the Dialogue on Strengthening Connectivity Partnership Relations that China would

On these two institutions, President Xi said at the meeting that China and AIIB member countries should use AIIB to fund for infrastructure construction, while China would use the Silk Road Fund to directly tap into Chinese capital for investment in B&R countries. He also said that both the AIIB and SRF should follow international practices, be transparent, inclusive, and complement the work of multilateral development banks.
inject US$40 billion to set up the SRF. The SRF was a Chinese financing vehicle, established by an initial capital injection of US$40 billion from the State Administration of Foreign Exchange (65 per cent), China Investment Corporation (15 per cent), China EximBank (15 per cent) and China Development Bank (5 per cent).

China was also pushing ahead with the establishment of the multilateral AIIB at the time. Together, the SRF and AIIB were expected to finance infrastructure investment, resource development, industrial capacity and financial cooperation, and other connectivity-related projects along the B&R region.26

By the end of 2014, China’s B&R policy was nearly fully developed. The CWEC held in December 2014 listed the B&R — together with the Beijing-Tianjin-Hebei Concerted Development and the Yangtze Economic Belt — as top government priorities for 2015.

**The Vision and Action Plan for the Belt and Road**

The Vision and Action Plan (the Action Plan)27 — a comprehensive official document on the B&R — was jointly released by the NDRC, MFA and MofCOM on 28 March 2015. President Xi announced its imminent release at the Boao Forum that day.28

Like most Chinese official documents, the Plan contained a hodgepodge of dense, broad and sometimes vague terms and jargon. Despite that, its vision, guiding principles, conceptual framework and policy priorities signalled a further clear shift in emphasis (Appendix A: Summary of Key points of the Vision and Action Plan). The

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27 The full title is Vision and Action for Advancing the Joint Construction of the Silk Road Economic Belt and 21st Century Maritime Silk Road (tuidong gongjian zhilu jinjidai he 21 shiji haishang zhilu de yuanjing yu xingdong).

Plan continued the recast of the B&R as a platform for supporting open regionalism, global free trade and an open economic system.

While international commentators often cannot help noting traditional Chinese diplomatic language, such as the emphasis of sovereignty and non-intervention, a predominant theme that emerged was to adhere to high standards, international norms and market principles. One way to interpret this change in emphasis could be as affirmation that China did not seek predominance through the B&R. This could also have been a positive response to the US-led TPP, which was aimed to set high standards for trade in the Asia Pacific.

The official document explained China’s rationale for the B&R as being to achieve sustainable development, which entails China’s further economic integration into the world. This required China to uphold international rules and market principles while conducting regional economic cooperation, joint design and the development of projects with partner countries that could deliver mutual benefit.

The Action Plan established a close link between the B&R and China’s own development. It described the B&R as China’s national strategy and said it would help improve China’s internal economic integration and competitiveness, while spurring more balanced regional growth. The infrastructure projects proposed would run through some of China’s poorest and least developed regions to improve connectivity between underdeveloped southern and western provinces and the richer coastal regions.

The infrastructure connectivity with regional countries was also intended to help ease the entry of Chinese production capacity and develop those underdeveloped markets through making use of China’s industrial and manufacturing overcapacity.

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29 David Parker and Scott Kennedy, 3 April 2015, ‘Building China’s ‘One Belt, One Road’, CSIS, [https://www.csis.org/analysis/building-china%E2%80%99s-%E2%80%9Cone-belt-one-road%E2%80%9D](https://www.csis.org/analysis/building-china%E2%80%99s-%E2%80%9Cone-belt-one-road%E2%80%9D)
The Plan included a list of more than a few hundred individual items on which China wanted to seek cooperation with any interested countries. They cover the fields of policy, road, railway, energy, information, industrial parks, trade, investment, production cooperation and people-to-people exchange.

While the Plan does not include specifics, informed sources disclosed that each item in the Plan would contain detailed projects linked to responsible entities. Chinese media reported that as of May 2015, there were over 900 major projects at the national level that were already in the pipeline, of which 50 would be launched soon and 20 related to the MSR. There were additionally nearly 200 international cooperation projects that local governments and enterprises were undertaking, covering infrastructure, trade, industrial investment, energy and resources, finance, ecologic and environment protection, and ocean economics.

The Action Plan soon became fully integrated into China’s economic planning process. A year later in March 2016, the Chinese government produced the 13th Five Year Social and Economic Development Program, which devoted a whole chapter to the B&R. This has sealed the B&R as China’s most important international economic policy in framing China’s economic opening.

**The institutional arrangements and implementation processes**

What were the institutional arrangements made that led and supported B&R policy making and implementation?

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32 14 April 2015, [http://m.21jingji.com/article/20150414/43f804328ef574b4dd354bfd5415ab95.html](http://m.21jingji.com/article/20150414/43f804328ef574b4dd354bfd5415ab95.html)
Leading bodies in the B&R policy making and implementation

The Leading Small Group for Advancing the Development of One Belt One Road (B&R LSG) and its supporting Office (B&R Office) have played key roles in leading and coordinating the implementation of the B&R. The B&R LSG was formed in late 2014, following the 8th CFE LSG meeting. The formation of this high level LSG signalled the start of the implementation stage of the B&R.

The head of the LSG was Zhang Gaoli, a Politburo Standing Committee (PSC) member and executive Vice-Premier. Deputies included Wang Huning, Wang Yang, Yang Jing and Yang Jiechi (State Councillor on Foreign Affairs). Wang Huning, mentioned earlier, is Xi’s top aide on domestic and international affairs. Wang Yang is a Politburo member and a Vice Premier responsible for economic, trade, agricultural, poverty reduction and foreign aid policy. Yang Jing is the head of the Secretariat to the State Council, responsible for coordinating inter-ministerial and central-provincial relations. Yang Jiechi is the State Counsellor on foreign affairs policy. Their respective responsibilities covered all aspects of the B&R.

Zhang chaired the B&R LSG meeting on 1 February 2015. It discussed the work of developing transport routes across land and seas; economic, trade and industrial parks; international economic cooperation corridors; trade and investment facilitation; financial cooperation; and the development of financial channels.

Supporting the B&R LSG was an office set up within the NDRC to run its daily work. The head of the office was Xu Shaoshi, the Chairman of the NDRC. Xu was also a member of the CFE LSG and CDRLSG. The office had two deputies, He Lifeng and Wang Xiaotao, both of whom are NDRC Deputy Chairpersons.

The sheer scale of the whole B&R program required mobilising resources at all levels of the Chinese system, from ministries to provinces, cities and local governments. It involves public and private sector actors across a whole range of industries and financial institutions to participate in the B&R projects. How did the
Chinese system organise itself and mobilise resources to proceed with the B&R initiative after the implementation phase started since 2015?

*Mobilising the whole system*

The whole Chinese system has been mobilised to support the B&R, with the B&R Office sitting at the coordinator’s seat.

First, the Central Organisation Department, NDRC, MFA, MofCOM worked with the State Administration College in developing training programs to prepare provincial and ministerial officials to take on the planning and leadership roles for B&R-related work. This was needed as the system was well prepared for the B&R in terms of building understanding of the policy, and the tasks and technicalities of project design.

Second, specific policies were designed to give effect to the Action Plan. For example, the B&R Office released an Action Plan for Harmonisation of Standards along the Belt and Road (2015-2017) released on 22 October 2015. That plan looks for cooperation on the standardisation and recognition of standards over a number of infrastructure sectors with B&R countries. China was to invite some countries to undertake studies for joint development of international standards and improving the internationalisation of those standards.

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33 These sectors include power, railway, marine, aviation and aerospace industries, as well as in the emerging industries of energy conservation and environmental protection, new-generation information technology, smart transportation, high-end equipment manufacturing, biotechnology, new energy sources and new materials.

34 Countries mentioned include: Mongolia, Russia, Kazakhstan, Vietnam, Cambodia, Thailand, Malaysia, Singapore, Indonesia, India, Egypt and Sudan, as well as with members of the Gulf Cooperation Council (such as Saudi Arabia).

Third, each province was required to complete provincial B&R plans by October 2015, whether or not it was one of the 18 provinces mentioned in the Plan. The B&R Office was directly involved in helping provinces develop provincial plans.

Guangdong was the first province to have completed a provincial plan. Released in May 2015, the provincial plan contained a list of 68 projects with an investment value totalling US$55.4 billion, covering infrastructure, energy and resources, agriculture, fishery, manufacturing and service sectors.

In developing provincial plans, provinces were urged to take full account of local conditions and advantages and link them to the national plan. For instance, Xinjiang should take advantage of its position as a neighbour of Central Asian countries to develop infrastructure connectivity through the Silk Road Economic Belt. Fujian as a coastal province with close links to overseas markets should be focused on developing links to the 21st Century Maritime Silk Road.

Quanzhou city of Fujian province produced the Quanzhou City 21th Maritime Silk Road Plan, in which 180 projects are listed, over 50 of which are infrastructure-related. Its investment projects would reach not only the B&R countries but virtually every continent of the world. They were focused on petrochemicals, marine equipment, marine biomedicine, coastal tourism, financial insurance, commercial services, and shipping services.

The list produced by Xiamen city in Fujian province included 41 projects, focusing on infrastructure, trade financing, two-way investment, ocean science cooperation, tourism and people-to-people exchange. Xiamen also planned to concentrate on

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36 China has a total of 34 provincial level administrations (including provinces, cities and regions). Of which, 18 of them were mentioned in the Plan, including: Xinjiang, Shaanxi, Gansu, Ningxia, Qinghai, Inner Mongolia, Heilongjiang, Jilin, Liaoning, Guangxi, Yunnan, Tibet, Shanghai, Fujian, Guangdong, Zhejiang, Hainan, and Chongqing.


38 王尔德，14 April 2015, 21世纪经济报道, [http://m.21jingji.com/article/20150414/43f804328ef574b4dd354bdf5415ab95.html](http://m.21jingji.com/article/20150414/43f804328ef574b4dd354bdf5415ab95.html)
cooperation with Malaysia, Singapore, Indonesia, Thailand, the Philippines, Vietnam, India, Iran and Sri Lanka.39

A pattern which emerged from the provincial plans was to start with infrastructure connectivity. It would gradually build industrial parks along infrastructure ‘routes’ and then connect them to establish regional value chains and eventually develop close inter-industrial and intra-industrial division of labour and economic cooperation with regional countries.

Some industrial parks were reportedly already being built along economic corridors connecting China with Southeast Asia. They include the China-Malaysia Qinzhou Industrial Park, China-Malaysia Kuantan Industrial Park, Indonesia-China Integrated Industrial Parks, and Singapore Jurong Industrial Park, along the China-Singapore (Indochina Peninsula) Economic Corridor. While this could be seen as rebadging them under the umbrella of the B&R, this rephrasing or repackaging also provided a new perspective in understanding the characteristics of China’s international economic cooperation.

Financial institutions and the corporate sector

Around this time, China was also getting its financial system ready for the B&R. The State Council Executive Meeting on 24 December 2014 outlined an overall framework for China’s financial system supporting overseas financing and investment. The China Banking Regulatory Commission was developing guidelines on how China’s banking and financial institutions should be prepared to finance B&R projects. Since the start of 2015, major Chinese policy and commercial banks have geared up to finance railway, road, airport, port and other infrastructure projects in B&R countries.

Policy banks were the first movers, with the Silk Road Fund mainly financing investment in infrastructure, energy, steel, electricity and telecommunication projects along B&R countries. Its business model takes into account the fact that many B&R countries have high political, policy and financial risk. That would make it hard for investment projects to attract commercial loans in the first instance. Through proper assessment of risks, the SRF could get involved in providing initial financing to start the projects. If needed, then China EximBank and the CDB could provide subsequent loans, with the prospect of eventually attracting commercial loans when projects became more viable.

China’s five large commercial banks – the Industrial and Commercial Bank of China, China Construction Bank, Bank of Communication, the Agricultural Bank of China, and the Bank of China – have been preparing strategic plans to seek opportunities from the B&R initiative. They have already started lending to B&R projects, and will take the opportunity of the B&R to develop financing channels and service networks in the B&R markets as well as supporting Chinese enterprises in outbound investment.

*International production capacity cooperation*

As of 2015, B&R projects were largely concentrated in Kazakhstan, Kyrgyzstan, Tajikistan and Pakistan, all of which border Xinjiang. Overall, Kazakhstan was ahead of other countries in cooperation with China in developing B&R projects, with production capacity cooperation a key component.

As early as 1992, Kazakhstan officially opened a railway transport link with China. It also helped build China’s first transnational oil pipeline. Three of the four China-Central Asia gas pipelines pass through Kazakhstan. In the 1990s, Lianyungang, a port city in eastern China facing the Pacific, began serving Kazakhstan as a logistics base and transport terminal to world markets. Prior to the B&R initiative, Kazakhstan
and China had already cooperated in the fields of infrastructure, energy, finance and high-tech industries.

During his visit to Kazakhstan in December 2014, Premier Li and Kazakhstan Prime Minister Karim Massimov reached a preliminary agreement on a capacity cooperation framework agreement worth US$18 billion, covering over ten areas including infrastructure, roads and housing. During the visit of Prime Minister Massimov to China to attend the Boao Forum in March 2015, another agreement of US$23.6 billion was signed covering steel, non-ferrous metals, sheet glass, oil refining, hydropower and automobiles. Further discussion between the two governments covered cooperation in rail, nuclear, energy, agriculture and cultural exchanges.

Kazakhstan was but one of around 60 countries for which the B&R had injected impetus to their economic relationships with China. The most recent B&R cooperation agreement signed by China was with the Czech Republic on 5 November 2016. It was set up to develop the New Eurasia Land Bridge Economic Corridor. There were 19 areas of cooperation set out under this agreement.

Chinese officials revealed that as of September 2016, there were over 1,400 major projects in the B&R pipeline. Over 100 countries, regions and international organisations showed interest in participating in cooperation with China through the B&R. China has signed MOUs for B&R cooperation with over 30 countries, and is pursuing international production capacity cooperation with over 20 countries. Chinese investment in B&R countries cumulatively reached US$51 billion by June 2016, which was 12 per cent of China’s total overseas investment. New engineering

41 They include basic infrastructure, investment, industry and trade, energy and resources, sci-tech R&D, finance, transportation and distribution, healthcare, civil aviation, standardisation and certification, agriculture, culture, tourism, sports, education, environment, local cooperation, online Belt and Road, and think tank communication.
contracts with B&R countries reached 12,500, at a total contract value of US$270 billion.\textsuperscript{42} This indicates that B&R has helped develop new projects while also rebadged many projects that already existed prior to its launch.

\textit{Environment and eco-friendly}

The Belt and Road Initiative also states that it would focus on environmental protection, desertification control and clean energy resources. In 9 March 2015, the Green Ecological Silk Road Investment Fund (or Green Silk Road Fund) was launched in China to initiate in 9 March 2015. The Green Silk Road Fund is a public-private partnership, including as partners the Elion Resources Group, Ping An Bank, China Oceanwide, and the Administrative Committee of the Sino-Singapore Tianjin Eco-City. The initiative plans to plant 1.3 billion trees in ecologically vulnerable regions along the old Silk Road over the next 10 years.\textsuperscript{43}

\textit{Risk, risk management and a ‘mid-term review’ of progress}

China’s headlong push for implementing the B&R strategy was not without risks. The following are risks that have emerged.

First is the tendency of Chinese policy makers to treat every problem that exists in Belt and Road countries — including their relationships with China — as having a solution through economic development. While economic development can alleviate poverty and provide a base for better health and education, the real development constraints often lie in political instability, poor governance, a lack of rule of law, underdeveloped infrastructure, and institutions. These factors create an investment climate that provides little incentive for investment in physical capital and new


technologies. There has been a growing recognition in China’s policy community of this risk, and that recognition will influence future work on the B&R.

The second risk relates to moral hazard. The B&R has largely been a state-led and top-down decision-making process. With strong leadership endorsement and drive, the whole Chinese system has moved behind the initiative. In as short period as little more than a year, policy makers in China had already produced the B&R Action Plan, which is very comprehensive, complex and detailed. Provincial plans and action have also followed. However, the extent to which the elements included in these plans are actionable needs to be put to the test. Implementing a policy and turning it into investable projects is not easy, let alone making sure the projects are commercially successful. Yet strong central leadership backing means local governments and state-owned enterprises would see it as a political imperative to jump on the B&R bandwagon. The launch of B&R projects would likely become a political duty rather than business proposition. If a loss were to occur, who would pick up the bill?

Third, China’s policy community has insufficient local knowledge of the societies in Central, West and South Asia, although it has been heavily relied upon in providing policy advice. This has inevitably affected the quality of policy input and the quality of the government’s policy. Chinese universities and research institutes have neglected this vast region over the past 40 years, as most academic and policy interest has been focused on advanced economies. China’s corporate sector tends to have more first-hand knowledge and business experience in the region, but that is often disconnected from China’s policy community. Chinese leaders have begun calling upon the development of policy think tanks to assist and, since 2013, the state has provided large amounts of resources in supporting policy oriented research. But the stock of knowledge is years behind and needs much time to build. Acknowledging this reality, there have been growing calls to make the B&R more pragmatic and a long-term national strategy, rather than just focused on the next five years.
Fourth, risks are also associated with China’s unique institutional settings or its state capacity for which there is little match in other countries. Bureaucrats in China have been trained in making plans and assisting business deals, the combined legacy of China’s central planning history and policy implementation experience during the reform era. Governments in most regional countries, except perhaps a few former centrally planned economies, have no such capacity or background. The top-down decision making style involving the B&R could work well with foreign governments in signing agreements for cooperation. But this may not be reflected in the implementation stage. The top down decision making process also has greater difficulty in involving private businesses, despite being able to mobilise China’s state-owned enterprises to participate.

Lastly, suspicion has remained among China’s Asian neighbours and abroad (such as in the United States) that the B&R might serve China’s geopolitical interest at the expense of their own influence and independence. The B&R has particular foreign policy implications for key regional players, including Russia, India, and Japan. Despite cooperating with China, Russia remains concerned about the B&R translating into increased Chinese influence in Central Asia. India has been worried by Chinese investments in Sri Lanka, which India views as part of its backyard, and in Pakistan, India’s archrival in the subcontinent.

Chinese leaders need to be skilful in managing relations with these major regional players to avoid heightening of regional geopolitical tensions. China has so far adopted the approach of making the B&R an open and inclusive processes but that does not change the fact that the B&R remains China-led and largely bilateral.

An important further step would be to multilateralise B&R projects. China has attempted this approach through involving multilateral lenders, such as the AIIB, ADB and World Bank in investment financing. At the firm level, Chinese companies have begun forming partnerships with companies from third countries to undertake joint investment in B&R countries. For example, that kind of partnership has been
formed between Chinese firms with abundant capital and European companies that have rich experience, advanced technology and local networks for operating in Central Asia, the Middle East and North Africa. This has helped make good use of each partner’s different strengths while reducing their collective risks.\(^\text{44}\)

Chinese policy makers have come to terms with the risks associated with B&R over the past three years. The evolution of the emphasis in China’s B&R policy reflects adjustments made to these internal and external concerns. This includes the effort of building an open and inclusive platform and making the development of B&R projects consultative and mutually beneficial processes. The goal set for the B&R has become more realistic and pragmatic, and the assessment of projects more evidence-based.

Chinese leaders held a ‘mid-term’ review of the policy at a Belt and Road Forum on 17 August 2016. At the Forum, President Xi Jinping raised concerns about, and requirements for, better policy coordination. They include making B&R projects beneficial to local people, developing better plans for project implementation, and encouraging B&R countries to invest in China. He also encouraged taking a more pragmatic approach, including the use of pilot projects, and progressing projects that can deliver quick benefits, establishing multilateral open financial platforms. He also stressed control of financial risks, strengthening security and risk assessment, and strengthening academic research.

**Conclusion**

Over the past three years since President Xi’s initial proposals, the B&R initiative has grown from an idea into a major national strategy for further opening up the Chinese economy and achieve sustainable growth. A policy framework, the B&R Action Plan, has been developed to guide and prioritise activities in connecting China with the world. It has laid out the open, inclusive and mutually beneficial principles as the

rules of game in China’s international economic engagement. It has made the B&R an inclusive platform that welcomes the participation of all countries, no matter where they are or what their political systems are.

While infrastructure connectivity has remained a priority, the B&R Action Plan provides a coherent policy framework that emphasises consultation and policy communication, free trade and investment, enhancing financial integration and people-to-people understanding as additional four cornerstones.

This paper tells the story of how China’s B&R policy has evolved to its current shape. It was initially an idea advanced by President Xi. It was then turned into a conceptual framework in late 2013 and a policy framework in late 2014 and early 2015. It has guided the development of China’s international economic relations as well as the implementation of B&R projects. Over the past three years, these different phases of policy development have been distinctive. Ignoring this policy evolution could lead observers to misread, oversimplify and provide outdated assessments of the B&R policy.

The evolution of B&R has been underpinned by a distinctive policy making process. It began with the forming of a leading small group in late 2013 within the NDRC to guide drafting of the policy, with the involvement of China’s expert policy community in providing input, and a consultation process involving domestic and international stakeholders. Then, in late 2014, following the sanctioning of the policy by the CFELSG, a top-level LSG was formed to lead the policy making process and the B&R Office was created to coordinate the process. Finally, the start of the implementation phase in early 2015 drew in local governments, financial institutions and the corporate sector. Crucially, the B&R is still an evolving process. It is still early days — or years — given that the B&R is promoted as a very long-term project.
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Appendix A: Summary of Key Points Made in The Vision and Actions for the Belt and Road Initiative (released publicly on 28 March 2015)

The vision

- To use consultation, joint construction and shared principles to link up national development strategies of B&R countries for their mutual benefit and common security.
- To build open, inclusive, balanced and mutually beneficial regional economic cooperation
- To pursue opening up and cooperation among B&R countries by improving infrastructure, developing a secure and efficient network of land, sea and air passages; facilitating trade and investment facilitation; deepening political trust; enhancing cultural exchanges and encouraging different civilizations to learn from each other and flourishing together.

Principles

- Openness - not only to regions along the ancient Silk Road but to all countries and organizations;
- Inclusiveness - to any countries willing to engage, not matter what are their cultures, political systems and development modes;
- Market-rules - to allocate resources, following market rules and international norms, with enterprises the primary bearers and governments providing support;
- Mutual benefit - to accommodate the interests and concerns of parties involved, seeking common interests and the 'largest common denominator' for cooperation.

A Conceptual Framework

- To uphold the idea of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit to comprehensively advance practical cooperation, to build a community of shared interest, fate and responsibility with political trust, economic integration and cultural tolerance.
- To run through Asia, Europe and Africa to bring together China, Central Asia, Russia and Europe (the Baltic). It will use central cities as bases and key industrial and trade parks as platforms to build a new Eurasian Land Bridge and the China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors. The China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor will continue to be developed as part of the B&R.
To improve regional infrastructure, safe and efficient land, sea and air transport network and a new level of connectivity; elevate the level of trade and investment facilitation and form a network of high quality free trade zones with close economic relationship and political trust; broadening the exchange of people and culture, mutual learning between different cultures and peace and friendship between peoples.

**Five priorities**

- **Policy coordination**, including: building macro policy exchange mechanisms and linking up development strategies and policies to develop plans and measures for cooperation and supporting large-scale projects.

- **Facilities connectivity**, including: developing plans and technical standards for infrastructure construction, removing transport bottlenecks, advancing road safety, traffic management and equipment, increasing customs clearance between countries, advancing port cooperation, improving sea routes, maritime logistics, aviation infrastructure, the connectivity of energy infrastructure, and the construction of cross-border optical cables.

- **Unimpeded trade**, including: facilitating investment and trade by removing barriers, enhancing customs services, mutual recognition, cooperation in inspection, quarantine, certification, accreditation, standard measurement, and statistical information; negotiating bilateral investment protection and double taxation avoidance agreements; encouraging division of labour and developing entire industrial chains in concert; opening the service sector; building industrial parks and promoting industrial cluster development; welcome foreign firms investing in China and Chinese enterprises participating in infrastructure projects along the B&R countries.

- **Financial integration**, including: deepening financial cooperation to build a currency stability system, investment and financing system and credit information system in Asia; expanding bilateral currency swap and settlement, developing Asian bond markets, establishing the Asian Infrastructure Investment Bank and BRICS New Development Bank, the Silk Road Fund; starting negotiations on Shanghai Cooperation Organization (SCO) financing institution; strengthening China-ASEAN Interbank Association and SCO Interbank Association; using syndicated loans and bank credit in multilateral financial cooperation, encouraging governments, corporates and financial institutions with good credit-rating to issue Renminbi bonds.
in China; encouraging qualified Chinese financial institutions and companies to issue Renminbi and foreign currency bonds outside China, using the funds collected in B&R countries; building a regional financial risk early-warning system; encouraging the Silk Road Fund and other funds to participate in the construction of key projects along the B&R countries.

- People-to-people bonds, including: promoting cultural, academic, educational, youth, women and personnel exchanges; holding culture years, arts and film festivals, TV weeks and book fairs; promoting tourism, sports exchanges, training medical professionals and assistance; cooperation in science and technology, entrepreneurship training, vocational skill development, social security management, public administration and management, promoting friendly exchanges between legislative bodies, major political parties and political organisations; and encouraging the development of relationship between sister cities, think tanks, NGOs.

**Cooperation Mechanisms**

- To make full use of existing bilateral and multilateral cooperation mechanisms, such as the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum (CASCIF), China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Subregion (GMS) Economic Cooperation, and Central Asia Regional Economic Cooperation (CAREC);

- To use existing forums such as the Boao Forum for Asia, China-ASEAN Expo, China-Eurasia Expo, Euro-Asia Economic Forum, China International Fair for Investment and Trade, China-South Asia Expo, China-Arab States Expo, Western China International Fair, China-Russia Expo, and Qianhai Cooperation Forum; the Silk Road (Dunhuang) International Culture Expo, Silk Road International Film Festival and Silk Road International Book Fair.

- To set up an international summit forum on the Belt and Road Initiative; encourage the signing of cooperation MOUs or plans, and develop bilateral cooperation pilot projects; establish bilateral joint working mechanisms, and draw up implementation plans and roadmaps;

- To give full play to the existing bilateral mechanisms such as the joint committee, mixed committee, coordinating committee, steering committee and management committee to coordinate and promote the implementation of cooperation projects.